Citycon

Remuneration Report 2024

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Remuneration Report 2024

Introduction

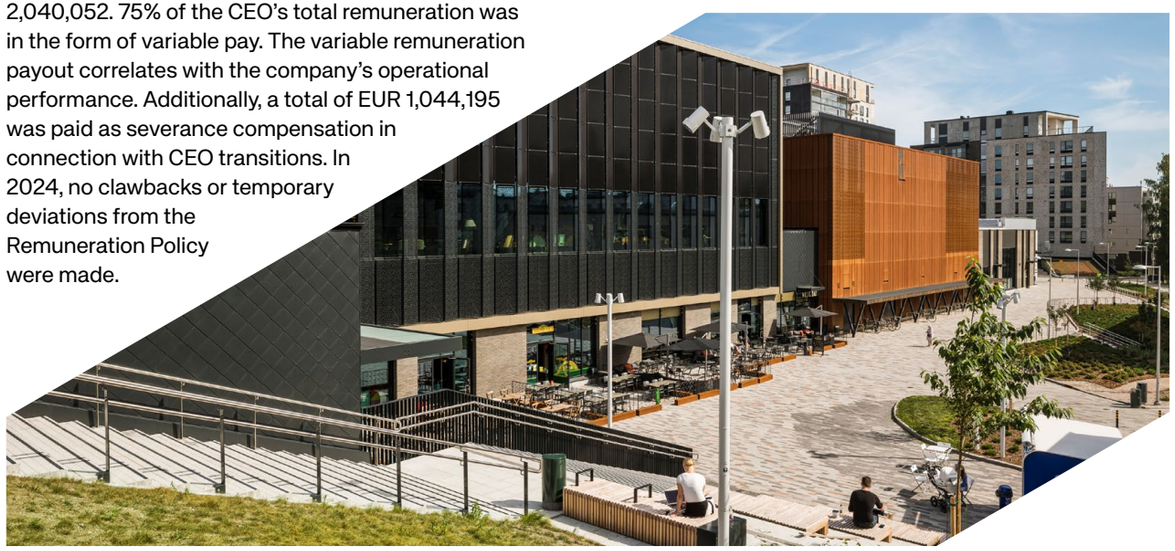
This Remuneration Report describes the implementation of Citycon Oyj's (Citycon or company) Remuneration Policy in 2024 and presents the remuneration and other financial benefits paid to the Board of Directors and the CEO during the financial year 2024. The remuneration of the governing bodies of Citycon is based on Citycon's Remuneration Policy approved on 2 August 2021 by the advisory resolution of the Extraordinary General Meeting.

This Remuneration Report has been prepared in accordance with the Finnish Corporate Governance Code 2025 and the provisions of the Limited Liability Companies Act (624/2006, as amended) as well as the Finnish Securities Market Act. The Report has been prepared by the Nomination and Remuneration Committee of the Board of Directors and it will be presented to the company's Annual General Meeting in April 2025.

A remuneration report is issued each year together with Citycon's financial statements, management report and Corporate Governance Statement and is available on Citycon's website for 10 years.

In accordance with the 'pay for performance' principle, it is important to reward good performance, as performance-based remuneration motivates people to continue to strive for excellence. As outlined in Citycon's Remuneration Policy, Citycon's general remuneration approach is built around the principles of driving Citycon's business strategy to create long-term, sustainable performance while increasing shareholder value. The objectives of Citycon's incentive structure and related incentive plans are to align the business strategy with a competitive level of remuneration to attract, retain and motivate the best-qualified talent and experience to lead Citycon and to contribute to its success.

In line with the Remuneration Policy, a significant part of the CEO's total remuneration is long-term, and performance based. In 2024, the total combined remuneration of Citycon's respective CEOs was EUR 2,040,052. 75% of the CEO's total remuneration was in the form of variable pay. The variable remuneration payout correlates with the company's operational performance. Additionally, a total of EUR 1,044,195 was paid as severance compensation in connection with CEO transitions. In 2024, no clawbacks or temporary deviations from the Remuneration Policy were made.



→ **Read more**
The Corporate Governance Code is available on the Securities Market Association's website at cgfinland.fi.

Overview of Company's Financial Performance and Remuneration

Citycon's mixed-use strategy focusing on combining necessity-based retail with municipal services, residential and office, has shown it's stability. The tenant mix, that is relying on municipality and grocery anchor tenants, has brought further resilience during the past five years. Citycon's net rental income, EPRA earnings and direct operative profit have shown solid development considering the impact of the global pandemic, macroeconomic uncertainties and opportunistic asset sales in the past five years.

The CEO's remuneration consists of fixed and variable pay components. The fixed remuneration includes the annual base salary and fringe benefits, whereas Citycon has paid no additional pension contributions.

In line with emphasizing the principle of pay-for performance, the CEO has had more significant portion of total compensation tied to variable incentives than employees on average. The purpose of the short-term incentive plan is to steer towards the successful delivery of the annual business plan. The long-term incentive plans reward for creating sustainable long-term shareholder value and ensure the CEO's commitment to the company.

During the period of 2019–2024 the Board of Director's annual fees and meeting fees have remained unchanged.

Summary of Citycon's remuneration development and company performance

Average compensation (in EUR)	2020	2021	2022	2023	2024
The Board of Directors					
Chairman of the BoD	165,000	165,000	165,000	165,000	165,000
Deputy Chairman of the BoD	88,000	90,400	83,400	92,800	88,000
Other members of the BoD on averagre	53,726	56,930	60,080	59,208	74,900
CEO[1]					
Fixed pay components	702,380	698,183	688,457	741,180	516,170
Variable pay components	953,995	851,106	1,247,398	2,111,851	1,523,882
Total compensation	1,656,375	1,549,289	1,935,855	2,853,031	2,040,052
Employee					
Average Citycon employee[2]	73,403	82,802	76,502	78,720	75,350
Company performance					
Net rental income	205.4	202.3	203.6	195.7	214.7
EPRA Earnings	136.6	124.4	122.6	109.6	113.0
Direct operating profit	180.4	176.1	175.2	164.8	183.6

[1] CEO's total compensation excluding one-time expenses relating to the CEO change in 2024, which include severance compensations and long-term incentive rewards for the former CEOs. More detailed information of these expenses can be found in this Remuneration Report under section Remuneration of the CEO.
[2] Average Citycon employee salary is based on personnel expenses without indirect employee costs divided by the average number of personnel during the year.

Remuneration of the Board of Directors

Shareholders in the Annual General Meeting of 2024 resolved on the following fees payable to the members of the Board of Directors and the Board Committees:

- Chairman of the Board: EUR 160,000 annual fee
- Deputy Chairman: EUR 70,000 annual fee
- Other Board members: EUR 50,000 annual fee
- Chairmen of the Board Committees: EUR 5,000 additional fee

The Chairmen of the Board Committee meetings were paid a meeting fee of EUR 800 and other Board and Committee members EUR 600 per meeting.

As an exception to the above, the Chairman of the Board was paid no meeting fees.

The AGM also decided that the Board members shall be compensated accrued travel and lodging expenses as well as other potential costs related to Board or Committee work. A Board member has the possibility to choose not to accept any annual fees and/or meeting fees.

The Extraordinary General Meeting (EGM), held on 18 June 2024, resolved that the net amount of the annual fees of the members of the Board of Directors and the Chairmen of the Board of Directors' Committees after deduction of taxes and charges, resolved upon at the Annual General Meeting 2024, shall be paid in Citycon Oyj shares, which are either new shares or treasury shares held by the Company. The meeting fees for the members of the Board of Directors are paid in cash. There are no transfer restrictions on the shares given to the members of the Board as remuneration.

Citycon Board Remuneration 1 January–31 December 2024

Director	Committee Memberships	Annual Fee, EUR	Portion of annual fee paid in shares (Number of shares)	Meeting Fees, EUR	Total, EUR
Chaim Katzman, Chairman	Nomination and Remuneration, Chairman Strategy and Investment, Member	165,000	42,163	-	165,000
Alexandre (Sandy) Koifman, Deputy Chairman	Audit and Governance, Member Nomination and Remuneration, Member	70,000	12,379	22,800	92,800
F. Scott Ball, Deputy Chairman	Nomination and Remuneration, Member Strategy and Investment, Member	70,000	17,972	13,200	83,200
Judah Angster	Nomination and Remuneration, Member Strategy and Investment, Member Cyber, Member	50,000	13,303	24,000	74,000
Zvi Gordon	Cyber, Chairman Strategy and Investment, Member	55,000	14,601	21,800	76,800
Adi Jemini	Audit and Governance, Chairman Cyber, Member	55,000	13,920	23,600	78,600
David Lukes	Strategy and Investment, Chairman Cyber, Member	55,000	14,098	19,400	74,400
Per-Anders Ovin	Audit and Governance, Member Nomination and Remuneration, Member	50,000	8,842	22,800	72,800
Ljudmila Popova	Audit and Governance, Member Cyber, Member	50,000	8,842	22,800	72,800
Eero Sihvonen (since 12 November 2024)	-	6,849	971	1,800	8,649
Total		**626,849**	**147,091**	**172,200**	**799,049**

The Board members did not have an employment or service contract with the company with the exception of F. Scott Ball and Eero Sihvonen. F. Scott Ball served as company's CEO until 31 March 2024 and has served company's Interim CEO from 9 October 2024 onwards. Overview of his remuneration is presented in section Remuneration of the CEO. Eero Sihvonen has served as company's CFO from 15 November 2024 onwards. By agreement, Eero Sihvonen was entitled to a compensation of EUR 23,000 per month, amounting to total of EUR 34,500 in 2024.

The Board members did not participate in share-based remuneration schemes, nor were they included in the company's other incentive schemes.

Remuneration of the CEO

1. Overview of the Fixed and Variable Pay Components and Severance Payments in 2024

F. Scott Ball served as the company's CEO until March 31, 2024, and as the interim CEO starting October 8, 2024. Henrica Ginström served as the company's CEO from April 1 to October 8, 2024. In 2024, the total combined remuneration of Citycon's respective CEOs was EUR 2,040,052 (in 2023 EUR 2 853 031). 75% of the CEO's total remuneration was in the form of variable pay. All financial benefits paid to the respective CEO in 2024 are presented in the table below.

In addition to his/her fixed annual base salary, the CEO received short-term and long-term incentives. No additional pension payments outside the statutory payments were paid during 2024.

The variable remuneration components include the short-term and long-term incentive plans in addition to the potential other financial benefits such as dividend equivalent, stock options or one-time payments. A pay-for-performance principle is based on the concept that the CEO's compensation reflects the performance of the company.

The CEO had performance-based short-term incentive plan in place for 2024. With respect to long-term incentive schemes, the F. Scott Ball was included in the CEO Restricted Share Plan 2021–2025 and in the CEO Stock Option Plan 2022–2025 and Henrica Ginström was included in the CEO Restricted Share Plan 2024–2027 and Stock Option Plan 2024 A–C.

In connection with the CEO transition, F. Scott Ball was paid a severance compensation totaling EUR 728,462 based on the mutual termination agreement of his CEO contract. According to the termination agreement, F. Scott Ball is entitled to retain all of his share allocations under the long-term incentive plans. Additionally, the vesting period for shares under the Restricted Share Plan 2021–2025 was accelerated to May 2024 (from January 2025). In May 2024, Scott received 190,000 shares under the terms of the Restricted Share Plan 2021–2025. The aforementioned severance compensation includes the reward payment made under the CEO Restricted Share Plan 2021–2025.

Under the mutual termination agreement of Henrica Ginström's CEO contract she was paid a severance compensation totaling EUR 315,733. Furthermore, Ginström is entitled to retain 25,000 shares under the CEO Retention Share Plan 2024–2027, which are set to vest in April 2025. Additionally, Ginström retains 530,616 option rights under the Option Plan 2024 A–C, designated as 2024A.

Structure of CEO Compensation in 2024

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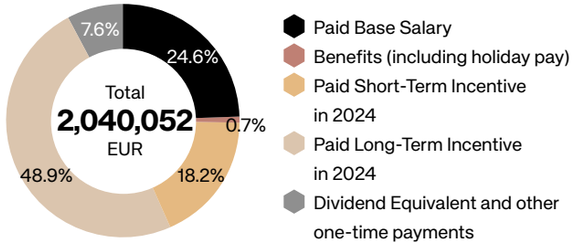

Overview of CEO's remuneration

	Fixed pay component		Variable pay component					
EUR	**Paid base salary**	**Benefits (including holiday pay)**	**Paid Short-Term Incentive in 2024**	**Paid Long-Term Incentive in 2024**	**Dividend Equivalent and other one-time payments[1]**	**Total Paid Compensation in 2024**	**Severance payment**	**Total Paid Compensation Including Severance Payment**
F. Scott Ball, CEO until 31 March 2024	193,449	2,471	370,590	997,982	136,087	1,700,579	728,462	2,429,041
Henrica Ginström, CEO from 1 April 2024 until 8 October 2024	208,600	11,650	0	0	16,893	237,143	315,733	552,876
F. Scott Ball, Interim CEO from 9 October 2024 onwards	100,000	0	0	0	2,330	102,330	-	102,330
Total	**502,049**	**14,121**	**370,590**	**997,982**	**155,310**	**2,040,052**	**1,044,195**	**3,084,247**

[1] Other one-time payments include paid gross-up according to CEO contract

2. Short-term Incentives in 2024

Citycon's Board of Directors evaluates the quantitative and qualitative achievement of the CEO's performance targets under the short-term incentive plan, and decides on the performance bonus payable for each earnings period during the first quarter of the following calendar year. The performance criteria set for the short-term incentive plan is based each year on annual financial, operational, strategic and personal targets as seen as appropriate by the Board. The short-term incentives are payable around the time of the general meeting's approval of the annual report.

In 2024, the CEO, F. Scott Ball was paid the performance bonus for the earnings period 15 November 2022–14 November 2023 based on the CEO's executive contract valid as of 15 November 2021. According to the contract, the CEO was eligible for an annual performance bonus of 50–100% of his annual base salary, based upon the Board of Directors' determination of the CEO's achievement of his annual bonus targets. The performance bonus paid in 2024 for F. Scott Ball is described in more detail in the following table.

Henrica Ginström was not paid a performance bonus during 2024 based on her position as the CEO.

3. Long-term Incentives in 2024

CEO Restricted Share Plan 2021–2025 (F. Scott Ball)

The CEO Restricted Share Plan 2021–2025 includes three vesting periods, ending on 15 January 2023, 2024 and 2025. The purpose of the plan is to combine the objectives of the shareholders and the CEO in order to increase the shareholder value of the company in the long-term and to retain the CEO at the company with a competitive reward plan based on the share price and accumulating the company's shares. The rewards under the plan are paid in three equal instalments after each vesting period; their total aggregated amount equaling 570,000 shares including taxes and tax-related costs. All shares unvested under the CEO Restricted Share Plan are eligible for dividend equivalent. The value of the dividend equivalent per share shall be equal to the distributed dividend or other distributed assets per share. All paid shares shall be subject to a lock-up undertaking by the CEO until 14 January 2025 unless the CEO agreement is terminated prior to such date. Should the CEO be relieved of his position before the payment, the CEO shall be entitled to the reward prorated until the date of relief.

F. Scott Ball served as the CEO until 31 March 2024, and the reward payment date for the earning period from 27 October 2021 to 15 January 2024 was 29 February 2024. In accordance with the termination agreement for F. Scott Ball's CEO contract, the earning period from 27 October 2021 to 15 January 2025 was accelerated to May 2024 (from the original January 2025). In May 2024, Ball was granted a total of 190,000 shares under the terms of the 2021–2025 Restricted Share Plan. The reward payment made in 2024 is described in more detail in the following table.

From 9 October 2024 onwards, F. Scott Ball has served as Interim CEO of the company. As the Interim CEO, F. Scott Ball is not part of any long-term incentive programs.

Application of Short-term Incentives in 2024

	Maximum Reward	Performance Criteria in 2023 (payable in 2024)	Performance Outcome	Earned Reward paid in 2024
CEO (F. Scott Ball)	741,180€	Progress of divestments (weight 30%) Valuation (weight 20%) EPRA EPS (weight 10%) Net rental income growth (weight 10%), General & administrative expenses management (weight 5%), Progress of sustainability key metrics (weight 5%) Board discretionary (weight 20%)	50%	370,590€

CEO Restricted Share Plan 2021–2025

Vesting Period	Allocated shares	Reward Payment Date	Shares Acquired with Net reward (pcs)[1]	Reward shares paid (pcs)[1]	Gross Reward in EUR
27.10.2021–15.1.2023	190,000	Feb 22 2023	100,000	-	1,290,100
27.10.2021–15.1.2024	190,000	Feb 29 2024	100,000	-	997,982
27.10.2021–30.3.2024	190,000	May 28 2024	-	190,000	719,340

[1] In accordance with the program's terms, F. Scott Ball was paid a share-based reward in cash on February 22, 2023, and February 29, 2024, and was required to use the net amount to purchase Citycon shares. On May 28, 2024, the reward was delivered to F. Scott Ball in the form of shares, as specified in the terms of the share plan.

CEO Stock Option Plan 2022–2025 (F. Scott Ball)
The aim of the stock option plan directed to the CEO is to align the objectives of the shareholders and the CEO in order to increase the long-term value of the company, to retain the CEO at Citycon, and to offer him a competitive reward plan.

The stock options are issued gratuitously and entitle to subscribe a maximum total of 2,111,111 new shares in the company or existing shares held by the company. Of the stock options, 527,778 are marked with the symbol 2022A; 527,778 with the symbol 2022B; 527,778 with the symbol 2022C and 527,777 with the symbol 2022D. The subscription period for stock options 2022A is 31 January 2022–31 December 2025, for stock options 2022B 31 January 2023–31 December 2025, for stock options 2022C 31 January 2024–31 December 2025 and for stock options 2022D 31 January 2025–31 December 2025.

The share subscription price for shares subscribed by virtue of the stock options is EUR 7.38 per share.

F. Scott Ball served as the CEO until 31.3.2024 and in 2024 F. Scott Ball did not exercise any options and accordingly, as per 31 December 2024, he still holds 2,111,111 options. From 9 October 2024 onwards, F. Scott Ball has served as Interim CEO of the company. As the Interim CEO, F. Scott Ball is not part any long-term incentive programs.

CEO's participation in the stock option plan

Option rights	Number of the option rights granted to the President and CEO based on the stock option plan	Number of shares that an option right entitles its holder to subscribe for	Share subscription price, EUR	Share subscription period
2022A	527,778	1	7.38	31 January 2022–31 December 2025
2022B	527,778	1	7.38	31 January 2023–31 December 2025
2022C	527,778	1	7.38	31 January 2024–31 December 2025
2022D	527,777	1	7.38	31 January 2025–31 December 2025

CEO Restricted Share Plan 2024–2027 (Henrica Ginström)
The value of the rewards to be paid on the basis of the plan corresponds to a maximum total of 75,000 shares of Citycon Oyj, including also the proportion to be paid in cash.

The rewards will be paid in three instalments in April 2025, April 2026 and April 2027. The reward is based on a valid director contract and on the continuity of service.

The reward will be paid partly in Citycon's shares and partly in cash. The cash proportion of the reward is intended to cover taxes and statutory social security contributions arising from the reward. As a rule, no reward will be paid if the director's contract terminates before the reward payment.

Henrica Ginström served as the company's CEO from April 1 to October 8, 2024. According to the CEO's Restricted Share Plan 2024–2027, designed for Henrica Ginström, and her termination agreement, she will be awarded a share-based compensation in the spring of 2025. The value of the compensation corresponds to a total of up to 25,000 Citycon Oyj shares, including the portion paid in cash. No other share-based compensations will be paid to Ginström under the plan.

Stock Option Plan 2024 A–C (Henrica Ginström)
The maximum total number of stock options to be issued is 1,591,848 and they entitle their owners to subscribe for up to an equivalent number of new shares in total in the company or existing shares held by the company. The stock options are issued gratuitously. Of the stock options, 530,616 are marked with the symbol 2024A, 530,616 are marked with the symbol 2024B and 530,616 are marked with the symbol 2024C.

The shares subscribed for with the stock options to be issued will account for a total maximum of 0,85 per cent of all the company's shares and votes after possible share subscriptions if new shares are issued in the subscription. As a result of the share subscriptions made with the stock options, the number of shares in the company may increase by a total maximum of 1,591,848 shares if new shares are issued in the subscription.

The share subscription price for stock options 2024A–C is 4,05 euros per share. The share subscription price will be credited to the company's reserve for invested unrestricted equity.

The share subscription period for stock options is,

- for stock options 2024A, 1 April 2024–1 April 2027
- for stock options 2024B, 1 April 2025–1 April 2027
- for stock options 2024C, 1 April 2026–1 April 2027

Henrica Ginström served as the company's CEO from April 1 to October 8, 2024. According to the Stock Option Plan 2024 A–C, designed for Henrica Ginström, and her termination agreement, she retains 530,616 option rights designated as 2024A. Under the terms of the termination agreement, Ginström has no rights to other option rights whose subscription period has not yet commenced.