Endomines Finland Plc, Remuneration policy

This remuneration policy ("Remuneration Policy") determines the principles for the remuneration of the Board of Directors and CEO of Endomines Finland Plc. Where necessary, the principles applicable to the CEO will also be applied to the possible deputy CEO.

1. Introduction

The goal and central principle of Endomines Finland Plc's ("Company") governing bodies Remuneration Policy is to promote the Company's business strategy and long-term financial success, and to commit members of the governing bodies to operate in accordance with mutual goals. In addition, the goal of the Remuneration Policy is to encourage and reward the management for activities in accordance with the current strategy and for achieving the set goals.

In deciding on the structure and level of remuneration for the Board of Directors and CEO, the terms of the Company's employees’ salaries and employment relationships have been taken into account to ensure that the reward schemes are fair and effective as incentives.

This Remuneration Policy is the first remuneration policy which is presented to the Company's General Meeting. This Remuneration Policy will be presented to the Company's Annual General Meeting on 25 May 2023 as an advisory decision. The Remuneration Policy is valid until the Company's Annual General Meeting 2027, unless the Company's Board of Directors decides to bring it to the General Meeting's advisory decision earlier. Substantial changes to the remuneration policy always require an advisory decision of the General Meeting.

2. Remuneration-related decision-making

2.1 General

Remuneration of the Board of Directors and CEO and the decision-making process for remuneration in the Company is based on the currently valid Remuneration Policy. The remuneration policy is presented to the General Meeting at least every four years and when substantial changes are made to it. The General Meeting decides whether it supports the presented remuneration policy. The decision of the General Meeting is advisory.

The most important actors in discussions and decision-making related to remuneration are the Shareholders' Nomination Board, the Annual General Meeting, the Board of Directors and the ESG Committee. The Shareholders’ Nomination Board submits a proposal concerning the remuneration payable to the Board of Directors to the Annual General Meeting, while the Board of Directors is responsible for making decisions on remuneration and incentive arrangements for the CEO based on proposals made by its ESG Committee. The decision-making process, which is described in the chart below, ensures that decisions are transparent.

Shareholders' Nomination Board

Prepares a proposal to the AGM on the remuneration and reimbursement of expenses of the members of the Board of Directors, in accordance with the Company's remuneration policy.

Prepares a proposal to the Annual General Meeting on the remuneration of the members of the Board Committees.

Annual General Meeting

Decides on the remuneration of the Board of Directors.

Advisory resolution on approval of the remuneration policy.

Board of Directors

Decides on the incentive programmes of the CEO and the Management Team and other terms of the CEO's service relationship based on the proposal of the ESG Committee.

CEO

Makes an annual proposal to the Board of Directors's ESG Committee on the short-term incentive programs of the Company's Management Team

2.2 Remuneration Policy

The Board of Directors has established the ESG Committee. The members of the ESG Committee are independent of the Company and its management.

The Board of Directors approves the Remuneration Policy based on the preparation and proposal of the ESG Committee. When preparing and approving the Remuneration Policy, the Board of Directors will diligently assess potential conflict of interest of each member of the Board of Directors and/or the ESG Committee. The Board of Directors will take the necessary actions to ensure that no individual is involved in the decision making of his/her own remuneration. When approving, evaluating and implementing the Remuneration Policy, potential conflicts of interest are always taken into account on a case-by-case basis.

The Board of Directors will assess annually whether any amendments to the Remuneration Policy are necessary. The assessment is to be made based on the consultative decisions of the Annual General Meeting as well as views and opinions presented when deciding on the Remuneration Report annually. In addition, the Compensation Committee or the Board of Directors may in its sole discretion resolve to propose amendments to the Remuneration Policy in case such amendments are needed or required to fulfil the requirements of then valid CG Code, legislation or remuneration principles of Company. The Remuneration Policy will in any case be presented to the Annual General Meeting every four (4) years.

The task of the ESG Committee is to monitor the compliance of the Company's remuneration practices with this Remuneration Policy on a regular basis. The ESG Committee is also responsible for monitoring and evaluating management's evolving remuneration programs, the implementation of the guidelines on senior management remuneration, and the Company's current remuneration structures and levels.

2.3 Share-based incentives

As stated in the Limited Liability Companies Act, the General Meeting, or the Company's Board of Directors with the General Meeting's authorization, makes decisions on the issue of shares, options or other special rights entitling to shares. Shares, options or other special rights entitling to shares can be issued as part of the remuneration. The amount of possible share-based incentives should be based on an external analysis of the amount of share-based incentives of listed companies. When rewarding in the manner described above, the remuneration and its conditions are decided by the General Meeting in the case of the members of the Board of Directors and by the Board of Directors in the case of the CEO and the management team.

3. Description of remuneration to the Board of Directors

The Annual General Meeting decides annually on the remuneration and other financial benefits of the members of the Board of Directors and the Committees. The Shareholders' Nomination Board prepares the proposal for the General Meeting.

Remuneration is set to attract and retain highly competent individuals on the Board of Directors by offering competitive remuneration. The annual bonuses may be paid both in shares and in cash, depending on the separately agreed distribution.

The annual fees of the committees and the compensation of Board meetings are, in general, paid in cash.

In special cases, the members of the Board of Directors elected by the Annual General Meeting may receive a separate fee for their duties that are not board work. Market-based compensation may be paid for these services, which must be approved by the Board of Directors.

4. Description of remuneration to the CEO

4.1 Remuneration portions applied, their relative proportions and the criteria for determining the variable remuneration portions

The CEO's remuneration may consist of a fixed salary, a variable fee, signing fees, severance pay, possible performance and share-based incentive plans, insurance, pensions and other benefits.

The fixed salary may include a monetary salary and various taxable fringe benefits, such as car, housing and telephone. In addition, the CEO may be entitled to other fringe benefits in accordance with the Company's management team practices in force at the time being. The Company may provide the CEO with health services and insurances.

As a general rule, fixed salaries are reviewed annually and should be market-led and based on competence, responsibility, and performance.

The variable fee should be designed to promote the long-term value creation of the Company and should be based on clearly defined and measurable objectives. Target components, weightings, and levels may vary from year to year in line with business objectives. For financial objectives, the assessment shall be based on the latest financial information published by the Company.

The objectives also include non-financial or operational objectives (e.g. strategic, environmental, social, or other sustainability-related objectives). The objective(s) related to the ESG program is always included in the objectives. In general, the measurement period for performance-based commissions is based on performance for about twelve months. The bonus must not exceed the annual fixed salary. In addition to these annual variable bonuses, the Board of Directors can decide on separate, longer-term incentive programs.

An additional pension can be agreed in the CEO contract. Additional pension terms are based on defined contribution pension solutions. The insurance premiums and other costs such benefits shall not exceed 20 % of the fixed annual salary. The non-monetary benefits granted to the CEO must facilitate the performance of senior management and correspond to what can be considered reasonable in relation to prevailing practices.

In addition, the Board of Directors can decide on individual one-time compensations in exceptional situations (such as stay on or sign in bonuses).

4.2 Other essential terms applied to the service relationship

The Company's Board of Directors decides on the other terms of the CEO's service relationship. The CEO's notice period and the amount of any severance pay are agreed in the CEO's contract. The severance pay to be paid to the CEO and the fixed salary paid for the period of notice should not generally exceed the amount corresponding to the fixed salary for twelve months on termination of the service relationship contract by the Company.

5. Deviation from the guidelines

The remuneration of the Company's operating bodies must be conducted within the framework of the Remuneration Policy specified to the General Meeting.

However, the Remuneration Policy may be temporarily deviated from in whole or in part, when the deviation takes place to ensure the Company's long-term interests. As an example, this can be the case in the context of CEO replacements, changes in legislation such as taxation, a significant restructuring or corporate reorganization, a significant change in strategy caused by internal or external factors, or another situation that the Board of Directors considers exceptional.

In the event of an exception, the Company's Board of Directors decides on changes to remunerations other than Board members. In such contexts, the Board of Directors introduces the deviations and their grounds to the next possible Annual General Meeting, in addition to which they must also be included in the next remuneration report. If the deviation from the remuneration policy is estimated to continue other than temporarily, the Company must prepare a new remuneration policy, which will be addressed in the next possible Annual General Meeting.