

Finnish Minerals Group – Remuneration

General Meeting of Shareholders 2020

Finnish Minerals Group remuneration policy

Approved on 11 March 2020 as part of human resources policy



Basic principles of remuneration

- + Remuneration is a management tool that supports implementation of the company's strategy and the achievement of business goals.
- + Remuneration encourages excellent performance and development.
- + Remuneration must be transparent and fair and conform to guidelines issued by the State-owner.
- + The General Meeting of Shareholders decides on remuneration for members of the Board of Directors.
- + The company's Board of Directors confirms the annual performance-based bonus scheme and amount of bonus upon the personnel and remuneration committee's proposal.
- + Salary adjustments are reviewed annually in the spring in accordance with the one-over-one principle.



Monetary salaries

- + The Board of Directors confirms the basis for salaries and bonuses for the CEO, Management Team and personnel.
- + The CEO, Management Team members and other personnel are paid a total compensation that includes a monthly salary and a possible phone and lunch benefit. No other forms of in-kind benefits, share options or pension schemes in excess of the statutory amount are in use.
- + The Board of Directors decides on the CEO's salary. The Board of Directors decides on the salaries of Management Team members and other employees reporting directly to the CEO upon the CEO's proposal. The CEO decides on the salaries of other members of personnel upon the proposal of the respective direct superior.
- + In addition to a fixed salary, the CEO, Management Team members and other named members of personnel may receive an annual performance bonus. The bases for receiving the bonus are comprised of the company's strategic and financial targets, targets specific to the business area, and personal performance targets.
- + The performance-based bonus scheme and its targets and amount of bonus are confirmed annually by the Board of Directors upon the personnel and remuneration committee's proposal.
- + The bonus is intended to be fair and competitive and sufficient to attract and retain individuals who possess skills, experience and motivation necessary to achieve the company's strategic objectives. Another aim is to increase the commitment of management and personnel to a responsible and successful business environment.
- + The remuneration model will be changed in the event of changes in the state's ownership guidance policy.
- + Performance bonuses are paid to those individuals who are employed by the company at the time of payment of the bonus. Employees who have resigned or whose employment relationship has ended are not entitled to the bonus.
- + Performance bonuses are confirmed separately for individuals who are employed in their position for a part of the year (new employees or changes in the holder of the position) and determined in accordance with their length of employment (actively employed in the position for at least six months).
- + The salary from which performance bonus is calculated is the total fixed salary for the past year.



Target groups of the performance bonus scheme

Personnel and management are divided into different groups as specified in employment contracts.

CEO

- + The total annual amount of variable remuneration based on targets may be up to 15 per cent of the recipient's fixed annual salary.
- + If the company's and bonus recipient's performance is exceptionally good, the total annual maximum of paid bonuses may be up to 30 per cent of the fixed salary.

Expert and supervisor roles with demanding duties and/or accountability for business results (Group 1)

- + The total annual amount of variable remuneration based on targets may be up to 15 per cent of the recipient's fixed annual salary.
- + If the company's and bonus recipient's performance is exceptionally good, the total annual maximum of paid bonuses may be up to 30 per cent of the fixed salary.

Expert roles (Group 2)

- + The total annual amount of variable remuneration based on targets may be up to 12.5 per cent of the recipient's fixed annual salary.
- + If the company's and bonus recipient's performance is exceptionally good, the total annual maximum of paid bonuses may be up to 25 per cent of the fixed salary.

Auxiliary roles (Group 3)

- + The total annual amount of variable remuneration based on targets may be up to 10 per cent of the recipient's fixed annual salary.
- + If the company's and bonus recipient's performance is exceptionally good, the total annual maximum of paid bonuses may be up to 20 per cent of the fixed salary.

The Board of Directors confirms the performance bonus scheme and amount of bonus.

The Board of Directors has the right to adjust the bonus scheme during a bonus period as well as the right to rescind payment of bonuses.



Salary adjustments

- + Annual salary adjustments are decided in the spring after performance reviews. The adjustments take into account agreements negotiated at the level of central labour market organisations. If the employee is covered by a collective agreement, the terms of the agreement apply.
- + At the same time, salary adjustments arising from the employee's performance, competence and development of duties may be made. At other times of the year, salaries may be adjusted only on special grounds.
- + So-called promotion raises may also be made at other times of the year when the employee's duties and role change significantly.
- + If the duties change temporarily (for less than one year), the employee's actual monthly salary is not changed; instead, any additional compensation is paid in the form of a bonus. Such situations may arise if, for example, an employee deputises another in addition to their own duties (excluding holiday relief), and in cases of temporary new duties.
- + All changes in salaries and duties are decided in accordance with the one-over-one principle.



Benefits

- + Benefits available in Finnish Minerals Group are determined by the collective agreement and legislation in force and by company policy.
 - The company offers vouchers to support sports and culture activities.
 - We offer a lunch benefit as well as coffee and refreshments.
 - We offer a mobile phone benefit.

Finnish Minerals Group remuneration policy in 2019



Remuneration policy follows the State-owner's resolution on ownership guidance policy

- + The management of Finnish Minerals Group consists of the Board of Directors, CEO and Management Team.
- + The company has not used the services of any external advisors for preparations related to remuneration for 2019.



Remuneration – Finnish Minerals Group

– Board of Directors

- + Remuneration payable to the Board and its Committee members are paid in cash. Board members have no share incentive plans or share-based compensation plans. They are also excluded from the company's other remuneration or pension plans. Board members do not own shares in the company and the company has no option scheme.
- + From 1 January 2019 to 30 April 2019, the monthly remuneration of the Chair of the Board was EUR 1,500 and that of the members of the Board was EUR 700, in addition to which an attendance fee of EUR 500 was paid for each meeting of the Board of Directors and committees appointed by the Board. The Board of Directors appointed a sustainability committee and a personnel and remuneration committee. Starting from the Annual General Meeting on 28 March 2019, the Vice Chair received a monthly remuneration of EUR 850.
- + In 2019, the Board of Directors of Finnish Minerals Group held a total of 13 meetings. Board members of Finnish Minerals Group received a total of EUR 65,550 in monthly remunerations and a total of EUR 46,000 in attendance fees. In addition, EUR 2,500 of the previous year's unpaid fees were paid in 2019.

	Monthly remunerations euros	Attendance fees euros	Total remuneration euros	Board of Directors meetings	Committee meetings
Janne Känkänen	18 000	6 500	24 500	12/13	1/1
Antti Kummu	9 750	7 000	16 750	13/13	1/1
Juha Majanen	8 400	7 500	15 900	13/13	2/2
Minna Pajumaa	8 400	7 000	15 400	13/13	1/1
Eeva Ruokonen	8 400	7 500	15 900	13/13	2/2
Teija Kankaanpää	6 300	5 500	11 800	9/13	2/2
Ilpo Korhonen	6 300	5 000	11 300	9/13	1/1
Total remunerations	65 550	46 000	111 550		



Remuneration – Finnish Minerals Group

– CEO

- + CEO Matti Hietanen began in the position on 1 September 2015. The retirement age of the CEO is 65, and the amount of pension is determined in accordance with the Employees' Pensions Act (TyEL). No supplementary pension arrangements have been made for the CEO. The CEO has not owned shares in the company, and the company has no option scheme.
- + The CEO's period of notice is one month without a separate severance pay.
- + The CEO's fringe benefits include a phone and lunch benefit.
- + The CEO was not covered by the company's performance-based bonus scheme in 2017 and was therefore not paid any performance bonus in 2018.
- + The total amount of remuneration, excluding the performance bonus, paid to the CEO, Matti Hietanen, in 2019 was EUR 182,136 (2018: EUR 182,136). The CEO received a performance bonus of EUR 27,320.
- + The amount of performance bonus for 2019 to be paid in 2020 is EUR 33,494.80.

+ Remuneration – Finnish Minerals Group – Management Team

- + At the end of financial year 2019, the Management Team consisted of four persons in addition to the CEO.
- + The fixed salaries of Management Team members other than the CEO amounted to EUR 436,320 in 2019. Performance bonuses paid in 2019 amounted to EUR 22,366 for the period September to December 2018.
- + Performance bonuses to be paid in 2020 for the year 2019 will amount to EUR 64,562.27.



Remuneration – Finnish Minerals Group

– Other personnel

- + At the end of the financial year, Finnish Minerals Group employed 14 persons (2018: 11), including the company's management. In addition, one person was based in Shanghai and employed via a staff leasing company for work on the Asian market (not included in the presented data).
- + The company's personnel are included in the performance-based bonus scheme.
- + Fixed salaries of other personnel amounted to EUR 447,751.41 in 2019, and the amount of performance bonus paid for 2018 was EUR 23,259.93.
- + Performance bonuses to be paid in 2020 for the year 2019 will amount to EUR 61,215.11.

+ Terrafame's remuneration policy and bonuses

- + The subsidiary company Terrafame Oy has published details of its remuneration under the section Reporting at the address www.terrafame.com/terrafame-ltd.html

FINNISH MINERALS GROUP
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