

# **Enedo Oyj remuneration policy**

## **1. Introduction**

This is Enedo Plc ('Enedo') remuneration policy according to the legislation and code of governance where the principles of remuneration for the Board of Directors, CEO and a potential deputy CEO ('CEO') have been presented.

Remuneration promotes Enedo's business strategy, long-term financial success and favourable development of shareholder value when it is fair, competitive, enhances commitment and supports Enedo's objectives.

Remuneration of Enedo's personnel is based on a total remuneration, which may among other things include both variable and fixed components of remuneration as well as personnel benefits.

Although the Board of Directors is not covered by the same overall remuneration as the personnel, the purpose of the remuneration of the board is also to steer activities towards the same long-term objectives of the company. The remuneration of the personnel, the CEO and the Board of Directors is regularly evaluated in relation to general market practices for persons acting in equivalent positions.

## **2. Description of the Decision-Making Process**

### **Preparation and Approval**

The remuneration policy and any possible substantial changes to it are prepared by the Personnel and Remuneration Committee of the Board of Directors of Enedo or by another equivalent governing body, to which preparation of remuneration matters is addressed. Annual General Meeting decided on 5<sup>th</sup> April 2017 to set-up a permanent shareholder nomination board to prepare the selection of board members and proposals regarding board member remuneration for the general meeting.

The Board of Directors reviews and presents to the General Meeting the remuneration policy and any substantial changes to it whenever necessary, but at least every four (4) years. The General Meeting makes an advisory resolution on the remuneration policy, expressing whether it supports the presented policy.

The shareholders cannot propose changes to the remuneration policy. If a majority of the general meeting opposes the presented remuneration policy, a revised policy must be presented no later than at the next Annual General Meeting. In such a case, the decision on remuneration of the Board of Directors and the CEO, shall be based on the initial remuneration policy presented to the General Meeting until the revised remuneration policy has been considered at the general meeting.

## **3. Description of the Remuneration of the Board of Directors**

The remuneration of the Board of Directors can consist of one or more components. The Directors can for example be paid an annual or a monthly fee as well as a meeting fee for board meetings or committee and governing body meetings. The fees to be paid to Directors can be paid in cash and/or partially or entirely in shares or other financial instruments. In its decision, the General

Meeting may require that the rewards to be paid in cash must be used entirely or partially in order to acquire Enedo's shares. The General Meeting can also decide on the grounds for determining other kinds of remuneration.

Remuneration paid in shares or other financial instruments may be subject to restrictions or recommendations related to lock-up periods concerning time or board membership. In its proposal the Shareholders' Nomination board may also require that a Director is a shareholder in the company.

If a Director has an employment relationship or a service contract with the company, he or she will be paid a normal salary. The General Meeting will decide on any possible compensation to be paid to him or her for work done with the Board.

#### **4. Description of the Remuneration of the CEO**

Board of Directors decides the terms and incentive schemes for the CEO and Group management team members.

##### **The Components of Remuneration and their Relative Proportions**

Enedo CEO remuneration is based on fixed monthly salary and potential variable remuneration

##### **Grounds for Determining any Variable Remuneration Components**

Board of Directors decides the grounds for CEO variable remuneration and the grounds can vary by year.

##### **Other Key Terms Applicable to the Service Contract**

A lower retirement age than defined in the applicable legislation on earnings-related pension may be agreed for the CEO. The CEO may also be entitled to a defined contribution supplementary pension as part of his/her overall salary.

The duration of the contract, the applicable notice period, possible severance payment as well as any other termination clauses are agreed in the CEO Agreement, conforming to current market practice at the time of the conclusion of the agreement.

#### **5. Deviations from and Amendments to the Remuneration Policy**

Enedo may temporarily deviate from the remuneration policy presented to the General Meeting if such deviation is necessary to ensure Enedo's long-term interests and the current remuneration policy would no longer be appropriate in the changed circumstances. Such situations include for example, changes in the Board of Directors, change of the CEO, major changes in the company's strategy, changes in Enedo's remuneration decision-making process, major restructuring such as a merger, a takeover bid, or an acquisition, as well as changes in taxation or other regulations.

The deviation may apply to all reward components. The General Meeting decides on deviation in respect of remuneration of the Board of Directors and the Board of Directors of Enedo decides on deviation in respect of the CEO.

## **Amendments to the Remuneration Policy**

Substantial changes to the remuneration policy are prepared and presented to the General Meeting in accordance with the decision-making process described in section 2. In addition, Enedo may make changes that are not deemed material without presenting the amended remuneration policy to the General Meeting. Such changes include, for example, technical changes to the decision-making process for remuneration or to the terminology concerning remuneration. A change in legislation could also constitute grounds to make changes to the remuneration policy that would not be deemed material.

Enedo's Board of Directors evaluates the need for changes in the remuneration policy. Enedo considers on a case-by-case basis the decree to which the drafting of the new remuneration policy is affected by the General Meeting resolution on the previous remuneration policy, or by the shareholder statements about the remuneration reports, given after the adoption of the remuneration policy, presented at the General Meetings.