



Remuneration policy

Introduction

This Remuneration Policy describes the principles for the remuneration of the Board of Directors ("The Board"), the President and CEO ("The CEO") and possible Deputy CEO of Enersense International Plc (hereinafter referred to as "Enersense" or "the Company") and is based on recommendations by the Finnish Corporate Governance Code and requirements by the Finnish Securities Market Act and Limited Liability Companies Act. The Remuneration Policy will be presented at the 2022 Annual General Meeting, and it is valid until the 2026 Annual General Meeting unless the Board proposes a revised Remuneration Policy earlier.

The Remuneration Policy is based on the remuneration principles which have been designed to attract, retain, and motivate employees and provide remuneration elements aligned with the interests of the shareholders to drive long-term financial success and value creation of the Company. The purpose of Enersense's remuneration is to promote the Company's competitiveness and the achievement of its goals and strategy. Incentive schemes are also aimed at rewarding good performance and supporting commitment to sustainable development. These principles apply to all Enersense employees.

The remuneration of the CEO follows these same principles as for other employees, though the terms and conditions of the CEO's service contract differ due to the executive position. Same principles are applied to the Deputy CEO, if any.

Description of the decision-making process

This Remuneration Policy is presented to the General Meeting for an advisory resolution at least every four years and whenever substantial changes are made to it. If the presented Remuneration Policy is opposed by the majority of the General Meeting, an amended policy will be presented no later than in the next annual general meeting.

The Shareholders' Nomination Board prepares proposals for the General Meeting on the remuneration, number and members of the Board and the General Meeting makes the decision on the composition and the remuneration of the Board. The General Meeting also decides on the Boards' authorizations to decide on repurchase of own shares and the issuance of shares, options or special rights entitling to shares that can be used as part of incentive schemes.

The Board is responsible for the execution of the Remuneration Policy while it delegates the preparation of CEO and senior management team remuneration proposals to the Board's Remuneration Committee. The Remuneration Committee ensures the alignment of the Remuneration Policy with Enersense's strategy and shareholder's interests in remuneration related matters and remuneration proposals.

The Company's decision-making on remuneration complies with the principles aimed at ensuring the prevention and management of conflicts of interest. The basic principle is that the Company body electing a particular body also decides on the remuneration of that body. The Company

complies with the rules of the Limited Liability Companies Act and the Corporate Governance Code, which provide procedures to prevent conflicts of interest. The decision-making process described above aims to ensure that decisions made are fair and equitable.

GENERAL MEETING	BOARD OF DIRECTORS	REMUNERATION COMMITTEE OF THE BOARD	SHAREHOLDER'S NOMINATION BOARD
<ul style="list-style-type: none"> Decides on the remuneration for the Board Decides on the Boards' authorizations to decide on repurchase of own shares and the issuance of shares, options or special rights entitling to shares that can be used as part of incentive schemes 	<ul style="list-style-type: none"> Decides on CEO and other senior management team remuneration and other terms of employment Decides based on authorization given to the Board on purchase of own shares, stock options and other special rights as part of the incentive programs 	<ul style="list-style-type: none"> Prepares remuneration proposals to the Board 	<ul style="list-style-type: none"> Prepares proposals on the remuneration, number, and members of the Board to the General Meeting

Remuneration of the Board of Directors

The General Meeting decides on remuneration paid to the members of the Board based on the proposal by the Shareholders' Nomination Board. The remuneration of the Board can consist of one or more components, such as annual or monthly fees and possible meeting fees. The remuneration of the Board may be paid fully or partly in cash or shares. In addition, travel expenses are reimbursed in accordance with the Company's policy.

The remuneration of the Chair of the Board, Deputy Chair of the Board and members of the Board and its Committees must fairly reflect the responsibilities and qualifications associated with each role and enable the Company to attract and retain Board members with relevant skills and knowledge.

Remuneration of the CEO

The Board determines and approves the remuneration and other terms of the CEO's service contract in writing. The Board also sets personal targets for the CEO under the short-term and long-term incentive plans approved by the Board, monitors the fulfillment of the targets and decides on the pay-out. Decisions are made based on proposals of the Remuneration Committee and guided by the Remuneration Policy.

The CEO's remuneration, benchmarked and aligned with the market practices, consists of a fixed salary including fringe benefits or alternatively fringe benefits added to the fixed salary, and variable pay. The variable pay can be based on either short-term or long-term performance.

At the target level, the variable pay constitutes a significant part of the total remuneration for the CEO. Within the variable pay, long-term incentive LTI dominates over the short-term incentive (STI) and the maximum short-term incentive is 100% of the annual fixed salary. Short-term incentives and/or long-term incentives are based on performance metrics and targets to support shareholder value. The Board may also decide on one-off rewards based on their consideration.

The CEO's shareholding in the Company strengthens the alignment of the CEO's interests and shareholder interests in the long term. To promote this, the Board may make a recommendation regarding share ownership. Based on the recommendation, the Board may impose transfer restrictions on shares received under long-term incentive plans.

Remuneration elements

ELEMENT	PURPOSE	DEFINITION	LEVEL
Fixed salary	Fixed salary is the fixed part of the remuneration which comprises basic compensation aligned with the market practices.	Total fixed salary includes fixed monthly salary and fringe benefits, or alternatively, fringe benefits can be added to the fixed monthly salary, in accordance with the Company policy. The fringe benefits may include a company car, mobile phone, health insurance and other typical executive fringe	The remuneration elements should be competitive with the external market and reflect the scale and complexity of the business.
Short-term incentive	Cash-based bonus is a reward for the achievement of short-term incentive plan (STI) targets.	The short-term incentive targets are based on Group annual financial and strategic targets / projects as determined by the Board. The Board follows the fulfillment of the targets and approves the payment based on the criteria.	
Long-term incentive	The long-term incentive (LTI) plan is a share based or monetary incentive scheme that supports the delivery of long-term shareholder value creation and achievement of strategic and financial targets.	The long-term incentive plan is based on Group performance and other strategic targets measured over a minimum of two years. The awards will be paid in shares or cash after the end of the performance period.	

TERMS FOR DEFERRAL AND CLAWBACK OF REMUNERATION

Should considered necessary, the Board may reduce the rewards payable under Enersense incentive plans or defer their payment. The Board may do so in case of a) exceptional and unexpected events or changed circumstances in Enersense or in its operating environment, b) unexpected material changes in the Enersense' structure or strategy, c) particularly and unexpectedly weak financial result, outlook or distressed financial position or d) actions against the business interest of Enersense or against regulation, law or the ethical guidance of Enersense.

The Board shall have the right to cancel the remuneration in whole or in part if the CEO has intentionally or by gross negligence caused a falsification of the financial or other data, based on which the remuneration has been determined or measured or in case of any material action against service contract related laws, interests of the Company or the Company's ethical code or otherwise unethical behavior.

The Board may also decide to recover already paid out rewards under Enersense incentive plans in case of, but not limited to, if a reward has been paid out based on inaccurate or misleading information, or in case of material breach of regulation, law, or the ethical guidance of Enersense.

OTHER KEY TERMS APPLICABLE TO THE SERVICE CONTRACT

The CEO's retirement age and pension benefits are determined in accordance with the Pensions Act. The Company may offer a supplementary pension to the CEO.

The terms of the notice period, severance package and the non-competition clause, in case of termination or resignation, are included in the CEO's service contract. These terms are aligned with the market practices existing at the time of entering into the service contract. The term details are included in the remuneration report and on the Company's internet.

Temporary deviation

It is in the interest of Enersense and its shareholders that the Board can temporarily

deviate from the principles in the Remuneration Policy.

Hence, the Board may deviate from the Remuneration Policy in case of change of the CEO; significant merger, acquisition or disposal, demerger, sale of assets or other corporate restructuring event; significant change in Enersense's strategy; or changes in legislation, regulation, taxation or equivalent.

Changes may apply to remuneration components, contract clauses, incentive plan structures and mechanisms, as well as incentive plan timelines, criteria and earning opportunities, as seen necessary or recommendable to ensure the development of the long-term shareholder value of Enersense.

Deviations from this Remuneration Policy follow the same procedure as described above for the decision-making process for implementing this policy. Any deviation from the Remuneration Policy and the grounds for the deviation shall be reported in the next annual Remuneration Report and presented to the next General Meeting.



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