



2022

**Remuneration
Report**

Introduction

This remuneration report presents information on the remuneration of Enersense International Plc (“Enersense” or “the company”) Board of Directors and President and CEO (“CEO”) for the period between 1 January 2022 and 31 December 2022. The Company’s remuneration policy was approved in the Company’s Annual General Meeting on 4 April 2022 and it will be applied until the Annual General Meeting in 2026, unless the Board of Directors decides to present it earlier to the Annual General Meeting.

Enersense’s remuneration principles have been designed to attract, retain, and motivate employees, as well as to 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 employees commitment to sustainable development. The remuneration of the CEO follows the same principles as for the other employees.

“During 2022, the Remuneration Committee focused especially on developing common rewarding practices and incentive programs. The first long-term incentive program was launched to support us achieving the Company’s strategic targets. We also renewed the short-term profit-sharing program in order to strengthen the pay-for-performance culture”, says Herkko Plit, Chair of the Remuneration Committee at Enersense.

Five Year Development of Remuneration and Company Performance 2018–2022¹⁾

Remuneration & Financial Performance	2018	2019	2020	2021	2022
Members of the Board of Directors, total	60,000	68,000	92,000	183,307	232,500
President and CEO EUR	144,311	163,267	300,429	322,453	284,969
Enersense employee average salary EUR ²⁾	35,785	35,826	41,355	41,038	42,869
Net sales MEUR	47.4	58.1	147.5	239.1	268.0
Adjusted EBITDA MEUR ³⁾	-1.3	0.1	11.5	19.2	13.7

¹⁾ Changes in the Group structure done in 2021 are described in Note 24 to the IFRS financial statements.

²⁾ Average employee remuneration comprises personnel costs without other compulsory personnel costs divided by the average number of personnel FTE during the year.

³⁾ The figures for 2018 are in accordance with FAS and are not adjusted. The Group was transferred to IFRS reporting on 1 January 2019.

Remuneration of the Board of Directors

At Enersense's Annual General Meeting on 4 April 2022, it was decided that the following annual fees be paid to the members of the Board of Directors:

- Chair of the Board: EUR 40,000
- Vice Chair: EUR 30,000
- Other members of the Board: EUR 25,000

In addition, the Annual General Meeting decided that the following meeting fees be paid for each meeting of the Board of Directors and Board Committees:

- Chair of the Board and the Committee: EUR 1,000 per meeting
- Other members of the Board and Committee: EUR 500 per meeting

Traveling expenses are compensated in accordance with the company's policy on the compensation of travel expenses in force at the time.

Remuneration paid to the members of the Board of Directors 2022

EUR	Annual fees	Meeting fees	Other benefits /fees	Total remuneration
Jaakko Eskola, Chair	39,000	15,500	—	54,500
Sirpa-Helena Sormunen, Vice Chair	28,500	9,500	—	38,000
Helander Sari	24,750	11,400	—	36,150
Jokinen Päivi	24,750	9,000	—	33,750
Plit Herkko	24,750	11,600	—	36,350
Suokas Petri	24,750	9,000	—	33,750

Remuneration of the CEO

The Board of Directors determines the remuneration of the CEO. The Board considers Enersense's strategy and long-term targets when setting the criteria and targets for remuneration. The criteria selections aim to steer the CEO towards the implementation of the Company's strategy and the achievement of sustainable financial results.

In 2022, the total remuneration of the CEO of EUR 284,969 consisted of a fixed base salary of EUR 264,600, including holiday pay and fringe benefits of EUR 20,369. The relative proportion of the paid remuneration in 2022 for the fixed pay and fringe benefits was 100% and variable pay 0%.

The CEO's short-term incentive for 2022, with the maximum opportunity of 60% of the annual salary, was based on the Group's Adjusted EBITDA (weight 90%) and Group Safety (weight 10%). The Group Safety outcome was slightly below the targeted level. The short-term incentive payment was dependent on reaching the Group Adjusted EBITDA minimum, which was not achieved. Hence no short-term incentives will be paid from year 2022.

Until the beginning of 2022, the Company had no long-term incentive plans and the CEO was not entitled to share-based plans or option programs. In February 2022, the Board of Directors of Enersense International Plc approved two new share-based incentive plans directed to the Group's key employees. From the Performance Share Plan 2022–2024, the CEO was allocated 32,917 shares. The potential rewards based on the plan will be paid in two equal instalments after the end of the performance period, in 2024 and 2025. The rewards will be paid partly in Enersense International Plc shares and partly in cash.

The pension benefits of the CEO are determined in accordance with the Finnish legislation in force at the time. In 2022, the CEO did not have a supplementary pension.

Total remuneration of the CEO during 2022

Remuneration element	Description	2021	2022
Fixed salary	Monthly salary and a vacation allowance	264,600	264,600
Fringe benefits	Car benefit and a mobile phone	20,899	20,369
Short-term incentives	Based on financial performance (paid during the financial year)	35,000	—
	Other financial benefits – one-off payments and transactional bonuses ^{*)}	1,954	—
Long-term incentives	Performance Share Plan 2022–2024 with rewards payable in 2024 and in 2025		
Total		322,453	284,969

^{*)} Discount on the subscription price in a share issue to employees. The CEO subscribed for 6,105 shares of the company in the employee share issue.

Share-based incentive plans

On 28 February 2022, the Board of Directors of Enersense International Plc approved two new share-based incentive plans directed to the Group's key employees. The aim is to align the objectives of the shareholders and key employees to increase the value of the company in the long-term, to retain the key employees at the company and to offer them competitive incentive plans that are based on earning and accumulating the company's shares.

The rewards will be paid partly in Enersense International Plc shares and partly in cash. The cash proportions of the rewards are intended for covering taxes and tax-related expenses arising from the rewards to the participants. In general, no reward is paid if the participant's employment or director contract terminates before the reward payment.

PERFORMANCE SHARE PLAN 2022–2025

The Performance Share Plan 2022–2025 consists of one performance period, covering the financial years 2022–2023.

In the plan, the target group is given an opportunity to earn Enersense International Plc shares based on performance. The potential rewards based on the plan will be paid in two equal instalments after the end of the performance period, in 2024 and 2025.

The rewards of the plan are based on the absolute total shareholder return of the company's share (TSR) for the financial years 2022–2023 (weight 30%), on the Group's cumulative adjusted EBITDA in euro for the financial years 2022–2023 (weight 55%), and on the share of renewable and zero emission energy of revenue (weight 15%). The rewards to be paid based on the plan correspond to the value of an approximate maximum total of 211 000 Enersense International Plc shares, also including the proportion to be paid in cash.

Approximately 40 persons, including the President and CEO and other members of the Group Executive Team, belong to the target group of the plan.

The President and CEO of Enersense International Plc and the members of the Group Executive Team must own at least 50 per cent of the shares received as a net reward from the plan, until the value of the President and CEO's shareholding in Enersense International Plc equals to that of his annual base salary of the preceding year, and until the value of other Group Executive Team member's shareholding in Enersense International Plc equals 50 per cent of their annual base salary of the preceding year. Such a number of Enersense International Plc shares must be held as long as the membership in the Group Executive Team continues.

RESTRICTED SHARE PLAN 2022–2024

The reward from the Restricted Share Plan 2022–2024 is based on a valid employment or director contract and on the continuity of the employment or service during a vesting period. The reward will be paid after the end of a 24–36-month vesting period. The plan is intended for selected key employees only.

The rewards to be allocated based on the Restricted Share Plan during 2022–2024 correspond to the value of a maximum total of 10 000 Enersense International Plc shares, also including the proportion to be paid in cash.

SHARE-BASED INCENTIVE PLANS	PERFORMANCE SHARE PLAN PSP 2022–2025	RESTRICTED SHARE PLAN RSP 2022–2024	TOTAL
Maximum number of shares (gross) to be paid as rewards based on the plan	211,000	10,000	221,000
Target group of participants	~ 40 Group key employees incl CEO and Group Executive Team members	Selected key employees	
Initial grant date	28.2.2022	28.2.2022	
Vesting	Two equal instalments in 2024 and 2025	After the end of a 24–36-month vesting period	
Vesting conditions	Rewards based on three performance measures in 2022-2023: <ul style="list-style-type: none"> absolute total shareholder return of the company's share (TSR), (30%) the Group's cumulative adjusted EBITDA in euro (55%) the share of renewable and zero emission energy of revenue (15%) No reward is paid if the participant's employment or director contract terminates before the reward payment.	Rewards based on a valid employment or director contract and on the continuity of the employment or service during a vesting period. No reward is paid if the participant's employment or director contract terminates before the reward payment.	
Payment method	Partly in shares and partly in cash (cash portion intended for covering taxes and tax-related expenses)		
Ownership obligation for the shares received as rewards	<ul style="list-style-type: none"> CEO's shareholding = value of annual base salary of the preceding year Group Executive Team member's shareholding = 50 per cent of the value of the annual base salary of the preceding year Shares must be held as long as the membership in the Group Executive Team continues 		
AS OF 31 DECEMBER 2022	PSP 2022–2025	RSP 2022–2024	TOTAL
Number of participants	35	0	35
Outstanding rewards in shares (gross) including cash portion	196,186	0	196,186
CEO	32,917	0	32,917
Executive Team	89,556	0	89,556
Other key employees	73,713	0	73,713



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