

## **Outotec Remuneration Policy for the Board of Directors and the CEO**

### **Introduction**

This Remuneration Policy (“the Policy”) describes remuneration principles and framework for the CEO and for the members of the Board of Directors of Outotec (“the Company”). The Policy will also be applied to any Deputy CEO should such Deputy be appointed.

The Company has a Compensation Policy which is applied to the entire personnel of the Company. The Compensation Policy sets the remuneration principles and elements used across the Group.

This Remuneration Policy is in accordance with the Company’s Compensation Policy, best practice recommendations of the 2020 Finnish Corporate Governance, and the requirements set forth by the amended EU Shareholders’ Rights Directive, which has been implemented in Finland mainly into the Limited Liability Companies Act, Securities Markets Act, Decree of the Ministry of Finance, and the Finnish Corporate Governance Code for listed companies.

### **Remuneration governance**

Remuneration-related discussion and decision-making at the Company involves the Shareholders’ Nomination Board, the Annual General Meeting of Shareholders, the Board of Directors, and the Board’s Human Capital Committee.

Upon the recommendation of the Human Capital Committee, the Board of Directors submits the Policy (at least within every 4 years) and Remuneration Report (annually starting in 2021) to the AGM.

All Company’s shareholders are invited to attend the AGM to express their views on the Policy and its implementation. Shareholder feedback received in relation to the AGM, during investor meetings or in other form of correspondence is considered in the review of the Policy.

Pursuant to the Companies Act, the shareholders of the Company determine at the AGM the amount of remuneration for the members of the Board of Directors and for their Board Committee work. The proposal for the remuneration is prepared by the Nomination Board in accordance with its Charter. The remuneration of the CEO is decided by the Board of Directors annually. The proposals for the remuneration are prepared by the Human Capital Committee of the Board of Directors in accordance of the Policy.

In order to avoid any conflict of interest, the Human Capital Committee shall consist of non-executive Board members only. The Committee has also the power in its sole discretion to retain external advisors to assist the Committee in evaluating executive compensation.

As regards the remuneration of the Board of Directors, the Chair of the Board of Directors, if acting as a member of the Shareholders’ Nomination Board, does not take part in the preparation or decision-making or otherwise participate in the handling of such matters in the Shareholders’ Nomination Board that relate to remuneration to be paid to the Board of Directors.

### **Company’s remuneration principles and stakeholder considerations**

The cornerstone of the Company’s strategy is sustainable profitable growth which the Company drives through strong customer focus, leading technology and R&D competences, product, process and project excellence and global services footprint. Success of the Company is highly dependent on the performance and contributions made by employees at all levels, both as teams and as individuals. Competent personnel and Intellectual Property created by these people are the key assets and

therefore it is important to be able to recruit and retain world-class professionals. The Board of Directors therefore believes that an effective compensation is essential for the future success of the Company.

The guiding principles of remuneration are to align the interests of the CEO and the Board of Directors, the Company and the shareholders, drive high performance and ensure competitive and fair pay. The Company's variable pay programs and performance measures for these programs are developed with these principles in mind.

Remuneration principles link remuneration to successful execution of the Company's strategy, short-term goals and long-term shareholder value creation. STI targets are determined annually to reflect key performance indicators, measuring the successful execution of the Company's strategy. The ability to set financial and non-financial STI performance measures further contributes to the alignment between the remuneration principles and financial and other goals. LTI plan drives and rewards long-term sustainable Company performance, competitiveness and shareholder value creation.

The Company reviews remuneration, conditions and engagement across the Company through feedback from employee surveys, internal and external salary benchmark information and other sources made available to ensure a consistent approach is taken to remuneration across the Company.

### **Board Remuneration Policy**

Under the regulations applicable to the Company, the shareholders resolve annually on Board of Directors remuneration based on a proposal made by the Shareholders' Nomination Board.

Prior to making its recommendation, the Shareholders' Nomination Board annually reviews the remuneration for the Chair and members of the Board against companies of similar size and complexity to the Company to ensure that the Company can attract and retain Board members with relevant skills, industry knowledge and international experience to oversee the Company strategy.

Given the nature of the Board duties and responsibilities, the Board members are not covered by the Company's incentive plans. They receive fixed remuneration only which can be paid in cash or shares, or a combination of cash and shares.

Details of the Board actual annual remuneration, as resolved by the AGM or EGM, are reported each year in the Remuneration Report.

### **Remuneration of the CEO (and Deputy CEO, if applicable)**

The remuneration of the CEO may consist of fixed salary, of variable elements such as short-term incentives (STI) and long-term incentives (LTI), pension and of other benefits and programs. Maximum STI and LTI opportunity as a percentage of fixed salary will be determined annually based on market practice and performance subject to an overall cap – maximum STI cannot exceed 100% of fixed salary and maximum LTI 200% of fixed salary at grant.

Actual pay mix based on the actual STI and LTI pay-outs as a percentage of fixed salary will be disclosed in the annual Remuneration Report.

<b>Remuneration Element</b>	<b>Purpose and link to long-term strategy</b>	<b>Description and operation</b>
<b>Fixed salary</b>	To recruit and retain key talent	<p>Definition of fixed salary varies per country based on local legislation and market practice. In Finland, it normally includes base salary inclusive of fringe benefits.</p> <p>Fixed salary is typically reviewed annually.</p> <p>The Board may consider various factors when determining any fixed salary changes, including the level of salary increases for the Company's employees globally, external market benchmark data, business performance, role scope and individual performance.</p> <p>The actual fixed salary and annual increases will be reported in the annual Remuneration Report.</p>
<b>Short-term incentive (STI)</b>	To reward and encourage achievement of the Company's financial and individual or team performance	<p>The maximum STI opportunity will be determined annually by the Board of Directors based on market practice and performance subject to an overall cap of 100% of fixed salary. Maximum STI opportunity applied for a given year will be disclosed in the annual Remuneration Report.</p> <p>Performance measures, weightings and targets for the selected measures are set annually by the Board of Directors to ensure they continue to support the Company's annual business plans. These can vary from year to year to reflect business priorities and typically include a balance of Group's financial performance measures (for example profitability and growth) and non-financial measures (for example key operational, strategic, environmental, social, governance or other sustainability related measures) provided that in any given year majority of weighting will be on financial performance measures.</p> <p>Following the end of the year the Board of Directors reviews the performance and determines the extent to which each of the targets have been achieved, to determine the final pay-out level.</p> <p>Details of actual performance measures applied for each year and how they support the business strategy will be disclosed in the annual Remuneration Report.</p>
<b>Long-term incentive (LTI)</b>	To commit the key personnel to the targets of the Company and offer a competitive,	<p>The maximum LTI opportunity will be determined annually by the Board of Directors based on market practice and performance subject to an overall cap of 200% of fixed salary. Maximum LTI opportunity applied for a given year will be disclosed in the annual Remuneration Report.</p>

<b>Remuneration Element</b>	<b>Purpose and link to long-term strategy</b>	<b>Description and operation</b>
	ownership-based reward scheme	<p>Long-term incentive reward is typically paid in the form of performance shares with a three-year performance period.</p> <p>Performance measures, weightings and targets for these selected measures for each annually commencing plan are set by the Board of Directors to ensure they continue to support the Company's long-term strategy.</p> <p>Performance measures may include, but are not limited to, financial and share-price related measures. Details of performance measures for each year and how they support the long-term strategy will be disclosed in the annual Remuneration Report.</p> <p>Following the end of the performance period the Board of Directors reviews the performance and determines the extent to which each of the targets have been achieved, to determine the final pay-out level.</p>
<b>Pension</b>	To provide retirement benefit in line with market practice	The CEO may participate in the applicable pension programs available to other executives in the country of employment. Details of the actual pension arrangement will be shown in the annual Remuneration Report.
<b>Other benefits and programs</b>	To provide a competitive level of benefits.	<p>Benefits will be provided in line with appropriate levels indicated by market practice and may evolve year on year.</p> <p>Other benefits may include but are not limited to phone, Company car, health insurance, private accident, life and disability insurance, business travel and director's and officers' liability insurance.</p> <p>Additional benefits and allowances may be offered in certain circumstances such as relocation or international assignment in line with the Company's international mobility policy.</p> <p>The CEO is eligible to participate in programs which may be offered to the Company's other employees at any given point.</p>
<b>Clawback and malus provision</b>	To ensure pay for performance	Incentives are subject to malus (adjustment before pay-out) and clawback (reclaimed after pay-out) provisions, which can be applied in case of material misstatement or misconduct as determined by the Board at its discretion.

Remuneration Element	Purpose and link to long-term strategy	Description and operation
<b>Shareholding recommendation</b>		The CEO is required to own Company shares either by retaining the shares earned as LTI awards or by acquiring shares as determined by the Board at its discretion.

### Managing Director contract and severance pay

The managing director contract of the CEO is typically in force for indefinite period, but the Board of Directors may decide to offer fixed period contract if required. The notice period, possible fixed salary during the notice period, and potential severance pay in the managing director contract are determined in line with the market practices existing at the time of entering into the contract.

The treatment of incentive awards will depend on the reason of departure. For resignation and involuntary termination, unvested award will be forfeited. For other reasons, awards typically will continue to vest according to the plan terms.

The same principles are also applied to the contract of the Deputy CEO (if applicable).

### Deviations

The Board of Directors may temporarily deviate from any sections of this Policy based on its full discretion in the circumstances described below:

- Upon change of the CEO and the Deputy CEO (if applicable),
- Upon material changes in the Company structure, organization, ownership and business (for example merger, takeover, demerger, acquisition, etc.),
- Upon change of the relevant legislation or legal praxis (including changes in taxation), and
- In any other circumstance where the deviation may be required to serve the long-term interests and sustainability of the Company or to assure its viability.

The Company aims to offer a compensation package which is sufficient to attract, retain and motivate the individual with the right skills for the required role. When determining remuneration for a new CEO, the Board of Directors will consider the requirements of the role, the needs of the business, the relevant skills and experience of the individual and the relevant external market for talent.

The Board of Directors will seek to align the new CEO's remuneration package to the Policy. If needed, the Company may offer upon hire one-time supplementary rewards payable in cash or shares in comparable value to the arrangements forfeited by the candidate by joining the Company. The rationale and detail of any such award will be disclosed in the Remuneration Report.

Where an individual is appointed to the CEO as a result of internal promotion or following a corporate transaction (e.g. following an acquisition), the Board of Directors retains the ability to honor any legally binding legacy arrangements agreed prior to the individual's appointment.

In addition, where necessary, additional benefits may also be provided such as, but not limited to, relocation support, expatriate allowance, tax equalization and other benefits which reflect local market practice and relevant legislation.

The same deviations are also applied to the Deputy CEO.

# Outotec

Outotec provides leading technologies and services for the sustainable use of Earth's natural resources. As the global leader in minerals and metals processing technology, we have developed many breakthrough technologies over the decades for our customers in metals and mining industry. We also provide innovative solutions for industrial water treatment, the utilization of alternative energy sources and the chemical industry. Outotec shares are listed on NASDAQ OMX Helsinki. [www.outotec.com](http://www.outotec.com)