



# Remuneration Report 2024

25 March 2025



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- Financial development of the company
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## Introduction

Terrafame Ltd is a limited liability company registered in Finland. Its parent company, Suomen Malmijalostus Oy – Finnish Minerals Group (“FMG”), is a special-purpose wholly owned by the State of Finland.

Management and decision-making at Terrafame are governed by its Articles of Association, the applicable laws and the Government Resolution on State Ownership Policy of 23 May 2024 (“ownership policy”). In accordance with the ownership policy, Finnish Minerals Group is classified as a non-listed company with commercial operations. Remuneration at Terrafame complies with the ownership policy.

Where applicable, the company’s corporate governance practices comply with the requirements set out in the Securities Market Association’s current Corporate Governance Code. This Remuneration Report has been prepared in accordance with the reporting guidelines provided in the Securities Market Association’s Corporate Governance Code 2025. The Code is available at [www.cgfinland.fi/en/](http://www.cgfinland.fi/en/).

## Key principles guiding remuneration

Terrafame has a remuneration policy which determines the principles of remuneration of the company’s bodies. Herein the company’s bodies include Terrafame’s Board of Directors and CEO.

In 2024, Terrafame’s remuneration complied with the remuneration policy presented to the Annual General Meeting (AGM) 2020 (“remuneration policy 2020”) until the AGM on 20 March 2024. An updated remuneration policy was presented to the AGM 2024 (“remuneration policy 2024”), after which Terrafame’s remuneration has complied with the remuneration policy 2024. The remuneration policy 2024 will be applied until the AGM 2028 unless it is replaced earlier with a new or updated remuneration policy that has been presented to the AGM.

The key principles guiding the remuneration of the members of Terrafame’s Board of Directors are transparency, fairness and consistency when compared to other market operators. The fees payable to the members of the Board consist of a fixed fee for the duration of their term of office, confirmed by the AGM. The fixed fee paid to the members of the Board must be sufficiently competitive to attract and engage skilled and highly competent people with the capacity to serve as Board members.

The key principles guiding the remuneration of the CEO at Terrafame are that good performance is rewarded and that the reward is reasonable and fair and determined in a transparent manner. In view of the aforementioned key principles, the purpose of rewarding Terrafame’s CEO is to create common interests for the CEO and the company’s shareholders and thereby promote the creation of long-term value for shareholders. Other key objectives of the CEO’s remuneration are to reward the CEO for the successful implementation of Terrafame’s strategy and the achievement of its financial targets.

In 2024, the remuneration of the Board of Directors and the CEO complied with the Terrafame remuneration policy that was in force at the time of each remuneration-related decision, and there were no deviations. No part of the Board members’ fees was subject to recovery or adjustment in the financial year 2024.

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## Financial development of the company and remuneration

Terrafame's financial development, especially in 2022 and 2023, has reflected the increased role of battery chemicals production. The company's financial development in 2024 reflects the challenging market situation and the consequently lower market prices of metals and battery chemicals.

### Financial key figures

	2024	2023	2022	2021	2020
Net sales, EUR million	544.5	560.9	584.4	378.4	338.3
EBITDA excluding non-recurring items, EUR million	64.6	100.6	152.1	24.2	23.8
<b>Chair of the Board, EUR</b>					
Annual fee	72,000	72,000	72,000	72,000	72,000
Meeting fee	600	600	600	600	600
<b>Member of the Board, EUR</b>					
Annual fee (1)	36,000	36,000	36,000	36,000	36,000
Meeting fee (1)	600	600	600	600	600
<b>CEO, EUR</b>	<b>568,630</b> (2)	<b>473,961</b>	<b>394,013</b>	<b>387,190</b>	<b>408,229</b>
Base salary	470,145	350,468	343,044	337,882	333,160
Performance bonuses	98,485	123,493	50,969	49,308	75,069
Salaries and remuneration of personnel on average, EUR (3)	<b>55,084</b>	<b>54,269</b>	<b>52,329</b>	<b>48,478</b>	<b>46,164</b>

The financial information from 2023–2024 consists of IFRS figures, and the financial information from 2020–2022 consists of FAS figures.

- (1) Annual fee and meeting fee (per meeting) decided by the Annual General Meeting. Until 28 February 2022, no annual or meeting fees were paid to Board members who were not independent of major shareholders.
- (2) Based on the remuneration of Joni Lukkaroinen until 17 January 2024 and the remuneration of Seppo Voutilainen from 17 January 2024.
- (3) Salaries and remuneration (gross). The CEO's or Board of Directors' remuneration is not included in the calculation.

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## Remuneration of the Board of Directors in 2024

In the financial year 2024, the remuneration of the Board of Directors followed the principle set out in the remuneration policy 2020 and the remuneration policy 2024 according to which the fees paid to the members of the Board consist of a fixed fee for the duration of their term of office, confirmed by the AGM. In addition to the fixed annual fee, meeting fees were paid to the Board members. In accordance with the remuneration policy, the Board members are not paid variable fees, nor are they rewarded based on performance.

In 2024, the AGM resolved to keep the Board of Directors' fees unchanged. The Chair of the Board is paid an annual fee of EUR 72,000, and a member of the Board is paid an annual fee of EUR 36,000. In addition, the Chair of the Board and each Board member are paid EUR 600 for each Board meeting or Board committee meeting they attend. The annual fees payable to the members of the Board have remained unchanged since 14 August 2015.

The fees paid to the members of the Board in 2024 totalled EUR 363,001 (343,200).

## Annual and meeting fees in the financial year 2024

Member	Annual fees in 2024	Meeting fees in 2024	Total fees
Lauri Ratia, Chair	72,000	11,400	83,400
Matti Hietanen, Vice Chair	36,000	11,400	47,400
Jesus Fernandez	36,000	9,000	45,000
Riitta Mynttinen	36,000	12,000	48,000
Tuomo Mäkelä, until 20 March 2024	10,936	1,800	12,736
Julian Sanchez	36,000	10,800	46,800
Peter Schuhmacher, from 20 March 2024	25,065	6,600	31,665
Jyrki Vainionpää	36,000	12,000	48,000
<b>Total</b>	<b>288,001</b>	<b>75,000</b>	<b>363,001</b>

EUR

The travel expenses of the independent members of the Board were reimbursed in accordance with the company's travel policy.

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## Remuneration of the CEO in 2024

Seppo Voutilainen assumed the role of Terrafame’s interim CEO on 17 January 2024 and the role of CEO on 22 March 2024. Joni Lukkaroinen served as Terrafame’s CEO until 17 January 2024.

In accordance with the remuneration policy 2020 and the remuneration policy 2024, the CEO’s remuneration consists of a fixed base salary, fringe benefits based on the applicable company guideline, and the company’s short-term incentive scheme and long-term incentive scheme. The CEO is not covered by a contribution-based or any other additional pension plans. The CEO has no other financial benefits.

### Base salary

CEO Voutilainen’s fixed base salary was EUR 25,000 per month, and CEO Lukkaroinen’s fixed base salary was EUR 29,280 per month. CEO Voutilainen’s fringe benefits included the telephone benefit. CEO Lukkaroinen’s fringe benefits included the telephone benefit, the electric car recharging benefit in the workplace and the connectivity benefit at home.

### Short-term incentive scheme

In the financial year 2024, CEO Lukkaroinen was paid a performance bonus based on the 2023 performance.

The Board of Directors will evaluate the CEO’s performance in 2024 around early spring 2025, and any performance bonus will be paid in cash around April 2025. In 2024, the remuneration criteria of the short-term incentive scheme related to sustainability and strategy implementation.

## Long-term incentive scheme

In February 2019, Terrafame’s Board of Directors decided to establish a long-term incentive scheme (LTI) for the company’s management and other key individuals. The scheme consists of individual performance-based programmes starting every year. Each programme includes a three-year performance period and the payment of any rewards in cash after the performance period. The Board will separately decide on the initiation of each individual programme.

The CEO is included in the company’s long-term incentive scheme, which currently has six programmes:

Programme	Payment date of possible rewards
LTI 2019–2021	Paid in spring 2022
LTI 2020–2022	Paid in spring 2023
LTI 2021–2023	Paid in spring 2024
LTI 2022–2024	Spring 2025
LTI 2023–2025	Spring 2026
LTI 2024–2026	Spring 2027

The rewards under the programmes will be paid provided that the performance targets set by the Board of Directors are achieved. The targets set for the LTI programmes are related to production, financial profitability and sustainability. Their purpose is to support Terrafame’s development and success and the achievement of its strategic and corporate sustainability goals over the long term.

The treatment of rewards based on ongoing STI and LTI plan(s) will depend on the circumstances of the CEO’s departure. In case of retirement or death or in case of termination at the initiative of the Company, the CEO may be entitled to the STI and LTI reward(s) or a portion thereof as determined by the Board based on the rules of the respective incentive scheme. If the CEO terminates his/her contract at his/her own initiative, the unvested rewards are as a main rule forfeited.

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### Summary of the CEOs' remuneration in 2024

The salary and fees paid to CEO Seppo Voutilainen for CEO duties in 2024 totalled EUR 277,835. The proportion of the variable remuneration paid in 2024 for CEO duties was 8% and that of the fixed base salary 92%.

Prior to assuming the role of CEO, Voutilainen acted as Terrafame's Chief Production Officer and a member of the Leadership Team. Voutilainen was paid a salary of EUR 7,249 as well as EUR 16,123 based on the short-term incentive scheme (2023) and EUR 7,415 based on the long-term incentive scheme (LTI 2032-2023) for his role as a member of the Leadership Team and as Chief Production Officer in 2024. The remuneration of the other members of the Leadership Team is described on Terrafame's website.

The salary and fees paid to CEO Lukkaroinen in 2024 totalled EUR 267,257 (473,960). The proportion of the variable remuneration paid to CEO Lukkaroinen in 2024 was 28% and that of the fixed base salary 72%.

The CEOs were paid salary and fees in the 2024 financial year as follows:

CEO	Fixed annual salary	Short-term incentive scheme (1)	Long-term incentive scheme (2)	Total
Seppo Voutilainen	277,835	-	-	277,835
Joni Lukkaroinen	192,310	52,698	22,249	267,257

EUR

(1) Earned based on CEO duties in 2023, paid in 2024.

(2) Long-term incentive scheme 2021-2023 programme.

### Remuneration falling due for payment in 2024

The company's Board of Directors will decide on the potential remuneration payable to the CEO in spring 2025 under the 2024 short-term incentive scheme and under the long-term incentive scheme 2022-2024.

CEO Voutilainen is entitled to the potential remuneration payable under the abovementioned incentive schemes, considering the date he assumed the role of CEO.

Having served as the CEO of Terrafame until 17 January 2024, Joni Lukkaroinen is not entitled to participate in the short-term incentive scheme for 2024 nor is he entitled to any potential remuneration payable under the scheme. Further, Lukkaroinen is not entitled to participate in the long-term incentive scheme 2022-2024 nor is he entitled to any potential remuneration payable under the scheme. In January 2025, Lukkaroinen was paid a one-time severance pay of EUR 175,680, corresponding to six months' salary.



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