

Terrafame

Corporate Governance Statement 2024

25 March 2025



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Introduction

Terrafame Ltd is a limited liability company registered in Finland. Management and decision-making at Terrafame are governed by its Articles of Association, the Limited Liability Companies Act and other legislation in force, as well as the current Government Resolution on State Ownership Policy.

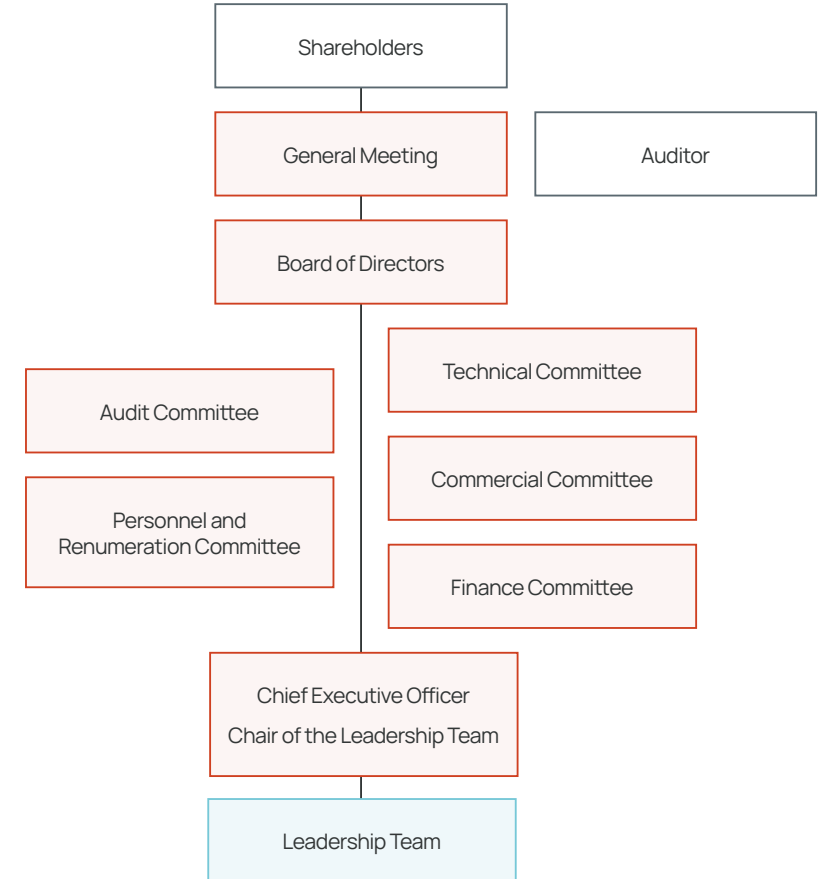
Where applicable, the company's corporate governance practices comply with the requirements set out in the Securities Market Association's current Corporate Governance Code. The deviations from compliance with the Corporate Governance Code are related to the company's general meeting (recommendations 1–4) and the organisation of insider governance required of listed companies. The deviations from the Corporate Governance Code's recommendations are based on the fact that the company's securities are not publicly traded.

This Corporate Governance Statement has been prepared in accordance with the reporting guidelines of the Securities Market Association's Corporate Governance Code 2025, which entered into force on 1 January 2025. The Corporate Governance Code 2025 is available at www.cgfinland.fi/en/.

Terrafame's Board of Directors has processed the statement, and it has been prepared as a statement separate from the Board of Directors' Review for the financial year 1 January–31 December 2024. The Corporate Governance Statement, Remuneration Report as well as the Board of Directors' Review and the company's financial statements for 2024, are available at www.terrafame.com.

Governing bodies

The General Meeting of Shareholders, the Board of Directors and the CEO are responsible for Terrafame's corporate governance and operations. A shareholder agreement on the use of proprietary rights and decision-making at the company has been concluded between the company's shareholders. The terms of the agreement are consistent with predominant market practice.



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General Meeting

The General Meeting is Terrafame's highest decision-making body. The General Meeting is held annually to confirm the company's financial statements, decide on the distribution of profits, decide on the election of Board members and the auditor and determine their fees, and discharge the members of the Board of Directors and CEO from liability. The Chair of the Board of Directors and the Vice Chair, if needed, are also elected at the General Meeting.

An Extraordinary General Meeting may be convened if necessary. An Extraordinary General Meeting must be held if the auditor or shareholders with a total of one-tenth of all shares so demand in writing to discuss a specific issue.

The Annual General Meeting (AGM) 2024 was held on 20 March 2024.

Duties and responsibility

In accordance with the Limited Liability Companies Act, Terrafame's Board of Directors is responsible for the company's governance and the appropriate organisation of its operations. The Board of Directors must also ensure that the company's accounting and financial management are appropriately supervised. The Board of Directors' role is to promote the interests of the company and its shareholders. One of the Board's key duties is to make significant decisions related to the company's operating principles, strategy, investments, organisational structure, finances and commercial matters.

According to the Articles of Association, the Board of Terrafame has between three (3) and seven (7) members. The members are elected at the Annual General Meeting for a term ending at the close of the next Annual General Meeting.

Preparation of the composition of the Board

The major shareholders of the company submit their proposals for the composition of the Board in accordance with the shareholder agreement. Thus, Suomen Malmijalostus Oy (Finnish Minerals Group) has the right to nominate candidates for up to five Board positions, and the Galena funds have the right to nominate candidates for up to two Board positions.

Key content of the Board's Rules of Procedure

The Board's work is based on the values determined for Terrafame's operations: safety, commitment and efficiency.

The Board of Directors has confirmed Rules of Procedure for itself, the key content of which is described below, and which define the duties of the Board, its Chair and the Board committees. The Rules of Procedure cover the following aspects: composition of the Board of Directors, election of Board members, responsibilities of the members and the Chair, meetings and decision-making of the Board, disqualification of members, committees, self-assessment of operations and remuneration of the members. No changes were made to the Rules of Procedure in the financial year 2024.

The Board's responsibilities include:

- Approving the annual operating plan, business plan and budget
- Approving the financial reports, the Board of Directors' Report and the financial statements
- Preparing the remuneration policy and remuneration report
- Approving the organisational structure and remuneration system
- Appointing and dismissing the Chief Executive Officer
- Appointing the Leadership Team
- Deciding on the terms of employment of and remuneration payable to the CEO and other key personnel
- Appointing committee members and confirming the committees' Rules of Procedure
- Guiding and supervising the executive management
- Supervising the company's operations with respect to compliance with laws and regulation
- Approving long-term objectives and strategies
- Approving the company's values and principles, as well as its practices concerning the control and risk management system
- Convening the General Meeting

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Board meetings

The Board of Directors has a quorum when more than half of its members participate in a meeting, either by being present or via telephone or videoconferencing. On current matters, the Board may also make unanimous written decisions by email.

The Board seeks to achieve consensus in its decision-making on all occasions. If this cannot be reasonably achieved, the decisions of the Board will be made in accordance with the provisions of the Limited Liability Companies Act. According to the Act, the decisions of the Board require a simple majority. In the event of a tie, the Chair casts the deciding vote. The provisions of the Limited Liability Companies Act are observed with regard to the disqualification of Board members.

The Board of Directors convenes around ten times per year in accordance with an agreed schedule. If necessary, the Board will hold additional meetings.

The Board assesses its activities and working methods annually.

Board of Directors in 2024

The Annual General Meeting 2024 re-elected the following members of the Board of Directors: Lauri Ratia, Matti Hietanen, Jesus Fernandez, Riitta Mynttinen, Julian Sanchez and Jyrki Vainionpää. Tuomo Mäkelä was not available for re-election. Peter Schuhmacher was elected as a new Board member. Lauri Ratia was elected as Chair of the Board and Matti Hietanen as its Vice Chair.

Terrafame's Board annually assesses the independence of its members. Of its members, Ratia, Mynttinen, Schuhmacher and Vainionpää are independent of the company and its major shareholders. Hietanen is the CEO of Terrafame's parent company, Suomen Malmijalostus Oy – Finnish Minerals Group, and therefore not independent of a major shareholder. Sanchez is employed by Trafigura Group, which includes Terrafame's minority shareholders, the Galena funds, and therefore not independent of a major shareholder. Fernandez previously worked for the Trafigura Group, and therefore he cannot be considered independent from a significant shareholder.

The Board members or the entities over which they exercise control held no shares or share-based rights in Terrafame at the end of 2024.

Terrafame's Board of Directors as of 31 December 2024

Name	Gender	Year of birth	Nationality	Education/ Degree/Title	Principal occupation	Member of the Board since	Independence
Lauri Ratia, Chair	Male	1946	Finnish	MSc (Technology), Industrial Counsellor	Board professional	2015	Independent
Matti Hietanen, Vice Chair	Male	1977	Finnish	Master of Laws trained on the bench, MSc (Economics)	CEO, Suomen Malmijalostus Oy – Finnish Minerals Group	2017	Not independent of a major shareholder
Jesus Fernandez	Male	1976	Spanish	MSc (Economics)	Board professional	2017	Not independent of a major shareholder
Riitta Mynttinen	Female	1960	Finnish & German	Chemical Engineer, MBA	Board professional	2018	Independent
Julian Sanchez	Male	1973	Spanish	BSc (Mining Engineering)	Head of Trafigura Mining, Trafigura Group PTE	2022	Not independent of a major shareholder
Peter Schuhmacher	Male	1965	German	PhD in Chemistry	Board professional	2024	Independent
Jyrki Vainionpää	Male	1976	Finnish	MSc (Economics)	CEO, A. Ahlström Corporation	2021	Independent

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Diversity

Terrafame has defined the principles concerning the diversity of its Board of Directors. The composition of the Board of Directors seeks to ensure that the Board has extensive expertise, experience and knowledge with regard to Terrafame’s production process and line of business.

With Terrafame having progressed in the value chain to become a producer of battery chemicals, knowledge of the base metal market and chemistry, as well as the automotive industry and its subcontracting networks, is highlighted in the Board of Directors’ work. This enables the Board to carry out its duties as efficiently as possible, particularly those related to the company’s strategy, finances and risk management. The Board’s diversity with respect to competence and gender enables the achievement of Terrafame’s business objectives.

According to Terrafame’s assessment, the principles concerning the Board’s diversity have been implemented insofar that the Board’s composition is a representation of multidisciplinary and diverse experience in both national and international business activities as regards the industry, products and geographical location of Terrafame. The board members have diverse experience in board positions at other companies and, in addition to strong financial and industry expertise, they have multidisciplinary experience in administrative tasks and legal matters. The Board members’ educational backgrounds also serve to ensure the achievement of Terrafame’s business objectives.

At the end of 2024, the Board consisted of seven members, of which one (1) was a woman (14%) and six (6) were men (86%). Of the Board members, three (3) were citizens of Finland, two (2) were citizens of Spain, one (1) was a citizen of Germany, and one (1) was a citizen of Finland and Germany.

Board of Directors’ work in 2024

The company’s Board of Directors met in total 14 times in 2024. In addition, the Board made three written decisions on current matters by email.

In 2024, the most important focus area of the Board’s work was Terrafame’s commercial operations. Other important areas included the achievement of the planned capacity of the battery chemicals plant, the progress of the investment in the secondary leaching area 5–6, and securing the company’s financial position.

Acting as the Secretary to the Board was the parent company’s (Suomen Malmijalostus Oy – Finnish Minerals Group) lawyer or their deputy.

Member	Board meetings		Audit Committee		Personnel and Remuneration Committee	
Lauri Ratia, Chair	14/14	100%			6/6	100%
Matti Hietanen, Vice Chair	14/14	100%			6/6	100%
Jesus Fernandez	12/14	86%	2/5	40 %		
Riitta Mynttinen	14/14	100%	5/5	100 %		
Tuomo Mäkelä (until 20 March 2024)	2/2	100%				
Julian Sanchez	14/14	100%			5/6	83%
Peter Schuhmacher (from 20 March 2024)	12/12	100%				
Jyrki Vainionpää	14/14	100%	5/5	100 %		

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Audit Committee

In accordance with its Rules of Procedure, the Audit Committee assists the Board in tasks related to the organisation, monitoring and assessment of financial reporting, auditing, cash management, risk management and matters related to taxation.

The Board of Directors appointed Jyrki Vainionpää (Chair), Jesus Fernandez and Riitta Mynttinen as members of the Audit Committee. The Audit Committee met five times in 2024.

In 2024, the Audit Committee's focus areas included risk management practices, metal price hedging and currency hedging practices, environmental insurance arrangements, review of the 2023 financial statements and 2024 interim results, whistleblowing reports and the review of related corrective actions, covenant testing of the financing agreement, and review of the financial position and finance-related processes. In addition, the Audit Committee held a hearing with Terrafame's management on the preparations for reporting in accordance with the EU's Corporate Sustainability Reporting Directive (CSRD).

Personnel and Remuneration Committee

The duties of the Personnel and Remuneration Committee include among other things the assessment and preparation of Terrafame's remuneration principles, the assessment and preparation of the appointment of the CEO and the members of the Leadership team, and the assessment and preparation of the remuneration of the management and key personnel.

The Board of Directors appointed Lauri Ratia, Matti Hietanen and Julian Sanchez to the Personnel and Remuneration Committee. Terrafame's Chief Personnel and Governance Officer Heini Rötsä acted as the secretary of the committee. During 2024, the Committee convened six times, with one meeting conducted by email.

In 2024, the Committee's work focused on, among other things, selecting the CEO and determining their salary, as well as on Terrafame's personnel fund.

Management of the company

Terrafame has one business area with the following operational activities: production and commercial operations. The company's support functions include finance, HR, technology, services, sustainable development and communications. The company has also three advisory committees in accordance with the shareholder agreement. The Board of Directors has confirmed the members and duties of these committees.

CEO

The CEO is responsible for the day-to-day management of the company in accordance with the guidelines and regulations issued by the Board of Directors (general authority). The CEO is responsible for ensuring the legal compliance of the company's accounting practices and the reliable organisation of its asset management.

The CEO of Terrafame is responsible for the operational management of business operations in accordance with the strategic plans, budgets, operational plans, guidelines and regulations approved by the Board. The CEO presents operational matters to the Board and is responsible for the implementation of decisions made by the Board.

Leadership Team

Terrafame's Leadership Team assists the CEO in achieving the company's operational and financial objectives and managing its business operations. The Leadership Team is responsible for preparing matters to be submitted to the Board for consideration, such as strategy, budgeting and major business-related investments.

The Leadership Team reports to Terrafame's CEO and meets regularly once a week. The CEO acts as the Chair of the Leadership Team.

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Leadership Team 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 the CEO of Terrafame until 17 January 2024. At the end of 2024, Terrafame’s Leadership Team consisted of the following members:

Name	Area of responsibility	Gender	Year of Birth	Education
Seppo Voutilainen	Chief Executive Officer	Male	1971	M.Sc. (Engineering)
Antti Arpalahhti	Chief Technology Officer	Male	1983	DSc (Technology)
David Garcia-Balbuena	Chief Production Officer	Male	1985	MSc
Kristian Granit	Chief Services Officer	Male	1976	MSc (Process technology)
Veli-Matti Hilla	Chief Sustainability Officer	Male	1971	MSc
Janne Palosaari	Chief Commercial Officer	Male	1976	MSc (Technology)
Heini Röttsä	Chief People and Governance Officer	Female	1982	MSc (Technology)
Ville Sirviö	Chief Financial Officer	Male	1982	MSc (Economics)

The CEO and other members of the Leadership Team or the entities over which they exercise control held no shares or share-based rights in Terrafame at the end of the 2024 financial year.

Advisory committees

The shareholder agreement concerning the company provides for establishing three advisory committees.

Commercial Committee

Evaluation, monitoring and planning of commercially relevant matters of the company, as well as the acquisition of information related to them.

Technical Committee

Evaluation, monitoring and planning of topical matters related to the company’s production operations and development projects, as well as the acquisition of information related to them.

Finance Committee

Evaluation and monitoring of the company’s position in terms of funding and the planning and preparation of initiatives to improve the position, as well as the acquisition of information related to them.

Commercial Committee

The Commercial Committee focused especially on agreement negotiations with battery chemicals customers as well as matters related to product approvals required by the automotive industry. In 2024, the Commercial Committee consisted of Seppo Voutilainen (Chair), Janne Palosaari, Peter Schuhmacher and Lauri Ratia.

Technical Committee

In 2024, the Technical Committee consisted of Greg Morris (Chair, Trafigura), Jean Joubert (Trafigura), Ville Miettinen (Finnish Minerals Group), Jarmo Mäkinen (Finnish Minerals Group), Antti Arpalahhti and Jouni Pakarinen (Secretary, Terrafame).

The committee met on a monthly basis in 2024, discussing a broad range of techno-economic topics related to the entire Terrafame’s production process, development projects, as well as actively participating in budgeting and the production of forecasts. The Technical Committee also invited members of the Leadership Team as well as Chair of the Board Lauri Ratia to attend its meetings.

Finance Committee

The Finance Committee did not convene in 2024.

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Control systems

The Board of Directors is responsible for the arrangement of internal control, risk management and internal auditing. Terrafame's Board has confirmed the company's principles concerning internal control and risk management. Considering the scope of the company's business operations, no internal audit organisation has been set up for the company.

Description of the main features of the risk management systems

Terrafame complies with the risk management policy adopted by its Board of Directors. The company identifies risks, assesses their impact on its operations and plans any necessary risk management measures. The key safety, process, environmental and operational business risks are updated annually, and the results and measures are discussed by the company's Leadership Team and Board of Directors.

Terrafame assesses risks and opportunities as part of its business planning and decision-making processes. To limit unnecessary and excessive risk-taking, risks related to the company's operating environment, operational activities, the environment and financial position are assessed regularly when planning and managing business operations.

Description of the internal control procedures

The aim of Terrafame's internal control is to ensure that the company's operations are efficient and that results will be achieved, that business risks are adequately and appropriately managed, and that the information produced is reliable. The internal control system is also used to monitor compliance with the company's policies and guidelines.

Main features of the internal control and risk management systems related to the financial reporting process

Terrafame seeks to ensure that the company's financial reporting complies with the requirements in force in such a way that the company's financial statements provide a true and fair view of the company's operations and financial position. The system for monitoring compliance with the requirements is based on the management's very exact and transparent reporting process and company-related values, as well as its corporate culture of emphasising honest and transparent activities.

Reporting misconduct

Everyone working on Terrafame's industrial site is responsible for the compliance of their own operations. Employees are encouraged to primarily contact their supervisor with any questions about compliance with or the interpretation of Terrafame's Code of Conduct or possible breaches of the Code of Conduct. The employees of partner companies can turn to their employer's contact person for Terrafame.

To report suspected violations, employees of Terrafame and its partner companies can use the company's internal channels or the publicly available whistleblower channel, which is accessible both on the company's intranet and website.

A whistleblower report can be made openly with one's own name or anonymously. The channel operates on an external service provider's platform, and reports made through the whistleblower channel are received by an external expert.

Terrafame is responsible for ensuring that there will be no harmful consequences for employees reporting violations of the law or the company's Code of Conduct or other guidelines.

In 2024, six notifications were made through the channel, one of which related to occupational or environmental safety, three to personnel matters, and two to common practices. All cases were properly investigated and dealt with.

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Principles for related party transactions

Terrafame’s Board of Directors has confirmed that the company complies with its parent company’s (Suomen Malmijalostus Oy – Finnish Minerals Group) policy for organising related party governance and processing related party transactions.

Terrafame Ltd’s key related parties include the following entities: Suomen Malmijalostus Oy – Finnish Minerals Group, the State of Finland, the Galena Private Equity Resources Investment 2 L.P. fund, the Galena Private Equity Resources Investment 3 L.P., the Galena Private Equity Resources Investment 4 L.P., Galena Private Equity Resources Fund L.P., Galena Private Equity Resources Co-investment 2 L.P. and the Trafigura Group. Terrafame’s related parties also include entities in which the State of Finland exercises control or considerable influence.

The Group’s related parties also include the members of the Board, the CEOs and the members of the Leadership Teams, persons responsible for Terrafame Ltd’s commercial agreements, and the immediate family members of the persons referred to here, as well as entities over which they or their immediate family members have control.

Terrafame has applied an exemption pursuant to which it only reports significant transactions with State-related companies.

According to the related party policy, the Board’s exclusive competence includes all significant transactions involving the company’s related parties, who/which may be natural persons or organisations. Decisions on transactions with related parties comply with the disqualification provisions of the Finnish Limited Liability Companies Act (624/2006). Terrafame applies an exemption pursuant to which it only reports significant transactions with State-related companies.

Terrafame’s financial administration maintains a register of the company’s related parties (organisations and natural persons).

Transactions between the company and its related parties in 2024 are described in the section “1.26 Related Party Transactions” of the financial statements.

Auditing

The purpose of the statutory external audit is to verify that the financial statements and the Board of Directors’ Report provide accurate and adequate information about the company’s performance and financial position. In addition, the auditing includes an audit of the company’s accounting and governance.

According to the Articles of Association, Terrafame’s auditor must be an audit firm authorised by the Finnish Patent and Registration Office. The auditor’s term of office ends at the close of the next Annual General Meeting following their election.

Auditor in 2024

In 2024, Terrafame’s auditor was KPMG, Authorised Public Accountants, with Toni Aaltonen, APA, as the principal auditor. The auditor has issued a statutory auditor’s report to the shareholders of Terrafame in connection with the company’s financial statements and has reported on their findings to the company’s Board of Directors.

The auditor’s fee is paid and expenses reimbursed in accordance with an invoice approved by the company. In 2024, the fees paid to the auditor were as follows:

Fees paid to the auditor

	2024	2023
For the audit	117,409	129,779
Non-audit services	31,525	148,415

EUR

In addition, a total of EUR 59,104 was paid to KPMG, Authorised Public Accountants, in 2023 related to system projects.



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