

22.4.2022

RULES OF PROCEDURE OF THE BOARD OF DIRECTORS

The Board of Directors ("Board") of Municipality Finance Plc ("MuniFin") has confirmed the following rules of procedure:

Number of Board members, election, and composition

According to its Articles of Association, MuniFin has a Board comprising no fewer than five (5) and no more than nine (9) ordinary members. Shareholders' Nomination Committee provides the Annual General Meeting with a proposal of the composition of the Board in accordance with the Shareholders' Nomination Committee's rules of procedure and applicable laws and regulations. The Board members are elected by the Annual General Meeting, and the term of each member ends at the closing of the Annual General Meeting following an election.

All proposed Board members must provide the Board with sufficient information to assess their integrity, suitability, professional competence, and independence, and must inform the company of any changes to such information.

The Board forms a quorum when more than half of the members are present.

Duties of the Board

The Board is responsible for managing the administration of the company and the appropriate arrangement of its operations. This includes monitoring and constructive challenging the strategy and actions/proposals of the executive management. The Board shall oversee and monitor executive management decision-making and actions.

The Board is responsible for the duties specified for it in the Limited Liability Companies Act, the company's Articles of Association, and other laws and decrees and regulations issued by public authorities.

The key duties of the Board:

Strategy, Operational and Financial Planning

- To determine the company's strategy (including sustainability and risk profile), corporate values and business model of MuniFin and key long-term goals and key performance indicators (including sustainability) to support monitoring of development.

- To oversee company's strategic, business and financial development and to monitor material changes in company's business and regulatory environment (including the area of sustainability) and to agree on any potential actions based on the development.
- To accept the company's operational budget.
- To adopt the consolidated financial statements and interim reports.
- To decide on the proposal made to the General Meeting on the handling of the profit/loss for the financial period.
- To decide on investments that are strategically and financially significant.
- To decide on any material new business operations or the closing of an essential business operation.

Risk Management, Internal Control and Capital Adequacy

- To monitor MuniFin's overall risk appetite and strategy, taking into account all types of risks (including ESG risks), to ensure that they are in line with the business strategy, objectives, corporate and risk culture and values of MuniFin.
- To decide on the key internal operating principles pertaining to the MuniFin's governance and risk management, including main risk management policies.
- To monitor and assess the effectiveness of the MuniFin's internal governance, internal control and risk framework to ensure compliance with applicable requirements.
- To determine the company's willingness to take risks (Risk Appetite Framework) and the key principles in its risk management for the company's various operations and risk types.
- To monitor that the risk culture of MuniFin is implemented consistently taking also into account MuniFin's Sustainability Policy.
- To establish an adequate and effective internal control framework, that includes well-functioning and independent risk control, compliance and internal audit functions.
- To establish an appropriate financial reporting and accounting framework which enables MuniFin to disclose reliable financial information.
- To monitor the efficiency of risk management and financial reporting.
- To decide on long-term capital objectives and the principles on managing solvency.
- To ensure that company's capital meets the set requirements and assess the company's capital adequacy in relation its business model and risk.
- To decide on any issue of instruments included in the company's Common Equity Tier (CET1) capital and Additional Tier 1 (AT1) and Tier 2 capital.

Any redemption of the AT1 or Tier 2 instrument requires also an approval of the Board. Issuance of CET1 instruments requires in addition to the Board an approval of the General Meeting.

- To ensure that company's liquidity meets the set requirements and assess the company's liquidity adequacy in relation its business model and risk.
- To determine the company's Recovery Plan.
- To determine the company's Stress Test Framework.

Internal and External Audit

- To choose an internal auditor and decide on the operating principles. The Board shall approve an annual plan of internal audit and oversee its implementation.
- To monitor the efficiency of external auditing and internal auditing
- To decide on the proposal made to the General Meeting on and the appointment of the external auditor.

Organization and Remuneration

- To oversee the establishment of a robust and transparent organizational structure with effective communication and reporting channels.
- To decide on the remuneration framework and consequently MuniFin's Remuneration Policy, and annual company level objectives (including assessment of Performance Requirements) related to variable remuneration (more specified duties related to remuneration as described in the Remuneration Policy).
- Appointment, dismissal and terms of benefits of the executive management as defined in the Corporate Governance Policy.

Other duties

- To decide on the operating principles necessary to mitigate conflicts of interest.
- To make any decisions on significant outsourcing of the operations of the company.
- To decide on the granting of authorisation requirements relating to the signing on behalf of the company's name.
- To approve the framework agreement on guarantee operations entered into with the Municipal Guarantee Board and any changes to it.
- To approve rules of procedures of the Board and its Committees
- To decide on all unusual and far-reaching matters.
- To make decisions on matters that exceed authorizations of the executive management
- To be responsible for other duties stipulated for the Board in the Limited Liability Companies Act or other regulations.

- To decide to seek external advice when necessary to support the work of the Board.
- To decide on composition of the Board Committees.

The above is not a fully comprehensive list of the duties of the Board, the Board may also deal with other matters or tasks if deemed necessary. The Board may perform its duties also through its Committees whose reporting the Board receives regularly.

Inspira has its own Board of Directors, which supervises and steers Inspira's operations.

MuniFin's Board deals with the following matters with regard to Inspira:

- The Board approves the Group's budget, which also cover Inspira's operations.
- The Board oversees operations of Inspira as part of the standard business, risk and financial reporting of the Group.
- The Board approves group level internal risk and governance principles and policies and determines applicability to Inspira.
- The Board monitors Inspira's remuneration as defined by the Remuneration Policy
- The Board determines on authorization to represent MuniFin and use voting right at the General Meeting of Inspira.
- The Board deals with all other far-reaching matters concerning Inspira's operations that may have a specific impact on the entire Group's business operations or risk position.

The CEO of MuniFin is responsible for presenting matters concerning Inspira to the Board and for informing Board members of the same.

Chairperson and Vice Chairperson

The Board elects a Chair and a Vice Chair from among its members for a term lasting from the election until the closing of the following Annual General Meeting.

The Shareholders' Nomination Committee makes a proposal to the Board of the Chair and Vice Chairperson to be elected by the Board.

If the Chair and Vice Chair are indisposed, those present must choose a person from among themselves to act as the Chair.

If the Chair or Vice Chair resigns in the middle of their term, the Board shall elect a new Chair or Vice Chair for the remainder of the term.

The Chair shall

- oversee that there is efficient inflow of information within the Board, between the Board and the executive management and between Board and its committees to allow constructive discussions and decision-making;
- encourage and promote open and critical discussion allowing differentiating views to be presented as part of the decision-making;
- ensure to that the meetings set out in the meetings schedule are held;
- call the Board to extra ordinary meetings when necessary;
- accept the agenda for the Board meetings and to ensure that strategic issues are discussed with priority;
- oversees that the Board receives information necessary for decision making;
- ensure that minutes are taken of every Board meeting;
- monitors that decisions made by the Board are executed;
- ensure that the work of the Board is in compliance with these rules of procedure;
- be in contact with MuniFin's major shareholders;
- be responsible for the assessment of the Board's work;
- oversee necessary information to be passed to the Shareholders' Nomination Committee to ensure compliance with regulatory requirements in the work of the Committee.

Convening, summons to a meeting, and agenda

The Board convenes, at the summons of the Chair, as often as the company's business requires. If the Chair is indisposed, the Vice Chair is responsible for convening the meeting.

As a general rule, the date and place of the next meetings of the Board and a preliminary plan of the agendas of the meeting should be agreed upon at least until the next General Meeting following an election. The goal is that all the members of the Board are present at meetings.

The number of Board meetings held during the financial period and the average participation rate are reported, in the Corporate Governance Statement annually.

As a general rule, the notice of a meeting and necessary preparatory material shall be delivered by uploading it to the meeting portal of the Board one week before the meeting, to ensure the best possible opportunity for the Board members to familiarise themselves with the material prior the meeting.

Board meetings are held at the company's premises in Helsinki, or in another location specified by the Board. Meetings can also be arranged as remote meetings by using necessary online tools or by using other means of communication in order to handle urgent matters (e.g. email).

The meeting invitation always includes an agenda that has been approved by the Chair. In addition to the agenda, Board members are provided with proposals for decisions and essential appendices concerning matters on the agenda, so the Board members can thoroughly examine the matters and make informed decisions. Every Board member has the right to propose matters to be included on the agenda and dealt with during the meeting.

Board members also have the right, should they so wish, to contact persons employed or experts used by the company, to obtain further information. Executive management is responsible for the induction of new Board members in the company's operations.

The members of the Board may always ask for more information directly from the executive management. In general, these requests should be made to the CEO. Additionally, the secretary of the Board is always a contact point for members to ask further information or material.

Right of presence and right to speak

In addition to members of the Board, the company's CEO and the deputy to the CEO have the right to attend and the right to speak at Board meetings. In general, the Board convenes in connection to its meetings also informally without presence of the executive management. The Board may also at any time convene without the presence of the executive management, if deemed necessary.

Furthermore, the Board may invite other people to attend meetings and grant them the right to speak. In addition, the Chief Risk Officer and the Head of Compliance and Operational Risks have always the right to submit reports and proposals to the Board. The secretary of the meeting, who is responsible for taking minutes, must also attend meetings.

Board meetings are presided over by the Chair of the Board or, if the Chair is indisposed, by the Vice Chairperson.

The Board meets with internal auditors, and external auditors, and other external experts when necessary. Such meetings can also be arranged without the presence of management, if necessary. The external auditor is present at the meetings at least when the year-end financial statements are approved. According to the Act on External Audit the external auditor has the right to be present and to

speak in the meeting of the Board where matters relating to his or her duties are dealt with.

Dealing with matters and making decisions

The Board deals with the matters listed on the agenda. These matters are presented by the Chair of the Board, the CEO, the deputy to the CEO, or another person who is responsible for or participated in the preparation of the matter.

Matters not listed on the agenda may be dealt with at the initiative of a member of the Board, the CEO, or the deputy to the CEO.

The Board endeavours to make unanimous decisions. If a decision cannot be made unanimously, the matter is resolved by taking a vote. The decision of the Board shall be the opinion agreed on by the majority of the Board members present at the meeting. If the votes cast are equal, the decision shall be the proposal supported by the Chairperson of the meeting. The exception comprises elections, where the decision is made by the drawing of lots.

The Board, assisted by executive management and the secretary of the Board, is responsible for follow-up of the implementation of the decisions made.

Minutes

Minutes shall be taken at meetings and signed by the Chair of the meeting, at least one Board member, and the secretary of the meeting. Material used as the basis for decision-making shall be attached to the minutes as an appendix.

Minutes shall be given consecutive numbers during the calendar year. Minutes must include the date and place of the meeting, a list of those present at the meeting, and a record of the decisions made at the meeting, material remarks made by the Board, as well as any votes taken. In addition to decisions made, the minutes shall reflect also relevant parts of discussion and challenging of the executive management. Minutes and their appendices shall be reliably stored permanently. This also applies to minutes of committees. The secretary of the Board meetings is a person designated for this duty by the Board.

Self-assessment

Every year, the Board independently assesses the efficiency of its work and the quality of its performance in fulfilling its duties. The Chair of the Board reports the

results of the self-assessment and the external assessment to the Shareholders' Nomination Committee.

Confidentiality and the duty of care

Members of the Board are bound by both general provisions on trade and business secrets (e.g., the Act on Credit Institutions, the Unfair Business Practices Act, and the Criminal Code) and by specific restrictions on operations related to insider regulation with regard to information obtained by members in their duty and the handling of such information.

Since Board members regularly handle confidential information concerning the company outside of the company's premises, they must observe a heightened duty of care and adhere to detailed instructions and policies relating to the handling of confidential information.

The Board and individual Board members must, in all their activities and decision-making, act carefully and in the best interests of the company and all of its shareholders. Board members are expected to exercise "objective care". In other words, the criteria for such care is objectively assessed based on what would be reasonably required from a person in a similar position and situation.

In performing their duties, Board members shall be obliged to reimburse the company for harm or damage caused either wilfully or the result of negligence.

RULES OF PROCEDURE OF THE AUDIT COMMITTEE

Background

In order to organise its work as efficiently as possible, and as required by the Act on Credit Institutions, the Board of Directors ("Board") of Municipality Finance Plc ("MuniFin") has established an Audit Committee ("Committee") for assistance and for the preparation of matters.

The Board has confirmed the following rules of procedure:

Composition of the Committee

The following principles apply to the composition of the Committee:

- The Board of MuniFin appoints the members and the Chair of the Committee annually from among themselves.
- The Committee comprises no fewer than three members.
- The Committee shall not be composed of the same group of members that forms another committee.
- The composition of the Committee shall take into account sufficient independency of the Committee, and at least one member must be independent from MuniFin and its significant shareholder, having sufficient expertise in accounting or auditing.
- The Committee shall have sufficient expertise in accounting, bookkeeping, financial reporting and practices concerning financial statements as well as internal audit.

The term of the Committee members lasts until the closing of the Annual General Meeting following an election, unless the Board needs to change the composition of the committee in the middle of a term due to, for example, a resignation of a Board member.

Duties of the Committee

The purpose of the Committee, as a preparatory body, is to assist the Board in duties related to internal controls, financial reporting and internal and external auditing.

In order to fulfil the aforementioned purpose, the Committee has following duties, which include making recommendations and action proposals for the Board, when necessary.

Internal controls and financial reporting

- Monitors the effectiveness of MuniFin's internal control and risk management systems, including monitoring of process of financial reporting.
- Oversees the establishment of accounting policies of MuniFin.
- Examines the key principles in the preparation of the company's accounts and financial statements, changes to these, and their effects on the company's financial statements, taking into account the development of its operating environment and the company's outlook for the future.
- Deals with the quality and accuracy of the company's financial statements and the information contained therein.

External audit

- Monitors the statutory auditing of the financial statements and consolidated financial statements.
- Assesses the external auditing plan.
- Prepares proposals for selecting (including compensation) or dismissing the external auditors for the Board and finally to the General Meeting.
- Discusses statements and reports submitted by the auditor, monitors measures related to them, and supervises their implementation.
- Informs and explains the Board of the outcome of the statutory audit
- Supervises the resources of the auditing firm, the efficiency of its operation, and the work done by the auditors and the fees paid to them.
- Supervises the advisory and other services given by the auditing firm and the fees paid to it, and approve the advisory services given by the auditing firm as defined by the Corporate Governance Policy.
- Assesses and discusses with lead audit partner the independence and any conflicts of interest of the auditing firm and the lead audit partner.

Internal Audit

- Prepares proposals for selecting (including compensation) or dismissing the head of internal audit for the Board.
- Assesses the auditing plan prepared by internal auditor and ensure that it covers all the essential areas of risk and that cooperation with external auditor is appropriately taken into account. May approve changes to the time schedules and scoping modifications of the Board approved audit plan included individual audits. May also approve additional external audits performed, however, not preventing materially the Board approved audit plan to be completed.
- Supervises the operation and efficiency of the internal audit and ensures that the internal audit has the necessary resources.

- Reviews, for the approval of the Board, principles related to use of external service providers to support internal audit function.
- Assesses the Internal Audit Charter, for the approval of the Board, and any material changes to it.
- Discusses reports submitted by internal auditor and supervises the implementation of audit recommendations.

Other

- Assesses the company's corporate governance by reviewing, for the approval of the Board, MuniFin's Corporate Governance Policy and the annual Corporate Governance Statement, which includes a description of the main features of the internal control and risk management systems pertaining to the financial reporting process.
- Monitors the fulfilment of the company's Corporate Governance Policy.
- Monitors requirements set by the supervisory authorities and compliance with their recommendations (including tax authorities).
- Supervises that compliance with external and internal regulations is arranged appropriately.
- Reviews investment proposals to be submitted for the approval of the Board.
- Monitors implementation of significant IT development projects approved by the Board.
- Reviews outsourcing plans of outsourcing arrangements, which shall be approved by the Board according to the Outsourcing Policy.
- Appoints external consultants supporting the Committee's work related to internal controls, audits and other areas of the Committee's work, unless the cost of consultancy is deemed to be material and requiring Board approval.
- And other duties as appointed by the Board case by case.

The above is not a fully comprehensive list of the duties of the Committee. The Committee may also deal with other matters or tasks, if deemed necessary, in order to assess or supervise the internal auditing process and financial reporting.

Convening meetings

The Committee convenes, at the summons of the Chair of the Committee as often as the company's business requires. As a general rule, the date and place and preliminary agenda of the next Committee meetings should be agreed upon, at least until the next General Meeting following an election. The goal is that all Committee members are present at the meetings. The number of Committee meetings held during the financial period and the average participation rate are reported in the annual Corporate Governance Statement.

As a general rule, the notice of a Committee meeting and necessary preparatory material shall be delivered, by uploading it to the meeting portal of the Committee, one week before the meeting, to ensure the best possible opportunity for the Committee members to familiarise themselves with the material prior the meeting.

Committee meetings are held at the company's premises in Helsinki, or at another location specified by the Committee. Meetings can also be arranged as remote meetings by using necessary online tools or by using other means of communication (e.g. email).

The meeting invitation always includes the agenda for the meeting. In addition to the agenda, Committee members are sent proposals for decisions, essential appendices concerning matters on the agenda, and any other material intended for the Committee. Every Committee member has the right to propose matters to be included on the agenda and dealt with during the meeting. In addition to the Committee members, the Board, the Chair of the Board, the CEO, CFO and CRO have a right to propose matters to be included on the agenda.

The members of the Committee may always ask for more information directly from the executive management, which will inform the CEO, if necessary. Additionally, the secretary of the Committee is always a contact point for members to ask further information or material.

Right of presence, right to speak, and minutes

Meetings of the Committee are in general attended by the company's CFO, who always has the right to submit reports and proposals to the Committee, unless the Committee decides otherwise with regard to an individual matter. The secretary of the Committee, who is responsible for taking minutes, is also present at the meetings. The Committee may invite executive management and other experts (e.g. external) to attend meetings and grant them the right to speak. The Committee may also at any time convene without the presence of the executive management, if deemed necessary.

The secretary of the Committee is a person designated for this duty by the Chair.

Minutes shall be taken at meetings and signed by the Chair of the meeting, at least one Committee member, and the secretary of the meeting. Material used as the basis for decision-making shall be attached to the minutes as an appendix.

Minutes shall be given consecutive numbers during the calendar year. Minutes must include the date and place of the meeting, a list of those present at the meeting, and a record of the decisions and material remarks made by the

Committee at the meeting. Minutes and their appendices shall be reliably stored throughout the existence of the company.

The Committee regularly reports its operations to the Board by, for instance, submitting its minutes to the Board members. Other members of the Board may also attend the meetings of the Committee.

22.4.2022

RULES OF PROCEDURE OF THE RISK COMMITTEE

Background

In order to organise its work as efficiently as possible, and as required by the Act on Credit Institutions the Board of Directors ("Board") of Municipality Finance Plc ("MuniFin") has established a Risk Committee ("Committee") for assistance and for the preparation of matters.

The Board has confirmed the following rules of procedure:

Composition of the Committee

The following principles apply to the composition of the Committee:

- The Board of MuniFin appoints the members and the Chair of the Committee annually from among themselves.
- The Committee comprises no fewer than three members.
- The Committee shall not be composed of the same group of members that forms another committee.
- Majority of the members of the Committee and the Chair of the shall be independent.
- The Chair of the Committee should be neither the Chair of the Board nor the Chair of any other committee.
- Members of the Committee must possess, individually and collectively, appropriate knowledge, skills and expertise concerning risk management and control practices.

The term of the Committee members lasts until the closing of the Annual General Meeting following an election, unless the Board needs to change the composition of the Committee in the middle of a term due to, for example, a resignation of a Board member.

Duties of the Committee

The purpose of the Committee is to assist the Board in matters related to the company's risk strategy and risk taking. The Committee monitors whether management complies with the risk strategy set by the Board.

In order to fulfil the aforementioned purpose, the Committee has the following duties, which include making recommendations and action proposals for the Board, when necessary.

MuniFin's risk strategy and risk management framework

- Advises and supports the Board regarding the monitoring of MuniFin's overall risk appetite and strategy, taking into account all types of risks (including ESG risks), to ensure that they are in line with the business strategy, objectives, corporate and risk culture and values of MuniFin.
- Assesses MuniFin's risk profile, risk definitions, risk-taking capabilities including company's Risk Appetite Framework ("RAF"), and key limits set by the Board and the risk management framework, taking into account the development of the operating environment and the company's outlook for the future.
- Provides the Board with recommendations on necessary adjustments to the risk strategy resulting from, *inter alia*, changes in MuniFin's business model, market developments or recommendations made by MuniFin's independent risk management function.
- Reviews stress-testing framework and the results of stress tests in order to assess how MuniFin's risk profile would react to external and internal events of stress.
- Reviews risk measures and methodologies, as well as, limit and risk reporting structures.
- Monitors reporting on various risks and limits.
- Oversees asset & liability management
- Prepares, for decision-making by the Board, matters pertaining to the various risk types. This matters, *inter alia*, include:
 - Risk limits;
 - RAF risk indicators and their calibration;
 - Internal risk policies.

Capital and liquidity management

- Oversees MuniFin's strategy for capital management to ensure that the Internal Capital Adequacy Assessment Process (ICAAP) sufficiently takes into account MuniFin's risks covering all material risk areas and that they are aligned with MuniFin's risk appetite.
- Oversees MuniFin's strategy for liquidity management to ensure that the Internal Liquidity Adequacy Assessment Process (ILAAP) suffi-

ciently takes into account MuniFin's risks covering all material risk areas related to liquidity management and that they are aligned with MuniFin's risk appetite.

- Oversees that scenarios are taken into account appropriately as part of the ICAAP and ILAAP.
- Reviews regularly the progress of the Capital Plan and the Liquidity and Funding Plan.
- Monitors the results of stress tests and, on their basis, if deemed warranted, submit proposals to the Board on changes to the company's risk appetite or for the development of its capital structure.
- Evaluates whether the prices charged by the company for services that tie up capital are proportional to the business model and risk strategy; if this is not the case, the Committee must prepare, for approval by the Board, a plan to rectify the situation.
- Evaluates the recommendations of internal audits concerning risk-related matters such as ICAAP, ILAAP, RAF and Recovery Plan and stress testing.

Other duties

- Monitors requirements set by the supervisory authorities and MuniFin's compliance with their recommendations if related to risk management.
- Assesses MuniFin's Recovery Plan (including its alignment with the Risk Appetite Framework) and its annual review.
- Assists the Remuneration Committee of the Board with the assessment of MuniFin's Remuneration Policy and changes to it, including the setting and assessment of company-level performance targets and remuneration of the executive management and Risk Takers to ensure that risk-based evaluation is part of the remuneration process. The Committee shall assess that the remuneration systems shall not encourage employees to undesired risk-taking.
- Appoints external consultants supporting the Committee's work related to risk management and other areas of the Committee's work, unless the cost of consultancy is deemed material and requiring Board approval.

- And other duties as appointed by the Board case by case.

The above is not a fully comprehensive list of the duties of the Committee. The Committee may also deal with other matters or tasks, if deemed necessary, relating to the company's risk profile and risk management.

Convening meetings

The Committee convenes, at the summons of the Chair of the Committee, as often as the company's business requires. As a general rule, the date and place and preliminary agenda of the next Committee meetings should be agreed upon, at least until the next General Meeting following an election. The goal is that all Committee members are present at the meetings. The number of Committee meetings held during the financial period and the average participation rate are reported in the annual Corporate Governance Statement.

As a general rule, the notice of a Committee meeting and necessary preparatory material shall be delivered, by uploading it to the meeting portal of the Committee, one week before the meeting, to ensure the best possible opportunity for the Committee members to familiarise themselves with the material prior to the meeting.

Committee meetings are held at the company's premises in Helsinki, or at another location specified by the Committee. Meetings can also be arranged as remote meetings by using necessary online tools or by using other means of communication (e.g., email).

The meeting invitation always includes the agenda for the meeting. In addition to the agenda, Committee members are sent proposals for decisions, essential appendices concerning matters on the agenda, and any other material intended for the Committee. Every Committee member has the right to propose matters to be included on the agenda and dealt with during the meeting. In addition to the Committee members, the Board, the Chair of the Board, the CEO and the CRO have a right to propose matters to be included on the agenda.

The members of the Committee may always ask for more information directly from the executive management, which will inform the CEO, if necessary. Additionally, the secretary of the Committee is always a contact point for members to ask further information or material.

Right of presence, right to speak, and minutes

Meetings of the Committee are in general attended by the CRO, who always has the right to submit reports and proposals to the Committee, unless the Committee decides otherwise with regard to an individual matter. The secretary of the Committee, who is responsible for taking minutes, is also present at the meetings. The Committee may invite executive management and other experts (e.g. internal audit) to attend meetings and grant them the right to speak. The Committee may at also any time convene without the presence of the executive management, if deemed necessary.

The secretary of the Committee is a person designated for this duty by the Chair.

Minutes shall be taken at meetings and signed by the Chair of the meeting, at least one Committee member, and the secretary of the meeting. Material used as the basis for decision-making shall be attached to the minutes as an appendix.

Minutes shall be given consecutive numbers during the calendar year. Minutes must include the date and place of the meeting, a list of those present at the meeting, and a record of the material remarks and possible decisions made by the Committee at the meeting. Minutes and their appendices shall be reliably stored throughout the existence of the company.

The Committee regularly reports its operations to the Board by, for instance, submitting their minutes to the Board members. Other members of the Board may also attend the meetings of the Committee.

RULES OF PROCEDURE OF THE REMUNERATION COMMITTEE

Background

In order to organise its work as efficiently as possible, and as required by the Act on Credit Institutions the Board of Directors ("Board") of Municipality Finance Plc ("MuniFin") has established a Remuneration Committee ("Committee") for assistance and for the preparation of matters.

Composition of the Committee

The following principles apply to the composition of the Committee:

- The Board of MuniFin appoints the members and the Chair of the Committee annually from among themselves.
- The Committee comprises no fewer than three members.
- The Committee shall not be composed of the same group of members that forms another committee.
- Majority of members of the Committee shall be independent.
- Chair of the Committee should be an independent member.
- The Committee shall collectively have appropriate knowledge, expertise and professional experience concerning the remuneration policies and practices, risk management and control activities, namely with regard to the mechanism for aligning the remuneration structure to MuniFin's risk and capital profiles.

The term of the Committee members lasts until the closing of the Annual General Meeting following an election, unless the Board needs to change the composition of the Committee in the middle of a term due to, for example, a resignation of a Board member.

Duties of the Committee

The purpose of the Committee is to assist the Board in the preparation of matters relating to remuneration, including remuneration of employees of MuniFin's subsidiary Inspira, as MuniFin's Remuneration Policy governs the entire group

In order to fulfil the aforementioned purpose, the Committee has the following duties, which include making recommendations and action proposals for the Board, when necessary.

General duties

- Oversees employee remuneration as a whole, taking into account gender neutrality and equality matters in general, and coordinates the remuneration process with the assistance of internal control and support functions (e.g., risk management, HR, compliance, internal audit).
- Oversees and evaluates the efficiency of the Company's remuneration framework on an annual basis.
- Prepares the development of the Company's remuneration framework and makes proposals for changes when deemed necessary.
- Prepares decisions on remuneration to be taken by the Board.
- Prepares decisions related to appointments and remuneration, of the CEO, Deputy to the CEO, and members of the EMT, head of internal audit and, and other Employees who report directly to the CEO
- Supports the Board in setting and assessing MuniFin's HR principles to ensure compliance with good HR management practices, equality and inventiveness of MuniFin's remuneration practices.

Remuneration Policy

- Provides support and advice, taking into account gender neutrality and equality in general, to the Board on the design and development (including annual assessment of amendment needs) of the MuniFin's Remuneration Policy.
- Supports the Board annually in overseeing the Remuneration Policy, practices and processes and the compliance with the Remuneration Policy.
- Asses the mechanisms and systems adopted to ensure that the Remuneration Framework properly takes into account all types of risks, liquidity and capital levels and that overall Remuneration Policy is consistent with and promotes sound and effective risk management and is in line with the business strategy, objectives, corporate culture and values, risk culture, and the long-term interest of the Institution.
- Cooperation with the Risk Committee in preparations of sound remuneration system as described in the Remuneration Policy.
- Reviews annual identification of risk takers as instructed by the Remuneration Policy.
- Ensures that Remuneration Policy and related practices of MuniFin are subject to internal audit review at least annually.

Performance targets and performance assessment

- Prepares a proposal on setting and achievement of company level performance targets.
- Prepares and reviews a proposal on setting and achievement of individual performance targets of the CEO, deputy to the CEO and EMT members.

- Prepares a proposal on ex post risk adjustment, including the application of malus arrangements.

Recruitment and remuneration

- Prepares and assesses the recruitment of, and remuneration (fixed and variable and any changes to these), including terms of a manager contract, paid to the executive management and other positions as defined by the Corporate Governance Policy (see Appendix 1) and the Remuneration Policy.
- Supervises and reviews variable remuneration to be paid for individuals reporting to the CEO (if not members of the EMT), head of compliance and identified risk takers and summary information of variable remuneration for all employees.

Other duties

- Discusses results of employee satisfaction surveys as needed.
- Successor planning, especially CEO and members of the EMT.
- Oversees organizational development, when necessary
- Appoints external consultants supporting the Committee's work related to remuneration and other areas of the Committee's work (e.g., external legal support, headhunters, remuneration consultants), unless the cost of consultancy is deemed to be material and requiring Board approval based on the proposal by the Remuneration Committee.
- And other duties as appointed by the Board, case by case.

The above is not a fully comprehensive list of the duties of the Committee. The above list of duties covers also MuniFin's subsidiary company Inspira. The Committee shall take care of these duties in relation to Inspira, when applicable. The Committee may also deal with other matters or tasks, if deemed necessary, relating to the company's remuneration systems.

Process and reporting lines

The Committee:

- Has access to all data and information concerning the decision-making process on the supervisory function on the Remuneration policy, practices design and implementation.
- Has unfettered access to all information data from independent control functions, including risk management.
- Should ensure the proper involvement and co-operation by independent control and support functions and other relevant functions (e.g.,

HR, legal, compliance, risk, finance, internal audit) within the respective areas of (as described in the Remuneration Policy) and

- Shall, where necessary, seek external advice.

When matters concerning remuneration are prepared, it must always be ensured that the remuneration systems do not lead to unwanted operating policies or uncontrolled risk-taking.

Convening meetings

The Committee convenes, at the summons of the Chair of the Committee, as often as the company's business requires. As a general rule, the date and place and preliminary agenda of the next Committee meetings should be agreed upon, at least until the next General Meeting following an election. The goal is that all Committee members are present at the meetings. The number of Committee meetings held during the financial period and the average participation rate are reported in the annual Corporate Governance Statement.

As a general rule, the notice of a Committee meeting and necessary preparatory material shall be delivered, by uploading it to the meeting portal of the Committee, to all the members, one week before the meeting, to ensure the best possible opportunity for the Committee members to familiarise themselves with the material prior the meeting.

Committee meetings are held at the company's premises in Helsinki, or at another location specified by the Committee or . Meetings can also be arranged as remote meetings by using necessary online tools or by using other means of communication (e.g. email).

The meeting invitation always includes the agenda for the meeting. In addition to the agenda, Committee members are sent proposals for decisions, essential appendices concerning matters on the agenda, and any other material intended for the Committee. Every Committee member has the right to propose matters to be included on the agenda and dealt with during the meeting. In addition to the Committee members, the Board, the Chair of the Board, the CEO have a right to propose matters to be included on the agenda.

The members of the Committee may always ask for more information directly from the executive management, especially from the executive management representative responsible for personnel matters, who will inform the CEO, if necessary. Additionally, the secretary of the Committee is always a contact point for members to ask further information or material.

Right of presence, right to speak, and minutes

Meetings of the Committee are in general attended by the executive management representative responsible for personnel matters, unless the Committee decides otherwise with regard to an individual matter. Representatives of the management are never present during discussions and decision making concerning remuneration of themselves. The secretary of the Committee, who is responsible for taking minutes, is also present at the meetings. The Committee may invite executive management and other experts to attend meetings and grant them the right to speak. The Committee may also convene any time without the presence of the executive management, if deemed necessary.

The secretary of the Committee is a person designated for this duty by the Chair.

Minutes shall be taken at meetings and signed by the Chair of the meeting, at least one Committee member, and the secretary of the meeting. Material used as the basis for decision-making shall be attached to the minutes as an appendix.

Minutes shall be given consecutive numbers during the calendar year. Minutes must include the date and place of the meeting, a list of those present at the meeting, and a record of the decisions and material remarks made by the Committee at the meeting. Minutes and their appendices shall be reliably stored throughout the existence of the company.

The Committee regularly reports its operations to the Board by, for instance, submitting its minutes to the Board. Other members of the Board may also attend the meetings of the Committee.

APPENDIX 1

Extract from the Corporate Governance Policy

Position	Proposal for appointment* Proposal for remuneration and its changes (including fixed, variable and benefits)	Appointment decision Approval of remuneration and its changes (including fixed, variable and benefits)	Terms of contract	Dismissal	Fit & proper process (supervisor approval required)
CEO	Remuneration Committee	Board	Director contract template approved by the Remuneration Committee, Board approves the individual contract	Board	X
Deputy to the CEO	Remuneration Committee	Board	Director contract template approved by the Remuneration Committee, the CEO approves the individual contract	Board	X
Members of the EMT (including material change of duties of existing members of the EMT)	CEO proposal, reviewed by the Remuneration Committee	Board	Director contract template approved by the Remuneration Committee, the CEO approves individual contract	CEO	X
Chief Risk Officer	CEO proposal, reviewed by the Remuneration Committee	Board	Director contract template approved by the Remuneration Committee, the CEO approves individual contract	Board	X
Head of Internal Audit	Audit Committee proposal, reviewed by the Remuneration Committee	Board	Director contract template approved by the Remuneration Committee, Audit Committee proposal on basic terms, CEO signs the final contract.	Board	X
Other staff of Internal Audit	Head of Internal Audit (appointment and fixed remuneration) Remuneration Committee variable remuneration	CEO Board	Standard employment contract approved by the EMT, superior approves the individual contract	Head of Internal Audit	
Head of Compliance and Operational Risks, under CRO	CRO	CEO	Standard employment contract approved by the EMT, superior approves the individual contract	Board	X

Other employees reporting directly to the CEO	CEO	Board	Standard employment contract approved by the EMT, CEO approves the individual contract	CEO	
Inspira's CEO	Head of Customer Services	Inspira Board (for information of the MuniFin Board)	Director contract template approved by the Remuneration Committee, the Board of Inspira approves the individual contract	Inspira Board	
Other members of staff (MuniFin and Inspira)	Superior	superior's superior	Standard employment contract approved by the EMT, superior approves the individual contract	Superior or at least VP of the department	