

## REMUNERATION STATEMENT 2016

This report is Raisio plc's remuneration statement referred to in the Corporate Governance of Finnish Listed Companies (2015); it has been prepared in February 2017.

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## BOARD OF DIRECTORS

The Annual General Meeting (AGM) decides on the rewards and reimbursement for expenses related to meetings paid to the Chairman and members of the Board. The Nominating Committee of the Supervisory Board prepares a statement on the issue in question and the Supervisory Board then makes a proposal to the General Meeting.

In the term beginning at the spring 2016 AGM, the Chairman of the Board was paid a monthly fee of EUR 5,000 and each Board member a monthly fee of EUR 2,500. Of these fees, some 20 per cent was paid in the form of company's own shares and some 80 per cent in cash. The fees were paid in two instalments during the term: a total of 4,476 Raisio plc free shares were assigned as fees in June and 5,214 in December; the payment of December also contained a fee for the period of January-March 2017. Furthermore, the Chairman of the Board received EUR 800 for each meeting and EUR 400 for each teleconference, and members of the Board were paid EUR 400 for each meeting and EUR 200 for each teleconference; the same fees were paid for the meetings of committees elected by the Board among its members. Attendance fees were paid in cash. In addition, daily allowances for the meeting days were paid and travel expenses were reimbursed according to the company's travel rules.

In 2016, the Chairman of the Board, Matti Perkonoja, received a fee of EUR 60,000 of which some 20 per cent was paid by assigning 3,230 free shares to him. He was also paid EUR 10,000 as attendance fees. In 2016, Erkki Haavisto, Michael Ramm-Schmidt, Ann-Christine Sundell and Antti Tiitola were each paid a fee of EUR 30,000 of which some 20 per cent was paid by assigning 1,615 free shares. Pirkko Rantanen-Kervinen's fee for her term ending in March 2016 was paid in 2015. Haavisto was paid EUR 5,200, Ramm-Schmidt EUR 5,000, Rantanen-Kervinen EUR 1,200, Sundell EUR 5,200 and Tiitola EUR 5,200 as attendance fees.

Regarding the shares received by the Chairman and Board members as reward for their services, no rules or instructions have been given about, e.g., the time of ownership or further disposal of the shares.

The Chairman and Board members are not covered by the company's share-based incentive schemes.

## SUPERVISORY BOARD

The AGM decides on the remuneration of the Chairman and members of the Supervisory Board as well as on their reimbursement for expenses incurred by the attendance of meetings.

The AGM held in spring 2016 decided to pay annual remuneration of EUR 12,000 to the Chairman of the Supervisory Board and a fee of EUR 350 to the Chairman and members of the Supervisory Board for each meeting, in addition to which their travel expenses are compensated and they receive a daily allowance for meeting journeys according to the company's travel rules. The Meeting also decided to pay the Chairman of the Supervisory Board a fee of EUR 350 for each attended meeting of the Board of Directors.

The Supervisory Board consists of a minimum of 15 and a maximum of 25 members, whose term begins at the AGM at which the election takes place and ends at the end of the third AGM following the election. One-third of the members are replaced every year. The AGM held in spring 2016 confirmed the number of members in the Supervisory Board to be 25. The Supervisory Board convened three times and its Nominating Committee six times in 2016.

## Supervisory Board members and fees paid

Name	Supervisory Board	Nominating Committee	Total
Paavo Myllymäki, <i>Chairman</i>	12,000 + 1,000	2,000	20,100 *)
Holger Falck, <i>Deputy Chairman</i>	1,000	2,000	3,000
Risto Ervelä	300		300
Mårten Forss	650		650
Vesa Harjunmaa	350		350
John Holmberg	700		700
Mikael Holmberg	1,000		1,000
Panu Kallio	650		650
Markku Kiljala	1,000	2,000	3,000
Timo Könttä	1,000		1,000
Hans Langh	300	600	900
Linda Langh	700		700
Tuomas Levomäki	1,000		1,000
Pirkko Lönnqvist	0		0
Juha Marttila	0		0
Kari Niemistö	1,000	2,000	3,000
Jukka Niittyoja	700		700
Jyrki Nurmi	0		0
Yrjö Ojaniemi	650		650
Heikki Pohjala	1,000		1,000
Juha Salonen	650		650
Jari Sankari	0		0
Matti Seitsonen	700		700
Urban Silén	1,000		1,000
Mervi Soupas	1,000	2,000	3,000
Arto Vuorela	300		300
Rita Wegelius	650		650
Tapio Ylitalo	650		650
<b>Yhteensä</b>			<b>45,650</b>

\*) Annual remuneration EUR 12,000; in addition, a fee of EUR 300 (from 23 March 2016 EUR 350) for each Board meeting attended.

Remunerations of the Chairman and members of the Supervisory Board have been paid exclusively in cash. The Chairman's annual remuneration is paid in two equal instalments in June and in December, and the members' attendance fees, compensations for expenses and daily allowances are paid at the earliest possible opportunity after each meeting. The Supervisory Board members selected by personnel are not paid an attendance fee.

The Chairman and members of the Supervisory Board are not covered by the company's share-based incentive schemes.

### **DECISION-MAKING PROCESS IN THE REMUNERATION OF CEO AND OTHER EXECUTIVES**

The Board's Remuneration Committee prepares, e.g., matters concerning the salaries and other financial benefits of CEO and his immediate subordinates, and the Board decides on these matters. Furthermore, the Committee prepares issues related to the management's incentive and reward schemes to be decided by the Board.

Share-based incentive and reward schemes may require an express decision from the General Meeting unless the Board has been authorised by the General Meeting to decide on them.

### **MAIN PRINCIPLES FOR THE REMUNERATION OF CEO AND OTHER EXECUTIVES**

Raisio's policy is to provide its personnel compensation that is competitive in each country and business area. The company regularly reviews market salaries and the development of incentive schemes, regarding both CEO and other executives, in order to maintain its competitiveness.

In 2016, Raisio had separate incentive schemes for CEO, management, middle management and other personnel. CEO's incentive scheme is based on the achievement of performance target (EBT, earnings before taxes). The incentive scheme concerning other management (Management Team) is based on the achievement of EBIT target; either EBIT of the Group or that of the Division as a criterion. CEO's annual bonus is not more than 80% of the annual remuneration and for other management, it is a maximum of 50 or 60% of the annual remuneration. The achievement of bonus targets in the schemes of CEO and other executives is assessed after the financial year has completely ended, and a possible bonus is paid in cash by the end of March of the year following the financial year.

CEO and Management Team members are all within the share-based incentive schemes of the Group's key personnel (the share-based schemes 2014 – 2016, 2015 – 2017 and 2016 – 2018).

The pension of CEO and Management Team members is determined according to the Finnish employment pension scheme TyEL; they are all covered by the group pension insurance scheme of the Raisio Group's management. A sum equivalent to 15 per cent of the CEO's and manager's basic annual salary is paid into the group pension insurance every year, with the exception of one foreign member whose share is 20 per cent of his basic annual salary.

## CEO

The contract stipulates that CEO has the right and obligation to retire at the age of 62.

The CEO's employment contract may be terminated by either the company or CEO with six months' notice. If the contract is terminated by the company, CEO is entitled to compensation corresponding to 12 months' pay, in addition to the pay for the period of notice.

In 2016, Raisio plc's CEO Matti Rihko received a total of EUR 640,731.33 in salaries and fringe benefits for his services as CEO (in 2015: 639,294.80) as well as a bonus payment of EUR 481,920.00 (in 2015: EUR 180,000.00 as a bonus for 2014). These salaries and fees were paid in cash. CEO received EUR 90,722.00 as supplementary pension insurance in 2016.

CEO Rihko was within the share-based incentive schemes of the Group's key personnel (the share-based incentive schemes 2013 – 2015, 2014 – 2016, 2015 – 2017 and 2016 – 2018). On the basis of the share-based incentive scheme 2013 – 2015, a total of 56,886 Raisio plc free shares were assigned to Rihko in April 2016; the value of the shares was EUR 240,417.30. He also received a cash payment of EUR 370,240.78. The cash payment is made to cover the recipient's taxes and fiscal fees arising from share reward.

Regarding Raisio plc shares received as reward or consideration by CEO prior to 2015, no rules or instructions have been given about the time of ownership; the last restriction on transfer concerning the shares received this way ended in March 2013. Regarding the share-based incentive scheme 2013 – 2015, the Board recommends that the key employees within the scheme hold a substantial part of all shares they have received based on the scheme as long as the value of their holdings corresponds to their six months' gross salary.

## MANAGEMENT TEAM

In 2016, Management Team members received EUR 971,665.27 as salaries in money and fringe benefits as well as EUR 382,636.96 as bonuses. A total of EUR 160,774.00 was paid to the Management Team members as supplementary pension insurance.

On the basis of the share-based incentive scheme 2013 – 2015, 109,486 Raisio plc free shares were assigned to the Management Team members in April 2016; the value of the shares was EUR 462,720.92. In addition, they received a cash payment of EUR 472,348.16. The cash payment is made to cover the recipient's taxes and fiscal fees arising from share reward.

The retirement age of Management Team members is 62 years.

Management Team members' notice period is in conformity with the Employment Contracts Act, but always at least three months for both the company and Vice President. If the company terminates the contract, the Vice President is entitled to compensation corresponding to nine or twelve months' pay, in addition to the pay for the notice period.

## INFORMATION ON THE SHARE-BASED INCENTIVE SCHEMES

### Share-based scheme 2014 – 2016

In December 2013, Raisio plc's Board decided on the Group's new key employees' share-based incentive scheme for the period of 2014 – 2016. The purpose of the scheme is to combine the objectives of owners and key personnel in order to increase the company's capitalisation value, to commit the key personnel to the company and to offer them a competitive reward system based on the company's share price development and earnings.

The earning period of the share incentive scheme started on 1 January 2014 and ended on 31 December 2016. Potential bonus of the scheme for the earning period 2014 – 2016 is based on the company's Total Shareholder Return (TSR). Bonus payment is dependent on the achievement of the Group's cumulative profit target (EBT, earnings before taxes) during the earning period.

Bonuses for the earning period 2014 – 2016 will be paid in 2017, partly in the company's free shares and partly in cash. The cash payment is made to cover the taxes and fiscal fees arising from the reward. In case the employment or service of a key employee ends before the bonus payment, as a rule no bonus is paid.

The Board recommends that the key employees within the scheme hold a substantial part of all shares they have received based on the scheme as long as the value of their holdings corresponds to their six months' gross salary.

On 31 December 2016, a total of 18 persons were within the share incentive scheme. Bonuses to be paid based on the earning period 2014 – 2016 correspond to the value of a maximum total of 1,000,000 Raisio plc free shares including the part paid in cash.

### Share-based scheme 2015 – 2017

In December 2014, Raisio plc's Board decided on the Group's new key employees' share-based incentive scheme for the period of 2015 – 2017. The purpose of the scheme is to combine the objectives of owners and key employees in order to increase the company's capitalisation value, to commit the key employees to the company and to offer them a competitive reward system based on the company's share price development and earnings.

The earning period of the share incentive scheme started on 1 January 2015 and will end on 31 December 2017. Potential bonus of the scheme for the earning period 2015 – 2017 is based on the company's Total Shareholder Return (TSR). Bonus payment is dependent on the achievement of the Group's cumulative profit target (EBT, earnings before taxes) during the earning period.

Bonuses for the earning period 2015 – 2017 will be paid in 2018, partly in the company's free shares and partly in cash. The cash payment is made to cover the taxes and fiscal fees arising from the reward. In case the employment or service of a key employee ends before the bonus payment, as a rule no bonus is paid.

The Board recommends that the key employees within the scheme hold a substantial part of all shares they have received based on the scheme as long as the value of their holdings corresponds to their six months' gross salary.

On 31 December 2016, a total of 24 persons were within the share incentive scheme. Bonuses to be paid based on the earning period 2015 – 2017 correspond to the value of a maximum total of 1,000,000 Raisio plc free shares including the part paid in cash.

### Share-based scheme 2016 – 2018

In December 2015, Raisio plc's Board decided on the Group's new key employees' share-based incentive scheme for the period of 2016 – 2018. The purpose of the scheme is to combine the objectives of owners and key employees in order to increase the company's capitalisation value, to commit the key employees to the company and to offer them a competitive reward system based on the company's share price development and earnings.

The earning period of the share incentive scheme started on 1 January 2016 and will end on 31 December 2018. Potential bonus of the scheme for the earning period 2016 – 2018 is based on the company's Total Shareholder Return (TSR). Bonus payment is dependent on the achievement of the Group's cumulative profit target (EBT, earnings before taxes) during the earning period.

Bonuses for the earning period 2016 – 2018 will be paid in 2019, partly in the company's free shares and partly in cash. The cash payment is made to cover the taxes and fiscal fees arising from the reward. In case the employment or service of a key employee ends before the bonus payment, as a rule no bonus is paid.

The Board recommends that the key employees within the scheme hold a substantial part of all shares they have received based on the scheme as long as the value of their holdings corresponds to their six months' gross salary.

On 31 December 2016, a total of 26 persons were within the share incentive scheme. Bonuses to be paid based on the earning period 2016 – 2018 correspond to the value of a maximum total of 1,000,000 Raisio plc free shares including the part paid in cash.