

# Remuneration Statement 2017

RAISIO PLC



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## REMUNERATION STATEMENT 2017

This report is Raisio plc's Remuneration Statement referred to in the Corporate Governance Code of Finnish Listed Companies (2015). The statement is for the financial year 2017 and it has been prepared in February 2018.

### Contents

Board of Directors .....	2
Supervisory Board .....	2
Supervisory Board members and fees paid .....	3
Decision-making process in the remuneration of CEO and other executives.....	4
Main principles for the remuneration of CEO and other executives .....	4
CEO.....	5
Management Team.....	5
Information on the share-based incentive schemes .....	6
Share-based scheme 2015 – 2017 .....	6
Share-based scheme 2016 – 2018 .....	6
Share-based scheme 2017 – 2019 .....	7

## 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 2017 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 5,643 Raisio plc free shares were assigned as fees in June and 5,592 in December; the payment of December also contained a fee for the period of January-March 2018. 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 2017, the Chairman of the Board, Matti Perkonoja, received a fee of EUR 60,000 of which some 20 per cent was paid by assigning 3,210 free shares to him. He was also paid EUR 25,200 as attendance fees. In 2017, Erkki Haavisto, Ilkka Mäkelä, Leena Niemistö, Michael Ramm-Schmidt and Ann-Christine Sundell were each paid a fee of EUR 30,000 of which some 20 per cent was paid by assigning 1,605 free shares. Antti Tiitola's fee for his term ending in March 2017 was paid in 2016. Haavisto was paid EUR 10,000, Mäkelä EUR 7,000, Niemistö EUR 6,400, Ramm-Schmidt EUR 11,800, Sundell EUR 10,000 and Tiitola EUR 1,600 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 2017 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 2017 confirmed the number of members in the Supervisory Board to be 25. The Supervisory Board convened three times and its Nominating Committee three times in 2017.

**Supervisory Board members and fees paid**

Name	Supervisory Board	Nominating Committee	Total
Paavo Myllymäki, <i>Chairman</i>	12,000 + 1,050	1,050	21,450 *)
Holger Falck, <i>Deputy Chairman</i>	1,050	1,050	2,100
Henrik Brotherus	700	1,050	1,750
Mårten Forss	700		700
Vesa Harjunmaa	0		0
John Holmberg	1,050		1,050
Mikael Holmberg	700		700
Panu Kallio	0		0
Markku Kiljala	700	1,050	1,750
Timo Könttä	350		350
Linda Langh	700	1,050	1,750
Tuomas Levomäki	1,050		1,050
Pirkko Lönnqvist	0		0
Juha Marttila	700		700
Ilkka Mattila	700		700
Kari Niemistö	350		350
Jukka Niittyöja	1,050		1,050
Jyrki Nurmi	0		0
Yrjö Ojaniemi	1,050		1,050
Heikki Pohjala	700		700
Olli-Pekka Saario	700		700
Juha Salonen	1,050		1,050
Jari Sankari	0		0
Matti Seitsonen	1,050		1,050
Urban Silén	1,050		1,050
Mervi Soupas	1,050		1,050
Rita Wegelius	700		700
Tapio Ylitalo	1,050		1,050
Total			43,850

\*) Annual remuneration EUR 12,000; in addition, a fee of 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 2017, 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 per cent of the annual remuneration and for other management, it is a maximum of 50 or 60 per cent 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 2015 – 2017, 2016 – 2018 and 2017 - 2019).

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. Upon termination of the CEO's contract, the company has the right to demand and the CEO is obliged to commit to a non-compete agreement of maximum of six months', for which the company is obliged to pay, at the highest, a sum corresponding to the CEO's salary of six months.

In 2017, Pekka Kuusniemi, who has served as Raisio plc's CEO since 1 November 2017, received a total of EUR 95,234.66 in salaries and fringe benefits for his services; no bonus payment was paid. CEO Kuusniemi received EUR 12,600.00 as supplementary pension insurance in 2017.

Jarmo Puputti, who served as CEO between 3 January and 31 October 2017, received a total of EUR 415,348.03 in salaries and fringe benefits for his services; no bonus payment was paid. Puputti received in 2017 and will receive in 2018 a total of EUR 294,423.00 as compensation for the termination of the service. Puputti received EUR 72,000.00 as supplementary pension insurance for his term.

Matti Rihko, who resigned from his position of CEO on 3 January 2017, received EUR 4,803.90 in salaries and fringe benefits and EUR 46,092.00 as supplementary pension insurance; no bonus payment was made. Rihko received in 2017 and will receive in 2018 a total of EUR 661,513.01 as compensation for the termination of the service.

The persons serving as Raisio plc's CEO in 2017 received no bonus or compensation in the form of shares, options or other share-based benefits.

## Management Team

In 2017, Management Team members received EUR 1,063,121.47 as salaries in money and fringe benefits as well as EUR 49,092.00 as bonuses for 2016. Management Team members received EUR 106,607.00 as supplementary pension insurance in 2017.

In 2017, Management Team members received no bonus or compensation in the form of shares, options or other share-based benefits.

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, 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 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 earnings period of the share incentive scheme started on 1 January 2015 and ended on 31 December 2017. Potential bonus of the scheme for the earnings 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 earnings 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 2017, a total of 15 persons were within the share incentive scheme. Bonuses to be paid based on the earnings period 2015 - 2017 correspond to the value of a maximum total of 350,000 Raisio plc free shares on 31 December 2017 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 earnings 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 earnings 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 earnings period.

Bonuses for the earnings 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 2017, a total of 17 persons were within the share incentive scheme. Bonuses to be paid based on the earnings period 2016 - 2018 correspond to the value of a maximum total of 415,000 Raisio plc free shares on 31 December 2017 including the part paid in cash.

#### Share-based scheme 2017 – 2019

In March 2017, Raisio plc's Board decided on the Group's new key employees' share-based incentive scheme for the period of 2017 - 2019. 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 earnings period of the share incentive scheme started on 1 January 2017 and will end on 31 December 2019. Potential bonus of the scheme for the earnings period 2017 - 2019 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 earnings period.

Bonuses for the earnings period 2017 - 2019 will be paid in 2020, 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 2017, a total of 28 persons were within the share incentive scheme. Bonuses to be paid based on the earnings period 2017 - 2019 correspond to the value of a total maximum of 1,000,000 Raisio plc free shares including the part paid in cash.