



Remuneration Statement 2019

Raisio plc

REMUNERATION STATEMENT 2019

This report is Raisio plc's Remuneration statement about the decision-making process, main principles and fees paid to the members of the Supervisory Board and the Board of Directors and to the CEO during the financial year 2019. This statement has been drafted in February 2020 in accordance with the Corporate Governance Code of Finnish Listed Companies (2015).

In 2021 Raisio plc will report about the fees paid to the members of the Supervisory Board, the Board of Directors and the CEO in accordance with the Corporate Governance of Finnish Listed Companies (2020) and based on the Remuneration Policy that has been confirmed by the Annual General Meeting of the Shareholders in 2020. Remuneration of the Executive Committee will be reported on the company's website (www.raisio.com), as required by the Corporate Governance of Finnish Listed Companies.

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Decision-making process in the remuneration

The Annual General Meeting of the Shareholders (AGM), the Supervisory Board, the Nomination Committee, the Board of Directors and the Board's Remuneration Committee take part in the preparation and decision-making of remuneration.

The AGM decides on the Chairman and members of the Supervisory Board and the Board of Directors, as well as on their reimbursement incurred by the attendance of meetings. The Nomination Committee of the Supervisory Board prepares a statement on the remuneration of the Chairman and members of the Board and the Supervisory Board then makes a proposal to the AGM.

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.

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

Remuneration Committee

Since 2009 the Board has established a Remuneration Committee to enhance the preparation of remuneration and nomination matters of the CEO and the Executive Committee, the principles of the remuneration of the key employees and staff, as well as the incentive schemes pertaining to the Board. The functions and duties of the Remuneration Committee have been described in the rules of procedures of the Committee confirmed by the Board.

Members of the Remuneration Committee in 2019 were:

1.1.-19.3.2019

Ilkka Mäkelä (Chairman)

Erkki Haavisto (Member)

Ann-Christine Sundell (Member)

19.3.-31.12.2019

Ilkka Mäkelä (Chairman)

Erkki Haavisto (Member)

Arto Tiitinen (Member)

All members of the Remuneration Committee are independent of the Company and of its major shareholders.

Remuneration of the 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.

According to the Articles of the Association, 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 2019 confirmed the number of members in the Supervisory Board to be 25.

The Supervisory Board convened three times and its Nomination Committee five times in 2019.

The AGM held in spring 2019 decided on the remuneration of the Supervisory Board as follows:

- annual remuneration of EUR 12,000 to the Chairman
- a fee of EUR 350 to the Chairman of the Supervisory Board for each meeting of the Supervisory Board and for attendance in each Board meeting
- a fee of EUR 350 to the members of the Supervisory Board for each meeting
- travel expenses are compensated and a daily allowance is paid for meeting journeys according to the company's travel rules

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 three Supervisory Board members selected by personnel (based on the Finnish Act on Personnel Representation in the Administration of Undertakings 725/1990) are not paid an attendance fee. Their travel expenses are compensated and they receive a daily allowance for meeting journeys according to the company's travel rules.

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

Supervisory Board members and fees paid in 2019

Name	Supervisory Board	Nomination Committee	Total	
Paavo Myllymäki, <i>Chairman</i>	12,000 + 1,050	1,750	20,750	*)
Holger Falck, <i>Deputy Chairman</i>	1,050	1,750	3,150	**)
Henrik Brotherus	700	1,750	2,450	
Mårten Forss	1,050		1,050	
Timo Himberg	0		0	***)
John Holmberg	1,050		1,050	
Mikael Holmberg	700		700	
Kimmo Inovaara	1,050		1,050	
Heikki Keisari	700		700	
Markku Kiljala	350	1,400	1,750	
Timo Könttä	350		350	
Linda Langh	1,050	1,750	2,800	
Tuomas Levomäki	1,050		1,050	
Juha Marttila	0		0	
Ilkka Mattila	350		350	
Jukka Niittyoja	700		700	
Yrjö Ojaniemi	1,050		1,050	
Olli-Pekka Saario	1,050		1,050	
Juha Salonen	700		700	
Jari Sankari	0		0	***)
Matti Seitsonen	350		350	
Urban Silén	1,050		1,050	
Mervi Soupas	1,050		1,050	
Tuomas Virsiheimo	0		0	***)
Tapio Ylitalo	1,050		1,050	
Total			44,200	

*) Annual remuneration EUR 12,000; in addition, a fee of EUR 350 for each Board meeting attended.

***) Includes a fee of EUR 350 for the replacement of the Supervisory Board's Chairman at the Board meeting.

***) An attendance fee is not paid to the Supervisory Board members selected by personnel.

Remuneration of the Board of Directors

The AGM decides on the rewards and reimbursement for expenses related to meetings paid to the Chairman and members of the Board. The Nomination 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.

The AGM held in spring 2019 decided on the remuneration of the Board as follows:

- a monthly fee of EUR 5,000 to the Chairman of the Board
- a monthly fee of EUR 2,500 to the members of the Board

Based on the decision of the AGM, some 20 per cent of the fee 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: in June, a total of 6,721 Raisio plc's free shares were assigned as a fee for the Board and a total of 6,138 free shares in December. The payment in December also contained a fee for the period of January-March 2020.

Regarding the shares received by the Chairman and Board members as reward for their services, no rules or instructions have been given about 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 and they are not employed by the company.

The AGM held in spring 2019 decided on the compensation of the Board's fees as follows:

- EUR 800 for each meeting and EUR 400 for each teleconference to the Chairman of the Board and to the Chairmen of the Board's Committees
- EUR 400 for each meeting and EUR 200 for each teleconference to the members of the Board
- daily allowances for the meeting days and reimbursement of travel expenses according to the company's travel rules.

Remuneration to the Chairman and Board members in 2019:

Name	Annual fee (EUR) 2019	Attendance fee (EUR) 2019
Ilkka Mäkelä, chairman	60,000 (3,674 Raisio V shares, ca. 20 %)	18,000
Ann-Christine Sundell, deputy chairman	30,000 (1,837 Raisio V shares, ca. 20 %)	9,800
Erkki Haavisto	30,000 (1,837 Raisio V shares, ca. 20 %)	8,200
Leena Niemistö	30,000 (1,837 Raisio V shares, ca. 20 %)	8,000
Pekka Tennilä	30,000 (1,837 Raisio V shares, ca. 20 %)	4,600
Arto Tiitinen	30,000 (1,837 Raisio V shares, ca. 20 %)	6,600
In total	210,000 (12.859 Raisio V shares)	55,200

Kari Kauniskangas was a member of the Board until the AGM held 19 March, 2019 and had received the annual fee for the period of January-March 2019, in December 2018. Kauniskangas received in total EUR 2,000 as attendance fees in 2019.

Remuneration of the CEO

The Board's Remuneration Committee prepares matters concerning the salaries and other financial benefits of CEO and the Board decides on these matters.

Raisio has separate incentive schemes for CEO, management, middle management and other personnel. CEO's incentive scheme is based on the achievement of EBIT and net sales targets. CEO's annual bonus is not more than 80% of the annual remuneration. The achievement of bonus targets in the schemes of CEO 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 Executive Committee members are within the share-based incentive schemes of the Group's key personnel (the share-based incentive schemes in force 2017 - 2019, 2018 – 2020, 2019 – 2021 and 2020 - 2022). The schemes are described in more detail below.

The pension of CEO is determined according to the Finnish employment pension scheme TyEl; the CEO is covered by the group pension insurance scheme of the Raisio Group Management.

A sum equivalent to 15 per cent of the CEO's basic annual salary (salary in money and taxation value of fringe benefits) is paid into the group pension insurance every year.

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.

Remuneration to CEO Pekka Kuusniemi in 2019	EUR
Basic salary	504,504
Fringe benefits	24,066
Group pension insurance	75,600
Fixed salaries in total	604,170
Short term incentive (bonus payment)	0
Shares allocated based on the long term incentive scheme LTI 2017-2019 (value of shares and cash * payment in total)	0
Varying remuneration in total	0
Remuneration in total	604,170

* The cash payment is intended to cover the recipient's taxes and fiscal fees arising from the share reward.

Remuneration of the Executive Committee

The Board's Remuneration Committee prepares matters concerning the salaries and other financial benefits of the other management (Executive Committee) and the Board decides on these matters.

Raisio has separate incentive schemes for CEO, management, middle management and other personnel. For the Executive Committee, the incentive scheme is based on the achievement of EBIT and net sales targets; the criterion is either the Group's EBIT or Division's EBIT and net sales. The Executive Committee member's annual bonus is not more than 50% of the annual remuneration. The achievement of bonus targets in the schemes of 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.

The Executive Committee members are within the share-based incentive schemes of the Group's key personnel (the share-based incentive schemes 2017 - 2019, 2018 – 2020, 2019 – 2021 and 2020-2022). The schemes are described in more detail below.

The retirement age of the current Executive Committee members is 62 years. Based on the proposal of the Remuneration Committee the Board has decided that as of 2020 the retirement age shall be in accordance with the current legislation.

The pension of the members of the Executive Committees is determined according to the Finnish employment pension scheme TyEl; the members are covered by the group pension insurance scheme of the Raisio Group Management.

A sum equivalent to 15 per cent of the manager's basic annual salary (salary in money and taxation value of fringe benefits) is paid into the group pension insurance every year.

The Executive Committee members' notice period is in conformity with the Employment Contracts Act, but always at least three months for both the company and manager. If the company terminates the contract, manager is entitled to compensation corresponding to nine months' pay, in addition to the pay for the notice period.

Remuneration of Executive Committee in 2019 (not including the CEO)	EUR
Basic salary	852,076
Fringe benefits	44,796
Group pension insurance	127,764
Fixed salaries in total	1,024,636
Short term incentive (bonus payment)	0
Shares allocated based on the long term incentive scheme LTI 2017-2019 (value of shares and cash * payment in total)	0
Varying remuneration in total	0
Remuneration in total	1,024,636

* The cash payment is intended to cover the recipient's taxes and fiscal fees arising from the share reward.

Information on the share-based incentive schemes

The Remuneration Committee prepares issues related to the CEO's and 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.

Authorisation of the Board of Directors to decide on share issues for share-based incentive schemes

The AGM held 19 March, 2019 has authorised the Board of Directors to decide on share issues (1) by assigning a total of no more than 14,000,000 free shares that are in the Company's possession and a total of no more than 1,460,000 restricted shares that are in the Company's possession and (2) by giving out a total of no more than 20,000,000 new free shares. The Board of Directors is authorised to decide to whom and in what order the Company's own shares are assigned and new shares given. Shares can be assigned and given in one or more instalments.

The Board of Directors can decide on the assignment of the Company's own shares and giving new shares otherwise than in a proportion where the shareholders have a primary right to the Company's shares, if there exists weighty financial reason for a deviation from the Company's point of view. Development of the Company's capital structure, financing or implementation of company acquisitions or other arrangements and realisation of share-based incentive systems can be considered weighty financial reasons from the Company's point of view.

The Board of Directors can also decide on assigning the Company's own shares in public trading organised by the Nasdaq Helsinki Ltd. (Stock Exchange) for raising funds for the financing of investments and possible company acquisitions. The shares can also be assigned against a compensation other than money, against set-off or otherwise on certain terms and conditions. The Board of Directors is entitled to decide on other terms and conditions of a share issue in the same way as the General Meeting could decide thereon.

The authorisation is valid until 30 April 2020. The authorisation was not used in 2019.

Share-based incentive schemes (LTI)

The structure of the share-based incentive schemes has remained unchanged since 2013. The share-based incentive schemes are in force for the periods 2017 - 2019, 2018 – 2020, 2019 – 2021 and 2020-2022. The earnings period of a share incentive scheme is three years and the potential bonus 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.

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.

Bonuses for each earnings period will be paid 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.

The maximum allocation of the valid share-based incentive schemes for the CEO and the other managers, as well as the number or persons within the scheme and the total maximum allocation for the end of the fiscal year 2019 are presented in the summary below.

	LTI 2017 - 2019	LTI 2018 - 2020	LTI 2019 - 2021	LTI 2020 -2022
CEO	100,000	100,000	100,000	100,000
Members of the Executive Committee in total	150,000	200,000	270,000	270,000
Persons within the scheme 31.12.2019 / persons	14	16	21	23
Maximum allocation in total 31.12.2019 / Raisio free shares	380,000	515,000	665,000	705,000