

# Remuneration Report 2020

Raisio plc



## Remuneration Report 2020

Dear Raisio plc's shareholders,

As per implementation of the EU's Shareholders' Rights Directive, the Board of Directors presented the Annual General Meeting in spring 2020 the Remuneration Policy, which describes the key principles of remuneration of the company's governing bodies i.e. the Board of Directors, the Supervisory Board and the CEO, as well as the rationale according to which the policy will advance the company's business strategy and long-term financial success. The Remuneration Policy was resolved by the Annual General Meeting. The Remuneration Policy is available on the company's website (<https://www.raisio.com/en/investors/corporate-governance/remuneration/>).

The goal of Raisio's Healthy Growth Strategy is to make Raisio into an innovative and even more international brand house. The financial targets of the strategy for the year 2019-2021 are profitable growth organically and through corporate acquisitions. The Healthy Growth Strategy is based on two pillars; on the one hand, Raisio will invest in the growth of the leading, international cholesterol-lowering Benecol brand, and on the other hand, the company will build a European business based on Raisio's strong expertise in oats. As part of this Strategy, Raisio seeks growth by expanding into new markets in Europe and by strengthening the growth and profitability of its core business..

Raisio's values are **Courage**, **Fairness** and **Drive**. Based on these values, the company's aims to maintain and develop remuneration systems that are fair, motivating

and also reward for a good performance. Raisio regularly reviews market salaries in order to maintain its competitiveness. Raisio's remuneration policy covers all of the company's personnel - it is the company's principle to offer competitive compensation to its personnel in all of the countries, in which it operates and in all business areas.

The Board of Directors has approved both short-term (STI) and long-term (LTI) incentive schemes, which aim to advance the achievement of the company's strategy and reward its key personnel for their accomplishments. The Board's Remuneration Committee monitors the remuneration and the incentive schemes, as well the realisation of social and other benefits in order to estimate, how well these advance the achievement of the company's strategy and economic success.

This Remuneration Report contains description on how the Remuneration Policy was implemented during the financial year 2020. Raisio's Board of Directors hereby presents this Remuneration Report to the Annual General Meeting convening in spring 2020 for its advisory decision.



Ilkka Mäkelä  
Chairman of the Board and its Remuneration Committee

## Contents

1. Introduction
2. Remuneration of the Supervisory Board during financial year 2020
3. Remuneration of the Board of Directors during financial year 2020
4. Remuneration of the CEO during financial year 2020

## 1. Introduction

Raisio's Annual General Meeting convened on 27 April 2020 and decided to support the company's Remuneration Policy. This Remuneration Report contains description on how the Remuneration Policy was implemented during the financial year 2020 in the remuneration of the Supervisory Board, the Board of Directors and the CEO. The company did not deviate from the Remuneration Policy during 2020.

In terms of remuneration, Raisio also follows the applicable legislation and the Corporate Governance Code for Finnish listed companies (2020), available at <https://cgfinland.fi/en/corporate-governance-code/>. The company's Board of Directors puts forward this Remuneration Report, prepared by the Board's Remuneration Committee, to the Annual General Meeting that will convene in spring 2021. During the financial year 2020, the Remuneration Committee comprised of Ilkka Mäkelä as the Chairman and Erkki Haavisto and Arto Tiitinen as members.

This Remuneration Reports describes, in accordance with the law and the Corporate Governance Code, both paid and earned remuneration of the company's governing bodies (Board of Directors, Supervisory Board and CEO) during 2020, as well as compliance with the Remuneration Policy. Prior to the year 2020 the company published Remuneration Statements, which also contained information on the remuneration of the members of the Executive Committee. The Remuneration Statements of previous years, as well as information on the remuneration of the Executive Committee members are available on the company's website (<https://www.raisio.com/en/investors/corporate-governance/remuneration/>).

Raisio's auditing company KPMG Oy Ab has verified that this Remuneration Report has been issued and that it contains the information as required by Section 3 of the Finnish Decree of the Ministry of Finance of the remuneration report (608/2019).

The table below shows the development of the Board's and CEO's remuneration compared with the average remuneration on the personnel and Raisio Group's financial performance. In order for the changes to be comparable, the numbers are given as of the year 2017. The company divested its confectionary business in 2017 and its cattle feed business in 2018 and also renewed its organisation structure in 2018. The information below is based on the numbers for the continuing businesses stated in the financial statements for each year.

Numbers per year	2017	2018	2019	2020
<b>Board remuneration annually k€ (excl. meeting fees and expenses)</b>	210	180	210	210
<b>CEO annual salary k€</b>	646	609	604	807
<b>Personnel remuneration annually ca. k€ *</b>	54	52	58	58
<b>Average number of personnel</b>	415	335	328	348
<b>Group financial performance</b>				
Earnings before interest (EBIT)	M€ 37.8	M€ 25.6	M€ 27.3	M€ 27.7
	12.3 %	11.2 %	11.5 %	11.9 %
Net sales (NS)	M€ 306.8	M€ 228.2	M€ 236.3	M€ 233.6
<b>Company's market value 31 Dec M€</b>				
	604,1	368,2	533,8	504,1

\* Personnel costs based on the Annual accounts and divided by the average number of staff members.

## 2. Remuneration of the Supervisory Board during financial year 2020

Raisio's Annual General Meeting held on 27 April 2020 resolved on the remuneration of the Chairman and the members of the Supervisory Board. The Chairman has been paid yearly remuneration of EUR 12,000 in two equal instalments in June and in December. The Chairman and the members have been paid a fee of EUR 350 for each meeting that they have attended. In addition, their travel expenses have been compensated and they have received per diem allowance for meeting days according to the company's travelling rules. Meeting fee, travel expenses and per diem allowance have been paid right after each meeting.

Raisio's Supervisory Board has consisted of 25 members in 2020. The Supervisory Board has convened three (3) times. The Supervisory Board has set up a Nomination Committee and a Sustainability Committee from among its members. In 2020 the Nomination Committee convened four (4) times and the Sustainability Committee two (2) times.

Remuneration to the Chairman and the members has been made in cash. The members of the Supervisory Board are not employed by Raisio, neither do they belong to the short and/or long term incentive schemes or pension programmes (except for the staff representatives in the Supervisory Board, who are employed by the company and may therefore belong in the incentive schemes).

The Supervisory Board of Raisio plc also includes three representatives selected by and from among the personnel (Act on personnel representatives in the company's Board of Directors, 725/1990), who are not paid any attendance fee. These representatives are paid a normal base salary. Travel expenses accrued by the selected members of personnel for attendance at Supervisory Board meetings are reimbursed in accordance with the company's travel rules.

The Chairman of the Supervisory Board and in the Chairman's absence, the Deputy Chairman of the Supervisory Board, have the right to be present at the meetings of the Board of Directors and the Chairmen are paid EUR 350 for each Board meeting that they attend. In 2020 the Chairman of the Supervisory Board Paavo Myllymäki attended 16 meetings of the Board of Directors and the Deputy Chairman of the Supervisory Board Holger Falck attended one meeting instead of the Chairman.

### Supervisory Board's remuneration 2017-2020

Supervisory Board's remuneration	2017	2018	2019	2020
Chairman	€ 21,450	€ 20,050	€ 20,750	€ 20,400
Members (excl. staff representatives)	€ 22,400	€ 23,450	€ 23,450	€ 26,950
In total	€ 43,850	€ 43,500	€ 44,200	€ 47,350

Members of the Supervisory Board and their remuneration in 2020 are presented in the table on the following page.



Name / position	Yearly remuneration	Meeting fees	In total
Paavo Myllymäki, <i>Chairman</i>	€ 12,000	Supervisory Board meetings € 1,050, Nominating Committee meetings € 1,400, Board meetings € 5,950 (includes fee € 350 from December 2019)	€ 20,400
Holger Falck, <i>Deputy Chairman</i>	-	Supervisory Board meetings € 1,050, Nominating Committee meetings € 1,400, Sustainability Committee meetings € 700, Board meeting € 350	€ 3,500
Henrik Brotherus, <i>member</i>	-	Supervisory Board meetings € 700, Nominating Committee meetings € 1,050	€ 1,750
Mårten Forss, <i>member</i>	-	Supervisory Board meetings	€ 700
Timo Himberg, <i>member (staff representative)</i>	-	-	-
John Holmberg, <i>member</i>	-	Supervisory Board meetings	€ 1,050
Mikael Holmberg, <i>member</i>	-	Supervisory Board meetings	€ 1,050
Kimmo Inovaara, <i>member</i>	-	Supervisory Board meetings	€ 1,050
Heikki Keisari, <i>member</i>	-	Supervisory Board meetings	€ 1,050
Markku Kiljala, <i>member</i>	-	Supervisory Board meetings € 1,050, Nominating Committee meetings € 1,400	€ 2,450
Timo Könttä, <i>member</i>	-	Supervisory Board meetings	€ 700
Linda Langh, <i>member</i>	-	Supervisory Board meetings € 1,050, Nominating Committee meetings € 1,400	€ 2,450
Tuomas Levomäki, <i>member</i>	-	Supervisory Board meetings	€ 1,050
Juha Marttila, <i>member</i>	-	Supervisory Board meetings € 700, Sustainability Committee meetings € 700	€ 1,400
Ilkka Mattila, <i>member until 27.4.2020</i>	-	Supervisory Board meetings	-
Jukka Niittyoja, <i>member</i>	-	Supervisory Board meetings	€ 700
Yrjö Ojaniemi, <i>member</i>	-	Supervisory Board meetings	€ 1,050
Olli-Pekka Saario, <i>member</i>	-	Supervisory Board meetings € 1,050, Sustainability Committee meetings € 700	€ 1,750
Juha Salonen, <i>member</i>	-	Supervisory Board meetings	€ 1,050
Jari Sankari, <i>member (staff representative)</i>	-	-	-
Matti Seitsonen, <i>member</i>	-	Supervisory Board meetings	€ 700
Urban Silén, <i>member</i>	-	Supervisory Board meetings	€ 700
Mervi Soupas, <i>member</i>	-	Supervisory Board meetings	€ 1,050
Johannes Tiusanen, <i>member as of 27.4.2020</i>	-	Supervisory Board meetings	€ 700 €
Tuomas Virsiheimo, <i>member (staff representative)</i>	-	-	-
Tapio Ylitalo, <i>member</i>	-	Supervisory Board meetings	€ 1,050
		<b>In total</b>	<b>€ 47,350</b>

### 3. Remuneration of the Board of Directors during financial year 2020

In accordance with the resolution by Raisio's Annual General Meeting held on 27 April 2020, the Chairman of the Board of Directors has been paid a monthly remuneration of EUR 5,000 and each member EUR 2,500. Of the remuneration, ca. 20% has been made in the form of the company's own shares and ca. 80% in cash. The payments have been made in two instalments, in June and in December. The payment made in December also contained the remuneration payable for the period of January-March 2021. Regarding the shares received by the Chairman and Board members for their service, no rules or instructions have been given e.g. about the time of ownership or further disposal of shares.

Based on the decision of the Annual General Meeting, the Chairman and the Chairmen of the Board's Committees have been paid EUR 800 for each meeting and EUR 400 for each teleconference and each member of the Board has been paid EUR 400 for each meeting and EUR 200 for each teleconference. In addition, they have been paid daily allowances and were reimbursed for travel expenses for meeting days according to the company's travel rules.

Raisio's Board of Directors has comprised of six members in 2020. In total the Board convened 20 times, of which two meetings were organized through decisions made via e-mail (for which no meeting fees were paid). The Board's Audit Committee has convened six (6) times and the Remuneration Committee eight (8) times.

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

Summary of remuneration of the Board during 2017-2020.

<b>Year</b>	<b>Board's annual remuneration in total</b>	<b>Board's meeting fees in total</b>
<b>2017</b>	€ 210,000 (11,235 Raisio V shares, ca. 20%)	€ 72,000
<b>2018</b>	€ 180,000 (11,815 Raisio V shares, ca. 20%)	€ 36,200
<b>2019</b>	€ 210,000 (12,859 Raisio V shares, ca. 20%)	€ 55,200
<b>2020</b>	€ 210,000 (12,629 Raisio V shares, ca. 20%)	€ 57,400

## Annual remuneration and meeting fees paid to the members of the Board in 2020

Name / position	Total remuneration	Amount of Raisio V shares of the remuneration	Remuneration in cash	Board meeting fees	Committee meeting fees	In total €
Ilkka Mäkelä, <i>Chairman of Board and the Remuneration Committee</i>	€ 60,000	3,609 Raisio V shares, ca. 20%	€ 48,000	€ 12,000 (includes fee € 400 from December 2019)	€ 6,400	€ 66,400
Ann-Christine Sundell, <i>Deputy Chairman of the Board and Chair- man of the Audit Committee</i>	€ 30,000	1,804 Raisio V shares, ca. 20%	€ 24,000	€ 5,400 (includes fee € 200 from December 2019)	€ 4,800	€ 34,200
Erkki Haavisto, <i>member of the Board and the Remuneration Committee</i>	€ 30,000	1,804 Raisio V shares, ca. 20%	€ 24,000	€ 5,400 (includes fee € 200 from December 2019)	€ 3,000	€ 32,400
Leena Niemistö, <i>member of the Board and the Audit Committee</i>	€ 30,000	1,804 Raisio V shares, ca. 20%	€ 24,000	€ 4,800 (includes fee € 200 from December 2019)	€ 1,400	€ 30,200
Pekka Tennilä, <i>member of the Board and the Audit Committee</i>	€ 30,000	1,804 Raisio V shares, ca. 20%	€ 24,000	€ 5,200 (includes fee € 200 from December 2019)	€ 1,400	€ 30,600
Arto Tiitinen, <i>member of the Board and the Remuneration Committee</i>	€ 30,000	1,804 Raisio V shares, ca. 20%	€ 24,000	€ 5,000	€ 2,600	€ 31,600
<b>Total</b>	<b>€ 210,000 €</b>	<b>12,629 Raisio V shares</b>	<b>€ 168,000</b>	<b>€ 37,800 (includes the fees € 1,200 from December 2019)</b>	<b>€ 19,600</b>	<b>€ 225,400</b>

#### 4. Remuneration of the CEO during financial year 2020

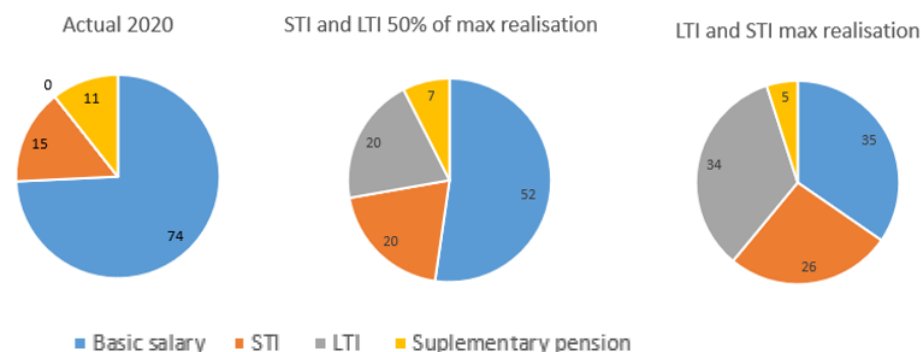
The Board of Directors decides on the remuneration of the CEO.

The remuneration of the CEO and president Pekka Kuusniemi has comprised of fixed basic salary and supplementary pension, fringe benefits, as well as the short-term (STI) and long-term (LTI) incentive schemes. The CEO's pension is determined according to the Finnish employment pension scheme and he is also covered by the group pension insurance scheme for Raisio Group's management. The CEO's retirement age is 62 years. A sum equivalent to 15% of the CEO's basic annual salary (salary in cash and taxation value of car benefit) is paid into the group pension insurance each year. In comparison with previous year, the CEO's fixed remuneration has not changed.

CEO and president Pekka Kuusniemi	Paid in 2020	Earned in 2020 (payable in 2021)
<b>Basic salary</b>	€ 507,217.07	-
<b>Fringe benefits</b>	€ 21,498.87	-
<b>Group pension insurance</b>	€ 75,600.00	-
<b>Short term incentive scheme (STI)</b>		
Earning period 2019	€ 106,444.80	-
Earning period 2020	-	€ 107,906.00
<b>Long term incentive scheme (LTI) shares and €</b>		
Earning period 2017-2019	29,921 Raisio V shares and € 1,521.64	-
Earning period 2018-2020	-	0 shares/€ 0

The cash payment of EUR 1,521.64 is intended to cover the transfer tax arising from the LTI 2017-2019 share reward. The income taxes arising from the LTI reward have been paid by the CEO himself.

The CEO's remuneration in 2020 and a comparison to the total remuneration, in case 50% or 100% of the maximum levels would have been achieved, is illustrated below:



**Short-term incentive scheme's (STI) purpose** is to encourage and reward the CEO for his realisation of the business strategy and achievement of set targets for each calendar year. The Board of Directors sets targets for each calendar year and assesses their realisation in connection with the completion of the Financial Statements. For the CEO the STI-scheme for the year 2020 was based in accordance with the Remuneration Policy on the achievement of the EBIT and net sales targets. According to the STI incentive scheme, the maximum bonus is 80% of the CEO's basic annual salary. The achievement of the bonus targets for the CEO is assessed after the financial year 2020 has ended and any bonus payment will be made in cash by the end of March 2021.

The structure and the level of the short-term incentive scheme for the CEO have remained unchanged in 2020. The outcome of the STI 2020 settled between the



minimum and target levels and as a result the outcome for the CEO was 21.4% of his annual fixed salary. Throughout the year 2020 challenges for reaching the targets of the STI were posed by the global Covid-19 pandemic situation and the consequent measures in different countries and regions.

Description of the fulfillment of the performance criteria for Pekka Kuusniemi on the basis of the short-term incentive scheme (STI):

Earning period	Maximum bonus % of annual salary	Performance criteria 1	Weight	Performance criteria 2	Weight	Realized % of annual salary
STI 2019	80%	EBIT (M€)	60%	NS (M€)	40%	21.1% (paid in 2020)
STI 2020	80%	EBIT (M€)	60%	NS (M€)	40%	21.4% (payable in 2021)

In case of the **long-term incentive scheme** (LTI) the Board assesses at the end of each earning period how the performance criteria has been met and the remuneration depends on the CEO's success in meeting these set targets. The remuneration paid to the CEO is based on the company's Total Shareholder Return (TSR) in accordance with the Remuneration Policy and is subject to the achievement of the Group's cumulative profit target (EBT, earnings before taxes and excluding non-recurring income and expenses). With regard to the CEO, there have not been any changes in the level and structure of the incentive scheme in 2020. The remuneration paid to the CEO for the LTI 2017-2019 earnings period in 2020 was based on performance criteria approved by the Board based on Raisio's strategic objectives.

In 2020 challenges to achieving the objectives of long-term incentive scheme were posed by the global Covid-19 pandemic situation and the consequent measures in different countries and regions. For the LTI 2018-2020 earnings period, which ended at the end of 2020, the targets were not met and therefore no remuneration will be paid to the CEO.

Remuneration for each earning period is paid partly in the form of the company's free shares and partly in cash. Purpose of the cash contribution is to cover taxes and tax-like payments arising from the reward to the recipient. The table below shows the fulfilment of the performance criteria for Pekka Kuusniemi on the basis of the long-term (LTI) incentive scheme:

Earning period	Maximum allocation	Performance criteria €	Weight	Realized % of the maximum allocation
LTI 2017-2019	100 000 Raisio V shares	TSR	100%	30.4 (paid in 2020)
LTI 2018-2020	100 000 Raisio V shares	TSR	100%	0

## Recovery

The Board of Directors may cancel, reduce or recover all or part of the remuneration paid to the CEO on the basis of the incentive schemes, if the CEO has acted contrary to the law or the company's ethical guidelines or otherwise unethically. During the review, no grounds for recovery have emerged.