

Remuneration Statement

Altia Plc (“Altia” or “company”) is listed on the official list of Nasdaq Helsinki Ltd. Altia’s head office is located in Helsinki, Finland. This Remuneration Statement is given in accordance with the requirements of the Finnish Corporate Governance Code 2015.

A Remuneration Report pursuant to the Corporate Governance Code 2020 on the materialised remuneration of the Board of Directors and the CEO will be presented by the Board of Directors to the Annual General Meeting annually starting from 2021.

A. Decision-making procedure concerning remuneration

Members of the Board of Directors

The Annual General Meeting decides annually on the remuneration payable to members of the Board of Directors and its Committees for their term of office. The company’s Shareholders’ Nomination Board, which consists of the three largest shareholders, prepares for the Annual General Meeting proposals on the number of members of the Board of Directors, the composition of the Board of Directors as well as the remuneration of the members of the Board of Directors and its Committees. The Nomination Board submits its proposals the latest on 31 January each year. The proposals of the Nomination Board are disclosed by a release by the company and included in the notice to the General Meeting of Shareholders. The Chairman of the Nomination Board presents the proposals at the General Meeting of Shareholders.

CEO and other executives

Altia’s Board of Directors decides annually on Altia Group’s principles of remuneration, the basis and targets for performance incentives as well as their maximum amounts. The Board of Directors also annually evaluates the performance of the CEO and the members of the Executive Management Team, as well as decides on the total remuneration of the CEO and, at the proposal of the CEO, the members of the Executive Management Team, taking into account the recommendations of the Human Resources Committee. The Board of Directors, assisted by the Human Resources Committee, decides on management remuneration schemes and their terms, and monitors regularly the achievement of set criteria and targets.

The Human Resources Committee assists the Board of Directors by reviewing and preparing management remuneration matters and making proposals on such matters to the Board of Directors. The Committee’s responsibilities include reviewing and evaluating the remuneration and incentive schemes of management and monitoring the effectiveness of these schemes to ensure that they promote the achievement of the company’s short term and long-term goals and are based on personal performance. Share-based incentive schemes and authorisations of the Board According to the Companies Act, decisions concerning the issue of shares, options or other special rights entitling to shares are made by the General Meeting of Shareholders or by the company’s Board of Directors pursuant to an authorisation from the General Meeting of Shareholders. The Board of Directors of Altia has not been authorised by the General Meeting of Shareholders concerning the issue of shares, options

or other special rights entitling to shares. Altia has no option schemes. For further information on share-based incentive schemes, please refer to section B. of this Remuneration Statement.

B. Main principles of remuneration

Members of the Board of Directors

The remuneration of the members of the Board of Directors of Altia consists of monthly term of office fee and an attendance fee per meeting. The members of the Board of Directors are not included in the company's incentive schemes. The company has not granted any loans to members of the Board of Directors, nor given guarantees on their behalf. The members of the Board of Directors have not received shares, options or other special rights entitling to shares in the company. The 2019 Annual General Meeting of Altia decided that the chairman of the Board of Directors receives a term of office fee of 4 000 euros per month, the vice chairman a term of office fee of 2 500 euros per month and the other members of the Board of Directors a term of office fee of 2 000 euros per month. The Annual General Meeting also approved an attendance fee for meetings of the Board of Directors and its Committees. The attendance fees are 600 euros per meeting for Board members residing in Finland and 1 200 euros per meeting for Board members residing abroad.

The objectives of the remuneration of the CEO and Other Executives The objectives of the remuneration and incentive schemes for the CEO and member of the Executive Management Team are to align the interests of Altia's management with those of the company's shareholders and, thus, to promote shareholder value creation in the long term, and to commit the management, short term and long term, to achieving Altia's financial and strategic targets, the retention of Altia's valuable key resources, and reward for excellent personal performance as well as for the financial success of Altia. The strategy and development phase of the company are considered when determining the remuneration.

Remuneration of the CEO

The remuneration of the CEO of Altia consists of a fixed base salary, fringe benefits, an annual incentive and long-term incentive schemes. The yearly fixed base salary of CEO Pekka Tennilä is 323 697 euros. The retirement age of the CEO is 63 years, and his pension is in accordance with the Employees' Pensions Act. The CEO does not have a supplementary pension insurance paid by the company. No signing bonus has been paid to the CEO, nor does he have a stay bonus. The CEO has a six months period of notice. If the service contract is terminated by Altia, the CEO is entitled to a severance payment corresponding to six months' salary, in addition to the salary for the notice period.

Remuneration of Other Executives

The remuneration of the members of Altia's Executive Management Team consists of a fixed base salary, fringe benefits, an annual incentive and long-term incentive schemes. The retirement age and pension of the executives are in accordance with the Employees' Pensions Act. No signing bonus has been paid to the Executive Team Members, nor do they have a stay bonus. If the employment contract is terminated by Altia, the executive is entitled to a severance payment corresponding to six months' salary, in addition to the salary for the notice period.

Neither the CEO nor any of the members of the Executive Management Team have received shares, options or other special rights entitling to shares in the company as remuneration.

Altia's Incentive Schemes

Annual incentive

Altia's CEO and the members of the Executive Management Team are part of an annual incentive plan. The potential annual incentive is based on operational targets of the Group with a weight of 70% and on personal targets with a weight of 30%. The targets are approved annually by the Board of Directors. The potential incentive award is paid annually. The target level of the CEO's and the Executive Management Team members' incentive for 2019 is 30% of the annual salary and the maximum level is 60% of the annual salary. The operational target for the 2019 annual incentive plan was the improvement of comparable EBITDA.

Long-term incentive schemes

Altia's long-term incentive schemes complement the annual incentive to create a balanced incentive structure.

Long-term incentive scheme 2017-2019

Altia's CEO and the members of the Executive Management Team are part of a long-term incentive scheme for 2017-2019, which has been approved by the Board of Directors. According to the plan, possible awards are paid during 2020-2022 in cash. The target reward level is 20% of the annual salary and the maximum level is 40% of the annual salary. The target of the long-term incentive scheme is to increase shareholder value and favorable development of net sales.

New share-based long-term incentive scheme

The Board of Directors of Altia Plc has in February 2019 decided on the establishment of a new share-based long-term incentive scheme for the management and key employees of Altia Group. The incentive scheme consists of annually commencing individual performance share plans (PSP), each with a three-year performance period, followed by the payment of the potentially earned share reward. The commencement of each individual plan is subject to a separate Board approval.

The First Plan 2019-2021

The first plan within the structure, PSP 2019-2021, commenced as of the beginning of 2019. Eligible to participate in PSP 2019-2021 are approximately 20 individuals, including the CEO and other members of the Executive Management Team. Potential rewards under the plan will be paid in the spring of 2022, provided that the performance targets set by the Board of Directors are achieved. The potential reward will be paid in listed shares of Altia Plc.

The performance targets based on which the potential share reward under PSP 2019-2021 are paid are the relative total shareholder return of Altia's share and earnings per share (EPS). If all the performance targets set for PSP 2019-2021 are fully achieved, the aggregate maximum number of shares to be paid based on this first plan is approximately 250 000 shares. This number of shares represents a gross earning, from which the applicable payroll tax is withheld, and the remaining net value is paid to the participants in shares. The Board of Directors anticipates that no new shares will be issued based on the share-based incentive scheme and that the scheme will, therefore, not have a dilutive effect on the registered number of the company's shares. According to the terms of the incentive scheme, the combined amount of variable compensation paid to an individual participant in any given year, including

the long-term incentive scheme and the short-term incentive scheme, may not exceed 120% of the individual's annual gross base salary.

The Second Plan 2020–2022

The second plan within the structure, PSP 2020–2022, commences as of the beginning of 2020. Eligible to participate in PSP 2020–2022 are approximately 25 individuals, including the CEO and other members of the Executive Management Team. Potential rewards under the plan will be paid in the spring of 2023, provided that the performance targets set by the Board of Directors are achieved. The potential reward will be paid in listed shares of Altia Plc.

The performance targets based on which the potential share reward under PSP 2020–2022 are paid are the relative total shareholder return of Altia's share and earnings per share. If all the performance targets set for PSP 2020–2022 are fully achieved, the aggregate maximum number of shares to be paid based on this second plan is approximately 271 000 shares. This number of shares represents a gross earning, from which the applicable payroll tax is withheld, and the remaining net value is paid to the participants in shares. The Board of Directors anticipates that no new shares will be issued based on the share-based incentive scheme and that the scheme will, therefore, not have a dilutive effect on the registered number of the company's shares. According to the terms of the incentive scheme, the combined amount of variable compensation paid to an individual participant in any given year, including the long-term incentive scheme and the short-term incentive scheme, may not exceed 120% of the individual's annual gross base salary.

Share ownership recommendation

Altia applies a share ownership recommendation to the CEO and other members of its Executive Management Team. According to this recommendation each member of the Executive Management Team is expected to retain in her/his ownership at least half of the net shares received under the share-based incentive schemes of Altia until the value of his/her share ownership in Altia corresponds to at least her/his annual gross base salary.

C. Remuneration report 2019

Members of the Board of Directors

The members of the Board of Directors received term of office fees and attendance fees in 2019 as follows:

	term of office fees/ euros	attendande fees/ euros	total/ euros
Sanna Suvanto-Harsaae	42 375	28 800	71 175
Kai Telanne	26 850	7 800	34 650
Kim Henriksson	21 525	24 000	45 525
Annikka Hurme*	3 000	6 525	9 525
Tiina Lencioni	21 525	11 400	32 925
Jukka Ohtola	21 525	8 400	29 925
Anette Rosengren**	15 000	7 200	22 200
Torsten Steenholt	21 525	12 000	33 525

* until 15 May 2019

** as of 15 May 2019

CEO and Other Executives

Remuneration of the CEO in 2019

The salary and other remuneration paid in 2019 to CEO Pekka Tennilä amounted to a total of 337 737 euros, as follows:

Fixed base salary	323 697 euros
Fringe benefits	14 040 euros
Annual incentive for 2018	0 euros

Remuneration of Other Executives in 2019

The salary and other remuneration paid in 2019 to the members of the Executive Management Team (other than the CEO) amounted to a total of 1 187 477 euros, as follows:

Fixed base salary	1 137 753 euros
Fringe benefits	49 724 euros
Annual incentive for 2018	0 euros