

## Remuneration statement

Altia Plc (“Altia”) is fully owned by the State of Finland. Altia complies, with certain deviations, with the Finnish Corporate Governance Code 2015 as provided by the Government Resolution on State Ownership Policy given on 13 May 2016. This Remuneration Statement is published in accordance with Corporate Governance Code. Altia Plc complies with the statement of the Ministerial Committee on Economic Policy on remuneration for management of state-owned companies, as included in the Government resolution of 13 May 2016 on state ownership policy.

### 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 does not have a nomination committee or a shareholders’ nomination board. The Chairman of the Board of Directors prepares the decision on the remuneration of the board members together with the shareholder of the company.

#### CEO and Other Executives

Altia’s Board of Directors decides annually on Altia Group’s principles of remuneration, the basis and targets for performance bonuses as well as their maximum amounts. The Board of Directors also evaluates annually 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 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.

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 shareholder or by the company’s board of directors pursuant to an authorization from the general meeting. Altia has no share-based remuneration or incentive programs or option programs. The Board of Directors of Altia does not have any authorizations granted by the general meeting concerning share based remuneration.

## **B. Main Principles of Remuneration**

### **Members of the Board of Directors**

The Annual General Meeting of Altia held on 29 March 2016 decided that the chairman of the Board of Directors shall receive a term of office fee of 2,750 euros per month, the vice chairman a term of office fee of 1,800 euros per month and the other members of the Board of Directors a term of office fee of 1,450 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 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 as remuneration.

### **CEO**

The Remuneration of the CEO of Altia consists of a fixed base salary, fringe benefits, an annual incentive and a long term incentive scheme. The fixed base salary of CEO Pekka Tennilä is 308,760 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 month 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.

### **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 a long term incentive scheme. 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 does 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.

### **Annual Incentive**

Altia's CEO and the members of the Executive Management Team are part of an annual incentive plan. The potential annual bonus is based on operational targets of the Group with a weight of 70 % per cent and on personal targets, with a weight of 30%. The targets are approved annually by the Board of Directors. The incentive is paid annually. The purpose of the incentive plan is to support the implementation of Altia's strategy and reward for excellent personal performance and for financial achievements of Altia. The target level of the

CEO's and the Executive Management Team members' incentive for 2017 is 30% of the annual salary and the maximum level is 60% of the annual salary. The operational target for the 2017 annual incentive plan is increase in EBIT.

## Long Term Incentive Scheme

The Board of Directors of Altia decided in 2012 on a long-term incentive scheme for 2012–2014. Possible bonuses for the long-term incentive scheme 2012–2014 are to be paid in three instalments during 2015–2017. No bonuses based on the long-term incentive scheme 2012–2014 will be paid during 2015–2017. Altia's CEO and the members of the Executive Management Team are part of a new long-term incentive scheme for 2017–2019, which has been approved by the Board of Directors. According to the plan, possible bonuses are paid during 2020–2022. The annual target bonus level is 20% of the annual salary and maximum level is 40% of the annual salary. The purpose of the long term incentive scheme is to increase shareholder value and favorable development of net sales.

The new long-term incentive scheme for 2017–2019 complements the annual bonus to create a balanced incentive structure. With the incentive schemes, management is encouraged to promote the long term financial success of the company and development of shareholder value. The strategy and development phase of the company are taken into account when determining the remuneration. The Board of Directors, assisted by the Human Resources Committee, decides on the remuneration of management and the principles and conditions of the incentive schemes, and monitors regularly the achievement of set criteria and targets.

## C. Remuneration Report 2016

### Members of the Board of Directors

The members of the Board of Directors received term of office fees and attendance fees in 2016 as follows:

|                       | term of office fees /<br>euros | attendance fees /<br>euros | total/euros |
|-----------------------|--------------------------------|----------------------------|-------------|
| Sanna Suvanto-Harsaae | 33 000                         | 25 200                     | 58 200      |
| Annikka Hurme         | 21 600                         | 9 000                      | 30 600      |
| Kim Henriksson        | 17 400                         | 20 400                     | 37 800      |
| Minna Huhtaniska      | 17 400                         | 7 200                      | 24 600      |
| Jarmo Kilpelä         | 17 400                         | 7 800                      | 25 200      |
| Kasper Madsen         | 17 400                         | 10 800                     | 28 200      |
| Kai Telanne           | 14 500                         | 4 800                      | 19 300      |

## CEO

The salary and other remuneration paid in 2016 to CEO Pekka Tennilä amounted to a total of 429,000 euros, comprising of:

|                                      |               |
|--------------------------------------|---------------|
| fixed base salary                    | 308 760 euros |
| fringe benefits                      | 240 euros     |
| annual incentive for 2015            | 120 000 euros |
| long-term incentive scheme 2012–2014 | 0 euros       |

## Other Executives

The salary and other remuneration paid in 2016 to the other members of the Executive Management Team amounted to a total of 1,537,162 euros, comprising of:

|                                      |                 |
|--------------------------------------|-----------------|
| fixed base salary                    | 1 129 216 euros |
| fringe benefits                      | 75 108 euros    |
| annual incentive for 2015            | 332 838 euros   |
| long-term incentive scheme 2012–2014 | 0 euros         |