

Remuneration Statement 2018

RAISIO PLC



REMUNERATION STATEMENT 2018

This report is Raisio plc's Remuneration statement referred to in the Corporate Governance of Finnish Listed Companies (2015). The statement is for the financial year 2018 and it has been prepared in February 2019.

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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 2018 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: in June, a total of 4,705 Raisio plc's free shares were assigned as a fee for the Board work and a total of 7,110 free shares in December. The payment of December also contained a fee for the period of January-March 2019. 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 2018, the Chairman of the Board, Ilkka Mäkelä, received a fee of EUR 60,000 of which some 20% was paid by assigning 3,939 free shares to him. He was also paid EUR 15,200 as attendance fees. In 2018, Erkki Haavisto, Kari Kauniskangas, Leena Niemistö and Ann-Christine Sundell were each paid a fee of EUR 30,000 of which some 20% was paid by assigning 1,969 free shares. Haavisto was paid EUR 8,000, Kauniskangas EUR 5,600, Niemistö EUR 7,400 and Sundell EUR 7,600 as attendance fees. In 2017, Matti Perkonoja and Michael Ramm-Schmidt were paid for their term ended in March 2018. As attendance fees, Perkonoja was paid EUR 5,200 and Ramm-Schmidt EUR 2,400 in 2018.

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.

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 2018 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 2018 confirmed the number of members in the Supervisory Board to be 25. The Supervisory Board convened three times and its Nominating Committee four times in 2018.

Supervisory Board members and fees paid

Name	Supervisory Board	Nominating Committee	Total
Paavo Myllymäki, <i>Chairman</i>	12 000 + 1 050	1 400	20 050 *)
Holger Falck, <i>Deputy Chairman</i>	700	1 400	2 450 **)
Henrik Brotherus	1 050	1 400	2 450
Mårten Forss	1 050		1 050
Timo Himberg	0		0 ***)
John Holmberg	1 050		1 050
Mikael Holmberg	700		700
Kimmo Inovaara	700		700
Markku Kiljala	1050	1 400	2 450
Timo Könttä	700		700
Linda Langh	700	1400	2 100
Tuomas Levomäki	1 050		1 050
Pirkko Lönnqvist	0		0 ***)
Juha Marttila	350		350
Ilkka Mattila	1050		1 050
Jukka Niittyoja	1 050		1 050
Jyrki Nurmi	0		0 ***)
Yrjö Ojaniemi	1 050		1 050
Heikki Pohjala	350		350
Olli-Pekka Saario	1 050		1 050
Juha Salonen	350		350
Jari Sankari	0		0 ***)
Matti Seitsonen	350		350
Urban Silén	700		700
Mervi Soupas	1 050		1 050
Tuomas Virsiheimo	0		0 ***)
Rita Wegelius	350		350
Tapio Ylitalo	1 050		1 050
Total			43 500

*) 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.

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 2018, Raisio had 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. For other management (Executive Committee), the incentive scheme is also 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. CEO's annual bonus is not more than 80% of the annual remuneration and for other management, it is a maximum of 50% 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 Executive Committee members are within the share-based incentive schemes of the Group's key personnel (the share-based incentive schemes 2016 - 2018, 2017 - 2019, 2018 - 2020 and 2019 - 2021). The schemes are described in more detailed below.

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 Management.

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

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 2018, Pekka Kuusniemi, who has served as Raisio plc's CEO since 1 November 2017, received a total of EUR 533,412.72 in salaries and fringe benefits for his services; no bonus payment was paid. CEO Kuusniemi received EUR 75,600.00 as supplementary pension insurance in 2018.

In 2018, Raisio plc's CEO received no bonus or compensation in the form of shares, options or other share-based benefits.

Executive Committee

Executive Committee members received EUR 2,044,593.10 as salaries in money and fringe benefits in 2018, as well as EUR 50,400.00 as bonuses for 2017. Executive Committee members received EUR 107,021 as supplementary pension insurance in 2018.

In April 2018, a total of 5.426 Raisio plc free shares were assigned to the Executive Committee members on the basis of the share-based incentive scheme 2015 – 2017; the value of the shares was EUR 19,350.20. In addition, the members received a cash payment of EUR 13,881.23. The cash payment is made to cover the recipient's taxes and fiscal fees arising from the share reward.

The retirement age of the Executive Committee members is 62 years.

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 Vice President. If the company terminates the contract, Vice President is entitled to compensation corresponding to nine months' pay, in addition to the pay for the notice period.

Information on the share-based incentive schemes

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 ended 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 earning 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 2018, a total of 7 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 180,000 Raisio plc free shares on 31 December 2018 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 earning 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 2018, a total of 16 persons were within the share incentive scheme. Bonuses to be paid based on the earning period 2017 - 2019 correspond to the value of a maximum total of 425,000 Raisio plc free shares on 31 December 2018 including the part paid in cash.

Share-based scheme 2018 – 2020

In March 2018, Raisio plc's Board decided on the Group's new key employees' share-based incentive scheme for the period of 2018 - 2020. 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 2018 and will end on 31 December 2020. Potential bonus of the scheme for the earnings period 2018 - 2020 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 2018 - 2020 will be paid in 2021, 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 2018, a total of 18 persons were within the share incentive scheme. Bonuses to be paid based on the earnings period 2018 - 2020 correspond to the value of a maximum total of 560,000 Raisio plc free shares on 31 December 2018 including the part paid in cash.

Share-based scheme 2019 – 2021

In December 2018, Raisio plc's Board decided on the Group's new key employees' share-based incentive scheme for the period of 2019 - 2021. 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 will start on 1 January 2019 and will end on 31 December 2021. Potential bonus of the scheme for the earnings period 2019 - 2021 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 2019 - 2021 will be paid in 2022, 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 2018, a total of 20 persons were within the share incentive scheme. Bonuses to be paid based on the earnings period 2019 - 2021 correspond to the value of a maximum total of 1,000,000 Raisio plc free shares including the part paid in cash.