

SSH COMMUNICATIONS SECURITY

Remuneration Report 2020 for Governing Bodies

1. Introduction

SSH Communication Security's ("SSH" or "Company") Remuneration Policy was presented in AGM 2020 and this Remuneration Report is now compiled for the first time according to the Finnish Corporate Governance Code 2020.

The remuneration report is published annually in connection with SSH's corporate governance statement, and it will be presented to the shareholders in the annual general meeting following its publication.

Remuneration Policy sets out the principles for remuneration of the Board of Directors and the Chief Executive Officer ("CEO"). The remuneration of the Board and CEO in 2020 followed the Remuneration Policy framework and principles, and no deviations to the Policy have been made, nor have any claw backs of remunerations taken place.

This Remuneration Report presents information on the remuneration of the Board of Directors and CEO during the fiscal year 2020. It also presents the development of median employee remuneration and company performance over the past five financial years in comparison to CEO and Board remuneration.

REMUNERATION PRINCIPLES

Remuneration of SSH's governing bodies is based on the Remuneration Policy that was presented to the Annual General Meeting held on March 26, 2020. The Remuneration Policy was approved unanimously and is applied until the Annual General Meeting in 2024, unless the Board of Directors decides to present it to the General Meeting earlier.

All remuneration intends to promote SSH's business strategy, long-term financial success and positive development of shareholder value while being fair, competitive, enhancing commitment and supporting SSH's general objectives.

Remuneration of personnel is based on a total remuneration, which include both variable and fixed components as well as normal personnel benefits. The remuneration of Etteplan's personnel is strongly guided by the performance-based remuneration which is applied throughout the organization.

Entire personnel are subject to a performance-based (individual and company-wide) remuneration scheme. In addition, personnel are mainly part of a long-term remuneration scheme, such as a share- or stock option-based remuneration scheme.

This all aims to a personnel remuneration practice that is aligned with the interests of the Company and its shareholders and helps to engage and motivate key persons to operate in accordance with the shared goals.

The General Meeting decides on the remuneration payable for Board as well as the basis for its determination. Although the Board of Directors is not covered by the same overall remuneration as the personnel, the purpose of the remuneration of the board is also to steer activities towards the same long-term objectives of the Company.

The Board of Directors decides on the remuneration of the CEO in accordance with the Remuneration Policy. Remuneration of the CEO consists of fixed and variable remuneration, the proportions of which are assessed according to the company's business situation at hand and CEO's remuneration is partly based on the same variable components than other employees. The aim of variable remuneration is thus to steer the CEO and the personnel towards the same objectives and create a strong link between the Company's financial performance and CEO remuneration.

The following presents a comparison between the overall remuneration of the CEO and the Board, the average employee remuneration and company performance for the financial years 2016 to 2020. In below, also a graph of share price during the same period is presented.

	2016	2017	2018	2019	2020
Board remuneration in total (t€)	88,4	106,5	144,3	182,5	109,3
CEO remuneration in total (t€)	348,7	259,9	215,6	221,8	396,4
Average employee pay, Finland (t€)	79,8	69,3	84,4	77,2	83,5
Average employee pay, Global (t€)	97,9	100,9	100,7	95,4	95,3
Annual turnover (M€)	15,1	16,2	18,3	14,4	11,3

Note: number of board members may change from year to year. More detailed breakdown of board remuneration can be found in CG statements.

Note: Annual total CEO remuneration described above may include remuneration of more than one CEO's and include additional termination compensations. In 2020, termination compensation of 111.450,67 € was paid.



Share price of Company's share SSH1V during 2016-2021

REMUNERATION OF THE BOARD OF DIRECTORS IN 2020

As stated in the Remuneration Policy of the Governing Bodies approved by the Annual General Meeting in 2020, Board remuneration consist of annual fees for Board members and Chairman.

Decisions on the remuneration of the Board of Directors are made annually by the Annual General Meeting. According to the resolution made by the Annual General Meeting held on March 26, 2020 the annual remuneration of the Chairman of the Board is EUR 28.800 and of a member of the Board EUR 24.000.

In the extraordinary general meeting where Board composition was changed, the remuneration of the Board remained the same.

No separate attendance remuneration is paid. Company has no Committees of the Board.

Annual remuneration of the Board of Directors was not paid partially in shares, share-based rights or in cash with an obligation to acquire Company shares. The members of the Board are not part of the Company's long-term incentive plan and they have not received other financial benefits. The members of the Board do not have an employment or service contract with the SSH.

Remunerations paid to the Board of Directors during 2020:

Fees to Members of the Board of Directors

EUR	2020
Curry Sam (until 26 March 2020)	7 500
Kellomäki Sampo (as of 26 March 2020)	18 000
Kiianmies Aino-Mari (as of 26 March 2020)	18 000
Kiuru Sauli (as of 26 Mar 2019, until 26 March 2020)	7 500
Kuivala Petri (until 26 March 2020)	8 750
Syrjälä Timo (until 26 March 2020)	7 500
Tavakka Kai (as of 26 June 2020)	12 286
Ylönen Tatu	7 500
Zettlemoyer Anne Marie (until 26 March 2020)	7 500
Österlund Henri (as of 26 June 2020, Chairman of the Board)	14 743
Total	109 279

Remuneration paid to the members of the Board of Directors during the financial year 2020 was based on the decision of General Meeting and is in compliance with the Remuneration Policy.

REMUNERATION OF THE CEO IN 2020

The CEO's remuneration includes the fixed monthly salary, fringe benefits and annually agreed variable remuneration components, which may include short-term incentives and long-term incentives such as share- or stock option-based remuneration schemes.

The proportion of the variable remuneration components was 30 % of the CEO's overall remuneration in 2020, but no payments were made based on this during 2020. Board of Directors and CEO annually agrees on the incentives/bonuses and related targets. CEO has no extraordinary fringe benefits.

The period of notice for the CEO is three months, with 3 months' severance payment.

During FY 2020, no additional accrual basis pension insurance policy was paid for the CEO.

Company has not appointed Deputy CEO.

The CEO's (Kaisa Olkkonen until 23.3. and Teemu Tunkelo from 24.3.) annual salary and other benefits in 2020 were:

- Kaisa Olkkonen salary 203.903,25€ (incl. termination compensation 111.450,67€)
- Teemu Tunkelo salary 192.525,08€

Remuneration paid to the CEO(s) during the financial year 2020 is in compliance with the Remuneration Policy.

SHORT-TERM INCENTIVES

The annual performance bonus of the CEO may be based on the Company's financial result and other financial and operative targets decided annually by the Board of Directors. The maximum amount of annual performance bonus was 30 per cent of the annual salary. The annual performance bonus is always paid in the financial period following the earning period.

During 2020, CEO's short term incentives were based on the following factors: Turnover (50%) and Operating Profit / EBITDA (50%)

No short-term and performance-based incentives were paid during FY 2020 to CEOs (Olkkonen and Tunkelo).

The overall structure of the annual performance bonus remained unchanged for the new CEO appointed on 24.3.2020 but the target values were updated. Earning criteria for the short-term incentives and their proportions also remained the same.

LONG TERM INCENTIVES

CEO's long-term incentives may consist of share- or stock option-based remuneration schemes or other long-term schemes. Board of Directors will decide on all long-term schemes based on the authorization from the General Meeting. In share- and option-based remuneration schemes, the continuation of the service contract may be the sole earning criterion. In addition to the actual remuneration, the objective of the long-term remuneration schemes is to adhere the CEO to the Company and align the interests of the CEO and the Company shareholders.

During 2020, the CEO Teemu Tunkelo was granted the following stock options:

Option Plan	amount	Subscription Period
2018	50.000	1.12.2021-31.3.2023
2019 A	50.000	1.12.2022-31.3.2024
2020 A	375.000	1.12.2023-31.3.2025

Earning criteria is the continuation of the service contract. Long-term incentives were granted in compliance with the Remuneration Policy.