

## TAALERI GROUP'S REMUNERATION STATEMENT 2016

Taaleri fully complies with the Finnish Corporate Governance Code issued by the Securities Market Association that came into force on 1 January 2016. This statement has been prepared in accordance with Section V (Remuneration).

### Main principles of remuneration

The objective of remuneration policies is to encourage and reward personnel for actions in accordance with Taaleri Group's current strategy and rules as well as to motivate personnel to strive for the success of Taaleri Group. Taaleri's remuneration package consists mainly of a fixed base salary, share ownership, a performance bonus and, for some employees, possible sales commission.

Taaleri Group's remuneration policy and its objectives are described at the address <http://www.taaleri.com/en> -> Investor Relations -> Governance -> Remuneration policy.

In 2016, preparation of the remuneration of Members of the Board of Directors was the responsibility of the largest shareholders, and the remuneration was decided on by the General Meeting of Shareholders. An annual fee is paid for Board work. Board Members have no other financial benefits, nor are they given shares or other share-based rights as compensation. Board members are not in an employment relationship or service contract with the Company, nor do they belong to bonus schemes. At the end of 2016, the Board of Director of Taaleri Plc had audit committee and remuneration committee. The company had neither Supervisory Board nor Shareholders' Nomination Board.

The remuneration of the CEO is decided by the Board of Directors. The CEO's remuneration consists of a fixed base salary, fringe benefits, and separate pension insurance, which is contribution-based. The CEO does not participate in short- or long-term incentive schemes. The CEO is not given shares or other share-based rights as compensation. The CEO has the right to statutory pension and his retirement age is determined within the scope of the statutory earnings-related pension system. Signing bonuses or commitment bonuses are not paid. In the event that the CEO's service contract is terminated by the Company, the CEO is entitled to severance pay equal to six months' salary.

The Board of Directors decides on the remuneration of the Deputy CEO and other management. The remuneration of other management consists of a fixed base salary and possible fringe benefits. The members of the Group's Executive Board, excluding the CEO and the Deputy CEO, participate in a company-specific short-term incentive scheme, decided on separately each year. On the basis of the operating profit is paid a sum equal at most to two months' salary, and on the basis of personal performance is paid a sum equal at most to three months' salary. The criteria for awarding the bonus are the operating profit margin as well as personal performance, which is assessed annually with aid of separately specified indicators.

In addition to statutory pension, the Deputy CEO is covered by separate contribution-based pension insurance, while the pension liabilities of other management have been arranged solely with statutory insurance. Other management are not paid signing bonuses or commitment bonuses. In the event that the Deputy CEO's service contract is terminated by the Company, the Deputy CEO is entitled to severance pay equal to six months' salary. The termination notice periods of other management are a minimum of three months and a maximum of six months. No separate severance pay has been agreed with respect to other management.

### **Remuneration 2016**

In 2016 the Members of the Board of Directors were paid for Board work as follows: the Chairman of the Board EUR 38,000, the Vice Chairman of the Board EUR 28,000 and the other Board Members EUR 23,000. The annual remuneration covers also the entire term of office and also working in committees. No other compensation was paid.

In 2016, the salary and bonuses, including fringe benefits, paid to Taaleri Plc's CEO totalled EUR 382,280. The CEO's period of notice is six months. The CEO's statutory pension expense in 2016 was EUR 87,778, of which the Company's contribution was EUR 61,982. The Company's CEO is additionally entitled to supplementary pension insurance at the Company's expense, the cost of which was EUR 50,000 in 2016. The CEO has the right to statutory pension and his retirement age is determined within the scope of the statutory earnings-related pension system.

In 2016 the salary and bonuses, including fringe benefits, paid to individuals belonging to Taaleri Plc's Executive Board, but excluding the salary and bonuses of the CEO, totalled EUR 1 331,374. The Deputy CEO has a supplementary pension arrangement, the cost of which in 2016 was a total of EUR 37,000.