

TALERI

SALARY AND BONUS REPORT

2019

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TAALERI GROUP SALARY AND BONUS REPORT CONCERNING THE 2019 FINANCIAL PERIOD

ORDER OF DECISION-MAKING CONCERNING REMUNERATION

The Annual General Meeting decides on the remuneration of the members of the Board of Directors. The Shareholders' Nomination Committee prepares and presents to the Annual General Meeting proposals on the remuneration and remuneration principles of the members of the Board of Directors.

Based on the preparation and proposal by the Remuneration Committee, the Board of Directors decides on the remuneration of the CEO and on the other conditions and remuneration principles of the employment relationship. The Board of Directors also selects and discharges the CEO.

Based on the preparation and proposal by the Remuneration Committee, the Board of Directors decides on the remuneration of the members of the Group's Executive Management Team and on the other conditions and remuneration principles of the employment relationship. The CEO prepares proposals for the Remuneration Committee on the remuneration of the members of the Executive Management Team, with the exception of him/herself. The Board appoints the members of the Group's Executive Management Team on the proposal of the CEO. The CEO must hear the Chairman of the Board of Directors with regard to the dismissal of a member of the Executive Management Team.

The Board of Directors decides on short- and long-term incentive schemes in their entirety.

THE KEY REMUNERATION PRINCIPLES AT TAALERI PLC

The aim of bonus schemes is to encourage and reward personnel for work that is in line with Taaleri Group's valid strategy and for observing the set rules, and to commit them and motivate them to make efforts for the success of Taaleri Group. At Taaleri, overall remuneration primarily comprises a fixed total salary and variable short- and long-term remuneration.

The general principles of the bonus schemes are described further in the accompanying document:

[*Link: The general principles of bonus schemes*](#)

The remuneration principles are also observed in the remuneration of the CEO and other members of the Executive Management Team.

BOARD OF DIRECTORS

In 2019, the Nomination Committee was responsible for preparing the remuneration of Board members, and the Annual General Meeting decided on the remuneration. A bonus was paid as an annual bonus for Board work. The members of the Board of Directors did not have any other financial benefits, shares paid as a bonus or other share-based rights. The members of the Board of Directors have not been in an employment or service relationship with the Company, and have not been within the sphere of the bonus schemes, with the exception of Juhani Elomaa who stepped down from his position as CEO to serve as a Board member. Juhani Elomaa is involved in the share remuneration.

neration scheme as described below. At the end of 2019, the Board of Directors of Taaleri Plc had Audit and Remuneration Committees. The Company did not have a supervisory board.

In 2019, payments were made to the members of the Board of Directors for Board work as follows: €50,000 to the Chairman of the Board of Directors, €36,000 to the Vice Chairman, and €30,000 to the other members of the Board. The annual remuneration covers the whole of the term of office and committee work. No other remuneration was paid.

THE GROUP CEO

The Board of Directors decides on the remuneration of the CEO based on a proposal by the Remuneration Committee. The CEO's remuneration comprises a fixed salary, possible benefits in kind, a short-term incentive scheme and a long-term incentive scheme. The CEO is subject to the deferment of bonuses as prescribed in regulation.

The Group's CEO changed on 1 June 2019. Until then, Juhani Elomaa had served as the CEO. Juhani Elomaa is a participant in the long-term share-based incentive scheme intended for the key personnel of Taaleri Plc. The Company's Board of Directors decided on the share remuneration scheme on 30 October 2017. The Board of Directors will decide on the scheme's earning criteria and the targets set for each earning criterion at the beginning of each earning period. Any bonuses awarded under the scheme for the various earning periods will be based on the gross yield of Taaleri Plc's share. The bonuses paid for the 2017–2020 earning period will correspond to the value of no more than 180,000 Taaleri Plc shares, including the part paid in cash. The bonuses paid for the 2018–2021 earning period will correspond to the value of no more than 240,000 Taaleri Plc shares, including the part paid in cash. Any bonuses awarded under the scheme for the 2017–2020 earning period and the 2018–2021 earning period will be paid after the end of the earning period within approximately four years in four instalments. The bonus will be paid partly in the company's shares and partly in cash. Shares paid as a bonus may not be surrendered to shareholders during the one-year waiting period. Juhani Elomaa's allocation is 40,500 shares for the 2017–2020 earning period and 20,000 shares for the 2018–2021 earning period. Since the employment relationship has ended, the share quantities for both earning periods have been proportioned to the end of Elomaa's time as CEO per each earning period. Therefore, the allocations to Juhani Elomaa are 22,500 shares for the 2017–2020 period and 4,445 for the 2018–2021 period. Since the beginning of the Board membership, shares have not been allocated to Juhani Elomaa based on share remuneration schemes.

Robin Lindahl assumed the position of Group CEO on 1 June 2019. On 19 June 2019, Taaleri Plc's Board of Directors decided to implement a share-based incentive scheme for the Company's CEO. The purpose of the scheme is to bring together the goals of owners and CEO in order to increase the company's value in the long term and to commit the CEO to implementing the company strategy and provide them with a competitive bonus system based on the earning and accrual of the company's shares. Within the framework of the scheme, the CEO will obtain shares for a minimum value of €200,000. The share remuneration scheme is a one-off incentive scheme covering five years. The earning period for the scheme is 1 June 2019–15 June 2024. The earning period includes three measurement periods, which begin at the start of the earning period and end on 15 September in 2022, 2023 and 2024. Any bonuses awarded under the scheme will be based on the total shareholder return (TSR) of Taaleri Plc's share. The total bonuses paid under the scheme will correspond to the value of no more than 249,000 Taaleri Plc shares, including the part paid in cash. Remunerations will be paid based on the achievement of the TSR goals after the end of each measurement period in four instalments paid over approximately three years. The bonus will be paid partly in the company's shares and partly in cash. The CEO must retain ownership of the net shares paid to them based on the scheme until their shareholding in the company corresponds to the value of their gross annual salary. The CEO must own this number of shares for as long as the employment relationship in the Company continues.

The determination of the remuneration under the CEO's short-term incentive programme is based on the achievement of the financial goals set by the Board of Directors. Based on the short-term incentive scheme, a sum no more than equal to eight months' salary can be paid.

CEOs are entitled to a statutory pension and their retirement age is determined within the framework of the statutory employee pension scheme. Signing-on fees or commitment bonuses are not paid. If their employment is terminated, CEOs are entitled to six months' salary during the period of notice, and to separate severance pay equivalent to six months' salary if the Company terminates the employment or CEO's contract.

The fixed salary paid to Taaleri Plc's CEOs in 2019 including benefits in kind amounted to €283,840 to Juhani Elomaa and €281,649 to Robin Lindahl. The variable remunerations for Juhani Elomaa were €170,800, including delayed payments from previous years. Variable remunerations were not paid to Robin Lindahl during 2019.

THE GROUP'S EXECUTIVE MANAGEMENT TEAM EXCLUDING THE CEO

The Board of Directors decides on the remuneration of the Deputy CEO and other members of the Executive Management Team, by proposal of the Remuneration Committee. The Deputy CEO's remuneration and that of the other members of the Executive Management Team comprise a fixed salary, possible benefits in kind, a short-term incentive scheme and a long-term incentive scheme. The Deputy CEO and other members of the Executive Management Team are subject to deferment of bonuses as prescribed in regulation.

The Deputy CEO and other members of the Executive Management Team participate in the long-term incentive scheme for 2017–2020 intended for the key personnel of Taaleri Plc. The Company's Board of Directors decided on the share remuneration scheme on 30 October 2017. The Board of Directors will decide on the scheme's earning criteria and the targets set for each earning criterion at the beginning of each earning period. Any bonuses awarded under the scheme for the 2017–2020 earning period, 2018–2021 earning period and 2019–2022 earning period are based on the total shareholder return of the Taaleri Plc share. The bonuses paid for the 2017–2020 earning period will correspond to the value of no more than 180,000 Taaleri Plc shares, including the part paid in cash. The bonuses paid for the 2018–2021 earning period will correspond to the value of no more than 240,000 Taaleri Plc shares, including the part paid in cash. The bonuses paid for the 2019–2022 earning period will correspond to the value of no more than 235,000 Taaleri Plc shares, including the part paid in cash. Any bonuses awarded under the scheme for the 2017–2020 earning period, 2018–2021 earning period and 2019–2022 earning period will be paid after the end of the earning period within approximately four years in four instalments. The bonus will be paid partly in the company's shares and partly in cash. Shares paid as a bonus may not be surrendered to shareholders during the one-year waiting period. The allocation to the Deputy CEO and the rest of the Executive Management Team is 138,500 shares for the 2017–2020 earning period, 130,000 shares for the 2018–2021 earning period and 85,000 shares for the 2019–2022 earning period.

Based on the short-term incentive scheme, a sum no more than equal to six or nine months' salary is paid to the Deputy CEO and other members of the Executive Management Team, depending on the personal incentive scheme. The criteria for the remuneration include the operating profit margin and the person's performance, which is assessed annually based on indicators determined separately. Signing-on fees or commitment bonuses are not paid. If his/her employment is terminated, the Deputy CEO is entitled to six months' salary during the period of notice, and to separate severance pay equivalent to six months' salary if the Company terminates the employment or CEO contract. The periods of notice for other members of the Executive Management Team are no less than three months and no more than six months, and the possible severance payments cannot exceed the value of six months' salary.

The salaries and bonuses, including benefits in kind, paid to the persons belonging to Taaleri Plc's Executive Management Team in 2019, excluding the salary and bonuses received by the CEO, amounted to €1,496,359.