

## TAALERI GROUP SALARY AND BONUS REPORT, CONCERNING THE 2018 FINANCIAL PERIOD

### Decision-making process concerning remuneration

The Annual General Meeting decides on the remuneration of the members of the Board of Directors. The Board's 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 of Directors also selects and discharges the members 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 remuneration 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 advance 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 remuneration schemes are described further in the accompanying document:

[www.taaleri.com/en/investor-relations/governance/statements-and-remuneration](http://www.taaleri.com/en/investor-relations/governance/statements-and-remuneration)

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

### Board of Directors

In 2018, the Nomination Board was responsible for preparing the remuneration of the members of the Board of Directors, 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 relationship with the company, and have not been within the sphere of the bonus schemes. At the end of 2018, the Board of Directors of Taaleri Plc had Audit, Nomination and Remuneration Committees. The Company did not have a supervisory board or a shareholders' nomination committee.

In 2018, 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 regulations.

The CEO participates in the long-term share-based 2017 - 2020 incentive scheme intended for the key personnel of Taaleri Plc. The company's Board of Directors decided on a share incentive scheme on 30 October 2017. The Board of Directors decides 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 or for the 2018–2021 earning period 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 or for 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. The Group's CEO has been allocated 40,500 shares for the 2017-2020 earning period and 20,000 shares for the 2018-2021 earning period.

Payment of the short-term incentive scheme bonus is based on the achievement of the company's published targets. Based on the short-term incentive scheme, a sum up to the equivalent to eight months' salary can be paid.

The CEO is entitled to a statutory pension and his/her retirement age is determined within the framework of the statutory employee pension scheme. Signing-on fees or commitment bonuses are not paid. If his/her employment is terminated, the 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 fixed salary paid to Taaleri Plc's CEO in 2018 including benefits in kind amounted to €392,080 and variable bonuses to €119,467.

## 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, based on the Remuneration Board's proposal. 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 regulations.

The Deputy CEO and other members of the Executive Management Team participate in the long-term 2017 incentive scheme intended for the key personnel of Taaleri Plc. The company's Board of Directors decided on the share incentive 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 or for the 2018–2021 earning period 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 or for 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. 139,500 shares have been allocated to the Deputy CEO and the other members of the Executive Management Team for the 2017-2020 earning period and 130,000 shares for the 2018-2021 earning period. Some of the members of Taaleri Plc's Executive Management Team, excluding the CEO and Deputy CEO, are part of the share-based incentive scheme for key Group personnel decided upon by Taaleri Plc's Board of Directors on 4 December 2013. Under the incentive scheme, key persons are issued synthetic option rights, and a potential bonus will be paid in 2017–2018 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. At the moment of granting, the bonuses paid based on the incentive scheme corresponded to the value of a total of no more than some 200,000 rights based on the value increase of Taaleri Plc shares, including the part paid in cash. A total of 20,000 synthetic option rights have been shared between the members of the Executive Management Team, with the exception of the CEO. On 19 February 2015, Taaleri Plc's Board of Directors decided that, in terms of the number of shares in the synthetic option scheme, the effect of the share issue decided upon by the extraordinary general meeting on 12 February 2015 would be taken into account, so that it would have no impact on the value of the synthetic option rights. Under this incentive scheme, €338,948 was paid to the members of the Executive Management Team.

Some of the members of Taaleri Plc's Executive Management Team, excluding the CEO and Deputy CEO, have been part of the share-based incentive scheme for key Group personnel decided upon by Taaleri Plc's Board of Directors on 28 October 2015. Under the incentive scheme, key persons are issued synthetic option rights, and a potential bonus will be paid in 2019–2020 in cash. The company's Board of Directors may oblige key personnel to acquire up to 50% of the amount of their bonus in the company's shares. At the moment of granting, the bonuses paid based on the incentive scheme correspond to the value of a total of no more than about 800,000 rights based on the value increase of Taaleri Plc shares, including the part paid in cash. A total of 50,000 synthetic option rights have been shared between the members of the Executive Management Team, with the exception of the CEO. At the end of the financial year 2018, the members of the Executive Management Team did not have any synthetic option rights in their possession.

Based on the short-term incentive scheme, a sum up to the equivalent of six months' salary is paid to the Deputy CEO and other members of the Executive Management Team. The criteria for the remuneration are 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 notice periods for the other members of the Executive Management Team are at least three months and up to six months. Separate severance pay has not been agreed for other persons in management positions.

The salaries and bonuses, including benefits in kind, paid to the persons belonging to Taaleri Plc's Executive Management Team in 2018, excluding the salary and bonuses received by the CEO, amounted to EUR 1,798,113.