

## Remuneration Statement 2014 of Suominen Corporation

Suominen Corporation (Suominen) complies with the Finnish Corporate Governance Code issued by the Securities Market Association on 15 June 2010. The code is available on the Association's website at [www.cgfinland.fi](http://www.cgfinland.fi). This Remuneration Statement has been prepared in accordance with Section 7 (Remuneration), Recommendation 47 of the Code.

### **1) Reward principles**

The goals set for Suominen's rewards are consistency, goal-orientedness, and incentive. The consistency and competitiveness of the rewards are ensured through systematic internal and external comparisons that also take into consideration local market conditions. Suominen's reward system aims to ensure that a fixed proportion of the total reward is individually targeted and actively examined. The goal of a active reward system is to ensure that the company has a good employer brand, in the eyes of both current and new key employees. Clear indicators that reflect performance, as well as a focus on the results that have been achieved ensure that the reward is well-founded, goal-oriented and offers incentive. By selecting goals for the variable rewards, the aim is to steer management towards implementing Suominen's strategy and achieving the financial targets. Short- and long-term performance-based remuneration is used to reward good performance and to contribute to the company's financial success and the favorable development of its shareholder value.

### **2) Remuneration of the Board of Directors in 2014**

The Annual General Meeting determines the remuneration paid to the members of the Board of Directors in advance, for one year at a time. The Nomination Board prepares a proposal on the remuneration of the Board of Directors for the Annual General Meeting.

Suominen's Annual General Meeting held 26 March 2014 resolved to keep the remuneration of the members of the Board of Directors unchanged. The annual remuneration of the Chair of the Board of Directors is EUR 50,000, of the Deputy Chair EUR 37,500 and of the members, EUR 28,000. Further, the members of the Board of Directors are paid a fee for attending meetings, such that each member of the Board will receive EUR 500 for each meeting attended in the home country of the respective member and EUR 1,000 for each meeting attended elsewhere than in the home country of the respective member. 60% of the annual remuneration is paid in cash and 40% in Suominen Corporation shares. Compensation for expenses is paid in accordance with the company's travel rules that are in force at the time. The decisions were in accordance with the proposal of the Nomination Board.

Of the remuneration payable in shares as described above, the number of shares transferred was determined based on the share value in the stock exchange trading maintained by NASDAQ OMX Helsinki Ltd, and calculated as the trade volume weighted average quotation of the share during the one month period immediately following the date on which the interim report of January-March 2014 of the company was published. Shares were given out of the own shares held by the company by the decision of the Board of Directors on 5 June 2014.

Members of Suominen's Board of Directors do not have an employment relationship with the company. They are not included in the company's stock option programs or share-based incentive plans and they do not have any pension contracts with the company.

Suominen Corporation shares that have been received as remuneration are not subject to restrictions or ownership obligations set by Suominen.

### Remuneration of the Board of Directors in 2014

		Annual remuneration paid in cash, EUR	Annual remuneration paid in shares, EUR	Annual remuneration paid in shares	Meeting fees, EUR	Total, EUR
<b>Jorma Eloranta</b>	Chair of the Board of Directors	30,000	20,000	35,233	7,500	57,500
<b>Risto Anttonen</b>	Deputy Chair of the Board of Directors	22,500	15,000	26,425	7,500	45,000
<b>Suvi Hintsanen</b>	Member	16,800	11,200	19,730	7,500	35,500
<b>Hannu Kasurinen</b>	Member	16,800	11,200	19,730	7,000	35,000
<b>Heikki Mairinoja</b>	Member until 26 March 2014				2,500	2,500
<b>Jaana Tuominen</b>	Member as of 26 March 2014	16,800	11,200	19,730	5,000	33,000

Remuneration of the members of the Board of Directors totaled EUR 208,500 in 2014.

The shareholdings of the members of the Board of Directors are presented on Suominen's website at [www.suominen.fi](http://www.suominen.fi) and through Euroclear Finland's NetSire Service.

### 3) Remuneration of the President & CEO and other management in 2014

The Board of Directors of Suominen determines the salary, bonuses and other benefits paid to the President & CEO and to the members of the Corporate Executive Team and the Corporate Leadership Team serving under the President & CEO. The remuneration of the President & CEO and the Corporate Executive Team consists of a fixed monthly salary and benefits, of a

performance-based bonus (short-term remuneration), and of a share-based incentive plans (long-term remuneration).

*Long-term remuneration: share-based incentive plan*

The Board of Directors has approved a share-based incentive plan for the calendar years 2012–2014. On 31 December 2014, the share-based incentive plan included seven (7) individuals. The company's President & CEO, the members of the Corporate Executive Team, and members of the business unit's management teams are included in the share-based incentive plans for Suominen's key personnel.

The potential reward from the performance period will be based on Suominen Group's cumulative Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) and cumulative cash flow, and it will be paid in 2015 partly in company shares and partly in cash. The aim is that the proportion to be paid in cash will cover taxes and tax-related costs arising from the reward to a key employee. No reward will be paid if a key employee's employment or service ends before the reward payment.

The rewards to be paid on the basis of the plan corresponded on 31 December 2014 to the value of an approximate maximum total of 1,668,333 Suominen Corporation shares, including also the cash-settled part. Suominen Corporation shares that may be given as remuneration are not subject to restrictions or ownership obligations set by Suominen.

*Short-term remuneration*

In 2014, the salaries and benefits paid to the President & CEO totaled EUR 369,491.30, including a bonus of EUR 62,000. The salaries and benefits paid to the other members of the Corporate Executive Team totaled EUR 1,082,631.61 including bonuses of EUR 118,890.85. The figures include salaries for the period during which the persons in question held a position in the Corporate Executive Team.

Suominen applies a bonus scheme based on the principles approved by the Board of Directors in advance for one year at a time. In 2014, the reward from the period was based on Suominen Group's cumulative Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) and personal performance. The reward may not exceed 50% of the annual salary. For President & CEO, the reward from the period is based on Suominen Group's profit before taxes and may not exceed 60% of the annual salary.

Separate compensation is not paid to the members of the Boards of Directors of the company's subsidiaries.

The members of the Corporate Executive Team, excluding the President & CEO, are not covered by any supplementary pension scheme.

#### **4) Remuneration of the President & CEO and Group management in 2015–2017**

The Board of Directors of Suominen Corporation approved on 4 December 2014 two new share-based incentive plans for the Group management and Group key employees. The aim of the new plans is to combine the objectives of the shareholders and the persons participating in the plans in order to increase the value of the Company in the long-term, to bind the participants to the Company, and to offer them competitive reward plans based on earning and accumulating the Company's shares.

##### **Performance Share Plan 2015**

The new Performance Share Plan includes one performance period, calendar years 2015–2017. The Board of Directors will decide on further performance periods. The Board of Directors of the Company will decide on the Plan's performance criteria and required performance levels for each criterion at the beginning of a performance period. The Performance Share Plan is directed to approximately 15 people. The potential reward of the Plan from the performance period 2015–2017 will be based on the Suominen Group's Net Sales growth, Earnings before Interest and Taxes (EBIT) and Return on Invested Capital (ROI). The rewards to be paid on the basis of the performance period 2015–2017 correspond to the value of an approximate maximum total of 2,300,000 Suominen Corporation shares (including also the proportion to be paid in cash).

The Board of Directors is entitled to reduce the rewards agreed in the Performance Share Plan if the limits set by the Board of Directors for the share price are reached.

##### **Matching Share Plan 2015**

The new Matching Share Plan includes one three-year performance period, calendar years 2015–2017. The prerequisite for receiving reward on the basis of this Plan is that a person participating in the Plan owns or acquires the Company's shares up to the number determined by the Board of Directors. Furthermore, receiving of reward is tied to the continuance of participant's employment or service upon reward payment.

The members of the Corporate Executive Team and the Corporate Leadership Team belong to the target group of the Matching Share Plan. The rewards to be paid on the basis of the Matching Share Plan correspond to the value of an approximate maximum total of 550,000 Suominen Corporation shares (including also the proportion to be paid in cash). In order to implement the Matching Share Plan, the Board of Directors resolved on a share issue against payment directed to the target group.

##### **Reward payment and ownership obligation for the management**

The potential rewards from the performance periods 2015–2017 will be paid partly in the Company's shares and partly in cash in 2018. The cash proportion is intended to cover taxes and tax-related costs arising from the reward to the participant. As a rule, no reward will be paid, if a participant's employment or service ends before the reward payment.

A member of the Corporate Executive Team must hold 50% of the net number of Shares given on the basis of the Plans, as long as his or her shareholding in total corresponds to the value of half of his or her annual gross salary. The President & CEO of the Company must hold 50% of the net number of Shares given on the basis of the Plans, as long as his or her shareholding in total corresponds to the value of his or her annual gross salary. Such number of Shares must be held as long as the participant's employment or service in a group company continues.

#### **5) Service contract of the President & CEO**

A written employment contract has been made with the President & CEO, according to which the period of notice is six months should either the company or the President & CEO terminate the contract. Should the company terminate the President & CEO's contract of employment, severance pay corresponding to 12 months' salary shall also be paid.

Suominen's President & CEO has a complementary pension arrangement granting benefits for old-age, disability and survivor's pension at the age of 63. The complementary pension is a defined-contribution pension scheme and corresponds to 11.5% of the President & CEO's annual salary (as defined in the Finnish Employees Pensions Act) for the year in question. The complementary pension premium is based on the calculated annual earnings (fixed monthly salary plus estimated bonus). Any possible difference between the actual and calculated payment is taken into account in the following year's payments.

Up-to-date information on the shareholdings of the President & CEO and the members of the Corporate Executive Team are presented on Suominen's website under Investors section.

#### **6) Auditor's fees**

The statutory audit of the financial statements is carried out by PricewaterhouseCoopers Oy, Authorised Public Accountants, elected by the Annual General Meeting. The auditor's fees are paid according to invoicing.

In 2014, the fees paid to PricewaterhouseCoopers for the statutory auditing of the Group companies totaled EUR 412,647. The fees paid to the auditing company and companies belonging to the same group for non-audit services such as tax, IFRS and due diligence services, totaled EUR 227,071.