

**TALERI**

**REMUNERATION REPORT FOR  
GOVERNING BODIES**

Financial year 1 January–31 December 2020

## TABLE OF CONTENTS

<b>1. INTRODUCTION .....</b>	<b>2</b>
<b>Development of the company's financial result and remuneration .....</b>	<b>2</b>
<i>Development of the company's financial result during the previous five financial years (EUR million):</i>	<i>2</i>
<i>Five-year remuneration development (remuneration paid during the year, EUR): .....</i>	<i>2</i>
<b>2. BOARD FEES FOR THE PREVIOUS FINANCIAL YEAR.....</b>	<b>3</b>
<b>Fees paid .....</b>	<b>3</b>
<i>Fees paid to the members of the Board of Directors during the financial year 2020 (EUR):.....</i>	<i>3</i>
<i>Remuneration of the Chairman of the Board on the basis of his previous employment relationship ....</i>	<i>4</i>
Share bonus scheme.....	4
Performance bonuses .....	4
<b>3. REMUNERATION OF THE CEO FOR THE PREVIOUS FINANCIAL YEAR.....</b>	<b>5</b>
<b>CEO .....</b>	<b>5</b>
<i>Remuneration of the CEO in 2020 (EUR): .....</i>	<i>5</i>
<i>Fixed remuneration.....</i>	<i>5</i>
<i>Annual performance bonus .....</i>	<i>5</i>
<i>Long-term share bonus scheme.....</i>	<i>5</i>
<b>Deputy CEO .....</b>	<b>6</b>
<i>Remuneration of the Deputy CEO in 2020 (EUR):.....</i>	<i>6</i>
<i>Fixed remuneration.....</i>	<i>6</i>
<i>Annual performance bonus .....</i>	<i>6</i>
<i>Long-term share bonus scheme.....</i>	<i>6</i>

## 1. INTRODUCTION

This Remuneration Report for Governing Bodies concerns the remuneration of Taaleri Plc's Board of Directors, CEO and Deputy CEO during the financial year 1 January–31 December 2020. It is based on the recommendations of the Finnish Securities Market Association's 2020 Corporate Governance Code and the requirements of the Securities Markets and Limited Liability Companies Act.

The remuneration of Taaleri Plc's governing bodies during the financial year 2020 was implemented within the framework of the remuneration policy approved by the Annual General Meeting of Taaleri Plc on 18 May 2020 and in accordance with its principles. The remuneration policy was not deviated from during the previous financial year. The fees paid were not recovered during the financial year 2020.

Remuneration of governing bodies promotes the achievement of the company's long-term financial goals by motivating members of the bodies to implement the business strategy and act in the interest of all of the company's stakeholders. Furthermore, competitive remuneration enables the recruitment and engagement of capable managers through incentives, in order to reinforce the continuity of the company's operations.

### Development of the company's financial result and remuneration

*Development of the company's financial result during the previous five financial years (EUR million):*

Year	Adjusted Income	Profit/loss for the financial year
2016	60.6	12.8
2017	81.0	21.8
2018	72.5	21.6
2019	67.2	11.5
2020	69.4	13.1

*Five-year remuneration development (remuneration paid during the year, EUR):<sup>1</sup>*

Role	2016	2017	2018	2019	2020
Chairman of the Board of Directors	38,000	38,000	50,000	50,000	53,000
Vice Chairman of the Board of Directors	28,000	28,000	36,000	36,000	36,000
Chair of the Audit Committee	23,000	23,000	36,000	36,000	36,000

<sup>1</sup> Fees earned during each year (payable the following year)

<b>Other members of the Board of Directors</b>	23,000	23,000	30,000	30,000	30,000
<b>CEO</b>					
Fixed annual earnings	358,280	368,100	392,080	565,489	458,827
Variable remuneration	49,999	87,604	133,468	166,800	272,549
<b>Deputy CEO</b>					
Fixed annual earnings	232,600	232,440	232,440	233,400 <sup>2</sup>	157,022
Variable remuneration	36,951	55,046	85,800	70,200	70,200
<b>Company employee</b>					
Fixed annual earnings	72,345	76,817	80,387	82,303	74,748
Variable remuneration	15,276	19,458	36,963	13,947	15,689

According to the Remuneration Policy, part of the remuneration of the CEO (and his deputy) consists of variable remuneration, i.e. short- and long-term incentives, which are determined by the achievement of quantitative or qualitative objectives or the development of Taaleri Plc's share price. Quantitative objectives may include, for example, the financial and effective performance of the company. The achievement of the quantitative goals promotes the company's business strategy and long-term financial interests by setting financial goals in such a way that their achievement generates value in the long-term through dividends paid to shareholders and the development of the company's value, for example. Thus, there is a link between the company's financial development and the remuneration of the CEO and his deputy.

## 2. BOARD FEES FOR THE PREVIOUS FINANCIAL YEAR

### Fees paid

*Fees paid to the members of the Board of Directors during the financial year 2020 (EUR):*

Member name	Annual fees	Meeting fees	Other financial benefits	Fees, total
Juhani Elomaa	50,000	3,000	444 (company phone)	53,444

<sup>2</sup> The Deputy CEO left his post on 13 August 2020, since which time Taaleri has not had a Deputy CEO. Therefore, for 2020, the table shows the remuneration of the Deputy CEO for the period from 1 January to 13 August 2020.

<b>Juha Laaksonen</b>	36,000			36,000
<b>Elina Björklund</b>	30,000			30,000
<b>Petri Castrén</b>	30,000	3,000		33,000
<b>Hanna Maria Sievinen</b>	36,000	6,000		42,000
<b>Tuomas Syrjänen</b>	30,000			30,000

Peter Fagernäs and Vesa Puttonen were members of the company's Board of Directors until the Annual General Meeting on 18 May 2020. Their fees were paid in full in the half of 2019 and they were not paid any fees for their work in the Board of Directors during the financial year 2020.

### ***Remuneration of the Chairman of the Board on the basis of his previous employment relationship***

Juhani Elomaa, Chairman of Taaleri's Board of Directors, served as the CEO of the company in 2007–2019 before becoming Chairman of the Board. Due to his previous position as the company's CEO, Juhani Elomaa continues to participate in the company's long-term share bonus scheme and has also been paid performance bonuses as described below:

#### **Share bonus scheme**

Juhani Elomaa participates in the long-term binding share-based bonus scheme for key personnel of the company, which was decided by the Board of Directors on 30 October 2017. Any bonus awarded under the scheme for the different earning periods (2017–2020 and 2018–2021) will be based on the total shareholder return for Taaleri Plc's share. 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.

The bonuses payable for the earning period 2017–2020 correspond to the value of a maximum of 180,000 Taaleri Plc shares, and the bonuses payable for the earning period 2018–2021 correspond to the value of a maximum of 240,000 Taaleri Plc shares, also including the shares payable in cash.

Any bonus awarded under the scheme for the earning period 2017–2020 and the earning period 2018–2020 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 has been allocated 40,500 shares for the earning period 2017–2020 and 20,000 shares for the earning period 2018–2021. As his employment relationship with the company has ended, the number of shares issued in both earning periods is proportional to the end of the CEO's term of office per earning period. Juhani Elomaa has thus been allocated 22,500 shares for the earning period 2017–2020 and 4,445 shares for the earning period 2018–2021. No bonus payable was accrued for the earning period 2017–2020. Since Juhani Elomaa's membership in Taaleri Plc's Board of Directors began, no shares have been allocated to him.

#### **Performance bonuses**

Juhani Elomaa was paid a performance bonus in 2020, based on 2019, when he still served as the company's CEO. The total amount of the performance bonus paid was EUR 57,750, of which EUR 46,974.44 was paid to group pension insurance and EUR 10,775.56 in cash. In addition, Juhani Elomaa was paid a total of EUR 16,800 in delays from previous years. In accordance with the terms and conditions of his employment, he has acquired shares of the company with the net amount received (a total of 725 shares for a unit price of EUR 7 on 15 September 2020 and a total of 1,281 shares for a unit price of EUR 6.2 on 23 April 2020).

Juhani Elomaa also has deferred performance bonuses due in spring 2021 totalling EUR 9,333.33. This is the last delay instalment of the performance bonus earned in 2017. No further delays are due in spring 2021 or later.

### 3. REMUNERATION OF THE CEO FOR THE PREVIOUS FINANCIAL YEAR

According to the Remuneration Policy, the CEO’s (and his deputy’s) incentive scheme can consist of fixed remunerations, variable remunerations or other financial benefits. All financial benefits the amount of which is known to the parties involved beforehand are regarded as fixed remunerations. Variable remunerations can be determined based on the achievement of quantitative or qualitative goals or the development of Taaleri Plc’s share price, and comprise an annual performance bonus and the long-term share bonus scheme.

#### CEO

**Remuneration of the CEO in 2020 (EUR):**

	<b>Fixed annual salary (including taxable benefits in kind)</b>	<b>Annual performance bonus for 2019</b>	<b>Share-based incentive bonus for 2019</b>	<b>Total</b>
<b>CEO</b>	458,827	198,000	0	656,827

**Fixed remuneration**

Robin Lindahl, who acted as CEO during the financial year 2020, had a fixed annual income of EUR 434,863 and taxable benefits of EUR 23,964.

**Annual performance bonus**

The total amount of the performance bonus paid to the CEO in 2020 was EUR 198,000, of which EUR 133,409 was paid to group pension insurance and EUR 64,591 in cash. The performance bonus was based on 2019 and the achievement of the financial targets set by the Board of Directors. In accordance with the terms and conditions of his employment, Robin Lindahl has acquired shares of the company with the net amount received (a total of 3,025 shares for a unit price of EUR 7 on 15 September 2020 and a total of 1,488 shares for a unit price of EUR 6.2 on 23 April 2020).

**Long-term share bonus scheme**

On 19 June 2019, Taaleri Plc’s Board of Directors decided to introduce a share-based incentive scheme for the company’s CEO. The purpose of the scheme is to bring together the goals of owners and the CEO in order to increase the company’s value in the long term as well as commit the CEO to implementing the company strategy and provide him/her with a competitive bonus system based on the purchase, earning and accrual of the company’s shares. The CEO acquires the company’s shares in the system for at least EUR 200,000. The share bonus scheme is a one-off five-year scheme. The earning period for the scheme is from 1 June 2019 to 15 June 2024. The earning period includes three measurement periods that begin at the beginning of the earning period and end on 15 September in 2022, 2023 and 2024. Any bonuses awarded under the scheme are based on the total shareholder return (TSR) for Taaleri Plc’s share. The bonus under the scheme will correspond to the value of no more than 249,000 Taaleri Plc shares, including the part paid in cash. The bonus will be paid on the basis of the achievement of the TSR target after the end of each measuring period within approximately three years in four instalments. 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 him/her based on the scheme until his/her shareholding in the company corresponds with the value of his/her gross annual salary. The CEO must own this number of shares for as long as his/her employment relationship in the company continues.

## Deputy CEO

Karri Haaparinne acted as the Deputy CEO of the company from 1 January to 13 August 2020, after which time the company has not had a Deputy CEO.

### *Remuneration of the Deputy CEO in 2020 (EUR):*

	<b>Fixed annual salary (including taxable benefits in kind)</b>	<b>Annual performance bonus for 2019</b>	<b>Share-based incen- tive bonus for 2019</b>	<b>Total</b>
<b>Deputy CEO</b>	157,002	59,400	0	191,927

### *Fixed remuneration*

The fixed annual income of the Deputy CEO was EUR 146,272 and taxable benefits EUR 10,729.

### *Annual performance bonus*

The total amount of the performance bonus paid to the Deputy CEO in 2020 was EUR 59,400, of which EUR 51,165 was paid to group pension insurance and EUR 8,235 in cash. The performance bonus was based on 2019 and the achievement of the financial targets set by the Board of Directors. In accordance with the terms and conditions of his employment, Karri Haaparinne has acquired shares of the company with the net amount received (a total of 855 shares for a unit price of EUR 6.2 on 23 April 2020).

### *Long-term share bonus scheme*

The Deputy CEO participates in the long-term binding share bonus scheme for key personnel of the company, which was decided by the Board of Directors on 30 October 2017. Any bonus awarded under the scheme for the different earning periods (2017–2020 and 2018–2021) will be based on the total shareholder return for Taaleri Plc's share. 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 bonus awarded under the scheme for the different earning periods (2017–2020; 2018–2021 and 2019–2022) will be based on the total shareholder return for Taaleri Plc's share. 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.

The bonuses payable for the earning period 2017–2020 correspond to the value of a maximum of 180,000 Taaleri Plc shares, bonuses payable for the earning period 2018–2021 correspond to the value of a maximum of 240,000 Taaleri Plc shares, and the bonuses payable for the earning period 2019–2022 correspond to the value of a maximum of 235,000 Taaleri Plc shares, also including the shares payable in cash.

Any bonus awarded under the scheme for the earning periods 2017–2020, 2018–2021 and 2019–2022 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 Deputy CEO has been allocated 27,000 shares for the earning period 2017–2020 and 20,000 shares for the earning period 2018–2021. As the employment relationship has ended, the number of shares issued in both earning periods is proportional to the end of the deputyship per earning period. The amounts allocated to the Deputy CEO are therefore 25,125 shares for the earning period 2017–2020 and 11,945 shares for the earning period 2018–2021. No bonus payable was accrued for the earning period 2017–2020.