



# Remuneration Policy

Raisio plc

Dear Raisio plc's shareholders,



As per the implementation of the EU's Shareholders' Rights Directive, the Board of Directors of the company will present the Annual General Meeting ('AGM'), convening in spring 2020, with the key principles for the remuneration of the Board, the Supervisory Board and the CEO as well as the rationale according to which this remuneration policy will advance the company's business strategy and long-term financial success. The remuneration policy will, in future, be presented to the AGM a minimum of every four years or more often if fundamental changes to the policy are proposed. The AGM's advisory decision on the remuneration policy presented by the Board steers the remuneration practices of the company's administrative bodies and, therefore, it is essential to ensure that the policy facilitates remuneration in a way that also advances the interests of the company.

Above all, the company's strategy and goals are the key factors that affect the terms of remuneration. During autumn 2018, the company updated its strategy and financial targets for the years 2019-2021. Raisio's goal is to be an innovative and increasingly international brand house. The primary strategic objective is to achieve profitable growth organically and through corporate acquisitions. The goal-oriented Responsibility Programme is also a solid part of the strategy.

Raisio's new Healthy Growth Strategy is based on two strong pillars. On the one hand, Raisio will continue to invest in the growth of the leading, international cholesterol-lowering Benecol brand, and on the other, the company will build a European business based on Raisio's strong oat expertise. Raisio also seeks growth by expanding into new markets in Europe and by strengthening the growth and profitability of its core businesses.

During 2019, the Board's Remuneration Committee reviewed the company's remuneration principles in order to prepare a uniform company policy based on the remuneration and reward goals for the company's organs and personnel. Remuneration is driven by the company's operational environment as well as the company's goal to encourage the best individuals, in terms of the company's interests, to contribute to the success of the company.

The foundation of Raisio's remuneration policy is to provide its personnel compensation that is competitive in each country and business area. The Board decides annually on the principles of remuneration in accordance with the company's short-term incentive (STI) plan for the company CEO and personnel on the basis of the financial and operational result. The Board also decides on the company's long-term incentive (LTI) plan, which concerns the company's CEO and key employees. The currently valid share-based incentive schemes have been confirmed for the years 2017-2019, 2018-2020, 2019-2021 and 2020-2022.

The company regularly reviews market salaries and the development of incentive schemes, regarding both the CEO and other executives, in order to maintain its competitiveness. Raisio wants to be a strongly value-led company, whose long-term success is enabled by its skilled and committed personnel.

Ilkka Mäkelä  
Chairman of the Board and Remuneration Committee

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## Contents

1. Introduction.....	3
2. Decision-making process related to remuneration.....	3
Terms for exceptions to the remuneration policy .....	4
3. Description of remuneration for the Supervisory Board.....	4
4. Description of remuneration for the Board.....	5
5. Description of remuneration for the CEO.....	5
Terms applicable to the CEO's employment relationship.....	5
Terms concerning the recovery of fees paid to the CEO.....	6

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## **1. Introduction**

Remuneration at Raisio is governed by Finland's Limited Liability Companies Act and Raisio's remuneration practices. This description of the remuneration policy was drafted in accordance with the compliance requirements the EU's Shareholders' Rights Directive and the Finnish Corporate Governance Code (2020).

This remuneration policy outlines the remuneration framework concerning Raisio's Supervisory Board, Board of Directors and CEO. The aim of the remuneration policy is to advance the achievement of Raisio's purpose, strategy, value-based activities and goals by maintaining and developing competitive, fair, motivating and rewarding systems and compensations.

Raisio regularly monitors market data concerning remuneration practices for personnel and executive management in comparable companies in Finland and abroad as a means of ensuring the company's competitiveness.

The detailed annual salaries and fees of the company's administrative bodies are documented in Raisio's Remuneration Statement (as of 2021, Remuneration Report).

## **2. Decision-making process related to remuneration**

All preparation and decision-making concerning remuneration and rewards are handled jointly by the shareholders at the AGM, the Supervisory Board, the Nomination Committee of the Supervisory Board, the Board of Directors and the Board's Remuneration Committee.

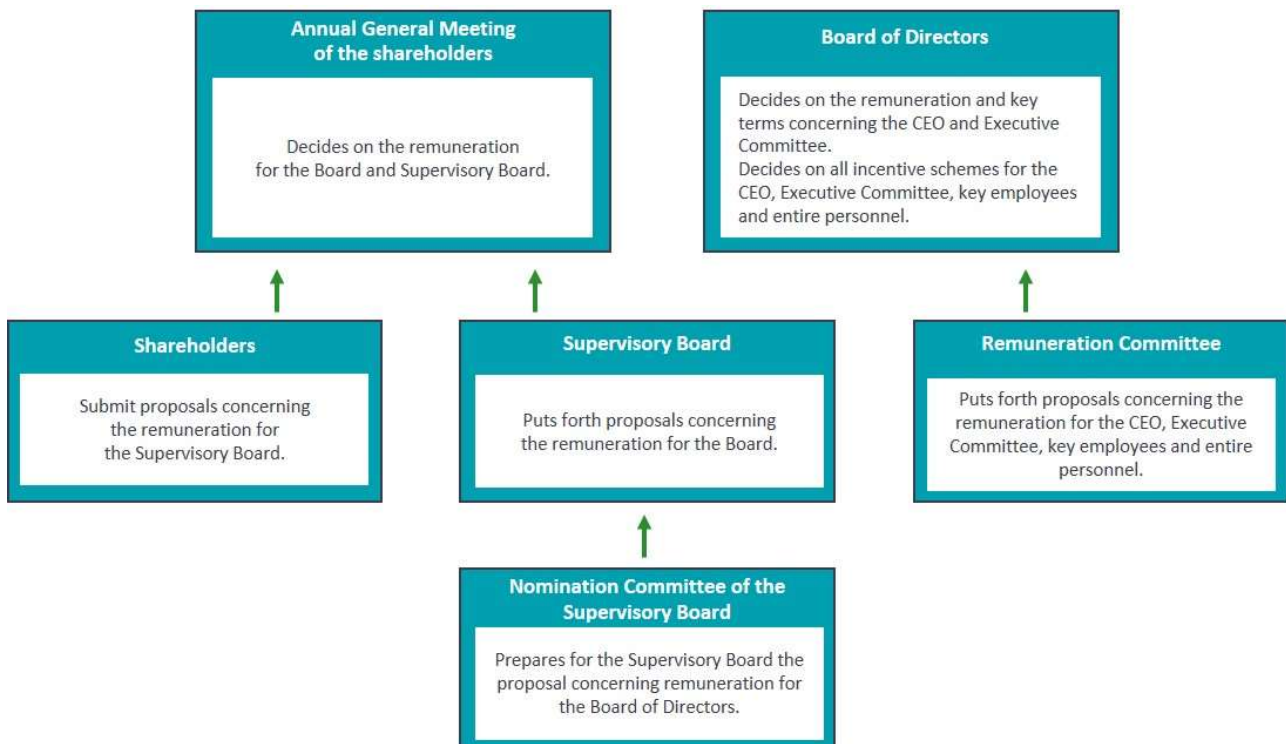
The AGM decides on the remuneration of the chairmen and the members of the Board and the Supervisory Board as well as on their reimbursement for their expenses incurred by the attendance of meetings. The Nomination Committee of the Supervisory Board prepares a proposal for the remuneration of the Board and reimbursement of their costs and the Supervisory Board puts forth the proposal to the AGM.

The Remuneration Committee of the Board prepares the proposal for the remuneration and other financial benefits of the CEO and members of the Executive Committee and puts forth the proposal to the Board of Directors' decision.

The AGM or, as authorised by it, the Board of Directors decides on the provision of shares, options or other special share-based rights, for example, as part of the share-based incentive scheme.

The diagram on the next page shows the decision process related to Raisio's remuneration practices. Diversifying the decision-making processes regarding remuneration to different organs of administration helps to avoid conflicts of interest and to safeguard fair and unbiased remuneration practices.

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### Terms for exceptions to the remuneration policy

An exception to the remuneration policy can be made in cases where the exception serves as a means of ensuring the long-term interests of the company. Any exception requires a change in the company’s key operating conditions after consideration by the AGM, for example, a change of the company’s CEO or company reorganisation, which renders the remuneration policy in force at the time inadequate due to the changed circumstances.

If the exception is not temporary or it is significant, the company prepares a proposal for a remuneration policy that corresponds to the changed situation for consideration at the next AGM. Exceptions to the remuneration policy are reported as part of the remuneration report presented at the next Annual General Meeting.

### 3. Description of remuneration for the Supervisory Board

The AGM decides on the fees of the Supervisory Board as well as on their reimbursement for expenses incurred by the attendance of meetings on the basis of the proposal put forth by the shareholders.

The members of the Supervisory Board are not in an employment or service relationship with Raisio nor are they covered by Raisio’s short-term or long-term incentive schemes or pension programmes\*.

\*The Supervisory Board of Raisio plc also includes three representatives selected by and from among the personnel (Act on personnel representatives in the company Board of Directors, 725/1990), who are not paid any attendance fee. These representatives are paid a normal base salary. Travel expenses accrued by the selected members of personnel for attendance at Supervisory Board meetings are reimbursed in accordance with the company’s travel rules.

Meeting fees are paid to the Chairman and members of the Supervisory Board for each meeting that they participate in as well as compensation for related expenses in accordance with the company's travel rules. The Chairman and, in the Chairman's absence, the Deputy Chairman of the Supervisory Board have the right of presence at Board meetings, and the Chairman and Deputy Chairman are paid a meeting fee for each Board meeting that they attend.

#### **4. Description of remuneration for the Board**

Remuneration for the Board is decided by the AGM on the basis of the proposal submitted by the Supervisory Board. The members of the Board are not in an employment or service relationship with Raisio nor are they covered by Raisio's short-term or long-term incentive schemes or pension programmes.

Each member of the Board is paid a fixed monthly fee and meeting fee. The Chairman of the Board and chairmen of the committees elected by the Board among its members are paid an increased monthly fee and meeting fee.

Part of the fixed fee can be paid in the form of the company's own shares and part in cash. Additionally, the Board members are reimbursed for meeting-related travel expenses in accordance with the company's travel rules.

Regarding the shares received by the Chairman and Board members as reward for their services, no rules or instructions have been given about the time of ownership or further disposal of the shares.

#### **5. Description of remuneration for the CEO**

Remuneration for the CEO is decided by the Board.

The remuneration for the CEO is comprised of a fixed basic salary, fringe benefits, the short-term (STI) and long-term (LTI) incentives and supplementary pension.

Provided that the maximum objectives of the incentive schemes are achieved, of the total compensation annually for the CEO approximately 40 % would be comprised of basic salary and 60 % of variable remuneration.

#### **Terms applicable to the CEO's employment relationship**

The CEO's employment contract may be terminated by either the company or CEO with six (6) months' notice. If the contract is terminated by the company, CEO is entitled to compensation corresponding to 12 months' pay, in addition to the pay for the period of notice.

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## Terms concerning the recovery of fees paid to the CEO

As concerns the incentive schemes, the Board has the right to reduce, cancel or recover a paid fee, in full or partially, if the CEO has acted in a manner that is contrary to the law or the company's ethical guidelines or otherwise unethical.

### Summary concerning remunerations of the CEO

Remuneration element	Description and summary
Salary	Fixed, competitive salary in accordance with task.
Benefits	Taxable fringe benefits as per market practice.
Other financial remunerations (e.g., pension/supplementary pension)	Supplementary and competitive contribution-based pension benefit. The retirement age for the current CEO is 62 years.
STI – short-term incentive scheme	<p>The goal is to encourage and reward the realisation of the short-term business strategy and achievement of set targets.</p> <p>The possible incentive paid to the CEO in accordance with the STI scheme is based on the achievement of the financial targets that support the strategic objectives of Raisio Group.</p> <p>The Board of Directors decides annually on the earnings criteria and their calculation on the basis of the proposal submitted by the Remuneration Committee.</p> <p>Raisio's STI scheme is an annual scheme that involves setting targets for the calendar year and assessing their realisation at the annual level in connection with the preparation of the Financial Statements.</p> <p>The payable incentive in accordance with the STI scheme can be a maximum of 80 % of the CEO's basic annual salary.</p>
LTI – long-term incentive scheme	<p>The aim is to combine the objectives of the owners and key employees as a means of increasing the value of the company while also encouraging the commitment of key employees to the company.</p> <p>The possible fee paid to the CEO in accordance with the LTI scheme is based on the performance criteria approved by the Board that are directly related to Raisio's strategic objectives. Further information about the performance criteria is available from Raisio's webpages concerning principles for the remuneration.</p> <p>The earnings period for Raisio's LTI scheme is a minimum of three years. At the end of each earnings period, an evaluation is carried out to assess the realisation of the performance criteria, and the possible payable incentive depends on the degree of success in the set objectives. The possible incentive can be paid as company shares, as cash or a combination of the two.</p> <p>The Board recommends that the key employees within the scheme hold a substantial part of all shares they have received based on the scheme as long as the value of their holdings corresponds to their six months' gross salary.</p>