

Remuneration Report of Suominen Corporation

1. Introduction

REMUNERATION POLICY FOR GOVERNING BODIES OF SUOMINEN CORPORATION AT A GLANCE

According to the Remuneration Policy (the "Remuneration Policy" or "Policy") for Governing Bodies of Suominen Corporation ("Suominen" or the "Company") approved by the Annual General Meeting (the "AGM") on March 19, 2020, Suominen's aim is to offer a framework for remuneration that incentivizes to pursue towards the Company's long-term financial performance and shareholder value creation.

The Policy has the following guiding principles:

1. Total remuneration opportunity shall be competitive enough in relation to the market
2. Performance-based incentives form a significant part of the President & CEO's total target remuneration in order to emphasize a strong pay-for-performance alignment
3. Majority of the performance-based incentives emphasize long-term, rather than short-term performance and have a straight link to shareholder value
4. Share ownership requirement is set for the President & CEO in order to ensure balanced risk taking

The General Meeting determines the remuneration of the Board of Directors (the "Board"). The Shareholders' Nomination Board prepares the proposal for the General Meeting.

The President & CEO's (the "CEO") remuneration consists of a fixed base salary (including fringe benefits) and variable incentives. Variable incentives can be short-term, such as cash bonuses, or long-term, such as share-based incentive plans. Share-based incentive plans can be used for rewarding for performance and/or for retention purposes. The aim of the Board is that variable remuneration shall form a significant portion of the annual remuneration opportunity at the target level granted to the CEO. On average, variable incentives shall at target level be equal to the CEO's fixed annual salary. If performance exceeds the Board's expectations, the variable incentives shall exceed the fixed annual salary.

The Board may deviate from the Policy in certain exceptional situations. To read the full Policy, please visit our website:

www.suominen.fi/en/investors/corporate-governance/remuneration.

2021 CEO REMUNERATION AT A GLANCE

The total remuneration for the CEO increased from 2020 to 2021 mainly due to a higher performance based annual bonus payment and a reward from the Long-Term Incentive (the "LTI") Plan Performance Period 2018–2020. The year 2020 was record high for Suominen in terms of financial results which is visible in the total remuneration of the CEO in 2021 through the incentive plan payouts earned in 2020 and paid in 2021. The CEO also received the second and last installment under the Matching Restricted Share Plan (the "MRSP") in September 2021.

The financial results in 2021 were amongst the best at Suominen; for example, our comparable EBITDA was the third best annual result in Suominen's history. However, we were unable to fully meet our ambitious target levels in the Global Short-Term Incentive (the "STI") Plan 2021 which were set based on the record high results of 2020. For the CEO, this resulted in pay-out between threshold and target level (to be paid in 2022) under the Global STI 2021. The CEO also earned a share-based reward under the Long-Term Incentive (the "LTI") Plan Performance Period 2019–2021 in which the pay-out is between the target and maximum level (to be paid in 2022).

The Board introduced a supplementary bonus opportunity for all employees eligible in the Global STI Plan in November 2021. The supplementary bonus was tied to the full year 2021 EBITDA target. It resulted in a pay-out just above the threshold and is to be paid in 2022 to all eligible participants, including the CEO.

For further information on the Company, Board and executive remuneration, please visit our website:

www.suominen.fi/en/investors/corporate-governance/remuneration.

1.1 Letter from the Chair of the Board and the Personnel and Remuneration Committee

Dear Shareholders,

As the Chair of Suominen's Board of Directors and the Personnel and Remuneration Committee (the "PRC"), I am pleased to present Suominen's Remuneration Report for the financial year 2021. The report has been approved by the Board on February 2, 2022.

I joined Suominen's Board and started as the Chair of the Board and the PRC in March 2021 and am pleased to see the steady progress in 2021. Suominen's financial performance was good in 2021 when comparing to the historical results of Suominen. We had set ambitious financial targets for 2021 based on record high result in 2020. Unfortunately, we were not able to meet these ambitious targets. In this second year of the COVID-19 pandemic, we continued to experience high customer demand in the first half of the year, but especially the third quarter was marked by a temporary drop in demand followed by partial recovery in the fourth quarter. The financial results declined from record high 2020 mainly due to lower sales volumes and the increases in raw material, freight, and energy costs which we were not fully able to push through to our sales prices.

To communicate the urgency and importance of seizing all opportunities during the remaining of 2021 and to maximize the full year result, the Board decided to introduce a one-off, supplementary bonus opportunity to all employees eligible in the Global STI Plan, including the CEO, in November 2021. The plan was tied to full year 2021 EBITDA target and proved to successfully incentivize our employees.

Based on our Remuneration Policy, we aim to offer to the CEO a remuneration structure that incentivizes towards the achievement of Suominen's strategic targets and long-term shareholder value creation. We utilize both short-term and long-term performance-based incentives to which the Board annually selects most optimal performance metrics to steer towards the implementation of Suominen's strategy and achievement of sustainable financial results in a competitive market.

Rewards under all on-going LTI Performance Periods are awarded based on three-year relative Total Shareholder Return ("TSR"). This is the most important performance indicator that the Board closely follows to assess whether our strategy has been successfully implemented in the long term. The PRC believes it is appropriate to reward the Company's key employees for attaining long-term targets linked to the relative TSR as it is a holistic way of measuring our overall success as a company in terms of shareholder value creation. On the other hand, financial and operative metrics and other strategic targets are being set and followed in the annual Global STI Plan, which aligns short-term strategic actions with long-term shareholder value creation.

During 2021, we have continued to comply with and execute the Remuneration Policy as approved by the 2020 AGM. There was no need to temporarily deviate from the Policy.

This is the second Remuneration Report for Suominen as required by the Finnish Corporate Governance Code 2020. We will continue to welcome shareholder feedback regarding our remuneration and reporting.

Jaakko Eskola

Chair of the Board and
the Personnel and
Remuneration Committee



1.2 Pay-for-performance during the preceding five years

This section presents a comparison between the remuneration of the CEO and the Board, the average employee remuneration and the Company performance for the financial years 2017 to 2021.

During the last five years, remuneration for the CEO and our employees (on average) has been quite well in alignment with the Company's performance. When interpreting the figures in the table below, it is good to note two things:

1. For the CEO, the figures represent remuneration paid during that financial year, and a portion of such remuneration may have been earned during the previous year or years.
2. Employee pay figures, however, are accrual-based figures from financial statements meaning that some of wages and salaries (for example bonuses) have been earned, but not paid during that year.

Our current CEO started in his position in January 2019 after which the Company's new strategy was defined and launched in early 2020. Financially the year 2020 was a record year for Suominen as we achieved the highest ever net sales and operating profit. This record high 2020 is visible in the CEO's remuneration paid out during 2021. The total pay for the CEO increased from 2020 to 2021 mainly due to a higher performance based annual bonus payment (Global STI 2020) and a reward from the LTI Performance Period 2018–2020. This is well aligned with our pay-for-performance principle.

Pay-for-performance philosophy is widely followed at Suominen and many of the performance metrics incentivizing the CEO are similarly used to incentivize the employees. Accordingly, the average employee pay fluctuates in accordance with the Company's performance, but to a lesser degree than executive pay, as a smaller portion of total remuneration consists of variable remuneration.

The Board members do not participate in any incentive schemes and correspondingly the Board remuneration has remained rather stable with occasional increases to annual and meeting fees. Variation mainly occurs due to different number of Board and Committee meetings during the year.

Five year development of remuneration and company performance

	2017	2018	2019	2020	2021
Current CEO (Petri Helsky) total remuneration ¹ (EUR, '000)			474.6	745.4	957.9
Index ²			113%	178%	229%
Previous CEO (Nina Kopola) total remuneration ³ (EUR, '000)	419.1	985.1			
Interim CEO (Tapio Engström) total remuneration ⁴ (EUR, '000)		99.7			
Index ²	100%	235%			
Employee pay (average) ⁵ (EUR, '000)	53.1	52.7	54.9	59.9	53.4
Index ²	100%	99%	103%	113%	101%
Total Board remuneration ⁶ (EUR, '000)	242.5	236.0	244.5	275.3	258.4
Index ²	100%	97%	101%	114%	107%
Jaakko Eskola					69.9
Andreas Ahlström	33.5	31.5	33.0	38.0	36.7
Laura Raitio	33.5	32.0	33.0	38.0	35.4
Sari Pajari-Sederholm			28.0	37.3	34.9
Björn Borgman				33.3	35.7
Nina Linander				43.5	45.8
Jan Johansson	60.0	67.0	70.0	76.3	
Risto Anttonen	43.0	41.5	43.0	4.5	
Hannu Kasurinen	33.5	32.0	33.5	4.5	
Jaana Tuominen	33.5	32.0	4.0		
Jorma Eloranta	5.5				
3-year Total Shareholder Return (TSR) ⁷ (%)	45.3%	-57.5%	-34.0%	11.6%	126.2%
Share price development ⁸ (EUR)	4.54	2.24	2.34	4.90	4.82
Index ²	100%	49%	52%	108%	106%
EBITDA (EUR, '000 000)	34.3	25.6	33.7	60.9	47.0
Index ²	100%	75%	98%	178%	137%

¹ Current CEO started in January 2019. No annual bonuses or LTI based payments were paid to the CEO in 2019. CEO total remuneration includes all payments made to the CEO during the financial year

² First year in the time-series set at 100%

³ Previous CEO pay in 2018 includes base and benefits until August 3, 2018, severance payments of 482,819 EUR and the value of 14,182 shares received as reward from the LTI Plan. Previous CEO total remuneration includes all payments made to the CEO during the financial year

⁴ Interim CEO total remuneration in 2018 is from the time period he acted as interim CEO: August 4, 2018–December 31, 2018

⁵ Employee pay is the wages and salaries of our personnel from the Financial Statements divided by the average number of employees

⁶ Total Board remuneration includes all payments made to the Board during the financial year

⁷ Total Shareholder Return (share price increase plus dividend yield) is calculated based on 3-month closing average prior to the end of the financial year. For example, the 3-year TSR for 2020 is calculated as (Q4 2020 average share price - Q4 2017 average share price) / Q4 2017 average share price + (paid dividends in 2018, 2019 and 2020) / Q4 2017 average share price

⁸ Share price development is calculated based on 3-month closing average prior to the end of the financial year

1.3 Information on the previous vote for the Remuneration Report and any deviations or clawbacks made

At the AGM on March 25, 2021, the shareholders resolved to favor the Remuneration Report 2020 pursuant to the Board's proposal. The PRC and the Board have considered the feedback provided by the shareholders and have modified this Remuneration Report 2021 to be slightly shorter and to contain clearer information on CEO targets and weights in different incentive plans.

During 2021, Suominen has not exercised any rights to reclaim (clawback) or cancel (malus) any paid or unpaid incentives. Also, there was no need to deviate from the Policy during 2021.

2. Remuneration of the Board of Directors for the preceding financial year

As stated in the Remuneration Policy approved at the 2020 AGM, the General Meeting determines the remuneration paid to the members of the Board in advance, for one year at a time. Shareholders' Nomination Board prepares independently a proposal on the remuneration of the Board to be presented for the General Meeting.

The basis for determination of the Board remuneration is to ensure that the remuneration is competitive in relation to the market and that the remuneration reflects the competencies and efforts required from the members of the Board to fulfill their duties.

Suominen's AGM held on March 25, 2021 resolved that the remuneration payable to the members of the Board is as follows:

- The Chair will be paid an annual fee of EUR 66,000
- The Deputy Chair and other Board members an annual fee of EUR 31,000
- Chair of the Audit Committee will be paid an additional fee of EUR 10,000
- Further, the members of the Board will receive a fee for each Board and Committee meeting as follows:
 - EUR 500 for each meeting held in the home country of the respective member
 - EUR 1,000 for each meeting held elsewhere than in the home country of the respective member
 - EUR 500 for each meeting held as telephone conference

60% of the annual fee was paid in cash and 40% in Suominen's shares. The number of shares to be transferred was determined based on the share value in the stock exchange trading maintained by Nasdaq Helsinki Ltd, 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 2021 of the Company was published. The shares were transferred out of the own shares held by the Company by the decision of the Board on May 31, 2021.

Members of the Board are not employees of Suominen and do not participate in any Suominen incentive scheme or pension arrangement. All payments to the members of the Board during the financial year 2021 have been in compliance with the Remuneration Policy. In 2021, the following fees were paid to the members of the Board:

Remuneration of the Board of Directors in 2021

		Annual remuneration paid in cash (EUR)	Value of the annual remuneration paid in shares (EUR)	Annual remuneration paid in shares (nr of shares)	Meeting fees (EUR)	Audit Committee chair fee (EUR)	Total (EUR)
Jaakko Eskola	Chair	40,574.44	25,838.98	4,583	3,500		69,913
Andreas Ahlström	Deputy Chair	19,055.59	12,138.63	2,153	4,500		35,694
Laura Raitio	Member	19,055.59	12,138.63	2,153	4,500		35,694
Sari Pajari-Sederholm	Member	19,055.59	12,138.63	2,153	3,750		34,944
Björn Borgman	Member	19,055.59	12,138.63	2,153	4,250		35,444
Nina Linander	Member	15,205.42	16,051.40	2,847	5,500	10,000	46,757

Remuneration of the members of the Board of Directors, including the value of the remuneration paid in Suominen shares, totaled EUR 258,447 in 2021.

Additionally, compensation for expenses has been paid in accordance with the Company's travel policy.

3. Remuneration of the President & CEO for the preceding financial year

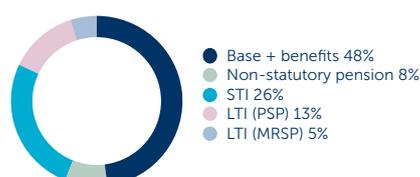
In 2021, the CEO’s remuneration consisted of fixed base salary (including fringe benefits), supplementary pension and variable incentives. Payments from variable incentives were made under the Global STI Plan 2020, Matching Restricted Share Plan and LTI Performance Period 2018–2020. By the decision of the Board of Directors on February 3, 2021, the President & CEO received a 2.5% increase to his base salary effective from February 1, 2021.

In 2021, the CEO was paid a total remuneration of EUR 957,885. Total remuneration consisted of salaries and benefits EUR 457,093, supplementary pension payments EUR 80,704, STI (cash bonus) EUR 244,800, value of LTI reward from the Matching Restricted Share Plan EUR 47,556 (4,676 Suominen shares + cash proportion to cover taxes) and LTI reward from the Performance Period 2018–2020 EUR 127,732 (22,581 Suominen shares + cash proportion to cover taxes).

The payment under the Global STI Plan was based on maximum overall achievement of the KPIs set for 2020. The payment under the LTI Performance Period 2018–2020 was based on overall achievement between threshold and target of the KPIs (EBIT% with 60% weight and relative TSR with 40% weight) set for the Performance Period.

Fixed pay formed 52% and variable pay 48% of the total remuneration paid to the CEO in 2021. The PRC considers the one-off Matching Restricted Share Plan award made to the CEO to be variable pay as the reward value is determined by the share price at a future date. Non-statutory pensions are considered neither fixed nor variable pay.

Total CEO pay in 2021 in proportions



STI 2020 KPIs and achievement for the President & CEO¹

KPI	Weight	Achievement
Group EBIT	50%	Reached maximum
Group VA (Value Add)	20%	Reached maximum
Personal targets	30%	Reached maximum
Total	100%	Reached maximum

¹ Global STI 2020 KPIs and achievement, paid during 2021

In 2021, the CEO earned (to be paid in 2022) the following variable incentives:

The Global STI 2021 was based on Group EBITDA (50% weight), Group Contribution Margin (20% weight) and specific sustainability related personal targets (30% weight). The outcome for these targets in total was between threshold and target equaling to EUR 116,704.

In addition, the CEO earned a supplementary bonus of EUR 12,796 based on reaching the threshold on set 2021 annual Group EBITDA target.

The LTI Performance Period 2019–2021 was based on relative TSR (100% weight) and the outcome was between the target and maximum. This resulted in a gross reward of 128,563 Suominen shares to the CEO.

The CEO remuneration in 2021 is further described in the table below.

Element	Quantum	Purpose, link to strategy and description from the remuneration policy	Comment on compliance
Base salary + benefits	<p>Paid in 2021 (including holiday pay):</p> <p>Base salary: 438,858 EUR</p> <p>Benefits: 18,235 EUR</p>	<p>The purpose is to provide fixed remuneration that is competitive with the external market and reflects the scale and complexity of the Company's business. Base salary includes taxable fringe benefits, such as company car, lunch and telephone. Base salary is determined based on variety of factors, such as market level and the individual's skills and experience. Base salary is typically reviewed annually.</p>	<p>Complies with the Policy: The CEO has benefits such as company car, health insurance, lunch and telephone. By the decision of the Board of Directors on February 3, 2021, the President & CEO received a 2.5% increase to his base salary effective from February 1, 2021.</p>
Supplementary pension arrangement	<p>Paid in 2021: 80,704 EUR</p>	<p>The purpose is to provide a competitive level of retirement income. The supplementary pension plan is a defined-contribution pension scheme. The pension allowance is determined based on the CEO's annual base salary, benefits and cash bonus.</p>	<p>Complies with the Policy: The CEO participates in a non-statutory defined contribution pension plan. The Company's contribution was 11.5 % of the estimated annual base salary, benefits and cash bonus in 2021. Pension starts from the age of 63.</p>
Cash bonus (Short-term remuneration)	<p>Earned from financial year 2020, paid in 2021: 244,800 EUR</p> <p>Earned from financial year 2021 (Global STI 2021), to be paid in 2022: 116,704 EUR</p> <p>Earned from financial year 2021 (Supplementary bonus), to be paid in 2022: 12,796 EUR</p>	<p>The purpose is to steer towards and reward for the achievement of short-term financial and operational performance and to support the delivery of the business strategy. Performance is measured over one year and the cash bonus is paid after the year end. The cash bonus is paid in cash based on achieved one-year performance.</p>	<p>Complies with the Policy: Maximum STI% in 2020 and 2021 was 60% of the annual base salary (excluding holiday pay). In 2020, the total achievement reached maximum and in 2021 was between threshold and target.</p> <p>In November 2021, the Board of Directors decided to introduce a supplementary bonus opportunity for all employees eligible in the Global STI 2021 including the CEO. This resulted in a pay-out just above the threshold.</p>

Element	Quantum	Purpose, link to strategy and description from the remuneration policy	Comment on compliance
Share-Based Incentive Plans (Long-Term Remuneration)	Matching Restricted Share Plan ("MRSP") paid in 2021: 10,000 gross shares with a value of 47,556 €. Net shares delivered: 4,676	The purpose is to reward for the delivery of long-term shareholder value, to align the President & CEO's interests with those of the shareholders and to increase the value of the Company by offering a share ownership-based reward structure. The President & CEO may have share-based incentive plans, which reward for the Company's performance or which are used for retention purposes.	Complies with the Policy: The CEO was eligible in the PSP Performance Period 2018–2020 in which the total achievement of the two KPIs was between threshold and target. Therefore, the CEO was rewarded with 22,581 gross shares in spring 2021.
	Earned from LTI Performance Period 2018–2020, paid in 2021: 22,581 gross shares with a value of 127,732 €. Net shares delivered: 12,002	Currently Suominen's performance-based long-term incentive mechanism is a Performance Share Plan (the "PSP"), which offers the President & CEO the opportunity of earning predetermined number of Suominen shares as a reward. Payment of the reward is dependent on the achievement of performance targets set by the Board of Directors and continued employment. Matching Restricted Share Plan (the "MRSP") is used for retention purposes and to promote immediate share ownership.	The CEO was also eligible in the PSP Performance Period 2019–2021 in which the total achievement of the two KPIs was between target and maximum. Therefore, the CEO will receive a reward of 128,563 gross shares in spring 2022.
	Earned from LTI Performance Period 2019–2021, to be paid in 2022: 128,563 gross shares	The Board of Directors resolves the maximum number of shares that can be earned from the Performance Share Plan. Long-term incentive awards are denominated in number of Suominen shares but paid in shares and cash intending to cover the taxes that incur from the receipt of shares.	The Board has resolved the maximum number of shares that can be earned from the PSP. Additionally, the performance based LTI plans have a share price cap, which cuts the reward if the limits set by the Board for the share price are reached. These limits were not reached in Performance Periods 2018–2020 or 2019–2021.
Share Ownership Prerequisite		The CEO must hold 50% of the net number of shares given based on long-term performance-based plan, until his or her shareholding in total corresponds to the value of his/her annual gross salary. Such number of shares must be held as long as his or her service in the Company continues.	Complies with the Policy: The CEO has not sold any shares received from the PSP Performance Period 2018–2020.