

Remuneration Statement 2016 of Suominen Corporation

In financial year 2016 Suominen Corporation (Suominen) complied with the Finnish Corporate Governance Code 2015 issued by the Securities Market Association ("Code"). The Code is available on the Association's website at www.cgfinland.fi. This Remuneration Statement has been prepared in accordance with the guidance provided in the Reporting section of the Code.

A. Decision-making procedure concerning the remuneration

Board of Directors

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 independently a proposal on the remuneration of the Board of Directors for the Annual General Meeting.

President & CEO and other executives

The Board of Directors of Suominen determines the salary, bonuses and other benefits paid to the President & CEO and to other executives (members of the Corporate Executive Team and the Corporate Leadership Team serving under the President & CEO). The remuneration of the President & CEO and other executives 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).

The Personnel and Remuneration Committee of the Board of Directors of Suominen prepares the remuneration and appointment matters concerning the company's President & CEO and other executives, as well as principles and procedures related to the remuneration of the company's employees. The Committee does not hold independent decision-making power as the matters are resolved by the Board.

B. Main principles of remuneration

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 an 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.

Main principles of remuneration of the Board of Directors

The remuneration of Suominen's Board of Directors is based on fixed annual remuneration and meeting fees.

Suominen's Annual General Meeting held on 16 March 2016 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. 60% of the annual remuneration is paid in cash and 40% in Suominen Corporation shares.

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 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 2016 of the company was published. Shares were given out of the treasury shares held by the company by the decision of the Board of Directors on 2 June 2016.

Further, the members of the Board of Directors are paid a fee for attending meetings. 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. Compensation for expenses is paid in accordance with the company's travel rules that are in force at the time. The participation to the Board's Committees is not compensated separately.

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 for the Board membership are not subject to restrictions or ownership obligations set by Suominen.

Main principles of remuneration of the President & CEO

The remuneration of the President & CEO 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 of Suominen decided on 4 December 2014 on two new share-based incentive plans for the Group management and Group key employees. The plan is divided in two; to Performance Share Plan and Matching Share Plan. 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

The Performance Share Plan includes currently three vesting periods, calendar years 2015–2017, 2016–2018 and 2017–2019. The Board of Directors will decide separately on new vesting periods. In addition, the Board of Directors will decide on the Plan's performance criteria and required performance levels for each criterion as well as the participating persons at the beginning of an earnings period. The Performance Share Plan is directed to approximately 20 people. 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.

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 460,000 Suominen Corporation shares, of which the maximum portion of the President & CEO would be the value of 84,000 shares (both including also the proportion to be paid in cash).

The potential reward of the Plan from the performance period 2016–2018 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 2016–2018 correspond to the value of an approximate maximum total of 245,000 Suominen Corporation shares, of which the maximum portion of the President & CEO would be the value of 53,000 shares (both including also the proportion to be paid in cash).

The potential reward of the Plan from the performance period 2017–2019 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 2017–2019 correspond to the value of an approximate maximum total of 480,000 Suominen Corporation shares, of which the maximum portion of the President & CEO would be the value of 80,000 shares (both including also the proportion to be paid in cash).

The fulfilment of the performance criteria of each vesting period is monitored annually and the potential rewards from the earnings periods 2015–2017, 2016–2018 and 2017–2019 will be paid in 2018, 2019, and 2020, respectively. The potential rewards will be paid partly in the company's shares and partly in cash. The cash proportion of the reward 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.

The President & CEO of the company must hold 50% of the net number of shares given on the basis of the Plan, as long as her shareholding in total corresponds to the value of her annual gross salary. Such number of shares must be held as long as her service in a group company continues.

Matching Share Plan

The Matching Share Plan includes one three-year vesting 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 110,000 Suominen Corporation shares, of which the maximum portion of the President & CEO would be the value of 20,000 shares (both including also the proportion to be paid in cash). In order to implement the Matching Share Plan, a share issue against payment was directed to the target group. A maximum total of 110,000 new shares in the company were offered in the share issue for subscription. The share subscription price for the new shares was EUR 3.35 per share, which equals with the trade volume weighted average quotation of the share on Nasdaq Helsinki Ltd during 1–30 November 2014 and with the fair value approved by the Finnish tax authorities. In total 101,477 new Suominen shares were subscribed. The share subscription price was credited to the company's reserve for invested unrestricted equity.

The decision on the share issue was based on the authorization by the Annual General Meeting of Shareholders held on 26 March 2014.

The terms and conditions of the share-based incentive plans were technically revised due to the reverse share split decided by the Annual General Meeting on 16 March 2016 and implemented on 21 March 2016. Moreover, also the figures concerning the value or amount of shares in this Statement have been revised to match with the number of shares and the share price after the reverse split.

Short-term remuneration

Suominen applies a bonus scheme based on the principles approved by the Board of Directors in advance for one year at a time. For the 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.

Term of notice and severance pay

According to the written contract made with the President & CEO, 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, severance pay corresponding to 12 months' salary shall be paid. The President & CEO has no specific contract related to the termination of her contract due to a public tender offer.

Supplementary pension arrangement of the President & CEO

In addition to the statutory pension arrangements, Suominen's President & CEO has a supplementary pension arrangement granting benefits for old-age, disability and survivor's pension at the age of 63. The supplementary 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 supplementary 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.

Main principles of remuneration of other executives

The remuneration of the other executives (Corporate Executive Team and Corporate Leadership Team) consists of a fixed monthly salary and benefits, a performance-based bonus (short-term remuneration), and of a share-based incentive plans (long-term remuneration). The remuneration system described above concerning the President & CEO is applied also to the members of Corporate Executive Team and Corporate Leadership Team, with the following exceptions:

- Long-term remuneration: Other executives must hold 50% of the net number of shares given on the basis of the Plan, as long as his or her shareholding in total corresponds to the value of half of his or her annual gross salary.
- Short-term remuneration: For other executives, the bonus may not exceed 50% of the annual salary. In 2016 the performance-based bonus was based on the EBITDA (with actualization ranging from 0 to 100 %) and personal performance (with actualization ranging from 0 to 100 %). The payable bonus is calculated by multiplying the actualization of the personal performance by the actualization of the EBITDA.
- The other executives are not covered by any special supplementary pension schemes. Pension arrangements in countries without statutory pensions are arranged through Suominen's normal supplementary pension programs.

The executives and other key persons of Suominen act as members of the Boards of Directors of the company's subsidiaries. Separate compensation is not paid for that duty.

C. Remuneration report

Remuneration of the Board of Directors in financial year 2016

		Annual remuneration paid in cash, EUR	Annual remuneration paid in shares, EUR	Annual remuneration paid in shares, nr of shares	Meeting fees, EUR	Total, EUR
Jorma Eloranta	Chair	30,320	19,999	5,213	4,500	54,819
Risto Anttonen	Deputy Chair	22,740	15,000	3,910	4,500	42,240
Andreas Ahlström	Member	16,980	11,198	2,919	4,500	32,678
Hannu Kasurinen	Member	16,980	11,198	2,919	4,500	32,678
Laura Raitio	Member	16,980	11,198	2,919	4,000	32,178

Jaana Tuominen	Member					
		16,980	11,198	2,919	4,500	32,678

Remuneration of the members of the Board of Directors totaled EUR 227,271 in financial year 2016.

Remuneration of the President & CEO and Corporate Executive Team in 2016

In financial year 2016, the salaries and benefits paid to the President & CEO totaled EUR 425,593 including a bonus of EUR 94,473. Additionally, the President & CEO has a health insurance, of which the costs for the company were EUR 418 in 2016. Supplementary pension payments for the President & CEO were in total EUR 45,892. In financial year 2016, the President & CEO received no Suominen shares, stock options or other share-based rights as remuneration.

The salaries and benefits paid to the other members of the Corporate Executive Team totaled EUR 1,442,626 including bonuses of EUR 188,119. In financial year 2016, the members of the Corporate Executive Team received no Suominen shares, stock options or other share-based rights as remuneration.