

Remuneration Statement

Altia Plc (“Altia”) is fully owned by the State of Finland. Altia complies, with certain deviations, with the Finnish Corporate Governance Code 2015 as provided by the Government Resolution on State Ownership Policy given on 13 May 2016. This Remuneration Statement is published in accordance with Corporate Governance Code. Altia Plc complies with the statement of the Ministerial Committee on Economic Policy on remuneration for management of state-owned companies, as included in the Government resolution of 13 May 2016 on state ownership policy.

A. Decision-making procedure concerning remuneration

Members of the Board of Directors

The Annual General Meeting decides annually on the remuneration payable to members of the Board of Directors and its Committees for their term of office. As of the listing of the Altia’s shares on Nasdaq Helsinki Ltd, the Shareholders’ Nomination Board consisting of the three largest shareholders, prepares for the Annual General Meeting proposals on the number of members of the Board of Directors, the composition of the Board of Directors as well as the remuneration of the members of the Board of Directors and its Committees.

Before the listing, the company has not had a nomination committee or a shareholders’ nomination Board. The Chairman of the Board of Directors has prepared the decision on the remuneration of the Board members together with the shareholder of the company.

CEO and other executives

Altia’s Board of Directors decides annually on Altia Group’s principles of remuneration, the basis and targets for performance bonuses as well as their maximum amounts. The Board of Directors also evaluates annually the performance of the CEO and the members of the Executive Management Team, as well as decides on the total remuneration of the CEO and, at the proposal of the CEO, the members of the Executive Management Team, taking into account the recommendations of the Human Resources Committee.

The Human Resources Committee assists the Board of Directors by reviewing and preparing management remuneration matters and making proposals on such matters to the Board of Directors. The Committee’s responsibilities include reviewing and evaluating the remuneration and incentive schemes of management and monitoring the effectiveness of these schemes to ensure that they promote the achievement of the company’s short term and long-term goals and are based on personal performance.

According to the Companies Act, decisions concerning the issue of shares, options or other special rights entitling to shares are made by the general meeting of shareholder or by the company’s Board of directors pursuant to an authorisation from the general meeting. Altia has no share-based remuneration or incentive programs or option programs. The Board of

Directors of Altia does not have any authorisations granted by the general meeting concerning share based remuneration.

B. Main principles of remuneration

Members of the Board of Directors

The Annual General Meeting of Altia held on 21 March 2017 decided that the chairman of the Board of Directors shall receive a term of office fee of 2,750 euros per month, the vice chairman a term of office fee of 1,800 euros per month and the other members of the Board of Directors a term of office fee of 1,450 euros per month. The Annual General Meeting also approved an attendance fee for meetings of the Board of Directors and its Committees. The attendance fees are 600 euros per meeting for Board members residing in Finland and 1,200 euros per meeting for Board members residing abroad. The members of the Board of Directors are not included in the company's incentive schemes. The company has not granted any loans to members of the Board of Directors, nor given guarantees on their behalf. The members of the Board of Directors have not received shares, options or other special rights entitling to shares in the company as remuneration.

CEO

The remuneration of the CEO of Altia consists of a fixed base salary, fringe benefits, an annual incentive and a long term incentive scheme. The fixed base salary of CEO Pekka Tennilä is 312,870 euros. The retirement age of the CEO is 63 years and his pension is in accordance with the Employees' Pensions Act. The CEO does not have a supplementary pension insurance paid by the company. No signing bonus has been paid to the CEO, nor does he have a stay bonus. The CEO has a six months' period of notice. If the service contract is terminated by Altia, the CEO is entitled to a severance payment corresponding to six months' salary, in addition to the salary for the notice period.

Other executives

The remuneration of the members of Altia's Executive Management Team consists of a fixed base salary, fringe benefits, an annual incentive and a long term incentive scheme. The retirement age and pension of the executives are in accordance with the Employees' Pensions Act. No signing bonus has been paid to the Executive Team Members, nor does they have a stay bonus. If the employment contract is terminated by Altia, the executive is entitled to a severance payment corresponding to six months' salary, in addition to the salary for the notice period. Neither the CEO nor any of the members of the Executive Management Team have received shares, options or other special rights entitling to shares in the company as remuneration.

Annual incentive

Altia's CEO and the members of the Executive Management Team are part of an annual incentive plan. The potential annual bonus is based on operational targets of the Group with a weight of 70% and on personal targets, with a weight of 30%. The targets are approved annually by the Board of Directors. The incentive is paid annually. The purpose of the

incentive plan is to support the implementation of Altia’s strategy and reward for excellent personal performance and for financial achievements of Altia. The target level of the CEO’s and the Executive Management Team members’ incentive for 2017 is 30% of the annual salary and the maximum level is 60% of the annual salary. The operational target for the 2017 annual incentive plan is EBIT improvement.

Long-term incentive scheme

The Board of Directors of Altia decided in 2012 on a long-term incentive scheme for 2012–2014. Possible bonuses for the long-term incentive scheme 2012–2014 are to be paid in three instalments during 2015–2017. No bonuses based on the long-term incentive scheme 2012–2014 have been paid during 2015–2017.

Altia’s CEO and the members of the Executive Management Team are part of a new longterm incentive scheme for 2017–2019, which has been approved by the Board of Directors. According to the plan, possible bonuses are paid during 2020–2022. The annual target bonus level is 20% of the annual salary and maximum level is 40% of the annual salary. The purpose of the long-term incentive scheme is to increase shareholder value and favorable development of net sales.

The new long-term incentive scheme for 2017–2019 complements the annual bonus to create a balanced incentive structure. With the incentive schemes, management is encouraged to promote the long term financial success of the company and development of shareholder value. The strategy and development phase of the company are taken into account when determining the remuneration. The Board of Directors, assisted by the Human Resources Committee, decides on the remuneration of management and the principles and conditions of the incentive schemes, and monitors regularly the achievement of set criteria and targets.

C. Remuneration report 2017

Members of the Board of Directors

The members of the Board of Directors received term of office fees and attendance fees in 2017 as follows:

	term of office fees / euros	attendance fees / euros	total/ euros
Sanna Suvanto-Harsaae	33,000	27,600	60,600
Annikka Hurme	21,600	10,200	31,800
Kim Henriksson	17,400	19,200	36,600
Minna Huhtaniska	4,350		4,350
Jarmo Kilpelä	7,250	4,200	11,450
Tiina Lencioni	13,533	7,200	20,733
Kasper Madsen	11,600	7,200	18,800
Torsten Steenholt			
Kai Telanne	17,400	9,000	26,400

CEO

The salary and other remuneration paid in 2017 to CEO Pekka Tennilä amounted to a total of 610,560 euros.

fixed base salary	312,870 euros
fringe benefits	2,130 euros
annual incentive for 2016	70,560 euros

The total remuneration of the CEO for 2017 includes an additional remuneration payment in the amount of 225,000 euros for exceptional performance. The Board of Directors approved the additional remuneration payment based on the recommendation of the Board's Human Resources Committee.

Other executives

The salary and other remuneration paid in 2017 to the members of the Executive Management Team (other than the CEO) amounted to a total of 1,915,622 euros.

fixed base salary	1,130,779 euros
fringe benefits	39,411 euros
annual incentive for 2016	291,913 euros

The total remuneration of the members of the Executive Management Team for 2017 includes additional remuneration payment in the amount of 453,519 euros for exceptional performance. The Board of Directors approved the additional remuneration payment based on the recommendation of the Board's Human Resources Committee.