

Remuneration statement 2019

1. Members of SATO's Board of Directors

1.1 Decision-making procedure

Remuneration payable to the members of the Board of Directors of SATO Corporation (hereinafter "SATO") is resolved by the SATO's shareholders at the Annual General Meeting. The proposal for the remuneration is prepared, together with a proposal for the election of board members, by the Shareholders' Nomination Committee. The Nomination Committee consists of representatives of SATO's four largest shareholders registered in the book-entry system on 1 October, which shareholders have approved the assignment.

SATO's Annual General Meeting ("AGM") held on 3 April 2019 made the resolution that the following annual remuneration be paid for the term starting at the close of the AGM and ending at the close of the AGM in year 2020:

- Chair of the Board of Directors: EUR 36,000
- Deputy chair of the Board of Directors: EUR 22,000
- Other members of the Board of Directors: EUR 18,000 each.

In addition, the AGM resolved that a meeting fee of EUR 500 per meeting be paid to the chair, deputy chair and members of the Board of Directors for meetings of the Board of Directors and its committees. These fees correspond to the fees paid to members of the Board of Directors during the previous term of office.

1.2 Fees paid to members of the Board of Directors in 2019

The following fees were paid to members of SATO's Board of Directors during the financial period of 1 January – 31 December 2019:

Erik Selin, chairman of the Board of Directors	EUR 42,500
Jukka Hienonen, deputy chairman of the Board of Directors	EUR 28,500
Marcus Hansson	EUR 24,500
Esa Lager	EUR 24,500
Tarja Pääkkönen	EUR 24,000
Johannus (Hans) Spikker	EUR 22,500
Timo Stenius	EUR 22,500

A total of EUR 189,000 was paid in fees to members of the Board of Directors in 2019. During the financial period, no shares or share-based rights were issued to members of the Board of Directors as fees.

2. The President and CEO and other managers of the Group

2.1 Decision-making procedure

On the basis of proposals presented by the Nomination and Remuneration Committee, SATO's Board of Directors makes resolution on the terms and conditions of the term of office of SATO's President and CEO and employment of the members of the Group's management team. Board of Directors also makes resolution on their salaries, the criteria of annual bonus schemes and long-term incentive schemes, as well as the amount of bonuses payable based on the schemes, the payment method and date.

Individuals employed by SATO Group do not receive any separate compensation for acting as a member of the Board of Directors or as CEO in the subsidiaries of the Group.

2.2 The President and CEO's service contract

A written service contract has been signed between SATO and its President and CEO Sharam Rahi, according to which the President and CEO receives a monthly salary divided into a monetary component and customary fringe benefits. The President and CEO is within the scope of the annual bonus and long-term incentive schemes in case the board of directors so decides

The period of notice for the President and CEO is six months if the service contract is terminated by the President and CEO. Since the CEO service contract has been signed only for the period of recruitment of the permanent CEO, no specific notice period shall be followed and no severance pay will be paid to the President and CEO will in case SATO terminates the service contract.

3. Remuneration schemes

The objective of incentive schemes is to combine the targets of shareholders and key individuals to increase the company's value, improve the Group's competitiveness and ensure the long-term financial success.

In 2019, the following incentive scheme concerning year 2019 was effective in SATO:

Members of the Group's management team and separately appointed key individuals of the Group are within the scope of an annual bonus scheme. The joint objectives defined for year 2019 were related to the Group's profit and the value development of the company. In addition, targets related to the successful performance of own tasks were set for individuals within the scheme.

The Board of Directors approves the criteria for annual bonuses, the individuals within the scope of bonus scheme and the payment of bonuses. The annual bonuses are paid in two parts: first part in the year following the earnings period and the second part two years after the earnings period for those individuals employed by SATO at the moment of payment.

4. Salaries and fees paid to the President and CEO and members of the Group's management team in 2018

For the period starting on 1 September 2019 President and CEO Sharam Rahi received EUR 103 000 in salary, of which monetary salary accounted for EUR 102 920 and fringe benefits made up EUR 20. For the period ending on 31 August 2019 the President and CEO Saku Sipola received EUR 221,434 in salary, of which monetary salary accounted for EUR 210,119 and fringe benefits made up EUR 11,315. In addition, the President and CEO Saku Sipola was paid bonuses for year 2018 EUR 258,855 and on the basis of previous long-term incentive schemes EUR 49,394. Since President and CEO Saku Sipola's service contract was expired on his own initiative, no severance pay was paid to him.

In 2019, other members of the Group's management team received EUR 644,496 in salaries and fringe benefits, EUR 27,914 in bonuses based on long-term incentive schemes, and EUR 522,305 in bonuses based on the annual bonus scheme. In addition to the President and CEO, the Group's management team consisted of four individuals.