



REMUNERATION STATEMENT | 2015

Remuneration statement 2015

This remuneration statement on Raute Corporation's Board of Directors, President and CEO, and Executive Board has been drawn up in compliance with the recommendations given in the Finnish Corporate Governance Code 2010, section 7, issued by the Securities Market Association. The Code is available on the Securities Market Association's website www.cgfinland.fi.

Remuneration at Raute

Remuneration consists of three components: the basic salary including fringe benefits, profit- and performance-related remuneration (performance-based bonuses), and long-term incentive plans. Depending on the employee's position, different combinations of the above-mentioned elements are applied.

Raute Group's performance-based bonus system includes separate systems for the President and CEO, the Group's Executive Board, key personnel, and the entire personnel. A person can receive bonuses from no more than one system at a time. The Board of Directors annually confirms the general principles, maximum amounts and calculation methods for the remuneration systems. The performance-based bonus system is in force for one year at a time. Bonuses are paid provided that the Group has made a positive cumulative profit. The maximum amount of performance-based bonuses has been restricted to 20 per cent of the Group's operating profit. Performance-based bonuses are paid once a year after the Annual General Meeting has confirmed the financial statements.

Payment of bonuses within the performance-based bonus systems for the President and CEO, the rest of the Group's Executive Board and key personnel is dependent on the person's performance and task-related personal targets for the entire year.

Payment of bonuses within the performance-based bonus system for the rest of the personnel is dependent on the Group's profit and the targets set for the individual, for quality and the unit's operations. In the performance-based bonus system for the entire personnel part of the bonuses are determined and paid quarterly.

The stock option incentive plan 2010 and share-based incentive plan 2014–2018 are long-term incentive plans.

Stock option incentive plan 2010

On March 31, 2010, Raute Corporation's Annual General Meeting decided on the issuance of a maximum of 240,000 stock options. In the financial statements for 2015, a total of EUR 12 thousand was recognized as an expense from the stock option incentive plan 2010..

Share-based incentive plan 2014–2018

On 12 February 2014, Raute Oy's Board of Directors decided on a new long-term Performance Share Plan for the Group's upper management. The purpose of the plan is to align the objectives of the owners and management, for example, in terms of developing the company's value and to engage the management by offering a competitive incentive plan based on ownership of the company's shares.

The share plan includes three three-year share plans, which each include a year-long earnings period, the payment of the possible share reward in the form of the company's series A shares and a two-year vesting period following the earnings period, during which the bonus's value development is based on the development of the value of the share. Participants in the share plan cannot sell or otherwise transfer any shares received as a bonus during the vesting period. The share plans will commence in 2014, 2015 and 2016.

The company's Board of Directors shall separately decide on the participants in the share plans and on the earnings criteria to be applied during each share plan's earnings period, the targets set for them and the target and maximum levels of the bonus to be paid. The earnings criteria of the share plan are earnings per share and growth in net sales. The plans cover altogether 11 persons belonging to the Group's senior management.

In 2015, the bonus accumulated from the earnings period begun in 2014 was paid out in cash. A total of EUR 377 thousand were recognized as an expense for the financial year from the earnings period which began in the year 2015.

Board of Directors

Remuneration for the Board of Directors is decided by the Annual General Meeting. The Appointment Committee prepares the remuneration.

The Board of Directors is not covered by the long-term incentive plans. The members of the Board are not employed by the company. The company has not transferred any shares nor any other benefits derived from the stock as a bonus to the Board. The company does not remunerate the Board members on any other grounds nor does it grant them loans or provide any guarantees for them.

Year 2015

Raute Corporation's Annual General Meeting decided on March 24, 2015 that the remuneration for the Chairman of the Board is still 40,000 euros and for the Vice-Chairman of the Board and the Board members 20,000 euros for the term of office. The remuneration is paid in 12 equal monthly instalments. Board members are not paid additional fees for their work in committees. The Board members' travel expenses will be compensated according to the company's travel policy.

The salaries and fees paid to the Chairman and Board members totaled EUR 140,000 in 2015.

Erkki Pehu-Lehtonen, Chairman, EUR 40 thousand
Mika Mustakallio, Vice-Chairman, EUR 20 thousand
Joni Bask, member, EUR 20 thousand
Risto Hautamäki, member, EUR 20 thousand
Päivi Leiwo, member, EUR 20 thousand
Pekka Suominen, member, EUR 20 thousand.

President and CEO

The President and CEO's salary and other benefits are decided by the Board of Directors.

The remuneration for the President and CEO Tapani Kiiski consists of a fixed monthly salary and fringe benefits according to his executive contract and a performance-based bonus amounting to six months' salary at the most, depending on the achievement of targets set for each year. The executive contract does not include any special conditions concerning retirement or the amount of retirement allowance. The term of notice is six months, and the severance pay equals 12 months' salary. The President and CEO is covered by the 2010 stock option plan and the Performance Share Plan 2014–2018. The company does not remunerate the President and CEO on any other grounds nor does it grant him loans or provide any guarantees for him.

Year 2015

The salaries and remuneration paid to Raute Corporation's President and CEO, Mr. Tapani Kiiski, in 2015 amounted to altogether EUR 555 thousand, which consists of regular salaries including fringe benefits of EUR 293 thousand, performance-based bonuses of EUR 127 thousand and EUR 135 thousand bonus accumulated from the share-based incentive plan's earnings period begun in 2015.

Other Executive Board members

The Board of Directors confirms the Executive Board members' salaries and benefits on the President and CEO's proposal.

The remuneration for the Executive Board members consists of a fixed monthly salary with fringe benefits and a performance-based bonus amounting to a maximum of three months' salary, depending on the achievement of targets set for each year. The Executive Board members are covered by the 2010 stock option plan and the Performance Share Plan 2014–2018. The Executive Board members serve according to an indefinite employment contract without entitlement to extra severance pay or other compensation. The additional pension benefits and terms of notice do not significantly differ from the statutory terms and conditions. The company does not remunerate the Executive Board members on any other grounds nor does it grant them loans or provide any guarantees for them.

Year 2015

Other members of the Group's Executive Board

- Arja Hakala, Group Vice President, Finance, CFO (Finance and administration)
 - Marko Hjelt, Group Vice President, Human Resources (Human resources and competence development)
 - Mika Hyysti, Group Vice President, Technology (Technology, products and R&D)
 - Timo Kangas, Group Vice President, Customer Care and Technology Services (Customer relationships and marketing, technology services and market area EMEA)
 - Petri Strengell, Group Vice President, Supply Chain (Sourcing and production)
- and Petri Lakka, Group Vice President, Technology Services (Technology services) until 1 April 2015.

In 2015, the salary and remuneration paid to the other members of the Executive Group amounted to altogether EUR 1,131 thousand, which resulted from salaries according to employment contracts and remunerations including fringe benefits of EUR 809 thousand, EUR 150 thousand in performance-based bonuses and EUR 172 thousand bonus accumulated from the share-based incentive plan's earnings period begun in 2015.



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