

## Ahlstrom-Munksjö Oyj

### Remuneration statement 2018

Ahlstrom-Munksjö has over 8,000 employees working in 45 production and converting facilities and offices in 24 different countries. These employees represent the company's most important resources. The following section outlines the remuneration and benefits granted to our Executive Management Team, including the President and CEO and to the Board of Directors. This statement also provides details of the long-term incentive plan that the company operates to align the objectives of the shareholders with the Group's key personnel.

### Remuneration of the Executive Management

The CEOs monthly fixed total salary is EUR 50,000. He is also entitled to the short term incentive (bonus) plan, with a maximum annual bonus opportunity of 80% of his annual fixed salary. He is also part of the ongoing LTI programs. The remuneration of the Executive Management Team comprises of both fixed salaries, including personal benefits such as a company car, telephone etc. and short term incentives which is calculated in proportion to the fixed salary and is based on the Group's and/or Business Area's strategic and financial targets as well as safety and some customized targets. The Board of Directors authorize the final resolution on the payment of short term incentives for the Executive Management Team and the CEO.

#### 2018

Remuneration and benefits paid to Executive Management, EUR thousand	Salaries <sup>1</sup>	Short term incentives	Share based payments	Other benefits	Pension costs <sup>2</sup>	Total
CEO – Hans Sohlström (starting from April 16, 2018)	428	-	-	-	85	513
CEO – Jan Åström (up until April 15, 2018)	160	302	-	3	71	536
Executive Management Team	2,259	838	-	61	365	3,523
<b>Total</b>	<b>2,847</b>	<b>1,140</b>	<b>-</b>	<b>64</b>	<b>521</b>	<b>4,572</b>

#### 2017

Remuneration and benefits paid to Executive Management, EUR thousand	Salaries <sup>1</sup>	Short term incentives	Share based payments	Other benefits	Pension costs <sup>2</sup>	Total
CEO – Jan Åström	569	235	1,207	11	201	2,223
Executive Management Team	2,063	608	1,524	74	133	4,402
<b>Total</b>	<b>2,632</b>	<b>843</b>	<b>2,731</b>	<b>85</b>	<b>334</b>	<b>6,625</b>

<sup>1</sup> Not including social costs.

<sup>2</sup> Includes only additional, non-obligatory pensions costs

### Pensions

Pension arrangements for the Executive Management Team include customary occupational pensions and in some cases individually agreed arrangements, consisting of defined contribution plans. The CEO is part of the Finnish obligatory pension plan (TyeL) and in addition he belongs to a voluntary Group Pension Plan according to which Ahlstrom-Munksjö shall contribute 20 per cent of the CEO's monthly fixed salary per annum to said Group Pension. The CEO can retire at the age of 63 according to the additional Group Pension.

### Other benefits

To the extent that other benefits are paid, they consist of company cars, housing, schooling fees and health insurances.

### Share ownership guideline

All members of the Management Team shall accumulate and, once achieved, maintain a level of share ownership corresponding to their annual gross base salary. The members of the Management Team are expected to use at least fifty per cent of the net reward received under the long-term incentive plans for accumulating their share ownership until the above share ownership level has been achieved.

### Specific termination clauses for the CEO

The CEO's employment agreement may be terminated by the company with a twelve (12) months' notice and by the CEO with six (6) months' notice. If the company terminates the current CEO agreement for any other reason than material breach, Ahlstrom-Munksjö shall pay the CEO his fixed salary for the 12 month notice period and in addition a severance compensation equal to the amount of his fixed salary of 6 months.

### Long-Term Incentive Plan

Ahlstrom-Munksjö's President & CEO, the Executive Management Team members and a number of key employees participate in share-based long-term incentive plans ("LTI"s) which are established on a recurring basis to align the interests of the shareholders and management.

Ahlstrom-Munksjö's Board of Directors decided on October 24, 2017 to introduce a new rolling long-term share-based incentive plan for approximately 65 members of the Group's key personnel with the aim of aligning the objectives of the owners and key personnel to increase the Group's value and to commit the key personnel to the Group.

The plan includes a rolling structure of individual plans, each with a three-year performance period. The first performance period started in 2017. The commencement of performance periods is subject to the Board of Director's annual decision and Ahlstrom-Munksjö's Board of Directors decided a second performance period on February 12, 2018. The first performance period is 2017-2019 and the possible reward will be paid out in 2020 in the form of shares, provided that certain performance and service conditions are met. The second performance period is 2018-2020 and the possible reward will be paid out in shares in 2021.

Depending on which levels of the performance and service condition thresholds are met, the gross EUR value of the reward paid will be within a minimum and maximum range, with the final number of shares being determined based on Ahlstrom-Munksjö's share price at the end of the performance period.

The Long-Term Incentive Plans are also described in the note 7 of the financial statements 2018.

### Performance conditions

In order for the rewards to qualify for vesting, both of the following performance conditions will need to be met over the performance periods.

Total shareholder return (TSR) is a market condition and is based on the share price at the end of the performance period. This will need to exceed the minimum threshold set by the Group in order for the condition to be met. TSR is determined against Ahlstrom-Munksjö's volume weighted average share price over a certain period; and Ahlstrom-Munksjö's cumulative comparable EBITDA over the performance period will need to exceed an underlying comparable EBITDA requirement. This is a non-market performance condition.

### Service conditions

In addition to the performance conditions, in order for the rewards to vest the participant will need to be employed by Ahlstrom-Munksjö at the time when the reward is paid.

### Long-term Incentive Plan - The performance period of years 2018-2020 ("LTI 2018-2020")

Ahlstrom-Munksjö's Board of Directors decided on February 12, 2018 a new performance period under the long-term share-based incentive plan announced in October 2017. The second performance period is 2018-2020 and the possible reward will be paid out in shares in 2021.

The minimum gross value of the reward has been fixed to EUR 0.5 million and the maximum gross value has been fixed to EUR 9.4 million, and the final reward EUR value will be converted into an equivalent number of shares based on the trade volume weighted average price of the Ahlstrom-Munksjö share during the period of January-February of the calendar year immediately following the last year of the performance period.

### Remuneration of the Board of Directors and Board Committees

Ahlstrom-Munksjö's Annual General Meeting ("AGM") makes resolutions each year on the compensation for the members of the Board of Directors. The 2018 AGM resolutions were as follows (the 2017 remuneration resolutions are presented in brackets as comparatives):

Annual compensation for the Chairman of the Board is EUR 100,000 (EUR 100,000). Other Board Members appointed by the AGM will receive annual fees of EUR 60,000 (EUR 60,000) with the exception of the Vice Chairman whose remuneration is EUR 80,000 (EUR 80,000).

Chairman of the audit committee will receive EUR 12,000 (EUR 12,000) and other members will receive EUR 6,000 (EUR 6,000). The chairman of the human resources committee (previously the remuneration committee) will receive EUR 8,000 (EUR 8,000) and other members will receive EUR 4,000 (EUR 4,000).

The chairman of the Nomination board will receive EUR 8,000 (EUR 8,000) and the ordinary members EUR 4,000 (EUR 4,000).

Total remuneration for the members of the Board of Directors and/or board committees and/or shareholders' nomination board was as follows for the years ended December 31, 2018 and 2017:

Current members of the Board of Directors and/or board committees and/or shareholders' nomination board, EUR thousand		2018	2017
Peter Seligson	Chairman of the Board	102	88
Elisabet Salander Björklund	Vice-Chairman of the Board	92	81
Alexander Ehrnrooth		72	71
Johannes Gullichsen		64	50
Lasse Heinonen		17	-
Hannele Jakosuo-Jansson		68	56
Harri-Pekka Kaukonen		66	54
Valérie A. Mars		-	-
Pernilla Walfridsson		66	41
Mikael Lilius	Nomination board member	5	-
Mikko Mursula	Nomination board member	4	4
Former members of the Board of Directors and/or board committees and/or shareholders' nomination board, EUR thousand		2018	2017
Hans Sohlström	Up until March 21, 2018	27	89
Thomas Ahlström	Up until June 11, 2018 (nomination board)	4	7
Sebastian Bondestam	Up until May 16, 2017	-	16
Jan Inberr	Up until June 24, 2017	-	21
Mats Lindstrand	Up until May 16, 2017	-	16
Anna Ohlsson-Leijon	Up until May 16, 2017	-	16