

Salary and Remuneration Report 2018

This VMP Plc (VMP) Remuneration Report 2018 has been prepared in compliance with the Finnish Corporate Governance Code (2015). The objective of VMP's remuneration program is to promote the Company's competitiveness and long-term financial success, and to support the favorable development of shareholder value. Remuneration programs are based on previously determined and measurable criteria on performance and results. In general, the incentive scheme is based on the Company's operating margin or the operating margin of a specific VMP subsidiary, depending on which Company remuneration program the member is in a service relationship with or employed by.

REMUNERATION OF THE BOARD OF DIRECTORS

VMP's Annual General Meeting annually decides the Board members' remuneration and the basis for reimbursement of expenses based on a proposal by the Company's largest shareholders.

By decision of Company shareholders, Board members were not paid remuneration in January 1 – May 29, 2018.

By unanimous decision of Company shareholders on May 18, 2018, the Company will not pay remuneration to the following ordinary Board members: Liisa Harjula (Chairperson), Mika Uotila, Virva Vesanen and Paul Savolainen. Other members of the Board are paid EUR 2,000 per month as Board remuneration, however in such a way that Heimo Hakkarainen will be paid as of the beginning of the month following the termination of his salary payments from his employment relationship with VMP. No additional compensation will be paid for Board meetings or Audit Committee meetings. In addition, by shareholder decision, possible other board remuneration paid by Group subsidiaries pertaining to the same payment period will be deducted from Board members' remuneration. Travel expenses incurred from attending Board meetings are reimbursed against reasonable invoices.

Board remuneration paid in the Company's financial period ended on December 31, 2018 are covered in section "Board remuneration in 2018" below.

REMUNERATION OF THE CEO AND MEMBERS OF THE MANAGEMENT TEAM

The Board decides on the conditions of the CEO's service relationship and the compensation of members of the Management Team. The Board approves the CEO's and other management's incentive schemes and the Company's remuneration principles. The target of the annual bonus scheme is to reward the management and key employees for accomplishing previously defined and measurable strategic and financial targets. The Board approves the rules of the bonus schemes, under which possible bonuses are paid. The Board evaluates the performance of the Company, the CEO and members of the Management Team.

The salaries of VMP's CEO and members of the Management Team consist of a monthly salary. The CEO, selected members of the Management Team and key employees are entitled to short-term incentive schemes, terms of which are defined annually by the Board. The payment of possible bonuses is based on the realization of personal targets and profitability targets set by the Board for the financial period. The actual bonuses paid can range from zero to a predetermined maximum amount, based on the targets achieved. The performance bonuses can reach a maximum amount equivalent to four months' fixed salary for the CEO and other members of the Management Team. The CEO and other members of the Management Team are entitled to a mobile phone and meal benefit. The CEO and selected members of the Management Team are entitled to a company car. Several members of the Management Team have an internet connection benefit.

Remuneration to the CEO and members of the Management Team in the financial period ending on December 31, 2018 is explained below in section "CEO and Management Team remuneration in 2018." Additional information on the remuneration of the CEO and members of the Management Team is available on VMP's website:
<https://www.vmpgroup.fi/en/investors/corporate-governance/remuneration/>

CONDITIONS OF THE CEO'S AND THE MANAGEMENT TEAM'S SERVICE RELATIONSHIP

VMP's CEO Juha Pesola and members of the Management Team are entitled to a statutory pension. Their retirement age is determined within the framework of the statutory work pension program and is 63–70 years according to the applicable

legislation. The Company does not pay any additional pension to the CEO or members of the Management Team. The period of notice for the CEO under the CEO contract is six (6) months, and the CEO is entitled to a salary during the period of notice. In addition, in case the Company terminates the CEO's contract, the CEO is entitled, under certain conditions, to receive an amount equivalent to a six (6) months' full salary. The period of notice for other members of the Management Team is three (3) months, except for two members of the Management Team, for whom the period of notice is six (6) months. The members of the Management Team are entitled to a salary from the period of notice. The retirement age for members of the Management Team is determined within the framework of the statutory work pension program and is 63–70 years according to the applicable legislation.

SHARES HELD BY BOARD AND MANAGEMENT TEAM MEMBERS

Members of VMP's Board of Directors and Management Team hold a total of 918,420 shares in VMP, which corresponds to approximately 6.2 percent of VMP's shares and the votes they generate. The numbers of shares include the direct holdings by the individuals. In addition, several members of the Board work in managerial roles at VMP's major shareholders.

On December 31, 2018, Board members and companies under their control held VMP shares as follows.

Name	Shares, December 31, 2018
Liisa Harjula	0
Tapio Pajuharju	182,077
Paul Savolainen	75,000
Mika Uotila	0
Virva Vesanen	0
Heimo Hakkarainen	127,808
Joni Aaltonen	5,000

On December 31, 2018, the CEO, members of the Management Team and companies under their control owned VMP shares as follows.

Name	Shares, December 31, 2018
Juha Pesola	140,030
Ari Juvonen	140,000
Jarmo Korhonen	43,714
Jani Suominen	82,039
Titta Teittinen	0
Ilpo Toivonen	61,404
Matti Vuohiniemi	61,348

SHARE-BASED REMUNERATION SCHEME

VMP does not use a share-based incentive scheme or any other share-based incentive programs for the Board, CEO or Management Team. The Board, CEO and members of the Management Team had a right to subscribe share as part of the employee issue in June 2018. In the employee issue, the Board, CEO and members of the Management Team subscribed shares in VMP for the total amount of EUR 775,359.

Remuneration Report

BOARD REMUNERATION IN 2018

By unanimous shareholder decision on May 18, 2018, it was decided that

- A monthly Board remuneration of EUR 2,000 shall be paid to the following members of the Board: Tapio Pajuharju, Heimo Hakkarainen and Joni Aaltonen. Other members of the Board or the Chairperson of the Board shall not be paid any remuneration.
- No additional compensation shall be paid for attendance at Board meetings.

In the financial period ending on December 31, 2018, Board members were paid the following remuneration in accordance with unanimous shareholder decision:

BOARD REMUNERATION	Total in 2018 (EUR)
Tapio Pajuharju	24,000
Heimo Hakkarainen	2,000
Joni Aaltonen	16,000

Heimo Hakkarainen started to receive Board remuneration from the beginning of the month following the end of his service relationship at VMP.

CEO AND MANAGEMENT TEAM REMUNERATION IN 2018

The remuneration of VMP's CEO and members of the Management Team consists of a monthly salary. The CEO and several members of the Management Team are entitled to long-term incentive schemes, terms of which are defined annually by the Board. The CEO's and Management Team's possible bonuses are paid based on the personal targets and profitability targets set by the Board for the financial period.

Heimo Hakkarainen, CEO until May 17, 2018

CEO REMUNERATION	Total 2018 (EUR)
Fixed salaries	323,460
Fringe benefits	12,543
Performance bonuses	64,592

Heimo Hakkarainen's remuneration includes remuneration for term of notice.

Juha Pesola, CEO as of May 17, 2018

CEO REMUNERATION	Total 2018 (EUR)
Fixed salaries	134,219
Fringe benefits	10,008
Performance bonuses	30,000

Management Team

MANAGEMENT TEAM REMUNERATION	Total 2018 (EUR)
Fixed salaries	822,473
Fringe benefits	40,780
Performance bonuses	186,900