

Remuneration Statement 2017



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Remuneration Statement 2017

INTRODUCTION

Remuneration Statement of Pöyry PLC (“Pöyry” or “company”) has been prepared pursuant to the Finnish Corporate Governance Code 2015. The Corporate Governance Code is publicly available on the website of the Securities Market Association at www.cgfinland.fi.

Pöyry’s Remuneration Statement 2017 includes the description of the decision-making procedure concerning the remuneration of the members of the Board of Directors (“Board”), the President and CEO, and the other executive management (part A) as well as description of the main principles of remuneration (part B). The Remuneration Report (part C) discloses the remuneration paid during the financial period 2017.

REMUNERATION STATEMENT STRUCTURE

The Remuneration Statement consists of the following parts:

- **Part A.** Description of the decision-making procedure concerning the remuneration of the members of the Board, the President and CEO, and the other executive management;
- **Part B.** Description of the main principles of remuneration; and
- **Part C.** Remuneration Report 2017

PÖYRY’S GENERAL REMUNERATION PRINCIPLES

Pay for performance. While reinforcing the high performance organization Pöyry is strongly committed to creating a pay for performance culture that fosters employee engagement and productivity. Pay for performance rewards contributors for successful achievements and accomplishments, and engages the employees in the organization’s success. It motivates and incentivises continuous improvement and exceeding of expectations.

Compensation Development and Compliance. Pöyry aims to pay salaries and keep the total rewards structure at a level that is seen competitive, motivational and fair. The same principles of fair and equal treatment are applied to all employees, in compliance with all applicable statutory requirements and Pöyry’s Code of Conduct.

A. Decision making procedure

INTRODUCTION

This part A of Pöyry's Remuneration Statement 2017 describes the decision-making procedure concerning the remuneration of the Board members, the President and CEO, and other executive management.

BOARD OF DIRECTORS

The Annual General Meeting ("AGM") decides on the remuneration and other financial benefits of the members of the Board and the committees of the Board annually based on a proposal by the Board which has been made based on the proposal made by the Nomination and Compensation Committee of the Board ("NCC").

PRESIDENT AND CEO

The remuneration of the President and CEO is decided and annually reviewed by the Board based on a proposal by the NCC.

OTHER EXECUTIVE MANAGEMENT

The remuneration of the members of Group Executive Committee ("GEC") is decided and annually reviewed by the Board based on a proposal by the NCC. The President and CEO prepares the proposal for the NCC.

AUTHORISATIONS BY SHAREHOLDERS' MEETING

The AGM decides on the use of company's shares for share based incentives and may authorise the Board to decide on the issue of shares and special rights entitling to shares (e.g. option rights). The information about the valid authorisations of the Board concerning the remuneration, as well as any decisions made by the Board as part of remuneration is available in the Remuneration Report 2017 (Part C.).

B. Main principles of remuneration

INTRODUCTION

This part B of Pöyry's Remuneration Statement 2017 describes the main principles of remuneration relating to the remuneration of the Board members, the President and CEO, and other executive management.

BOARD OF DIRECTORS

The remuneration of the Board members, payable in cash, consists of annual fees based on memberships of the Board and its committees, and additional fees to the foreign residents of the Board. The Board members do not receive company's shares as remuneration and they are not eligible for long-term or short-term incentive plans of Pöyry. The Board members do not participate in the other remuneration or pension schemes of the Company.

The AGM on 9 March 2017 resolved that the annual fees of the members of the Board are as follows:

Annual fee in EUR

Chairman	65 000
Vice Chairman	55 000
Other Board members	45 000
Members of the Board committees	15 000

Additional fees. Based on the authorisation given by the AGM, the Board resolved to pay an additional fee of EUR 15 000 per annum to the foreign residents of the Board, and an additional fee of EUR 5 000 per annum to the foreign residents of the Board's committees.

Expenses. The AGM resolved to compensate the members of the Board and the committees for their travelling expenses in accordance with the company's travel rules.

PRESIDENT AND CEO

The principles of the President and CEO's remuneration are described below:

Remuneration element	Description
Annual salary	Annual salary consists of three main elements: base salary, representation allowance and company car. All elements are stated in Swiss francs. Should the exchange rate of Swiss franc (CHF) to the Euro change significantly from the rate at the time of agreement, the base salary will be adjusted in a predetermined manner. The President and CEO's annual salary totals CHF 569,400.
Variable pay	The President and CEO is entitled to participate in Pöyry's variable pay schemes subject to the terms and conditions of such schemes in effect.
<i>Short term incentives (STI)</i>	The performance criteria on the basis of the STI payout consists of both Group and individual targets, and is predefined by the Board of Directors annually. The achievement of performance targets shall be evaluated annually by the Board on the basis of a proposal prepared by the NCC. At most, the STI payout may be a sum representing 100% of the President and CEO's annual base salary. Payment will be made in cash in April after the end of the performance year.
<i>Long term incentives (LTI)</i>	The President and CEO participates in the long term incentive plan described below in section "Share-based incentive plan".
Pension	Retirement age is 65. The President and CEO is covered by the Swiss statutory pension plan and by supplementary defined contribution pension plan, which provides a retirement benefit based on the accrued savings capital. The supplementary pension plan is financed in full by the employer and the contribution is 5.6% of insured salary. If the President and CEO's contract ends before retirement age, he is entitled to retain the accrued savings.
Sign-on bonus	A sign-on bonus consisting of a cash payment (CHF 100.000) and Pöyry shares (100.000 pcs) was paid to the President and CEO at the time of assuming his duties in accordance with his agreement.

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Remuneration element	Description
Termination	<p>The agreement is effective for three years after assuming duties as the President and CEO. The agreement can be extended six months before the expiry date and such extension will be made for the time being with a mutual twelve months' notice period for termination without cause. The company is not entitled to terminate the agreement before the expiry date without cause, but it may at any time release the President and CEO from his duties. In such case the President and CEO is entitled to base salary and benefits until the expiry date, but not eligible for any unvested components.</p> <p>The President and CEO has the right to terminate the agreement after one year from assuming the duties by giving twelve months' notice. In such case the President and CEO is entitled to base salary and benefits on pro rata basis, but not eligible for any unvested components.</p>
Non-competition	<p>The President and CEO has a non-competition period of six months after termination of the agreement. Provided that the company requests to comply with the non-compete undertaking and that the President and CEO fully complies with the request, he is entitled to receive compensation corresponding to six months base salary as in force at the time of termination.</p>

Information on the shareholdings of the President and CEO at the end of the previous financial year can be found in the Corporate Governance Statement 2017.

OTHER EXECUTIVE MANAGEMENT

The principles of the GEC members' remuneration are described below. The GEC consists of members from several countries:

Remuneration element	Description
Annual salary	Annual salary consists of base salary, customary fringe benefits such as company car and phone, and other fixed compensation items according to local company and market practices. Each GEC member's annual salary package varies according to position and country where they reside.
Variable pay	The GEC members are entitled to participate in Pöyry's variable pay schemes subject to the terms and conditions of such schemes in effect.
<i>Short term incentives (STI)</i>	The performance criteria on the basis of the STI payout is predefined by the Board annually. The mix of Group, business group and individual targets, and their threshold and maximum ranges, are defined based on the strategic targets. The maximum STI payout of the GEC members is 60- 100% of annual base salary, depending on the position. Payment will be made in cash in April after the end of the performance year.
<i>Long term incentives (LTI)</i>	The GEC members participate in the long term incentive plan described below in section "Share-based incentive plan".
Pension	The GEC members participate in local retirement programs according to local market and company practice in the country where they reside. Additionally, Pöyry has subscribed supplementary defined contribution pension plans for the GEC members.
Termination	Notice periods of GEC members vary between four and six months. Typically the GEC members are entitled to 6 months' severance payments in the event of termination by the company.

Information on the shareholdings of the members of the GEC at the end of the previous financial year can be found in the Corporate Governance Statement 2017.

SHARE-BASED INCENTIVE PLAN

The Board resolved on 4 May 2017 on a long-term share-based incentive plan targeted to the top management and key personnel of the company. The aim of the incentive plan is to align the objectives of the shareholders and the key personnel in order to increase the value of the company as well as to engage the key personnel to the company and to offer them a competitive incentive plan based on share ownership in the company.

The prerequisite for participating in the incentive plan directed to the management and key personnel is that a person participating in the plan at the commencement of the plan owns or acquires the company's shares up to the number determined by the Board (Initial Investment).

The incentive plan contains one earning period consisting of five consecutive years, years 2017-2022. During the earning period, the persons participating in the plan have an opportunity to attain a long-term incentive reward in the form of matching shares. The plan offers a right for a participant to receive matching shares, the number of which is dependent on the amount of the Initial Investment made by the participant. The prerequisite for receiving any reward on the basis of the plan is that a participant holds the shares initially contributed to the plan (Initial Investment) throughout the earning period. In addition, the participant must hold the shares received as reward for two years from the payment date of the reward in question. The reward will be paid in instalments over the duration of the plan. The incentive plan will be directed to 15 people at maximum selected by the Board.

The participant is entitled to choose whether the participant wants to receive the potential reward partly in the company's shares (50 %) and partly in cash (50 %) or in shares (100 %) only. The cash portion is intended to cover taxes and tax-related costs arising from the reward to the participant. The rewards will be paid yearly after each consecutive year within the earning period. No reward will be paid if participant's employment or service relationship within the company ends before the payment of the reward, unless the Board specifically makes an exception.

Based on the share price on 4 May 2017, the rewards to be paid on the basis of the plan will correspond to the value of an approximate maximum total of 2,100,000 Pöyry PLC shares (including also the proportion to be paid in cash). The maximum amount of shares to be awarded as reward is calculated based on the Initial Investment amount of the participant in question and on the predetermined matching share multiple, which varies depending on the size of investment as per the plan terms. The Board determines the maximum amount of the Initial Investment for each plan participant.

C. Remuneration report 2017

INTRODUCTION

In this Remuneration Report Pöyry discloses the remuneration and other financial benefits paid to the Board, the President and CEO and other executive management, i.e. members of the GEC) during the previous financial period, i.e. 2017. The remuneration paid during the financial period preceding the reported financial period, i.e. 2016, is presented for comparison.

BOARD OF DIRECTORS

Fees paid to the Board members in 2017 and 2016:

Fees paid to the members of the Board of Directors (EUR 1,000)

	2017	2016
Henrik Ehrnrooth, Chairman	80	80
Teuvo Salminen, Vice Chairman	70	68
Alexis Fries	20	76
Pekka Ala-Pietilä	15	60
Helene Biström	80	52
Michael Rosenlew	80	63
Heikki Lehtonen	-	13
Georg Ehrnrooth	-	12
Michael Obermayer	-	16
Karen de Segundo	-	16
Total fees paid to the members of the Board of Directors	345	456

Helene Biström and Michael Rosenlew were elected as Board members by the AGM on 10 March 2016.

Alexis Fries and Pekka Ala-Pietilä were Board members until 9 March 2017.

Heikki Lehtonen, Georg Ehrnrooth, Michael Obermayer and Karen de Segundo were Board members until 10 March 2016.

PRESIDENT AND CEO

The remuneration paid to the President and CEO Martin à Porta (President and CEO since 1 January 2016) in 2017 and 2016 is set forth in the table below:

Salaries and other employee benefits to the President and CEO (EUR 1,000)		
	2017	2016
Martin à Porta		
Salary and benefits *		
Salary	472	482
Short-term incentives	434	286
Share program (benefit in kind)	69	-
Benefits	60	64
Total salary and benefits	1 035	832
Pension expenses		
Statutory employee pension scheme	19	21
Voluntary employee pension scheme	37	40
Total pension expenses	56	61

*The presentation of the salaries and benefits updated from previous years and figures have been made comparable

The salaries, bonuses and benefits are reported on accrual basis.

OTHER EXECUTIVE MANAGEMENT

The total remuneration paid to the other members of the Group Executive Committee ("GEC") than the President and CEO in 2017 and 2016 is set forth in the table below:

Salaries and other employee benefits to the other members of the Group Executive Committee (EUR 1,000)

	2017	2016
Salaries and benefits *		
Salaries	1 160	2 140
Restructuring costs	-	924
Short-term incentives	565	419
Share program (benefit in kind)	83	-
Fringe benefits and other benefits	76	145
Total salaries and benefits	1 884	3 628
Pension expenses		
Statutory employee pension scheme	142	342
Voluntary employee pension scheme	62	212
Total pension expenses	204	554

*The presentation of the salaries and benefits updated from previous years and figures have been made comparable

The salaries, bonuses and benefits are reported on accrual basis.

SHARE ISSUE AUTHORISATION OF THE BOARD

The Board may decide on issuance of new shares for remuneration purposes under the following authorisation:

The Annual General Meeting ("AGM") on 9 March 2017 authorised the Board to decide on the issuance of new shares and special rights entitling to shares, as well as to convey the company's own shares held by the company in one or more tranches. The share issue can be carried out as a share issue against payment or without consideration on terms to be determined by the Board and in relation to a share issue against payment at a price to be determined by the Board. A maximum of 11,800,000 new shares can be issued. A maximum of 5,900,000 own shares held by the company can be conveyed. The authorisation comprises a right to deviate from the shareholders' pre-emptive subscription right. The authorisation can be used e.g. in order to strengthen the company's capital structure, to broaden the company's ownership, to be used as payment in corporate acquisitions or when the company acquires assets relating to its business and as part of the company's incentive programmes. Furthermore, the authorisation includes the right to decide on a share issue without consideration to the company itself so that the amount of own shares held by the company after the share issue is a maximum of one tenth (1/10) of all shares in the company. The Board of Directors is authorised to resolve on all other terms and conditions regarding the issuance of shares and special rights entitling to shares. The authorisation shall be in force for 18 months from the decision of the AGM. The authorisation granted by the previous AGM regarding issuing of shares expired simultaneously.

DECISIONS REGARDING REMUNERATION

On 4 May 2017, the Board resolved on a new long-term share-based incentive plan targeted to the top management and key personnel of the company (additional information available in section "Share based incentive plan"). In order to implement the initial investment relating to the incentive plan, the Board resolved on 3 August 2017 on a share issue directed to the persons entitled to participate in the plan. In total a maximum of 551,000 new shares in the company were offered in the share issue for subscription to persons entitled to participate in the plan at the commencement of the plan at this stage. The share subscription price for the new shares to be paid by each of the participants was 90% of the trade volume weighted average quotation of the share on Nasdaq Helsinki Ltd on 8 August 2017, i.e. EUR 4.491 per share. The share subscription period ended on 14 August 2017. The total number of 422,191 new shares were subscribed and paid for in the share issue.

In addition, the Board resolved on 3 August 2017 on the issuance of 1,771,000 new shares to the company itself without payment. In future, the company may use these shares, inter alia, in order to strengthen the company's capital structure, to broaden the company's ownership, to be used as payment in corporate acquisitions or when the company acquires assets relating to its business and as part of the company's incentive programs.