



REMUNERATION REPORT
2020



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From the Chairman

Dear shareholders

This remuneration report for the Group's governing bodies has been produced in compliance with the EU Shareholder Rights Directive (SHRD) and the Finnish Corporate Governance Code 2020 for listed companies.

Alma Media had a year of strong renewal in 2020. Following the divestment of the regional news media and printing business in the spring, the Group's dependence on the declining print media business decreased significantly and capital tied up in the print media business was reduced. Alma Media's strategic focus shifted even more clearly to the development of digital and international business. The transaction strengthened our ability to establish a sustainable competitive position and achieve our growth targets in the long term.

The development of business operations in 2020 was affected to a very significant degree by the outbreak of the COVID-19 pandemic in March and the wide-ranging measures introduced by the authorities to

prevent its spread. The increased economic uncertainty caused by the pandemic substantially reduced the Group's revenue, particularly with regard to recruitment business and advertising sales, but swiftly implemented cost reductions helped slow the decline of profitability.

Alma Media's incentive schemes emphasise the reconciliation of the interests of the executives and the interests of Alma Media's shareholders, engaging the commitment of the executives through long-term share ownership and thereby increasing the company's shareholder value in the long term.

The remuneration of the Board of Directors in 2020 was at the same level as in the previous year. During the past few years, the key criteria for the short-term incentive bonuses of the President and CEO have been the development of the Group's profitability, i.e. adjusted operating profit, and digital business growth targets. Alma Media's long-term incentive scheme, in turn, is based on the total shareholder return of the company's share and the growth of digital business.

The rewards are paid in Alma Media shares. Variable remuneration components, i.e. short-term and long-term incentives, represent a significant proportion of the remuneration of Alma Media's President and CEO. This ensures a strong alignment between the implementation of the Group's strategy and the President and CEO's remuneration, as the targets set for the short-term and long-term incentive systems are directly linked to Alma Media's business development.

The total remuneration paid to Alma Media's President and CEO in 2020, including pension contributions (supplementary pension + statutory pension), amounted to EUR 2,217,229, with variable remuneration components representing 56 per cent of the total.

Peter Immonen

Chairman of the Nomination and Compensation Committee



Key remuneration principles

In accordance with its strategy, Alma Media builds sustainable growth by taking advantage of the opportunities presented by the digital transformation.

The objective is to increase shareholder value through revenue growth and improved profitability. Alma Media is developing and expanding its current business operations and seeking growth opportunities in new businesses and markets. The company's Remuneration Policy and remuneration systems are aimed at promoting the Group's long-term financial success, competitiveness and the development of shareholder value.

The remuneration of the members of the Board of Directors at Alma Media must be competitive to ensure that the Board of Directors consists of members with sufficient expertise to carry out the

duties of the Board of Directors, which include, among other things, deciding on the company's strategy and monitoring its implementation.

The remuneration schemes concerning the company's President and CEO are based on the principle of achieving the Group's strategic objectives defined and confirmed by the Board of Directors as well as the principle of improving the company's result. The incentive schemes emphasise the reconciliation of the interests of the executives and the interests of Alma Media's shareholders, engaging the commitment of the executives through long-term share ownership and thereby increasing the company's shareholder value in the long term.

The remuneration principles include the promotion of a performance-based operating culture, offering competitive com-

penensation for development that promotes the implementation of strategy and the achievement of targets. Alma Media's remuneration principles and processes are transparent, clear and consistent.

Alma Media's Annual General Meeting confirmed the Remuneration Policy of Alma Media's Governing Bodies, prepared in accordance with the Corporate Governance Code 2020 for Finnish listed companies and the EU amendment directive concerning shareholder rights (SHRD II), in the spring 2020. The Remuneration Policy is available in full on Alma Media's website at www.alma-media.fi/en/investors/governance/remuneration.

Deviation from Alma Media's Remuneration Policy and clawback of remuneration in 2020

Temporary deviations from Alma Media's Remuneration Policy may be made if such a deviation is necessary to ensure the long-term interests of Alma Media. The assessment may take into account, among other things, the company's long-term financial success, competitiveness, ensuring the uninterrupted continuation of business and the development of shareholder value.

Deviations from the Remuneration Policy concerning the President and CEO shall be prepared by the Board's Nomination and Compensation Committee and decided on by the Board of Directors. If there

are grounds for temporary deviation, the deviation may concern any component or aspect of remuneration.

Starting from the spring of the reporting year, 2020, the global COVID-19 pandemic created significant uncertainty for Alma Media's financial performance in 2020. In an assessment conducted in September, Alma Media's Board of Directors found that the criteria for deviation from the company's Remuneration Policy were fulfilled with respect to the provision "Other significant external changes or significant changes in business conditions". Consequently, the year 2020 was eliminated from the measurement periods of the long-term incentive schemes

LTI 2015 and LTI 2019 for performance indicators other than Alma Media's total shareholder return (TSR).

There were no circumstances in 2020 that would have given cause for the Group to exercise its right to claw back or cancel paid or unpaid incentives.

Comparison figures on the remuneration of the management and employees and Alma Media's financial performance 2016–2020

Alma Media's profitability improved significantly during the five-year period leading up to 2019. The factors driving the positive development included the successful digital strategy, improved operational efficiency, the divestment of unprofitable businesses and effective cost management. In

2020, the COVID-19 pandemic and the resulting general economic uncertainty had a substantial impact on Alma Media's business.

The annual fees of the Board of Directors were increased in 2019 after they had gone unchanged since 2016. The remuneration schemes concerning the company's President and CEO are

based on the principle of achieving the Group's strategic objectives, digital business growth and improving the Group's result. These criteria are also reflected in the short-term and long-term remuneration of the President and CEO. The remuneration of the President and CEO is closely aligned with the principle of performance-based remuneration.

The development of the remuneration of the Board of Directors and the President and CEO compared to the average remuneration of the Group's employees and the Group's financial performance for the past five financial years:

Eur	2016	2017	2018	2019	2020
Average fees paid to a member of the Board of Directors	44,671	40,329	54,733	56,571	54,014
Basic salary + benefits paid to the President and CEO (excluding pension benefits)	495,384	495,519	473,735	511,777	523,853
Year-on-year change, %		0.03%	-4.4%	8.03%	2.36%
Total remuneration paid to the President and CEO	195,042	449,162	654,621	600,004	1,246,306
Year-on-year change, %		130.29%	46.74%	-8.34%	107.72%
Average employee salary*	54,963	51,339	50,633	50,242	49,523
Adjusted operating profit (MEUR)	23.3	41.7	49.9	49.3	45.4
Digital business growth, %	27.9	17.3	8.7	3.7	-5
Share price (end of the year)	5.03	7.19	5.54	7.96	8.92
Dividend	0.16	0.24	0.35	0.40	0.30

The comparison figures illustrate the salaries and fees paid during each financial year. The bonuses based on short-term and long-term incentive schemes are always paid in the year following the performance period. For example, the figures for 2020 are based on the short-term incentive scheme's performance period 2019 and the long-term incentive scheme's performance period 2015–2020.

* The average employee salary is calculated by deducting other employee expenses from total employee expenses and dividing this figure by the average number of employees for the year excluding telemarketers.

Remuneration of the Board of Directors in 2020

The members of the Board of Directors of Alma Media Corporation are not in an employment relationship with the company. The compensation received by the members of the Board of Directors from the company is limited to compensation related to membership of the Board of Directors and its committees and their work on the Board of directors. The members of the Board of Directors are not included in Alma Media's share-based incentive schemes or the company's other incentive schemes.

The members of the Board shall, as decided by the Annual General Meeting, acquire a number of Alma Media Corporation shares corresponding to approximately 40 per cent of the full amount of the annual remuneration for Board members, taking into account tax deduction at source, at the trading price on the regulated market arranged by the Helsinki Stock Exchange. The acquired shares cannot be transferred until the recipient's membership on the Board has ended. If it is not possible to acquire the shares by the end of each year for a reason such as

pending insider transactions, the annual remuneration shall be paid in cash.

The meeting fees of the members of the Board of Directors are paid in cash.

The Annual General Meeting 2020 kept the fees of the Board of Directors unchanged and, in accordance with the proposal of the Shareholders' Nomination Committee, resolved on the annual fees of the Board of Directors as follows:

- To the Chair of the Board of Directors, EUR 62,500 per year; to the Vice

Chair, EUR 40,000 per year, and to the other members EUR 32,500 per year.

- In addition, the Chair of the Board of Directors and the Chair of the Audit Committee will be paid a fee of EUR 1,500, the Chair of the Nomination and Compensation Committee a fee of EUR 1,000, the Deputy Chairs of the committees a fee of EUR 700 and members a fee of EUR 500 for those Board and Committee meetings that they attend.
- The travel expenses of Board members to be compensated in accordance with the company's travel regulations.

Fees paid to the members of the Board of Directors for their work on the Board and its committees in 2020

Year	Name	Position	Board meetings			Audit Committee	Nomination and Compensation Committee	Fees total
			Annual fee	Annual fee paid in shares, no. of shares*	Meeting fees			
2020	Jorma Ollila	Chairman	62,500	3,106	24,000		1,500	88,000
2020	Petri Niemisvirta	Deputy Chairman	40,000	1,988	12,600	2,500		55,100
2020	Peter Immonen	Member	32,500	1,615	9,000		3,000	44,500
2020	Esa Lager	Member	32,500	1,615	9,000	7,500		49,000
2020	Alexander Lindholm	Member	32,500	1,615	8,000	2,500		43,000
2020	Päivi Rekonen	Member	32,500	1,615	18,000	5,000		55,500
2020	Catharina Stackelberg-Hammarén	Member	32,500	1,615	9,000		1,500	43,000

* The number of shares corresponds to approximately 40% of the full amount of the annual fee after taxation.

The above-mentioned attendance fees for each meeting are

- doubled for (i) members living outside Finland in Europe or (ii) meetings held outside Finland in Europe; and
- tripled for (i) members resident outside Europe or (ii) meetings held outside Europe.

In the financial year 2020, the fees paid to the Board members totalled EUR 378,100. All fees paid to the Board members during the financial year 2020 were in accordance with Alma Media's Remuneration Policy.

Remuneration of the President and CEO in 2020

The total remuneration of Alma Media's President and CEO in 2020, including pension benefits (supplementary pension + statutory pension), amounted to EUR 2,217,229. Short-term and long-term incentive bonuses paid in 2020 represented 56.2 per cent of the total remuneration of the President and CEO, while the fixed annual salary including pension benefits (statutory pension and supplementary pension) represented 43.8 per cent. The remuneration of the President and CEO in 2020 was in accordance with Alma Media's Remuneration Policy.

According to the Remuneration Policy, the fixed remuneration includes basic salary, benefits and supplementary pension

contributions. The variable remuneration consists of a short-term incentive (STI) bonus scheme related to the achievement of short-term financial and operational targets and long-term remuneration schemes (LTI).

The supplementary pension contribution of the President and CEO's fixed annual salary is 37 per cent of the annual salary, which is calculated by adding a computational share of 50 per cent of the maximum incentive to the overall salary. The President and CEO has the right to retire at the age of 60. No other financial benefits were paid to the President and CEO in 2020.

Variable remuneration components:

Short-term remuneration

The main elements of the short-term incentive bonus scheme of Alma Media's President and CEO were based on two criteria: Meeting Alma Media Group's financial targets concerning adjusted operating profit (weight 70%) and digital business growth (weight 30%) for each calendar year.

The maximum remuneration payable to the President and CEO under the short-term incentive scheme is 66 per cent of the annual basic remuneration. In addition to the earning opportunity based on the incentive scheme, the

President and CEO may be eligible for one-off project bonuses based on, for example, key development projects, projects relating to significant changes in Group structure or M&A transactions or other one-off projects or arrangements as determined by the Board of Directors on a case-by-case basis. In 2020, a one-off bonus included in the President and CEO's remuneration was related to the divestment of Alma Media's regional news media and printing business.

The rate of achievement of the targets of the President and CEO's short-term incentive scheme was 56 per cent in 2019 and the bonus of EUR 179,193 was paid in March 2020. The President and CEO was also paid incentive bonuses in the amount of EUR 512,220 in 2020 in relation to completed M&A transactions. The rate of achievement of the targets was 35 per cent in 2020 and the bonus of EUR 115,500 will be paid in March 2021.

	Variable remuneration components			Pension benefits	
	Fixed annual salary (including taxable fringe benefits)	Short-term incentive bonuses paid for the year 2019	Share-based incentive bonuses paid	Supplementary and statutory pension contributions	Total
President & CEO	523,853	691,414	554,892*	447,070	2,217,229

* The share-based incentive bonus (LTI) was paid on 12 March 2020. The number of earned shares under the incentive scheme was 83,856 and the average share price on the payment date was 6.6172.

Variable remuneration components:

Long-term remuneration

The President and CEO's long-term incentive structure consists of share-based incentive schemes (LTI 2015 and LTI 2019). Dividing the maximum incentive reward over the measurement period on average, the maximum incentive reward

based on the LTI schemes is limited to 95 per cent of the President and CEO's fixed annual salary. The measurement period is five years for the LTI 2015 scheme and three years for the LTI 2019 scheme.

On 12 March 2020, the President and CEO was paid share-based incentive

bonuses under three different incentive schemes (LTI 2015 I, LTI 2015 III, LTI 2015 IV). The gross number of shares received by the President and CEO based on the incentive schemes was 83,856 shares, corresponding to EUR 554,892 (average rate 6.6172 on the payment date).

In accordance with the Board of Directors' recommendation concerning share ownership, the President and CEO is expected to retain ownership of at least half of the net shares received through the company's share-based incentive schemes until the total value of the Alma Media shares held corresponds to at least one year's fixed gross annual salary. The long-term incentive bonus paid in March 2019 is subject to a transfer restriction and the President and CEO can only transfer the shares pursuant to the terms and conditions of the incentive scheme.

The maximum amounts under the share-based incentive schemes granted to the President and CEO and currently in effect (LTI 2015, LTI 2019):

	2015 II TSR	2015 III TSR	2015 IV TSR	2015 IV (Matching plan)	2019 MSP	2020 MSP	TOTAL
Maximum	34,000	36,000	36,000	36,000	135,000	125,000	397,000 shares
Performance indicators	Total shareholder return (TSR)	Total shareholder return (TSR)	Total shareholder return (TSR)	Digital growth	Digital growth (50%), total shareholder return (TSR) (50%)	Digital growth (33%), EPS (33%), total shareholder return (TSR) (33%)	
Performance period	2016–2020	2017–2021	2018–2022	2018–2019, 2021	2019–2021	2020–2022	
Year of payment	2021	2022	2023	2022	2022	2023	

Verification of the Remuneration Report

The auditing firm PricewaterhouseCoopers Oy, which served as Alma Media's auditor for the financial year 2020, has verified that the legally required disclosures are included in this Remuneration Report.



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