

Remuneration statement 2018

Remuneration statement 2018

This remuneration statement of Etteplan Oyj (Etteplan) has been prepared and issued in accordance with the Finnish Corporate Governance code 2015. The remuneration report is issued annually always in connection with Etteplan's corporate governance statement.

Principles applied to remuneration schemes

The goal of remuneration schemes is to promote competitiveness and long-term financial success of the Company and to contribute to the favourable development of shareholder value. Remuneration schemes are based on predetermined and measurable performance and result criteria.

The task of Board's Nomination and Remuneration Committee is to assist the Board of Directors in matters related to the remuneration of the Company's CEO and other executives and to prepare matters related to the reward schemes for employees.

Decision-making process

The General Meeting shall decide on the remuneration payable for Board and Committee work as well as the basis for its determination. The Nomination and Remuneration Committee has been assigned the duty of preparing the remuneration of the Board. The Board of Directors shall decide on the remuneration of the CEO as well as other compensation payable to him or her. The compensa-

tion principles for the Management Group are determined by the CEO in cooperation with the Board of Directors.

Remuneration of the Board of Directors

According to the resolution passed by the Annual General Meeting held in April 2018, the remuneration for each member of the Board of Directors is 600 euros per meeting and for the Chairman of the Board of Directors 1,200 euros per meeting. In addition, each member of the Board receives 24,400 euros per year and the Chairman of the Board of Directors 48,800 euros per year. Daily allowances and travel expenses are paid to the Board members according to the Company's travel policy.

According to the resolution passed by the Annual General Meeting held in April 2018, the remuneration for each member of the Nomination and Remuneration Committee is 600 euros per meeting and for the Chairman of the Nomination and Remuneration Committee 1,200 euros per meeting. In addition, daily allowances and travel expenses are paid for the meetings to the committee members according to the Company's travel policy.

Remuneration for Board and Committee work is not paid in the form of Company shares and the Board members are not in the target group of Company's share-based incentive plan.

Remuneration of the CEO

The CEO's compensation consists of a basic salary and a yearly bonus decided annually by the Board on the basis of the Group's financial result and other key targets. The maximum amount of yearly bonus is 100 per cent of the annual salary. In addition, the CEO has car and phone benefits. Statutory retirement age applies to the CEO. The term of notice for the CEO is six months. In the

event of dismissal, the CEO is at the most entitled to receive compensation equivalent to 18 months' salary which includes the salary for a six-month term of notice.

In 2018, President and CEO Juha Näkki's basic salary was EUR 293,974.80. In 2018, his car, phone and medical expenses insurance benefits totalled to EUR 21,759.15. EUR 179,849.80 performance based bonus accrued from year 2017 was paid to the President and CEO in 2018.

The President and CEO is included in the share-based incentive plan for the Group's key personnel. The incentive plan includes one three year earning period comprising calendar years 2017–2019. The potential nonrecurring reward of the incentive plan will be paid after the earning period in 2020.

In 2018, no additional accrual basis pension insurance policy was paid for the President and CEO Juha Näkki.

Remuneration of other executives

The system of compensation for the other members of the Management Group includes a basic salary and a performance based bonus. The principles for performance based bonus are decided annually. The maximum of the yearly bonus is 33–100 per cent of the recipient's annual salary depending on the member's duties. No separate agreement regarding early retirement has been made for the other members of the Management Group. The term of notice for a Management Group member is at least 4 months. In the event of dismissal, a Management Group member is at the most entitled to receive compensation equivalent to 10 months' salary which includes the salary for a four-month term of notice.

In 2018, the other Management Group members received a total of EUR 1,100,959.65 in basic salary. Car, phone and medical

expenses insurance benefits in 2018 totalled to EUR 41,722.71. A total of EUR 553,218.69 of performance based bonus accrued from year 2017 was paid to the other Corporate Management Group members in 2018.

Share-based incentive plans

The Board of Directors of Etteplan Oyj decided on May 31, 2017, to establish a new share-based incentive plan for the Group's key personnel. The incentive plan includes one earning period, comprising the calendar years 2017–2019. The earnings criteria are Etteplan Group's revenue increase and the development of Total Shareholder Return (TSR). The potential reward will be paid partly in the Company's shares and partly in cash. The proportion to be paid in cash is intended to cover taxes and tax-related costs arising from the reward to the key personnel. Approximately 20 people belong to the target group of the incentive plan. The rewards to be paid on the basis of the plan will correspond to the value of an approximate maximum total of 260,000 Etteplan Oyj shares (including also the proportion to be paid in cash). The shares to be paid out as potential rewards will be transferred from the shares held by the Company or shares acquired from the market, and therefore, the incentive plan will have no diluting effect on the value of the share. The potential nonrecurring reward of the incentive plan will be paid after the earning period in 2020.

During the 2018 financial period no nonrecurring rewards from share-based incentive plans were paid for either the Company's President and CEO or key personnel.

Salaries, fees and fringe benefits paid

Salaries, fees and fringe benefits paid EUR 1,000	2018	2017
Members of the Board		
Robert Ingman, Chairman of the Board	63	61
Cristina Andersson (Apr 4, 2017 onwards)	30	22
Matti Huttunen	30	30
Pertti Nupponen (until Apr 4, 2017)	0	8
Teuvo Rintamäki (until Apr 4, 2017)	0	7
Leena Saarinen	36	33
Mikko Tepponen (Apr 4, 2017 onwards)	30	22
Patrick von Essen	33	30
CEO and other members of the Management Group		
Juha Näkki, salaries and fees paid	496	1,728
Juha Näkki, statutory pension costs	54	192
Other members of the Management Group, salaries and fees paid	1,696	2,496
Other members of the Management Group, statutory pension costs	249	306
Key management compensation total	2,715	4,938^{*)}

^{*)} Fees paid to management in 2017 include payment of share based incentive plan accumulated over years 2014–2016.

The Annual General Meeting annually resolves the remuneration for the members of the Board of Directors.