

Remuneration statement 2017

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Principles applied to remuneration scheme

The goal of remuneration schemes is to promote competitiveness and longterm 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, the deputy CEO and other executives and to prepare matters related to the reward schemes for employees.

Decisionmaking 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 compensation 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 2017, 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 2017, 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 sharebased 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 2017 President and CEO Juha Näkki's basic salary was EUR 286,663.61. In 2017, his car, phone and medical expenses insurance benefits totalled to EUR 16,415.25. EUR 100,137.00 performance based bonus accrued from year 2016 was paid to the President and CEO in 2017. In addition, the President and CEO received as nonrecurring rewards for share-based incentive plans comprising calendar years 2014–2016 a total of EUR 1,324,393.95 (including 90,634 shares and thereto related taxes and tax-related costs). Rewards were paid for two separate incentive plans, one directed at the President and CEO and one at the key personnel

of the Company. More information on said incentive plans and rewards can be found under point Share-based incentive plans.

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 2017 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 base salary and a performance based bonus. The principles for performance based bonus are decided annually. The maximum of the yearly bonus is 33–100 percent of the recipient's annual salary depending on the member's duties. No separate agreement has been made regarding early retirement 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 2017, the other Corporate Management Group members received a total of EUR 1,101,198.24 in basic salary. Car, phone and medical expenses insurance benefits in 2017 totalled to EUR 31,522.76. A total of EUR 219,629.28 of performance based bonus accrued from year 2016 was paid to the other Corporate Management Group members in 2017. In addition, the other Management Group members received as nonrecurring reward for a share-based incentive plan comprising calendar years 2014–2016 a total of EUR 1,144,104.36 (including 80,678 shares and thereto related taxes and tax-related costs). The reward was paid for the incentive plan directed at the key personnel of the Company. More information on said incentive plan and reward can be found under point Share-based incentive plans.

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, com-

prising 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.

During the 2017 financial period nonrecurring rewards from previous share-based incentive plans for the Company's President and CEO as well as key personnel were paid. Rewards were paid for two separate incentive plans, one directed at the President and CEO and one at the key personnel of the Company. Both incentive plans included one three year earning period comprising calendar years 2014–2016. The President and CEO of the Company was part of both incentive plans.

On the basis of the share-based incentive plans comprising calendar years 2014–2016 the President and CEO of the Company received as nonrecurring rewards on February 28, 2017 and April 28, 2017 a total of EUR 1,324,393.95 (including 90,634 shares and thereto related taxes and tax-related costs).

On the basis of the share-based incentive plan comprising calendar years 2014–2016 the members of the Management Group of the Company received as a non-recurring reward on April 28, 2017 a total of EUR 1,144,104.36 (including 80,678 shares and thereto related taxes and tax-related costs).

Management Remuneration in 2017

Salaries, fees and fringe benefits paid 1,000 EUR	2017	2016
Members of Board		
Robert Ingman, Chairman of the Board	61	63
Cristina Andersson (Apr 4, 2017 onwards)	22	0
Matti Huttunen	30	29
Pertti Nupponen (until Apr 4, 2017)	8	29
Teuvo Rintamäki (until Apr 4, 2017)	7	29
Leena Saarinen	33	38
Mikko Tepponen (Apr 4, 2017 onwards)	22	0
Patrick von Essen	30	29
	216	217
CEO and other members of the Management Group		
Juha Näkki, salaries and fees paid	1,728	435
Juha Näkki, statutory pension costs	192	74
Other members of the Management Group, salaries and fees paid	2,496	1,273
Other members of the Management Group, statutory pension costs	306	249
Total	4,938^{*)}	2,248

^{*)} Fees paid to management in 2017 include nonrecurring payments of rewards of share-based incentive plans accumulated over years 2014–2016.

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