

## **REMUNERATION STATEMENT 2015**

### **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, the deputy 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 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 of 2015, 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 of 2015, 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 and other executives**

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 decided annually. In addition the CEO has car and phone benefits. The CEO has an agreement of a share-based incentive plan. Statutory retirement age applies to the CEO. In the event of dismis-

sal, 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.

The system of compensation for the members of the Management Group includes a base salary and a performance based bonus. The principles for performance based bonus are decided annually. In 2015 the bonus was based on Company's operating profit, operative cash flow and strategic goals. The maximum of the yearly bonus is 50-100 percent of the recipient's annual salary depending on the member's duties. No separate agreement has been made regarding early retirement for members of the Management Group. 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.

### **Information on the service contract of the CEO**

In 2015 President and CEO Juha Näkki's basic salary was EUR 273,420.00. In 2015, his car, phone and medical expenses insurance benefits totaled to EUR 16,209.08. EUR 125,683.50 performance based bonus accrued from year 2014 was paid to President and CEO in 2015.

In 2014 a share-based incentive plan was created for the Company's President and CEO. The Restricted Stock Plan includes one three year vesting period which includes calendar years 2014-2016. The potential reward of the Plan is bound to the validity of the CEO's service and will be paid in February 2017. In addition the President and CEO is included in the share-based incentive plan for the Group key personnel. No company-held shares were disposed in 2015 for the share-based incentive plan.

In 2015 no additional accrual basis pension insurance policy was paid for the President and CEO Juha Näkki.

### **Share-based incentive plans**

The Board of Directors of Etteplan Oyj decided in February 2014 on a new share-based incentive plan for the Company's President and CEO. The aim of the Plan is to combine the objectives of the shareholders and the CEO in order to increase the value of the Company, to commit the CEO to the Company, and to offer him a competitive reward plan based on earning the Company shares.

The new Restricted Stock Plan includes one three year vesting period. The potential reward of the Plan is bound to the validity of the CEO's service. The reward from the vesting period will be paid partly in the Company's shares and partly in cash in February 2017. The cash proportion is intended to cover taxes and tax-related costs arising from the reward to the CEO. No reward will be paid, if the CEO terminates his service contract before the reward payment.

The reward to be paid on the basis of the Restricted Stock Plan will amount up to a maximum total of 25,000 Etteplan Oyj shares. In addition, the Company will pay taxes and tax-related costs arising from the reward to the CEO.

The Board of Directors of Etteplan Oyj decided in June 2014 to establish a new share-based incentive plan for the Group key personnel. The aim of the Plan is to

combine the objectives of the shareholders and the key personnel in order to increase the value of the Company, to commit the key personnel to the Company, and to offer them a competitive reward plan based on holding the Company shares.

The Plan includes one earning period which includes calendar years 2014, 2015 and 2016. 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 15 people belong to the target group of the Plan.

The rewards to be paid on the basis of the plan will correspond to the value of an approximate maximum total of 450,000 Etteplan Oyj shares (including also the proportion to be paid in cash).

#### Management Remuneration in 2014

Key management of Etteplan Oyj includes the Board of Directors, CEO and Management Group.

##### Salaries, fees and fringe benefits paid

EUR 1,000	2015	2014
<b>Members of the Board</b>		
Robert Ingman, Chairman of the Board	58	54
Tapio Hakakari, until Mar 26, 2014	0	8
Heikki Hornborg, until Mar 26, 2014	0	8
Matti Huttunen, Mar 27, 2015 onwards	22	0
Pertti Nupponen	29	27
Teuvo Rintamäki	29	25
Leena Saarinen	30	30
Patrick von Essen, Mar 26, 2014 onwards	29	19
	<b>198</b>	<b>171</b>
<b>CEO and other members of the Management Group</b>		
Juha Näkki, salaries and fees paid	415	252
Juha Näkki, statutory pension costs	69	42
Other members of the Management Group	1 020	822
<b>Total</b>	<b>1 702</b>	<b>1 287</b>

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

##### Stock options to the key management

Stock options have not been granted to the Company's management during 2015.