

# Remuneration Statement 2017



Kojamo plc complies with the Finnish Corporate Governance Code 2015, which entered into force on 1 January 2016. This Remuneration Statement has been prepared in accordance with the Remuneration Reporting section of the Corporate Governance Code.

The Remuneration Statement is a description of the remuneration of the Group's CEO, members of the Board of Directors and members of the Management Group. The Remuneration Statement contains an up-to-date description of the decision-making procedure concerning the remuneration of the CEO, members of the Board of Directors and members of the Management Group as well as a description of the main principles of remuneration. It also includes a remuneration report, which discloses the remuneration paid to the CEO, members of the Board of Directors and members of the Management Group during the previous financial year.

The Board of Directors decides on the company's remuneration schemes.

#### **A. Decision-making procedure concerning remuneration**

Kojamo plc's Annual General Meeting decides on the remuneration of the Board of Directors and the auditor. The Shareholders' Nomination Board prepares a proposal to the Annual General Meeting regarding

the remuneration of the members of the Board of Directors.

The company's Board of Directors decides on the salaries of the CEO and members of the Management Group, and on the principles and disbursement of their performance bonuses. The Board of Directors also decides on the compensation to be paid to the CEO upon termination of employment.

The Remuneration Committee of the Board of Directors prepares matters pertaining to the remuneration and other financial benefits of the company's CEO and Deputy CEO, the remuneration of the members of the Management Group and the company's remuneration schemes.

Group employees do not receive additional compensation for serving as Board members or CEO of a Group company.

The Group also has a performance bonus scheme for the entire personnel, the principles of which are annually decided on by the Board of Directors.

Kojamo has instructed that the Management Group's approval is required for all individual remuneration decisions concerning other executives and personnel.

This and other information to be disclosed in accordance with the Corporate Governance Code is available on Kojamo's website at <https://kojamo.fi/en/finances/good-governance/>.

#### **B. Principles of remuneration at Kojamo**

This section describes the main principles of remuneration relating to the CEO, members of the Board of Directors and members of the Management Group.

The principles of remuneration are meant to ensure the achievement of Kojamo's strategy and business goals. The principles of remuneration must comply with ethical principles and legislative requirements. In addition, all remuneration mechanisms are planned in line with risk management. The remuneration mechanisms strengthen Kojamo's ability to generate added value to its stakeholders. A further objective is to attract skilled employees through versatile, competitive remuneration.

The principles governing the various forms of remuneration are as follows:

Regular income at Kojamo is paid as total remuneration. In accordance with Kojamo's remuneration scheme, the total remuneration consists of a job-specific component and a personal component.

Monetary remuneration is mainly composed of regular total pay (including part of the benefits) and performance bonuses. Fixed pay supports Kojamo's financial stability and accounts for a sufficiently large share of the total remuneration. Total pay includes optional benefits in kind (such as an employer-provided car, telephone and meals) based on the employee's position.

The taxable values of these are reduced from the monetary pay.

Threshold values and upper limits shall always be set for the payment of variable remuneration. As a rule, variable remuneration shall be based on the individual's, (business) unit's and company's performance as well as the Group's overall results. Quantitative and qualitative performance criteria and their relative weights shall be specified in advance. Variable remuneration is based on input related to the company's result.

Pensions shall mainly be defined-contribution pensions. Certain limited personnel groups are also entitled to supplementary pension and insurance benefits. Other benefits, such as one-time bonuses and monetary or intangible incentives, shall be aligned with the situation in the local labour market.

#### Principles of remuneration concerning the members of the Board of Directors:

In accordance with the decision of the Annual General Meeting held in 2017, the annual remuneration to be paid to the members of the Board of Directors until the close of the next Annual General Meeting in 2018 shall be as follows: EUR 26,000 for the Chairman, EUR 15,000 for the Vice-Chairman and EUR 9,000 for each member.

The Board members do not have employment or service contracts with Kojamo or

its subsidiaries, and they are not covered by the employment-based remuneration schemes. The Board members do not participate in Kojamo's incentive plans.

Principles of remuneration concerning the members of the Shareholders' Nomination Board and committees:

The Annual General Meeting annually decides, based on a proposal made by the Shareholders' Nomination Board, on the election of members to the Board of Directors as well as their meeting attendance and annual fees.

The Nomination Board consists of four members appointed by shareholders, and it elects the Chairman from amongst its members. The Chairman of the Board of Directors also has the right to attend the Nomination Board meetings in an advisory capacity.

- Each member of the Board of Directors receives a fixed annual fee and an attendance fee for each meeting.
- A meeting attendance fee is also paid for committee meetings.
- The members of the Board of Directors are not covered by share-based remuneration schemes or supplementary pension plans.
- Nor does Kojamo plc pay pension contributions for the fees of the Board members.

Principles of remuneration concerning the CEO:

The remuneration of the CEO is based on Kojamo's remuneration principles. The remuneration consists of fixed pay, benefits in kind and a defined-contribution supplementary pension agreement as well as possible long-term incentive bonuses.

The CEO is covered by a long-term incentive plan, which is divided into three-year earning periods, starting each year. The maximum long-term incentive bonus for the CEO is 100 per cent of the annual salary.

Long-term rewards are based on the Group's profit performance. The company's Board of Directors decides on the earning criteria for each earning period and on the following for each earning criterion: the targets, the starting level, target level and maximum level as well as the evaluation criteria.

The company has no remuneration schemes based on shares, options or other special rights entitling the holder to shares. Consequently, the company has not defined principles applicable to the ownership of shares or options (or other special rights entitling the holder to shares) given to the CEO as remuneration.

In addition to the pension under the Employees Pensions Act, the CEO is entitled to a defined-contribution supplementary pension. The insurance premium paid annually corresponds to two months' salary.

Signing or retention bonuses are not used.

If the company terminates the CEO's contract, the period of notice is 12 months, during which the CEO is under no obligation to work. If the CEO terminates the contract, the period of notice is three (3) months. No separate severance pay has been agreed on in the CEO's contract.

The remuneration of the members of the Management Group is based on Kojamo's remuneration principles. The remuneration consists of fixed pay, benefits in kind and a defined-contribution supplementary pension agreement as well as possible long-term incentive bonuses. The members of the Management Group have been part of

a long-term incentive plan since 2010. The incentive plan is based on the Group's profit performance and is divided into three-year earning periods, starting each year.

**C. Remuneration report**

The Annual General Meeting held on 27 March 2017 confirmed the attendance fee for Board meetings as EUR 600 per meeting and set the following annual fees for the term beginning on 27 March 2017:

- EUR 26,000 for the Chairman
- EUR 15,000 for the Vice-Chairman
- EUR 9,000 for each member.

The fees paid to the members of the Board of Directors and committees for 2017 were as follows:

	Board of Directors	Audit Committee	Remuneration Committee	Shareholders' Nomination Board	Total
Riku Aalto	31,400		3,600	1,200	36,200
Matti Harjuniemi	14,400	2,400			16,800
Olli Luukkainen	13,800		3,000		16,800
Jorma Malinen	13,200	2,400			15,600
Mikko Mursula	20,400	2,400			22,800
Reima Rytsölä	14,400		3,600		18,000
Jan-Erik Saarinen	14,400	2,400			16,800
Ann Selin	13,200		3,000		16,200
Jarkko Eloranta				1,200	1,200
Ville-Veikko Laukkanen				1,200	1,200
Pasi Pesonen				1,200	1,200
Esko Torsti				1,200	1,200
<b>Total</b>	<b>135,200</b>	<b>9,600</b>	<b>13,200</b>	<b>6,000</b>	<b>164,000</b>

The fees paid to the Shareholders' Nomination Board, the Board of Directors and the committees in 2017 amounted to EUR 164,000. None of the members of the Board of Directors or the committees have employment or service contracts with Kojamo, nor

are they covered by the Group's short-term or long-term incentive or pension plans.

The salaries and other benefits paid to the CEO in 2017 came to EUR 738,662, of which EUR 382,184 was fixed pay and EUR 356,478 was variable pay.

<b>Fixed pay (incl. benefits in kind)</b>	<b>Performance bonus</b>	<b>Supplementary pension</b>
EUR 382,184	EUR 356,478	EUR 60,772

#### **Pension, retirement age and severance pay**

The retirement age for the CEO and members of the Management Group is 63 years. The members of the Management Group belong to a defined-contribution pension system, in which an insurance premium corresponding to two months' taxable income is paid annually into a group pension insurance plan.

The period of notice for terminating the CEO's employment relationship is 12 months. No separate severance pay has

been agreed on in the CEO's contract. If the company terminates the CEO's contract, the period of notice is 12 months, during which the CEO is under no obligation to work. If the CEO terminates the contract, the period of notice is three (3) months.

#### **Remuneration of the Management Group**

The salaries and other benefits paid to the Management Group in 2017 came to EUR 1,409,357, of which EUR 970,335 was fixed pay and EUR 439,021 was variable pay.



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