

# REMUNERATION STATEMENT AND REPORT

CapMan Plc Board 30 January 2019

Remuneration Statement of CapMan Plc (“CapMan”) has been prepared in accordance with the Finnish Corporate Governance Code (the “Code”), which entered into force on 1 January 2016. The statement includes the information required by the Code to be disclosed in the remuneration report i.e. information on the remuneration and other financial benefits paid to the directors, the CEO, and any other executives during the previous financial period. The Code is publicly available on the website of the Securities Market Association at [www.cgfinland.fi/en/](http://www.cgfinland.fi/en/).

When considering the remuneration elements set out in this Remuneration Statement and Report, the Board’s Remuneration Committee and the Board of Directors have primarily applied principles of fairness and competitiveness, balancing of interests of shareholders, fund investors as well as employees, and promoting as well as strengthening the performance culture both short and long term.

## Board of Directors

### 1.1 Decision-making process and main principles of remuneration

The remuneration of the members of the Board of Directors (the “Board”) is confirmed by the Annual General Meeting (the “AGM”). Until AGM 2018 the Board’s Nomination Committee has made the proposals regarding the remuneration of the Board members and presented its proposals to the AGM. According to the decision of the AGM 2018, the monthly fee of the Chairman of the Board of Directors is EUR 4 750 (2017: EUR 4 000), the monthly fee of the Vice Chairman is EUR 4 000 (2017: EUR 3 200), the monthly fee of the Chairman of the Audit Committee of the Board is EUR 4 000 in case he/she does not simultaneously act as the Chairman or the Vice Chairman of the Board and the monthly fee of the members of the Board is EUR 3 250 (2016: EUR 2 800). Based on the AGM resolution, the monthly remuneration will be paid in cash. Board members are not in an employment relationship or service contract with CapMan and they are not given the opportunity to participate in CapMan’s share-based remuneration program, nor does CapMan have a pension plan that they can opt to take part in.

The Chairmen of the Board and Board’s Committees are paid a meeting fee of EUR 800 per meeting (2017: EUR 800) and the members of the Board and Board’s Committees are paid meeting fee of EUR 400 per meeting (2017: EUR 400). All of the meeting fees are also paid in cash. All members of the Board shall be reimbursed for reasonable travel expenses in accordance with the company’s travel compensation policy.

Remuneration and other financial benefits paid to the directors in 2018 are described in the Remuneration Report below.

Following the decision of the AGM 2018 a Shareholder’s Nomination Board replaces the Board’s Nomination Committee. The Shareholders’ Nomination Board will make the proposals regarding remuneration of the Board members and remuneration of the members of the Board Committees to the next Annual General Meetings and, if needed, to Extraordinary General Meetings.

## CEO and Management Group

### 1.2 Decision-making process

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The Board of Directors of CapMan confirms the overall remuneration principles and elements covering the CEO and Management Group members on an annual basis. The Board's Remuneration Committee, consisting of at least two independent Board members and non-executives, prepares remuneration-related matters for the Board.

Any adjustments to the CEO's salary and other compensation can only be made with the Board's approval. The monthly salaries of the Management Group members can be increased on the basis of a proposal by the CEO and subsequent approval by the Board.

### **1.3 Remuneration of the CEO**

The CEO Joakim Frimodig is entitled to remuneration corresponding to a monthly salary of EUR 30,000 and fringe benefits (phone, lunch and sports benefit). Additionally, he is entitled to an additional defined contribution-based pension insurance for which the company pays an annual premium of 10% of the participant's annual salary. The retirement age of the CEO is 63 years.

The CEO's remuneration does not include short-term incentives (STI). The long-term incentive scheme (LTI) for the CEO is a share-based program described in section 4. In his previous role as a member of the Management Group the CEO has been entitled to CapMan's stock option program described in section 3.

The CEO has a mutual notice period of six months and he will be entitled to a severance fee of 12 months' salary, if his employment is terminated by the company.

The base salary, fees and other financial benefits paid to the CEO in 2018 are described in the Remuneration Report below.

### **1.4 Remuneration of the Management Group members**

In addition to a monthly salary and fringe benefits, certain Management Group members are entitled to an additional defined contribution-based pension insurance, for which the company pays an annual premium equivalent to 5% of the participant's annual salary (excluding fringe benefits). The individual's entitlement to a premium-free policy increases gradually after three years and after six years covers 100% of the cumulative additional pension saving.

When considering the remuneration of the company, the Board has emphasised long-term commitment of the management and decreased the amount of short-term incentives in the remuneration schemes. The CEO and the CFO are not included in the short-term incentive programs. Other Management Group members may be entitled to annual bonuses according to the Remuneration Policy approved by the Board annually. Annual bonuses are typically based on both business performance and personal/team performance. The maximum bonus potential for Management Group members belonging to this scheme is capped at an amount corresponding to 12 months' salary and the Board determines annually the earnings level on which the maximum bonus potential can be achieved.

The monthly salaries, fees and other financial benefits paid to the Management Group members in 2018 are described in the Remuneration Report below.

## Stock option programs

Stock options have been used to commit key individuals/executives to the company and reinforce the alignment of interests of key individuals/executives and CapMan shareholders. CapMan has two stock option programs, stock option program 2013 and stock option program 2016. However, new stock options are not granted under the option programs as the program has been replaced by a share-based remuneration program described in section 4. The terms and conditions of the programs are available in the Stock options section on CapMan's website.

## Share-based remuneration program

The Board of Directors of CapMan Plc resolved in January 2018 to establish a new Performance Share Plan 2018-2021 for CapMan Group management, as well as selected CapMan Group key employees. The participants are committed to shareholder value creation by investing a significant amount into the CapMan Plc share, which is the prerequisite for the participation in the plan. In addition, the aim of the new long-term incentive plan is to retain the participants at CapMan Group's service, and to offer them a competitive reward plan based on owning, earning and accumulating CapMan shares. Following the decision, CapMan will not grant new options from the ongoing option plans 2013 and 2016.

The new plan includes one performance period. The performance period will commence on 1 April 2018 and end on 31 March 2021. The participants may earn a matching reward and a performance-based reward from the performance period.

The prerequisite for receiving rewards on the basis of the plan is that a participant acquires CapMan shares or allocates previously owned CapMan shares up to the number determined by the Board of Directors. The performance-based reward from the plan is based on the CapMan share's Total Shareholder Return (TSR) and on a participant's employment or service upon reward payment.

The rewards from the plan will be paid fully in CapMan shares in 2021. The Board shall resolve whether new shares or existing shares held by CapMan are given as reward. As a general rule, no reward will be paid, if a participant's employment or service ends before the reward payment. The shares paid as reward may not be transferred during the lock-up period established for the shares. The lock-up period will end in 2022.

The target group of the plan consists of approximately 20 people, including the members of the Management Group. The rewards to be paid on the basis of the performance period amount up to a maximum of approximately 6.0 million CapMan Plc shares, indicating a maximum dilution of 4.0 %.

As a general rule, a participant must hold a minimum of 25 per cent of the gross shares given on the basis of the plan, until the participant's shareholding in the company in total corresponds to the value of the participant's fixed annual gross salary and for as long as the participant's employment or service in a company belonging to the CapMan Group continues.

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## REMUNERATION REPORT 2018

CapMan Plc Board 30 January 2019

The Remuneration Report forms part of the Remuneration Statement. The Remuneration Report includes information on the remuneration and other financial benefits paid to the directors, the CEO, and any other executives of CapMan in 2018.

### 1. Remuneration and other financial benefits of the members of the Board in 2018

The following table includes the remuneration and other financial benefits paid to the members of the Board of Directors in 2018.

Name	Board fee paid in cash, €	Meeting fees, €
Tallberg Andreas*)	56 350	10 400
Kaario Mammu*)	45 200	6 800
Fagerholm Catarina**)	32 500	2 800
Heliövaara Eero**)	32 500	2 800
Kaitue Karri***)	13 650	3 600
Kerppola Nora***)	12 450	5 200
Tolppanen Ari	38 450	4 400

\*) Elected to the Board in the AMG held on 15 March 2017

\*\*Elected to the Board in the AMG held on 14 March 2018.

\*\*\*) Member of the Board until the AMG held on 14 March 2018.

## 2. Remuneration and other financial benefits of the CEO and Management Group members in 2018

The following table includes the remuneration and other financial benefits paid to the CEO and members of the Management Group in 2018. The figures presented include amounts paid to individuals in 2018 for the period during which they held the relevant position as the CEO or Management Group member.

The bonuses paid to the CEO are due to roles as a member of the Management Group preceding his term as the actual CEO.

Nimi	Salary, €	Bonus, €	Total, €	Voluntary pension payment, €
Joakim Frimodig	376 152	270 000	646 152	37 639

<b>Management Group *</b>	1 118 032	494 626	1 612 658	21 679
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\*) Excluding the CEO