

Remuneration Statement and Report

19 February 2020

Remuneration Statement of CapMan Plc (“CapMan” or “Company”) 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/.

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.

1. 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”). The Shareholder’s Nomination Board makes the proposals regarding the remuneration of the Board members to the AGM. According to the decision of the AGM 2019, the monthly fee of the Chairman of the Board of Directors is EUR 5 000 (2018: EUR 4 750), the monthly fee of the Vice Chairman is EUR 4 000 (2018: EUR 4 000), 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 (2018: EUR 3 250). Based on the AGM resolution, the monthly remuneration will be paid in cash. Board members are not in an employment relationship or service agreement with CapMan (except Eero Heliövaara who has entered into a consultancy agreement with the Company) and they are not given the opportunity to participate in CapMan’s share-based incentive 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 (2018: EUR 800) and the members of the Board and Board’s Committees are paid meeting fee of EUR 400 per meeting (2018: EUR 400). The meeting fees are 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 Board members in 2019 are described in the Remuneration Report below.

2. CEO and Management Group

2.1 Decision-making process

The Board 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 may be increased on the basis of a proposal by the CEO and subsequent approval by the Chairman of the Board. As of 2020, the CEO remuneration must be in compliance with the Remuneration Policy to be considered in the AGM of 2020.

2.2 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 CEO's entitlement to a premium-free policy increases gradually after three years and after six years covers 100% of the cumulative additional pension saving. 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 3.

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

The base salary, fees and other financial benefits paid to the CEO in 2019 are described in the Remuneration Report below.

2.3 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 emphasized 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 Corporate Remuneration Policy approved by the Board annually. Annual bonuses are typically based on both business performance and personal/team performance.

The monthly salaries, fees and other financial benefits paid to the Management Group members in 2019 are described in the Remuneration Report below.

3. Share-based remuneration programs

3.1 Share Plan 2018

The Board resolved in January 2018 to establish a Performance Share Plan 2018-2021 (the “Plan”) for CapMan and its subsidiaries’ (jointly CapMan Group) management, as well as selected CapMan Group’s key employees. The participants were committed to shareholder value creation by investing a significant amount into the CapMan share, which was the prerequisite for the participation in the Plan. In addition, the aim of the new long-term incentive Plan was to retain the participants at CapMan Group’s service, and to offer them a competitive incentive plan based on owning, earning and accumulating CapMan shares. The performance-based reward from the Plan was based on the CapMan share’s Total Shareholder Return (TSR) and on a participant’s employment or service upon reward payment.

The Plan included one (1) performance period, from which the participants earn a matching reward and a performance-based reward. According to the resolution by the Board in January 2018, the performance period commenced on 1 April 2018 and was planned to end on 31 March 2021. In January 2020, the Board resolved to shorten the performance period to end on 31 March 2020 due to the launch of new share plan as set out below in section 3.2.

With the adjusted performance period, the rewards from the Plan will be paid fully in CapMan shares in 2020. As a 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. As the adjusted performance period is ending in 2020, the lock-up period shall end in 2021.

The participants of the Plan are approximately 20 people, including the members of the Management Group. The rewards to be paid based on the performance period amount up to a maximum of approximately 3.8 million CapMan’s shares, indicating a maximum dilution of approximately 2.5 %. The rewards to be paid correspond to 63% of the original maximum of the Plan.

As a rule, a participant must hold a minimum of 25 per cent of the gross shares issued 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.

3.2. Share Plan 2020

The Board resolved in February 2020 to implement a new performance share plan (the “New Plan”). The New Plan shall be established to form part of the incentive and commitment program for selected key employees of CapMan Group. The aim is to align the objectives of the shareholders and the key employees in order to increase the value of the Company in the long-term, to retain the key employees at the Company, and to offer them a competitive reward plan that is based on owning, earning and accumulating the Company’s shares.

The New Plan consists of a performance period based on which the selected key employees, i.e. the participants may earn CapMan’s shares as reward based on the key employee’s personal investment into CapMan’s shares and performance requirements established by the Board. The Performance Period shall commence on 1 April 2020 and end on 31 March 2023.

The prerequisite for reward payment in the New Plan is that a participant allocates previously owned freely transferable CapMan's shares or acquires CapMan's shares, in compliance with the insider regulations, up to the number and by the date and in the manner informed by the Board in advance (the "Share Ownership Prerequisite"). A participant must hold CapMan's shares subject to the Share Ownership Prerequisite until the reward payment.

The performance criterion for the Performance Period is based on the Total Shareholder Return of CapMan's shares (TSR) during the Performance Period. The New Plan also includes one- and two-year vesting periods. From the Performance Period, a participant shall receive, as a gross reward, a maximum of four and a half (4.5) CapMan's shares for each one (1) CapMan's share subject to the Share Ownership Prerequisite and to the achievement of the required TSR performance levels.

CapMan's shares given as reward on the basis of the New Plan may not be sold, transferred, pledged or otherwise assigned during the lock-up period established for the CapMan's shares. The lock-up period shall begin from reward payment and end on 30 April 2024.

As a rule, a participant must hold a minimum of 25 per cent of the gross CapMan's shares issued as a reward on the basis of the New Plan, until the participant's shareholding in the Company in total corresponds to the value of the participant's annual salary, and the participant's employment or service in the CapMan Group continues.

The target group of the New Plan consists of approximately 20 people, including the members of the Management Group and the CEO. The rewards to be paid based on the performance period amount up to a maximum of approximately 4.5 million CapMan's shares, indicating a maximum dilution of 3.0 %.

4. Stock option programs

CapMan has had 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 3. The terms and conditions of the programs are available in the Stock options section on CapMan's website.

Remuneration Report 2019

19 February 2020

The Remuneration Report forms part of the Remuneration Statement. The Remuneration Report includes information on the remuneration and other financial benefits paid to the members of the Board, the CEO, and any other executives of CapMan in 2019.

Remuneration and other financial benefits of the members of the Board in 2019

The following table includes the remuneration and other financial benefits paid to the members of the Board in 2019.

Name	Board fee paid in cash, €	Meeting fees, €
Fagerholm Catarina	39 000	5 200
Heliövaara Eero*	39 000	4 000
Kaario Mammu	48 000	6 000
Liitola Olli**	31 363	1 200
Ramsay Peter***	31 363	2 000
Tallberg Andreas	59 405	7 200
Tolppanen Ari****	9 750	1 200

*) In addition to Board fee, Heliövaara was paid 12 000 € in consultancy fees.

**) Elected to the Board in the AMG held on 13 March 2019. In addition to Board fee, Liitola was paid 12 000 € in consultancy fees.

***) Elected to the Board in the AMG held on 13 March 2019.

****) Member of the Board until the AMG held on 13 March 2019.

Remuneration and other financial benefits of the CEO and Management Group members in 2019

The following table includes the remuneration and other financial benefits paid to the CEO and members of the Management Group in 2019. The figures presented include amounts paid to individuals in 2019 for the period during which they held the relevant position as the CEO or Management Group member.

Name	Salary, €	Bonus, €	Total, €	Voluntary pension payment, €
Frimodig Joakim (CEO)	376 060	0	376 060	37 630

Name	Salary, €	Bonus, €	Total, €	Voluntary pension payment, €
Management Group*	1 358 751	226 966	1 585 717	23 030

*) Excluding the CEO

