

## Remuneration

### Remuneration Statement

The Finnish Corporate Governance Code requires the disclosure of a remuneration statement. This statement was prepared in accordance with recommendation 47 of the Corporate Governance Code.

### Remuneration and shareholding of the Board members

The Annual General Meeting determines the emoluments payable to the members of the Board of Directors in advance, for one year at a time.

In 2015, the following annual fees were decided to be paid: Chairman EUR 46,250, Vice Chairman EUR 30,500 and each member EUR 25,750. The fees are paid so that 40% of the annual fee is in Lassila & Tikanoja's shares held by the company or, if this is not feasible, shares acquired from the markets, and 60% in cash. Shares are to be issued to Board members and, where necessary, acquired directly from the markets on behalf of Board members within the next 14 trading days, free from restrictions on trading, from the Annual General Meeting. In addition, meeting fees are paid to the members of the Board of Directors as follows: EUR 1,000 to the Chairman, EUR 700 to the Vice Chairman and EUR 500 to each member for each meeting. Meeting fees are also paid to the Chairmen and members of committees established by the Board of Directors: EUR 700 to the Chairman of a committee and EUR 500 to each member for each meeting.

The members of the Board are not included in the company's share-based incentive schemes and they do not have any pension contracts with the company.

In 2015, the Board of Directors met nine times, the Audit Committee five times and the Personnel Committee four times.

Heikki Bergholm is the Chairman of the Board of Directors. The Vice Chairman is Eero Hautaniemi. Eero Hautaniemi is the Chairman of the Audit Committee and the members are Laura Lares and Sakari Lassila. Heikki Bergholm is the Chairman of the Personnel Committee and Miikka Maijala is an ordinary member.

In 2015, the fees decided by the Annual General Meeting were paid to the Board of Directors.

## Remuneration paid to the members of the Board of Directors 1 Jan.–31 Dec. 2015

	Annual fee, EUR*	Meeting fees, EUR	2015 total, EUR	2014 total, EUR
Heikki Bergholm	46,250	11,800	<b>58,050</b>	62,050
Eero Hautaniemi	30,500	9,800	<b>40,300</b>	41,700
Hille Korhonen*	-	1,500	<b>1,500</b>	34,250
Laura Lares	25,750	7,000	<b>32,750</b>	32,750
Sakari Lassila	25,750	7,000	<b>32,750</b>	34,750
Miikka Maijala	25,750	6,500	<b>32,250</b>	34,250

\* 40% of the annual fee is paid in Lassila & Tikanoja's shares held by the company or, if this is not feasible, shares acquired from the markets.

\* Member of the Board until 18 March 2015

## Shares held by the members of the Board of Directors

	31.12.2015	Percentage of shares and votes	1.1.2015
Heikki Bergholm	<b>825,885</b>	<b>2.13%</b>	824,800
Eero Hautaniemi	<b>12,335</b>	<b>0.03%</b>	11,620
Laura Lares	<b>1,323</b>	<b>0.00%</b>	719
Sakari Lassila	<b>10,606</b>	<b>0.03%</b>	10,002
Miikka Maijala	<b>72,510</b>	<b>0.19%</b>	71,906
<b>Total</b>	<b>922,659</b>	<b>2.38%</b>	81,908

## Remuneration and shareholding of the Group Executive Board members

The Board of Directors determines the salaries, bonuses and other benefits of the President and CEO and the direct subordinates of the President and CEO. The Board has established a Personnel Committee. The duties of the committee include handling and preparing questions related to management and personnel remuneration and drafting statements to the Board regarding them.

The remuneration of the President and CEO and the other members of the Group Executive Board consists of a fixed monthly salary and benefits, a compensation scheme and a share-based incentive programme.

The President and CEO and the other members of the Group Executive Board are included in the share-based incentive programmes directed to the key personnel of the company. The basis for the determination of the reward is decided annually by the Board of Directors. Rewards to be paid for the year 2015 will be based on the Group's EVA result. The maximum share-based payment may equal 4–12 months' salary depending on the responsibilities of the member of the Group Executive Board. The decision on the remuneration is made by the Board of Directors based on the statement drafted by the Personnel Committee.

The company has also provided a bonus scheme, the criteria of which are determined annually in advance by the Board of Directors. The bonus is based on operating profit excluding non-recurring items and it may equal 3–6 months' salary, at maximum, depending on the responsibilities of the member of the Group Executive Board. The decision on the remuneration is made by the Board of Directors based on the statement drafted by the Personnel Committee.

Separate emoluments are not paid to the President and CEO and other members of the Group Executive Board for the memberships of Boards of Directors of the subsidiaries.

The President and CEO and other members of the Group Executive Board are not covered by any supplementary pension scheme.

#### **Service contract of the President and CEO**

A written service contract has been drawn up for the President and CEO. According to the contract, the period of notice is six months should the company terminate the contract, and six months should the President and CEO terminate the contract. In the event that the company terminates the contract, the President and CEO will be paid compensation amounting to twelve (12) months' salary. The company has taken out statutory pension and accident insurance for the President and CEO.

#### **Remuneration of the President and CEO and other management in 2015**

In 2015, the salary of the President and CEO totalled EUR 786,000, which includes EUR 677,000 in salaries and benefits and EUR 109,000 in bonuses. The salary and fringe benefits of the President and CEO include EUR 247,000 in share rewards.

The salaries paid to the other members of the Group Executive Board totalled EUR 1,686,000, which includes EUR 1,535,000 in salaries and benefits and EUR 151,000 in bonuses. The salaries and fringe benefits of the Group Executive Board include EUR 316,000 in share rewards. The figures include salaries for the period during which the persons in question were members of the Group Executive Board.

Share-based payments of 5,032 shares will be paid to the President and CEO and a total of 7,292 shares to other members of the Group Executive Board for the year 2015.

In 2015, EUR 8,000 arising from the pension agreement of Jari Sarjo, who served as the President and CEO until 13 June 2011, was recognised in the income statement.

## Shares held by the Group Executive Board

	<b>31 Dec.</b>	
	<b>2015</b>	<b>1 Jan. 2015</b>
Pekka Ojanpää	30,492	23,527
Timo Leinonen	4,424	2,821
Petri Salermo	8,726	6,550
Antti Tervo	3,650	2,664
Kirsi Matero	4,370	3,384
Tuomas Mäkipeska	3,950	2,964
Tutu Wegelius-Lehtonen*	0	-
Jorma Mikkonen**	5,529	-

\*) Member of the Group Executive Board  
from 16 February 2015

\*\*\*) Member of the Group Executive Board  
from 1 June 2015

## Long and short-term incentive programmes

Lassila & Tikanoja has a one-year share-based incentive programme that was initiated in 2016. The one-year share-based incentive programme that started in 2015 ended at the close of the financial year. The company also has a bonus scheme, which is described in greater detail under Remuneration and Shareholdings of the Group Executive Board.

### Share-based incentive programme 2016

Lassila & Tikanoja plc's Board of Directors decided at a meeting held on 16 December 2015 on a one-year share-based incentive programme to form a part of the incentive and commitment scheme for the company's key personnel.

The earnings period began on 1 January 2016 and will end on 31 December 2016. Potential rewards will be paid during the year following the earnings period partly as shares and partly in cash. Rewards to be paid for the year 2016 will be based on the Group's EVA result.

No reward will be paid if a key person's employment ends before the reward payment. Any shares earned through the incentive programme must be held for a minimum period of two years following the payment. After that, the members of the Group Executive Board are still required to hold company shares with a value equal to their gross salary for six months and the other programme participants with a value equal to their gross salary for three months as long as they are employed by the company.

A maximum of 34,200 Lassila & Tikanoja plc shares may be paid out on the basis of the programme.

The shares to be paid out as potential rewards will be transferred from the shares held by the company, and therefore the incentive programme will have no diluting effect on the share value. The programme covers 10 persons.

**Share-based incentive programme 2015**

Lassila & Tikanoja plc's Board of Directors decided at a meeting held on 17 December 2014 on a new one-year share-based incentive programme to form a part of the incentive and commitment scheme for the company's key personnel.

The earnings period began on 1 January 2015 and ended on 31 December 2015. Rewards will be paid during the year following the earnings period. The rewards will be paid partly as shares and partly in cash. The rewards to be paid for 2015 are based on the Group's EVA result.

No reward will be paid if a key person's employment ends before the reward payment. Any shares earned through the incentive programme must be held for a minimum period of two years following the payment. After that, the members of the Group Executive Board are still required to hold company shares with a value equal to their gross salary for six months and the other programme participants with a value equal to their gross salary for three months as long as they are employed by the company.

A maximum of 37,560 Lassila & Tikanoja plc shares could be paid out on the basis of the programme.

The shares to be paid out as potential rewards were transferred from the shares held by the company, and therefore the incentive programme had no diluting effect on the share value. The programme covered 10 persons.

A total of 12,324 shares for 2015 were transferred within the programme.