



LASSILA & TIKANOJA PLC  
Remuneration Statement 2019

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# Remuneration Statement 2019

This remuneration statement was prepared in accordance with the Securities Market Association's Finnish Corporate Governance Code for Finnish listed companies that entered into force on 1 January 2016. This remuneration statement includes descriptions of the decision-making concerning the remuneration of the company's Board of Directors, CEO and other members of the Group Executive Board, key remuneration principles and a remuneration report. The Personnel Committee of the Board of Directors has reviewed this statement. This and other information disclosed in accordance with the Corporate Governance Code are available on the website of Lassila & Tikanoja plc ("L&T" or "the company") at [www.lt.fi/en/investors/corporate-governance](http://www.lt.fi/en/investors/corporate-governance).

## Board of Directors

### Decision-making on remuneration

The Annual General Meeting annually determines the emoluments payable to the members of the Board of Directors for Board and committee work. The major shareholders prepare the proposals concerning the remuneration of the Board of Directors.

### Key remuneration principles

In accordance with the resolution of the Annual General Meeting on 14 March 2019, it was decided to pay the Chairman EUR 60,000, the Vice Chairman EUR 40,000 and each member EUR 30,000 per year as of the 2019

Annual General Meeting. The fees are paid so that 40 per cent 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 per cent 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.

None of the members of the Board of the Directors is employed by the company or company belonging to the same group of companies with the company or acts as the company's advisor, and thereby they receive no salary, pension benefits, other financial benefits associated with employment or service, or other emoluments or fees not associated with Board work from the company. 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.

### Remuneration-related authorisations

The Annual General Meeting decided on 14 March 2019 in accordance with the proposal of the Board of Directors to authorise the Board of Directors to decide on a share issue and issuance of option rights or other special rights conferring entitlement to shares, referred to in Chapter 10, Section 1 of the Finnish Limited Liability Companies Act, as follows:

The maximum number of shares issued under the authorisation is 2,000,000 shares, corresponding to approximately 5.2% of the total number of shares. The Board of Directors decides on all terms and conditions of the share issue and issuance of special rights conferring entitlement to shares, and it has the right to waive the pre-emptive right of shareholders (directed issue). The authorisation is effective for 18 months.

In 2019, the company's Board of Directors decided to transfer a total of 11,233 company shares under the authorisation as part of the company's share-based incentive programme and 5,903 shares as part of the remuneration of the members of the Board of Directors (directed issue).

## CEO and Group Executive Board

### Decision-making on remuneration

The Board of Directors annually decides on the emoluments and financial benefits payable to the CEO and other members of the Group Executive Board. Before

decision-making by the Board of Directors, the matter is prepared by the Personnel Committee of the Board.

### Key remuneration principles

The remuneration of the President and CEO and the other members of the Group Executive Board consists of a fixed monthly salary and benefits and a separate annually decided short-term incentive. In addition, the CEO and other members of the Group Executive Board are covered by the share-based incentive programme functioning as a long-term incentive scheme.

### Short-term incentive programme

The short-term incentives of the CEO and other members of the Group Executive Board are based on the performance of the Group and division. The short-term incentives paid to the division directors are based on the operating profit of the Group and division. The short-term incentives of the CEO and other members of the Executive Board are based on the operating profit of the Group. The bonus equals a maximum of 3–6 months' salary, at maximum, depending on the responsibilities of the recipient.

The objectives of the short-term incentives are set and their realisation assessed annually. Any incentives are usually paid in February of the year following the earnings period typically spanning a calendar year. The precondition for payment is that the person is employed by the company at the time.

### Share-based incentive programmes

The share-based incentive programme is the long-term incentive scheme for the CEO and other members of the Group Executive Board. The company's Board of Directors decides on the share-based incentive programme to form a part of the incentive and commitment scheme for the company's key personnel. The earnings period of the programme is the calendar year. The Board of Directors decides on the earnings criteria, target group and maximum share-based incentives on the proposal of the Personnel Committee. The final numbers of shares issued based on meeting the earnings criteria are decided by the Board of Directors at the beginning of the year following the earnings period. Rewards will be paid in February of the calendar year following the earnings period. The rewards will be paid partly as shares and partly in cash. The maximum share-based payment may equal 6–12 months' salary depending on the responsibilities of the member of the Group Executive Board.

The precondition for payment is that the person be employed by the company at the time. Any shares earned

through the incentive programme must be held for a minimum period of two years following the payment (commitment period). 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. If a programme participant resigns during the commitment period at their own initiative, they are obligated to return the received shares without compensation.

The share-based incentive programmes with years 2019 and 2018 as the earnings periods are described below:

- The share-based incentive programme 2019 began in 2018. The rewards were based on the Group's EVA result and they were paid in 2019.
- The share-based incentive programme 2020 began in 2019. The rewards were based on the Group's EVA result and they will be paid in 2020.

### Other key terms and conditions

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.

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.

### Remuneration report

This remuneration report is included in Lassila & Tikanoja plc's ("L&T" or "the Company") remuneration statement published in connection with the Report by the Board of Directors. The remuneration report describes the

emoluments and other financial benefits paid to members of the Board of Directors, CEO and other Group Executive Board members during the financial year 2019.

### Board of Directors and its Committees

The Annual General Meeting held on 14 March 2019 resolved on the remuneration of the Board of Directors as follows:

- Chairman of the Board EUR 60,000
- Vice Chairman of the Board EUR 40,000
- members EUR 30,000

In addition, meeting fees were 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 were 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.

Information about remuneration paid to those who were members of the Board of Directors during the financial years 2019 and 2018 is presented in the table below.

### Remuneration paid to the members of the Board of Directors (EUR\*)

	2019			2018		
	Annual fee*	Meeting fees	Total	Annual fee	Meeting fees	Total
Heikki Bergholm	60,000	15,800	75,800	60,000	15,800	75,800
Sakari Lassila	40,000	12,600	52,600	40,000	13,300	53,300
Teemu Kangas-Kärki	30,000	8,500	38,500	30,000	9,500	39,500
Laura Lares	30,000	8,500	38,500	30,000	8,500	38,500
Miikka Maijala	30,000	8,500	38,500	30,000	8,500	38,500
Laura Tarkka	30,000	9,000	39,000	30,000	9,000	39,000

\* 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.

**President and CEO**

Eero Hautaniemi took up his post as the President and CEO on 1 January 2019. In 2019, the fixed annual salary of President and CEO Eero Hautaniemi including benefits was EUR 420,000. Based on 2018, no short-term incentives or share rewards were paid to Eero Hautaniemi. The President and CEO's wages and fees for 2019 thus totalled EUR 420,000.

Pekka Ojanpää served as the company's President and CEO until 23 November 2018. The 6,947 shares given to him based on the share-based incentive programme in 2016 and 2017 were returned to the company according to the terms and conditions of the programme.

**Other Executive Board members**

Other Group Executive Board members were paid fixed annual salary and fringe benefits together of EUR 1,160,210 in 2019 (2018: EUR 1,024,028) and short-term incentives based on performance in 2018 totalling EUR 150,242 (2018: EUR 95,634). In 2019, the members of the Executive Board received a total of 11,233 shares as rewards for 2018 (2018: 1,581 shares), the value of which was EUR 171,192 (2018: EUR 26,736) and monetary compensation relating to the taxes for the share rewards, amounting to EUR 171,192 (2018: EUR 26,736), or

a total of EUR 342,384 (2018: EUR 53,472). The wages and fees paid to other members of the Group Executive Board thus totalled EUR 1,652,836 (2018: EUR 1,173,134).

In 2019, EUR 3,800 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.



**EMPLOYED BY TOMORROW**

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