

## **Salary and Remuneration Report 2013 of Suominen Corporation**

Suominen Corporation (Suominen) complies with the Finnish Corporate Governance Code issued by the Securities Market Association on 15 June 2010. The code is available on the Association's website at [www.cgfinland.fi](http://www.cgfinland.fi). This Salary and Remuneration Report has been prepared in accordance with Section 7 (Remuneration), Recommendation 47 of the Code.

### **1) Reward principles**

The goals set for Suominen's rewards are consistency, goal-orientedness, and incentive. The consistency and competitiveness of the rewards are ensured through systematic internal and external comparisons that also take into consideration local market conditions. Suominen's reward system aims to ensure that a fixed proportion of the total reward is individually targeted and proactively examined. The goal of a proactive reward system is to ensure that the company has a good employer brand, in the eyes of both current and new key employees. Clear indicators that reflect performance, as well as a focus on the results that have been achieved ensure that the reward is well-founded, goal-oriented and offers incentive. By selecting goals for the variable rewards, the aim is to steer management towards implementing Suominen's strategy and achieving the financial targets. Short- and long-term performance-based remuneration is used to reward good performance and to contribute to the company's financial success and the favorable development of its shareholder value.

### **2) Remuneration of the Board of Directors in 2013**

The Annual General Meeting determines the remuneration paid to the members of the Board of Directors in advance, for one year at a time. The Nomination Board prepares a proposal on the remuneration of the Board of Directors for the Annual General Meeting.

Suominen's Annual General Meeting held 26 March 2013 resolved to keep the remuneration of the members of the Board of Directors unchanged. The annual remuneration of the Chairman of the Board of Directors is EUR 50,000, of the Deputy Chairman EUR 37,500 and of the members, EUR 28,000. Further, the members of the Board of Directors are paid a fee for attending meetings, such that each member of the Board will receive EUR 500 for each meeting attended in the home country of the respective member and EUR 1,000 for each meeting attended elsewhere than in the home country of the respective member. Sixty percent of the annual remuneration is paid in cash and 40 percent in Suominen Corporation shares. Compensation for expenses is paid in accordance with the company's travel rules that are in force at the time. The decisions were in accordance with the proposal of the Nomination Board.

Members of Suominen's Board of Directors do not have an employment relationship with the company. They are not included in the company's stock option programs or share-based incentive plans and they do not have any pension contracts with the company.

Suominen Corporation shares that have been received as remuneration are not subject to restrictions or ownership obligations set by Suominen.

**Remuneration of the Board of Directors in 2013 (€)**

		Annual remuneration paid in cash	Annual remuneration paid in shares	Meeting fees	Total
<b>Jorma Eloranta</b>	Chairman of the Board of Directors	30,000	20,000.19	6,000	56,000.19
<b>Risto Anttonen</b>	Deputy Chairman of the Board of Directors	22,500	14,999.89	6,000	43,499.89
<b>Suvi Hintsanen</b>	Member	16,800	11,200.21	6,000	34,000.21
<b>Hannu Kasurinen</b>	Member	16,800	11,200.21	4,500	32,500.21
<b>Heikki Mairinoja</b>	Member	16,800	11,200.21	6,000	34,000.21

Remuneration of the members of the Board of Directors totaled EUR 200,000.17 in 2013.

The shareholdings of the members of the Board of Directors are presented on Suominen's website and through Euroclear Finland's NetSire Service.

**3) Remuneration of the President and CEO and other management in 2013**

The Board of Directors of Suominen determines the salary, bonuses and other benefits paid to the President & CEO and to the members of the Corporate Executive Team serving under the President & CEO. The remuneration of the President & CEO and the Corporate Executive Team consists of a fixed monthly salary and benefits, of a performance-based bonus (short-term remuneration), and of a share-based incentive plan and stock-option schemes (long-term remuneration).

*Long-term remuneration: share-based incentive plan*

The Board of Directors has approved a share-based incentive plan for the calendar years 2012–2014. On 31 December 2013, the share-based incentive plan included eight (8) individuals. The company's President & CEO, the members of the Corporate Executive Team and members of the business unit's management teams are included in the share-based incentive plans for Suominen's key personnel.

The potential reward from the performance period will be based on Suominen Group's cumulative Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) and cumulative cash flow, and it will be paid in 2015 partly in company shares and partly in cash. The aim is that the proportion to be paid in cash will cover taxes and tax-related costs arising from the reward to a key employee. No reward will be paid if a key employee's employment or service ends before the reward payment.

The rewards to be paid on the basis of the plan corresponded on 31 December 2013 to the value of an approximate maximum total of 3,050,000 Suominen Corporation shares, including also the cash-settled part. Suominen Corporation shares that may be given as remuneration are not subject to restrictions or ownership obligations set by Suominen.

#### *Long-term remuneration: Option plan 2009*

Suominen's Option plan 2009 was valid until 30 October 2013. In 2013, of the members of Suominen's Corporate Executive Team, only Mr Erik van Deursen held option rights (50,000 2009B options). Mr van Deursen's employment with the company ended on 15 July 2013 as a result of a business transaction. The subscription period of 2009B options was 2 May 2012 – 30 October 2013 and the subscription price was 0.96 euro. No subscriptions were made in 2013.

#### *Short-term remuneration*

In 2013, the salaries and benefits paid to the President & CEO totaled EUR 379,133.15, including a bonus of EUR 75,000. The salaries and benefits paid to the other members of the Corporate Executive Team totaled EUR 1,026,196.00 including bonuses of EUR 392,384.63. The figures include salaries for the period during which the persons in question held a position in the Corporate Executive Team.

Suominen applies a bonus scheme based on the principles approved by the Board of Directors in advance for one year at a time. The bonus is based on the operating profit and on the net debt to EBITDA ratio and it may not exceed 60% of the annual salary.

Separate compensation is not paid to the members of the Boards of Directors of the company's subsidiaries.

The members of the Corporate Executive Team, excluding the President & CEO, are not covered by any supplementary pension scheme.

#### **4) Service contract of the President & CEO**

A written employment contract has been made with the President & CEO, according to which the period of notice is six months should either the company or the President & CEO terminate the contract. Should the company terminate the President & CEO's contract of employment, severance pay corresponding to 12 months' salary shall also be paid.

Suominen's President & CEO has a complementary pension arrangement granting benefits for old-age, disability and survivor's pension at the age of 63. The complementary pension is a defined-contribution pension scheme and corresponds to 11.5% of the President & CEO's annual salary (as defined in the Finnish Employees Pensions Act) for the year in question. The complementary pension premium is based on the calculated annual earnings (fixed monthly salary plus estimated bonus). Any possible difference between the actual and calculated payment is taken into account in the following year's payments.

Up-to-date information on the shareholdings of the President & CEO and the members of the Corporate Executive Team are presented on Suominen's website under Investors.

### **5) Auditor's fees**

The statutory audit of the financial statements is carried out by PricewaterhouseCoopers Oy, Authorised Public Accountants, elected by the Annual General Meeting. The auditor's fees are paid according to invoicing.

In 2013, the fees paid to PricewaterhouseCoopers for the statutory auditing of the Group companies totaled EUR 279,199. The fees paid to the auditing company and companies belonging to the same group for non-audit services such as tax, IFRS and due diligence services, totaled EUR 191,283.