

Munksjö Oyj

Remuneration statement

Remuneration of the Board of Directors and Board Committees

The remuneration of the members of the Board of Directors is decided by the Annual General Meeting of Munksjö based on a proposal by the Shareholders' Nomination Board.

According to resolutions made at the Annual General Meeting on 6 April 2016, an annual fee of EUR 80,000 will be paid to the Chairman of the Board, and an annual fees of EUR 50,000 will be paid to the Vice Chairman and annual fees of 40,000 will be paid to the other Board Members appointed by the Annual General Meeting, who are not employed by the company. The chairman of the audit committee will receive EUR 12,000 and other members will receive EUR 6,000. The chairman of the remuneration committee will receive EUR 6,000 and other members will receive EUR 3,000. The chairman of the Nomination board will receive EUR 6,000 and the ordinary members EUR 3,000.

Munksjö Oyj

Annual remuneration for period, KEUR

		2016	2015
Peter Seligson	Chairman	89	86
Fredrik Cappelen	(until 6 April 2016)	12	44
Elisabet Salander Björklund		60	50
Sebastian Bondestam		46	45
Hannele Jakosuo-Jansson		43	42
Alexander Ehrnrooth		47	45
Anna Ohlsson-Leijon	Member since 2016	34	–
Mats Lindstrand	Member since 2016	32	–
Caspar Callerström	(until 15 april 2015)	–	9
Thomas Ahlström (not a board member)	Chairman of nomination board	6	4
Mikko Mursula (not a board member)	Nomination board	3	2

Remuneration guidelines

The CEO and other key management will be offered a fixed salary (base salary) and, in some cases, variable remuneration and benefits in kind. The total remuneration shall correspond to market practice, be competitive, and related to the executives responsibilities and authority.

Application of the remuneration guidelines

The Board of Directors decides on the remuneration of the CEO based on a proposal by the Remuneration Committee and on the remuneration of the other key management based on a proposal by the CEO, which is reviewed by the Remuneration Committee.

Key management

Key management refers to the CEO, who is also president of the Group, the business areas managers and the managers of various Group functions.

Fixed and variable salary

Salaries and variable remuneration shall be fixed per calendar year. The CEO and other senior executives may be offered cash and share based variable remuneration. Any variable remuneration shall be limited and in proportion to the fixed salary and be based on the financial objectives of the Group as well as individual targets. The final resolution on the payment of variable remuneration shall be passed by the Board of Directors after the approval of the audited financial statements. Any variable remuneration shall not be pensionable unless otherwise stipulated in any applicable law or in the rules of a general pension plan, e.g. Sweden's ITP occupational pension plan. The CEO is entitled to a cash based variable remuneration, which may amount to a maximum of 65 per cent of the annual fixed salary. For the Executive Management cash based variable remuneration amount to a maximum of 50 per cent of the annual fixed salary.

Long term incentive plan

The CEO and other members of the executive management participate in the Group's 2014 and 2016 long term incentive programs as described in note 9 in Munksjö's annual report. The first settlement will occur in 2017. The cost recognised in the 2016 income statement for the CEO and other members of the executive management amounted to EUR 0.6 (0.2) million and EUR 1.6 (0.5) million respectively.

Pensions

Pension arrangements for key management include customary occupational pensions and in some cases individually agreed arrangements, consisting of defined benefit and defined contribution plans. The CEO has an individual pension agreement, stating that the company shall contribute an amount corresponding to 35 per cent of the CEO's annual fixed salary per annum for CEO's pension to an occupational pension insurance designated by the CEO. No early retirement has been agreed on between the company and the CEO. The retirement age for the CEO is 65 years.

Other benefits

To the extent that other benefits are paid, they consist of company cars, housing and health insurances.

Notice and severance pay

The CEO's employment agreement may be terminated by the company with a twelve (12) months' notice and by the CEO with six (6) months' notice. If the company terminates the CEO agreement and the CEO has not taken up other employment by the end of the twelve months' notice period, the CEO is entitled to an additional severance pay of his monthly salary during six months, however not longer than until he has taken up other employment.

Remuneration and benefits of key management, KEUR	Gross salary	Cash based variable remuneration	Share based variable remuneration	Other benefits	Pension expenses	Total
Jan Åström as CEO of Munksjö Oyj	565	71	600	9	191	1,436
Other senior executives of Munksjö Oyj	2,098	213	1,600	87	503	4,501
Total 2016	2,663	284	2,200	96	694	5,937
Jan Åström as CEO of Munksjö Oyj	561	222	200	1	182	1,166
Other senior executives of Munksjö Oyj	1,778	567	500	64	450	3,359
Total 2015	2,339	789	700	65	632	4,525