

Salary and Remuneration Report 2018/2019

Order of decision-making regarding remuneration

The Annual General Meeting of Saga Furs Oyj (plc) decides on the remuneration of the members of the Board of Directors. The Board of Directors has established a Remuneration Committee (Recommendation 17), consisting of Kenneth Ingman, Lasse Joensuu, Jorma Kauppila, Isto Kärkäinen, Esa Rantakangas, Rainer Sjöholm and Kaj Wik.

The Committee prepares a proposal for the Annual General Meeting on the remuneration of the members of the Board of Directors. Departing from Recommendation 15, the Remuneration Committee includes, in addition to members of the Board, representatives of the key shareholders of the Company. The Company's Board of Directors has considered it to be in the interests of the Company and all of its shareholders to have representatives from both the Board and shareholders take part in the preparation of proposals. No member of the Remuneration Committee is independent of the Company in the sense referred to in the Corporate Governance Code.

The Board of Directors decides on the remuneration and other compensation paid to the Managing Director and their deputy. The Board of Directors also decides on the compensation paid to them on the basis of dismissal. The company's Managing Director decides on the remuneration and other compensation paid to the other executives. The Board of Directors reviews them annually. However, the decisions on the company's incentive scheme, its objectives, maximum remuneration and indicators are always made by the company's Board of Directors.

Key principles of remuneration

Remuneration of members of the Board

In April 2019, the General Meeting decided in accordance with a proposal from the Board of Directors that the members of the Board will be paid the following monthly fees for the term starting at the end of this General Meeting and ending at the end of the Annual General Meeting of 2020:

- to the Chair of the Board, EUR 2,800 a month,
- to the Vice Chair of the Board, EUR 1,400 a month,

- to other members of the Board, EUR 750 a month each.

In addition to the monthly fees, participation in the meetings of the Board of Directors will entail an attendance allowance of EUR 200 for a meeting of under 2 hours and EUR 350 for a meeting of over 2 hours. When the Chair of the Board, Vice Chair, the Managing Director of the company or an executive official summons a trustee to manage a specific task, the trustee is paid EUR 250 as compensation for the lost day of work if an attendance allowance is not paid for the task in question. Individuals employed by Saga Furs Oyj or the Finnish Fur Breeders' Association are not paid a monthly fee or an attendance allowance for a meeting held during office hours. TyEL pension insurance fees are paid for any paid remuneration.

The travel expenses of the members of the Board are compensated and per diem allowance is paid in accordance with the non-taxable remuneration amounts decreed by the Tax Administration, and the Chair and Vice Chair of the Board are compensated for the telephone and mailing expenses related to this position. No attendance allowance or compensation for lost working hours are paid for travel time.

The members of the Remuneration and Nomination Committees will be paid the same attendance allowance as the members of the Board.

The term of the Chair and members of the Board of Directors shall end at the Annual General Meeting without separate notice, notice salary or other compensation paid on the basis of the termination.

Members of the company's Board of Directors are not included in any remuneration system based on shares or share-related rights.

The Chair and members of the Board were paid a total of EUR 189,253 in remuneration for the 2018/2019 financial year.

Remuneration system for the Managing Director and other executives

In accordance with the regulations of the company's incentive scheme, the company's Managing Director, Managing Director's deputy and other members of the management group can be paid a profit and incentive bonus corresponding to the salary of 0–3 months based on the Group's return on equity, cost efficiency and the achievement of targets specified by the Board of Directors. The incentive scheme is based on short-term performance and results, and its earnings period is the financial period of the company, but its objectives have been set so that their realisation enhances the company's

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long-term competitive strength. There are no other variables in the salaries and remuneration.

The company's Managing Director and other executives are not included in any remuneration system based on shares or share-related rights.

The total value of the salary, remuneration and fringe benefits of Managing Director Pertti Fallenius for the financial year 2018/2019 was EUR 286,733. Of this, the fixed share was EUR 275,821 and the variable share was EUR 10,912. The variable share is based in its entirety on the company's incentive scheme. In addition to monetary salary, Fallenius had a company car and a company-paid telephone. In the event of a dismissal, the Managing Director shall be entitled to compensation corresponding to 12 months of salary in addition to the salary from

the period of notice. The period of notice is 6 months.

The total value of the salary, remuneration and fringe benefits of the Managing Director's deputy in the 2018/2019 financial year was EUR 182,518. The total value of the salary, remuneration and fringe benefits of the other executives in the 2018/2019 financial year was EUR 746,014.

The retirement age of the Managing Director and the Managing Director's deputy is 60 years and the pension rate is benefit-based 60%. The other executives have the opportunity for a payment-based additional pension scheme. The decision on the establishment of an additional pension scheme was made by the company's Board of Directors.

Remuneration report

Salaries and remuneration of members of the Board in the 2018/2019 financial year, no share-based remuneration:

Name	Euros
Kenneth Ingman	30,670
Jari Isosaari	23,370
Lasse Joensuu	18,458
Jorma Kauppila	18,680
Kujanen Markku	350
Anders Kulp	16,400
Virve Kuusela	16,700
Isto Kärkäinen	17,150
Kari Manninen	4,725
Hannu Sillanpää	21,400
Rainer Sjöholm	21,350
Total	189,253

Salaries and remuneration of members of the Remuneration and Nomination Committees in the 2018/2019 financial year

No salaries or remuneration were paid to the members of the Committees for attending Committee meetings.

Salaries and remuneration of the Managing Director and other executives in the 2018/2019 financial year, no share-based remuneration:

Name	Euros
Pertti Fallenius, Managing Director	286,733
- additional pension fee	223,561
Juha Huttunen, Deputy Managing Director	182,518
- additional pension fee	108,735
Other executives	746,014