

# Remuneration report 2019/2020

## Introduction

This is a Remuneration report of bodies in accordance with the new Corporate Governance Code of the Finnish Securities Market Association, entered into force on 1 January 2020. The report has been separately issued and is available on the website of Saga Furs Oyj at [www.sagafurs.com](http://www.sagafurs.com). This Remuneration report has been processed in the Board meeting of Saga Furs Oyj on 26 January 2020 and will be presented to the Annual General Meeting on 29 April 2021.

The remuneration of the bodies of Saga Furs is based on a remuneration policy presented to the General Meeting on 29 April 2020. The presented remuneration policy can be found on the company's website in the materials of the General Meeting in question. The General Meeting did not confirm the presented remuneration policy but decided that the remuneration of the Board of Directors, Managing Director and Managing Director's substitute should be based on the presented remuneration policy until the revised remuneration policy has been processed in the next Annual General Meeting at the latest.

The General Meeting of Saga Furs Oyj confirms the monthly and meeting remuneration paid to the members of the Board each year. The monetary remuneration of the company's Managing Director and Managing Director's substitute consists of a fixed and a variable part. The variable remuneration is tied to predetermined and measurable performance criteria. The goal of competitive remuneration of these bodies is to encourage the management to promote the long-term financial success of the company.

The remuneration of Saga Furs' regular personnel follows the same principle as the remuneration of the management. The goal of the remuneration system is also to encourage the personnel to promote the company's long-term financial success.

Saga Furs paid has paid an additional pension for the previous Managing Director. The defined benefit additional pension insurance taken out by Saga Furs is based on a planned retirement age of 60 years and the goal of having the work disability pension and retirement pension with statutory pension security amount to 60% of the contractual pensionable income. The pensionable income is calculated based on the individual's average salary over ten years before the age of 60. The additional pension benefit also applies to the Managing Director's substitute.

The business of Saga Furs is cyclical by nature, and the company's operating result has shown a deficit in several years over the past five financial years. This has primarily affected the remuneration of the management and personnel as the variable remuneration has not been paid due to the deficit. At the same time, the total sum of remuneration for the Board has decreased slightly.

## **Remuneration for the Board of Directors in financial year 2019/2020**

In April 2020, 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 the General Meeting and ending at the end of the Annual General Meeting of 2021:

- 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 195,900 in remuneration for the 2019/2020 financial year.

Salaries and remuneration of members of the Board in the 2019/2020 financial year were distributed as follows:

Kenneth Ingman EUR 26,600

Jari Isosaari EUR 56,450

Lasse Joensuu EUR 19,800

Anders Kulp EUR 21,500  
 Virve Kuusela EUR 19,550  
 Isto Kärkäinen EUR 18,500  
 Hannu Sillanpää EUR 13,212.50  
 Rainer Sjöholm EUR 13,212.50  
 Kennet Myllykoski EUR 7,075

No salaries or remuneration were paid to the members of the Committees for attending Committee meetings. The members of the Board did not receive any other financial benefits.

Development of the Board's remuneration in the past five financial years

Financial year	Total remuneration in EUR
2019/2020	195,900
2018/2019	189,252
2017/2018	208,100
2016/2017	219,833
2015/2016	223,129

**Remuneration for the Managing Director and the Managing Director's substitute in financial year 2019/2020**

The total value of the salary, remuneration, fringe benefits and severance pay of Managing Director (until 6 May 2020) Pertti Fallenius for the financial year 2019/2020 was EUR 572,303. The costs of Fallenius' additional pension in the financial year were EUR 242,544. The costs of the additional pension consisted of the inspection fee of insurance period 2019 and the fee for insurance period 2020.

The total value of the salary, remuneration and fringe benefits of Managing Director Magnus Ljung for the financial year 2019/2020 from 6 May 2020 to 31 October 2020 was EUR 82,336. No signature remuneration was paid. In addition to monetary salary, Ljung has a company car and a company-paid telephone. Managing Director Ljung does not have an additional pension insurance paid by the company. In the event of dismissal, Ljung will have the right to remuneration corresponding to 6 months' salary, should the dismissal take place before 6 May 2022.

The total value of the salary, remuneration and fringe benefits of the Managing Director's substitute, Deputy Managing Director Juha Huttunen, in the 2019/2020 financial year was EUR 191,535. The costs of the Managing Director's substitute's additional pension were EUR 108,969.