

Remuneration Statement

BOARD OF DIRECTORS

Remuneration

The Annual General Meeting resolves the remuneration paid to the Board of Directors.

According to the resolution made in 2014, the annual remuneration payable to the members of the Board of Directors is as follows:

- the annual remuneration payable to the members of the Board of Directors to be elected for a term of office ending at the end of the next Annual General Meeting shall be the following: Chairman EUR 60,000, Vice Chairman EUR 45,000 and other Board members EUR 30,000
- the Chairmen of the Board Committees shall be paid an additional annual remuneration of EUR 10,000 and the other Committee members EUR 5,000
- the meeting fee for attending the Board and Committee meetings shall be the following: Chairmen EUR 1,200 per meeting, and other members EUR 800 per meeting. The meeting fees will be doubled in case member physically participates in a meeting held in a country, where member is not resident. No meeting fee shall be paid for the decision minutes drafted without holding a meeting.
- In addition, the travel and accommodation expenses related to the board and committee meetings shall be paid.

Other benefits

The Chairman or the members of the Board of Directors are not in employment relationship or have service contract with company or its subsidiaries. The Board of Directors is not included in the company's stock option schemes. The company has not otherwise granted shares or other share related rights as compensation to the Board of Directors. The company does not pay Board members fees on any other basis or grant them loans or give guarantees on their behalf.

PRESIDENT AND EXECUTIVE BOARD

President

The Board of Directors decides on the salary and other benefits of the President. The President is included in the management's bonus system, with the annual bonus being a maximum of six months' salary, depending on the achievement of the objectives set annually. The President's service contract has provision for a notice period of three (3) months on the President's part and six (6) months on the company's part, in addition to which Matti Hyytiäinen's service contract has provision of severance payment of twelve months salary. The retirement age is statutory and no voluntary pension insurance policies have been taken.

The President is included in the company's stock option schemes. The President has not otherwise been granted shares or other share related rights as compensation.

Executive Board

The Board of Directors confirms the salaries and benefits of the members of the Executive Board upon President's proposal. The members of the Executive Board are included in the management's bonus system with the annual bonus being typically 6 months depending on the achievement of the objectives set annually. The retirement age is statutory and no voluntary pension insurance policies have been taken.

The members of the Executive Board are included in the company's stock option schemes. The company has not otherwise granted shares or other share related rights as compensation to the Executive Board.

Short-term Remuneration – Bonus System

The Group has in force a result based bonus system approved by the Board of Directors, the purpose of which is to reward achievement of strategic objectives and to offer competitive incentive scheme for personnel. The principles, terms and conditions, earnings criteria, maximum and minimum limits of targeted yield levels and persons included in the system are confirmed annually by the Board. For year 2014, the result criteria were business unit specific EBITDA and cash flow targets. Within the target ranges, bonuses were determined linearly. Group management and key personnel, and also white and blue collar employees in Finland, are included in the system. The members of the Executive Board are included in the management's bonus system. The limit of the annual bonus is predominantly maximum of six months' salary, depending on the achievement of the objectives set annually. The system's earning period is the financial year.

Long-term Remuneration – Stock Option Schemes

PKC's long-term remuneration consists of stock option schemes approved by the Annual General Meeting. The Board of Directors shall annually decide upon the distribution of the stock options to the key personnel employed by or to be recruited by the Group. The stock options shall be issued free of charge to the Group key personnel. The earnings period of all stock option schemes is three years.

All stock option schemes contain a share ownership plan. The option recipients are required to acquire or subscribe for the Company's shares with 20 per cent of the gross stock option income gained from the exercised stock options, and to hold such shares for at least two years. The Company's President must hold such shares as long as his service contract is in force.

Options 2009

The year 2009 stock-option scheme comprises of 600,000 stock options and they are divided into A, B and C options. The stock options entitle their owners to subscribe for a maximum total of 600,000 new shares in the Company or existing shares held by the Company. The share subscription period is during the years 2012–2016. The share subscription price for stock options is the volume-weighted average price of the PKC Group plc share on the Nasdaq Helsinki with dividend adjustments as defined in the stock option terms.

The share subscription period for 2009A warrants has ended 30 April 2014. During the share subscription period a total 195,500 shares were subscribed and 4,500 warrants remained unused.

Options 2012

The year 2012 stock-option scheme comprises of 1,020,000 stock options and they are divided into 2012A (i and ii), 2012B (i and ii) and 2012C (i and ii) options. The stock options entitle their owners to subscribe for a maximum total of 1,020,000 new shares in the Company or existing shares held by the Company. The share subscription period is during the years 2015–2019. The share subscription price for stock options is the volume-weighted average price of the PKC Group plc share on the Nasdaq Helsinki, as defined in the stock option terms.

The share subscription period for stock options 2012A(ii), 2012B(ii) and 2012C(ii) shall, however, not commence, unless certain operational or financial targets of the Group established for the exercise of stock options and determined by the Board of Directors have been attained. The Board of Directors shall annually decide on targets separately for each stock option class in connection with the distribution of stock options. Those stock options, for which the targets determined by the Board of Directors have not been attained, shall expire in the manner decided by the Board of Directors.

Release criteria for 2012 A (ii) options:

- The share subscription period with 2012 A (ii) options begins only if the financial performance and EBITDA of PKC Group for financial years 2012–2014 is, based on the total consideration of the Board of Directors, comparable to PKC Group's key competitors that have published their results. The total consideration shall also take into account the development of PKC Group's market share.
- If the above-mentioned prerequisite is not fulfilled, stock options expire based on the consideration and in the extent and manner decided by the Board of Directors and the terms of the stock options.
- 2012 A (ii) options shall be allocated to option holders conditionally so that the options shall be distributed and entered into option holders' book-entry accounts only after the Board of Directors has decided on the start of the share subscription period and to the extent decided by the Board of Directors.

Release criteria for 2012 B (ii) options:

- The share subscription period with 2012 B (ii) options begins only if EBITDA for years 2013–2015 is cumulatively at least EUR 180 million. The effect of M&As and other restructurings as well as exceptional changes in macro-economy shall be taken into account in the calculation.
- If the above-mentioned prerequisite does not fulfill, stock options expire based on the consideration and in the extent and manner decided by the Board of Directors and the terms of the stock options.
- 2012 B (ii) options shall be allocated to option holders conditionally so that the options shall be distributed and entered into option holders' book-entry accounts only after the Board of Directors has decided on the start of the share subscription period and to the extent decided by the Board of Directors.

Release criteria for 2012 C (ii) options:

- The share subscription period with 2012 C (ii) options begins only if EBITDA for years 2014–2016 is cumulatively at least EUR 180 million. The effect of M&As and other restructurings as well as exceptional changes in macro-economy shall be taken into account in the calculation.
- If the above-mentioned prerequisite does not fulfill, stock options expire based on the consideration and in the extent and manner decided by the Board of Directors and the terms of the stock options.
- 2012 C (ii) options shall be allocated to option holders conditionally so that the options shall be distributed and entered into option holders' book-entry accounts only after the Board of Directors has decided on the start of the share subscription period and to the extent decided by the Board of Directors.

AUDITOR

The Annual General Meeting resolves the remuneration and the ground for compensation of travelling expenses of the auditor. In 2014, the Annual General Meeting resolved to pay auditor's fees and travel expenses in accordance with a reasonable invoice.

The remuneration per term resolved by the Annual General Meeting in years 2012–2014, EUR

	2014	2013	2012
Annual remuneration			
Chairman of the Board	60,000	60,000	60,000
Vice Chairman of the Board	45,000	45,000	45,000
Member of the Board	30,000	30,000	30,000
Chairman of the Audit Committee	10,000	10,000	5,000
Member of the Audit Committee	5,000	5,000	5,000
Chairman of Nomination and Remuneration Committee	10,000	10,000	-
Member of Nomination and Remuneration Committee	5,000	5,000	-
Attendance fees			
Chairman	1,200	1,200	1,200
Other members	800	800	800

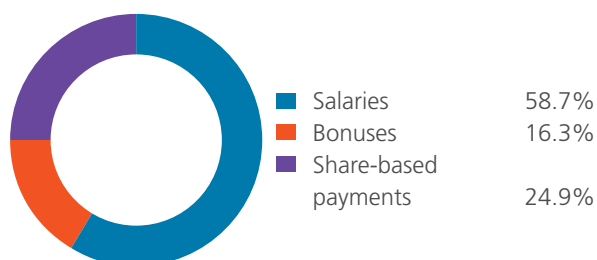
(Attendance fee for Committee work since 3 April 2014)

Remuneration paid to Board Members for Board and Committee work, EUR 1,000

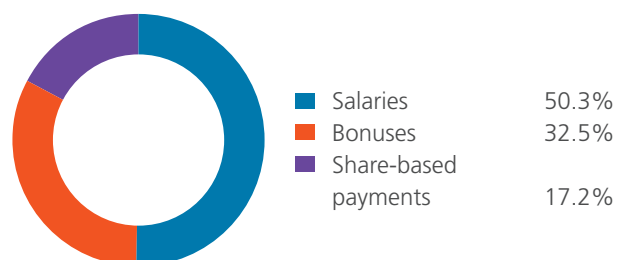
	Remuneration for Board work		Remuneration for Audit Committee work		Remuneration for Nomination and Remuneration Committee work		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
Andres Allikmäe ¹⁾	-	10	-	1	-	-	-	11
Reinhard Buhl ^{2) 8)}	34	-	-	-	4	-	37	-
Wolfgang Diez ^{3) 7)}	44	34	5	4	-	-	49	37
Outi Lampela ⁴⁾	12	41	1	5	-	-	13	46
Shemaya Levy ⁷⁾	48	41	10	9	-	-	58	50
Mingming Liu ^{2) 7)}	35	-	4	-	-	-	38	-
Robert J. Remenar ^{5) 8)}	62	54	-	-	5	4	67	58
Matti Ruotsala ^{6) 8)}	82	76	-	-	10	8	92	83
Harri Suutari ⁴⁾	12	45	-	-	1	4	13	49
Jyrki Tähtinen ⁷⁾	45	40	5	5	-	-	50	45
Salaries and other current employee benefits	-	319						

¹⁾ Until 4 April 2013²⁾ Since 3 April 2014³⁾ Since 4 April 2013⁴⁾ Until 3 April 2014⁵⁾ Vice Chairman of the Board⁶⁾ Chairman of the Board⁷⁾ Levy Chairman of the Audit Committee, Diez, Liu and Tähtinen members⁸⁾ Ruotsala Chairman of Nomination and Remuneration Committee, Buhl and Remenar members

Division of remuneration paid to the President 2014



Division of remuneration paid to other Executive Board members 2014



Salaries and bonuses paid to the President and other Executive Board Members, EUR 1,000

	Salaries		Bonuses		Share-based payments		2014	Total 2013
	2014	2013	2014	2013	2014	2013		
Matti Hyytiäinen	485	449	135	67	206	509	826	1,026
Other Executive Board	1,378	2,312	889	813	470	654	2,737	3,779

Options granted to the President and other Executive Board members in 2014

	2012A	2012B	2012C
Matti Hyytiäinen	10,000	6,000	14,000
Other Executive Board	20,000	14,000	53,500

Options held by the President and other Executive Board members on 31 December 2014

	2009B	2009C	2012A	2012B	2012C
Matti Hyytiäinen	-	60,000	40,000	36,000	14,000
Other Executive Board	15,133	40,000	92,500	97,000	53,500
Total	15,133	100,000	132,500	133,000	67,500

Share ownership by the Board of Directors and Executive Board on 31 December 2014 is presented in the Financial Statements in the Shares and Shareholders section.

Fees paid to the Auditor, EUR 1,000

	Audit		Certificates and statements		Tax services		Other services		Total	
	2014	2013	2014	2013	2014	2013	2014	2013		
KPMG Oy Ab	527	481	1	1	143	67	727	226	1,398	775