

# Alma Media Corporation: Salary and Remuneration Report

2014

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Alma Media applies the Finnish Corporate Governance Code for listed companies, issued by the Securities Market Association on 15 June 2010 and valid as of 1 October 2010, in its unamended form. This Remuneration Statement has been prepared in accordance with section 7 (Remuneration), Recommendation 47 of the Code. The Finnish Corporate Governance Code for listed companies can be reviewed on the website of the Securities Market Association at [www.cgfinland.fi](http://www.cgfinland.fi) and on Alma Media's website.

## Remuneration Statement

### Remuneration of the members of the Board of Directors

The Annual General Meeting of Alma Media Corporation decides on the remuneration of the Board members, on the basis of a proposal prepared by the Nomination and Compensation Committee of the Board of Directors.

In accordance with the decision of Alma Media's Annual General Meeting of 2014, the following fees are paid to the Board members for their work in the Board of Directors and its Committees: the Chairman of the Board shall be paid an annual fee of EUR 33,000, the Deputy Chairman EUR 27,000 and ordinary members EUR 22,000. In addition, the chairmen of the Board and the Committees will be paid a fee of EUR 1,000, the deputy chairmen EUR 700 and ordinary members EUR 500 for each Board and Committee meeting they attend. Furthermore, travel expenses will be compensated in accordance with the company's travel policy.

The annual fees for the members of the Board are to be paid in Alma Media Corporation shares as follows: the member acquires a number of shares corresponding to approximately 40% of the full amount of the annual remuneration for Board membership, taking into account tax deduction at source, at the public trading price. Members of the Board were obliged to arrange the acquisition of the shares within two weeks of the release of the first quarter 2014 interim report or, if this was not possible because of insider trading regulations, as soon as possible thereafter. If it was not possible to acquire the shares by the end of 2014 for a reason such as pending insider transactions, the remuneration shall be paid in cash. Shares acquired in this way may not be transferred until the recipient's membership on the Board has expired. The company is liable to pay any asset transfer taxes which may arise from the acquisition of shares.

The members of the Board of Directors were paid the following fees (EUR) for their work on the Board and its committees in 2014, with comparison data from the previous financial period:

Year	Name	Position	Board meetings			Audit Committee	Nomination and Compensation Committee	Fees total
			Annual fee	Annual fee paid in shares, no. of shares*	Meeting fees			
2014	Harri Suutari	Chairman	33,000	5,648	14,000	-	-	47,000
2013		Chairman	33,000	4,585	14,500	1,000	-	48,500
2014	Petri Niemisvirta	Deputy Chairman	27,000	4,025	10,500	-	4,500	42,000
2013		Deputy Chairman	27,000	3,292	11,200	-	3,500	41,700
2014	Timo Aukia	Member <sup>1)</sup>	-	-	1,500	-	1,000	2,500
2013		Member	22,000	2,682	8,000	500	4,000	34,500
2014	Niklas Herlin	Member	22,000	3,279	7,500	-	2,000	31,500
2013		Member	22,000	2,682	6,000	-	-	28,000
2014	Esa Lager	Member <sup>2)</sup>	22,000	4,421	6,000	5,000	1,500	34,500
2014	Perttu Rinta	Member	22,000	3,279	7,000	3,500	-	32,500
2013		Member	22,000	2,682	6,000	1,500	-	29,500
2014	Kai Seikku	Member <sup>1)</sup>	-	-	1,500	2,000	-	3,500
2013		Member	22,000	2,682	8,000	6,500	-	36,500
2014	Erkki Solja	Member	22,000	3,279	7,000	-	2,500	31,500
2013		Member	22,000	2,682	7,500	-	3,000	32,500
2014	Catharina Stackelberg-Hammarén	Member	22,000	3,279	7,500	3,000	-	32,500
2013		Member	22,000	2,682	8,000	3,500	-	33,500

1) member of the Board until 20 March 2014

2) member of the Board since 20 March 2014

\*The number of shares corresponds to approximately 40% of the full amount of the annual fee after taxation

In the financial year 2014, the fees paid on an accrual basis to the Board members totalled EUR 257,500.

Members of the Board of Directors of Alma Media Corporation do not have an employment relationship with the company. They are not included in the option programmes, share-based incentive plans or other incentive programmes of Alma Media and have not received any other financial benefits.

## Remuneration of the President and CEO and the top management

The Board of Directors of Alma Media Corporation decides on the salary and reward scheme of the parent company's President and CEO and the CEO's direct subordinates, on the basis of the proposal of the Nomination and Compensation Committee.

The reward scheme of the President and CEO of Alma Media Corporation and other senior management consists of a fixed monetary salary (monthly salary), fringe benefits (company car and mobile telephone benefit, and housing benefit for the President & CEO), an incentive bonus related to the achievement of financial and operational targets (short-term reward scheme), a stock option scheme and a share-based incentive scheme for key employees of the Group (long-term reward scheme), as well as a pension benefit for management. Eligibility for remuneration programmes is determined by the job.

The principles of Alma Media's management incentive programme follow the terms and conditions of Alma Media's incentive programme, based on the principle of continuous improvement of performance. The incentive bonus for members of the Group Executive Team and heads of business units may be no more than 40% of their respective annual salaries. The incentive bonus of Alma Media Corporation's President and CEO may be up to 60% of his annual salary.

The incentive bonus is defined for each calendar year based on three criteria: meeting Alma Media Group's financial targets (weight 40%), meeting the business unit's financial targets (weight 40%) and meeting personal performance targets (weight 20%).

In 2014, the President and CEO of Alma Media Corporation received a total of EUR 497,783 in salary and other rewards, of which EUR 20,000 were based on incentive bonus scheme and EUR 830 were option benefits. The total amount of salaries, rewards and benefits paid to other members of the Group Executive Team was EUR 1,388,543, of which EUR 41,000 were based on the incentive bonus scheme and EUR 583 were option benefits

	Fixed annual salary	Performance-based bonuses	Fringe benefits	Option benefits	Share-based payments
<b>President &amp; CEO</b>					
2014	429,475	20,000	47,478	830	
2013	380,423	146,853	48,953	-	-
2012	359,916	41,580	48,008	-	-
<b>Group Executive Team</b>					
2014	1,264,934	41,000	82,026	583	
2013	1,216,556	148,580	77,124	-	-
2012	1,172,409	98,922	82,997	71,656	-

## Option programmes

In addition to the incentive remuneration system, Alma Media has the option programme 2009 in effect for Group management. The granting of option rights is decided by Alma Media's Board of Directors on the basis of a proposal by the Nomination and Compensation Committee and according to the terms and conditions decided by the Annual General Meeting. The terms and conditions of the option programme 2009 can be reviewed at [Alma Media's website](#).

The option rights granted to the President and CEO of Alma Media and other members of the Group Executive Team (31 December 2014) are as follows:

	Options 2009B	Options 2009C
<b>Kai Telanne, President and CEO</b>	100,000	100,000
<b>Kari Juutilainen</b>	30,000	30,000
<b>Virpi Juvonen</b>	-	-
<b>Kari Kivelä</b>	45,000	45,000
<b>Mikko Korttila</b>	30,000	30,000
<b>Juha-Petri Loimovuori</b>	45,000	45,000
<b>Raimo Mäkilä</b>	45,000	45,000
<b>Minna Nissinen</b>	30,000	30,000
<b>Juha Nuutinen</b>	-	-
<b>Total</b>	<b>325,000</b>	<b>325,000</b>

The share subscription period for 2009A options has ended.

The stock option rights granted under Alma Media Corporation's option programmes 2009 B and C were not used to subscribe any shares during the financial period 2014.

## Share-based incentive plan

The Board of Directors of Alma Media Corporation decided on 14 February 2012 on a new share-based incentive plan for the Group's key employees. The purpose of the new plan is to combine the objectives of the shareholders and key employees to increase the value of the company, to commit key employees to the company and to offer them a competitive reward plan based on earning company shares and on long-term shareholding in the company.

The new Performance Share Plan consists of three performance periods, the calendar years 2012, 2013 and 2014. The Board of Directors will decide on the plan's performance criteria and the achievement targets at the beginning of each performance period. The potential reward from the plan for the performance period 2014 is based on Alma Media Group's profitability, and when the

targets are met, it will be paid partly in the company's shares and partly in cash in 2015. For the members of the Group Executive Team, the plan additionally includes one three-year performance period, the calendar years 2012–2014, based on the profitable growth of the Group. The potential reward from the performance period 2012–2014 will be paid partly in the company's shares and partly in cash one year and two years from the end of the performance period.

The shares paid on the basis of one-year performance periods may not be transferred during the restriction period, which will end two years from the end of the performance period. If a key person's employment or service ends during the restriction period, the person must return the shares given as reward to the company without compensation. The members of the Group Executive Team must hold half of all shares received on the basis of the new plan, until the total value of the member's shareholding corresponds to the value of the member's gross annual salary. Such number of shares must be held as long as the member's employment or service in a Group company continues.

The target group of the plan includes approximately 20 persons. The total maximum net rewards to be paid on the basis of the plan are 600,000 Alma Media Corporation shares. In addition, a cash reward will be paid in the amount needed to cover the key employees' taxes and similar obligations arising from the reward at the time of the subscription of the shares.

No rewards were paid in the Performance Share Plan 2012–2014 during the performance period 2014.

	Share-based incentive plan Performance period 2014 (profitability)*	Share-based incentive plan Performance period 2012–2014 (profitable growth)*
<b>Kai Telanne, President and CEO</b>	20,000	60,000
<b>Kari Juutilainen</b>	7,000	20,000
<b>Virpi Juvonen</b>	6,000	18,000
<b>Kari Kivelä</b>	7,000	20,000
<b>Mikko Korttila</b>	6,000	18,000
<b>Juha-Petri Loimovuori</b>	7,000	20,000
<b>Raimo Mäkilä</b>	7,000	20,000
<b>Minna Nissinen</b>	6,000	18,000
<b>Juha Nuutinen</b>	6,000	18,000
<b>Total</b>	<b>72,000</b>	<b>212,000</b>

\*The number of shares is the maximum net number of shares (excl. taxes) to be paid if the performance targets are achieved in full.

## **Severance pay**

The period of notice of the President and CEO of Alma Media Corporation, Mr Telanne, is six months. In addition, he has a director contract under which he is entitled to a compensation corresponding to his base salary for 12 months if he is dismissed by the employer without being in breach of contract. This compensation corresponding to the 12-month salary is not paid if the President and CEO resigns on his own initiative. Alma Media's Board of Directors decides on the appointment and, as necessary, dismissal of the President and CEO.

The period of notice for the other members of Alma Media Group's Executive Team is six months. In addition, members of the Executive Team will receive a compensation corresponding to their respective basic salaries for six months in the event that the dismissal is initiated by the employer without the members' own fault or negligence. The President and CEO appoints and, if necessary, dismisses the other members of the Executive Team. However, the members of the Group's Executive Team who act as Editors-in-Chief of Aamulehti, Iltalehti, Kauppalehti, Kainuun Sanomat, Lapin Kansa, Pohjolan Sanomat or Satakunnan Kansa constitute an exception to this procedure. Their appointments and dismissals are confirmed by the Board of Directors of Alma Media Corporation, on the basis of the CEO's proposal.

## **Pension agreements**

The CEO of Alma Media Corporation and members of the Group Executive Team have a defined contribution group pension plan. The members of the Executive Team who were appointed before 2008 will receive a contribution of 20% of their annual pay, while other members will receive a contribution of 15% of their annual pay. The retirement age is 60, at which time the contributions end. The pension is determined on the basis of the insurance savings accrued by the time of retirement. Retirement can be postponed up to 70 years of age. In such cases, the pension is determined by the accrued savings adjusted with the value development of the investments.

The terms and conditions of the group pension plan for Alma Media's President and CEO and the other members of the Executive Team give the insured persons, after three-year insurance coverage, the right to receive a premium-free policy corresponding to the savings accrued until the termination of employment (paid-up policy). The paid-up policy includes old-age pension after retirement age, coverage for incapacity for work and coverage in the event of death. In 2014, the expenses related to the group pension plan for Alma Media's President and CEO totalled EUR 115,322 and for the other members of the Group Executive Team EUR 282,040. In total, the group pension plan expenses amounted to EUR 397,362.

Kai Telanne has held the position of President and CEO at Alma Media Corporation since 2005. The information presented on [Alma Media's website](#) on other Executive Team members includes information on when they started in their current positions.