



2016

Remuneration  
statement

*FINAVIA*

# Remuneration statement

Finavia observes the management remuneration principles approved by the Board and the recommendations of State ownership steering, including the opinion of the Cabinet Committee on Economic Policy issued on 13 August 2012 regarding the remuneration of management and key personnel. Finavia also complies, as applicable, with the Corporate Governance Code of Finnish listed companies approved by the Finnish Securities Market Association in 2015.

Finavia's Ordinary GM decides on the remuneration of the company's Board of Directors. The Nomination and Compensation Committee assesses the amounts of salary and compensation payable to the CEO and Deputy CEO as well as that of other managers reporting to the CEO, including the incentive and bonus systems, and makes proposals regarding these amounts of compensation to the Board of Directors.

Finavia did not use external experts in preparing the compensation regime in 2016.

## Remuneration of the Board of Directors

The Ordinary GM decides on the fees payable to the Board of Directors. The fees payable to the Board of Directors of Finavia remained unchanged in 2016.

The fees payable to the members of Finavia's Board of Directors in compliance with the resolution of the Ordinary GM of 2016 were as follows:

- Chairperson EUR 1,700 per month
- Deputy Chairperson EUR 1,200 per month
- Member EUR 1,000 per month
- A meeting fee of EUR 500 for each Board and committee meeting

The Chairperson of the Board of Directors has a company mobile phone. The Board members did not receive any other fees or benefits.

### Remuneration of the Board of Directors in 2016\*

The total amounts paid to the members of the Board of Directors for Board and committee meetings were as follows:

Member of the Board of Directors	Attendance rate, %	Fees paid for Board membership in 2016, EUR	Meeting fees in 2016, EUR	Total in 2016, EUR	Total in 2015, EUR
Harri Sailas	100	21,250	9,000	30,250	0
Juha Häkkinen***	100	2,400	1,000	3,400	19,836
Katja Keitaanniemi**	100	10,000	7,500	17,500	0
Jarmo Kilpelä**	94	10,000	7,500	17,500	0
Nina Kiviranta**	100	10,000	7,500	17,500	0
Mika Mäkilä***	100	2,000	1,000	3,000	26,000
Carita Pylkäs	100	12,000	6,500	18,500	22,000
Erkka Valkila**	94	10,000	7,500	17,500	0
Stefan Wentjärvi**	94	10,000	7,000	17,000	0

\* The fees are given on a payment basis.

\*\* Board Member as of 3 March 2016.

\*\*\* Board member between 1 January and 2 March 2016.

## Remuneration of the CEO and other management

The remuneration of Finavia's CEO and Executive Group is based on a fixed monthly salary and a performance bonus. The company's management does not have any other compensation systems or supplementary pension plans.

### Details of the CEO's contract of employment

In addition to the salary, the CEO has a company car and telephone. The retirement age of the CEO is 63 years, and the pension is determined on the basis of the Employees Pensions Act. The CEO does not have a supplementary pension plan.

The CEO's period of notice is six months. When the employment is terminated by the employer, severance pay equivalent to six months' basic salary is payable on top of the salary for the period of notice.

### Principles of performance-related pay

The performance bonuses are based on achieving the targets set annually by the company's Board of Directors. The financial and safety-related targets serve as threshold benchmarks for bonuses. In addition, targets related to service level, customer satisfaction and supervisory work and personal targets are also set. The target levels for all indicators are based on the principle of continuous improvement. The achievement of performance targets is monitored and measured using a scorecard. The Board of Directors approves the amount of performance bonuses payable to each person included in the performance bonus scheme on the basis of targets achieved. In addition to performance-related pay, Finavia does not have any other financial incentive schemes for the members of the Executive Group.

### Performance-related pay in 2016

The performance bonuses are based on achieving the targets set by the company's Board of Directors in the manner described above. The targets and the weighting of the targets vary according to the member's strategic role. In addition to the targets set out in the scorecard, one to three individual targets with different weightings

have been set for 2016 for some of the members included in the performance pay scheme.

The weighting of the scorecard targets was 70–100 per cent and that of the personal targets a maximum of 30 per cent of the bonus.

The performance bonus for the Executive Group of Finavia, based on the realised financial result for 2016 and the scorecard targets achieved, was fulfilled to 81 per cent.

The revenues and profitability of Finavia Corporation reached a new record in 2016. The efficiency of business operations increased, customer satisfaction was higher than in 2015, reaching excellent levels, and aviation safety improved. The percentages of achieving the personal targets were determined individually for each person on the basis of their performance.

### Performance-related pay in 2017

The Government resolution on state ownership policy concerning the remuneration of senior management (13 May 2016) will lead to changes in Finavia's remuneration practices during 2017. Under the resolution, Finavia is in the category of non-listed commercial companies. In this group, the maximum variable compensation (short-term and long-term incentive schemes) is set at 80 per cent of the fixed annual salary each year.

Finavia has revised its management incentive schemes for the year 2017 in accordance with this resolution and, in addition to a short-term incentive scheme, it will also introduce a long-term scheme.

Changes have also been made to the short-term incentive schemes of the management and key personnel and the personnel bonus scheme. The most important of them is the reduction in the number of bonus indicators. Both schemes will have between three and four indicators, and most of the indicators used in the schemes are identical. The emphasis is on financial and customer satisfaction indicators. At the same time, Finavia has also clarified the rules of the incentive schemes so that they are in accordance with generally observed practice.

### Fees paid in 2016 to the CEO and the Executive Group\*

	Salaries and fringe benefits in 2016, EUR	Bonus based on 2015 performance, EUR (% of annual earnings)	Total paid in 2016, EUR	Total paid in 2015, EUR
CEO	351,918	68,498 (19%)	420,416	420,465
Other members of the Executive Group*	1,436,077	324,425 (23%)	1,760,502	1,937,371

\* The fees are given on a payment basis.

## Bonuses payable to other members of staff

The remuneration scheme of the personnel consists of a job-specific part of the salary and personal performance-related pay. Employees are paid at least the job-specific part of the salary compliant with the lower limit of the demand category of the job. In addition, the employee is paid a maximum of 50 per cent as personal pay based on his/her assessed performance. The demand category and performance are assessed at least once a year. One-off compensation payments and project fees may also be paid.

### Bonuses payable to personnel

In addition to senior management, key personnel of the Group are included in the scope of the performance-related pay scheme; the maximum performance bonus payable to these employees is 10–15 per cent of their fixed annual salaries. The maximum number of key personnel is 100.

The Group's parent company has a personnel fund. All employees, apart from the top management and those covered by the performance bonus scheme, are members. The personnel fund is supplemented annually by a specific sum, the maximum of which is equivalent to four per cent of the company's total payroll. The company does not have any other personnel compensation schemes.

The amount payable to the personnel fund is determined on the basis of performance targets achieved. The Board of Directors sets the targets for the personnel's performance-based pay and approves the result achieved. The targets for the personnel's performance-related pay are identical to those applicable to the management's performance bonus benchmarks.

### 2016

The Board of Directors approved a new performance-based pay model for the personnel, which is tied to the company's performance and the performance of the individual in question.

In 2016, 91 per cent (91) of the year's profit bonus model targets were achieved. A total of EUR 3,640,994 (3,597,260) was transferred to the personnel fund.