

33. Management compensation, benefits and ownership

Management remuneration and ownership, 2017	Remuneration (EUR 1,000)	Number of shares on 31 December 2017	Performance and restricted share plan costs (EUR 1,000)	Number of performance shares and restricted shares ****				
				Performance Share Plan 2016-2018***	Performance Share Plan 2017-2019***	Restricted Share Plan 2015-2017***	Restricted Share Plan 2016-2018***	Restricted Share Plan 2017-2018***
Board of Directors								
Pekka Ala-Pietilä, Chairman	102	10,000						
Antti Herlin, Vice Chairman *	78	19,036,800						
Anne Brunila	76	910						
Mika Ihamuotila	70	150,000						
Nils Ittonen **	75	59,000						
Denise Koopmans	83							
Robin Langenskiöld	70	12,273,371						
Rafaela Seppälä	70	10,273,370						
Kai Öistämö	74	8,265						
Total	698	41,811,716						
President and CEO								
Susan Duinhoven	1,122	75,000	1,257	225,000	150,000			50,000
Total	1,122	75,000	1,257	225,000	150,000			50,000
Executive Management Group								
Markus Holm (as of 1 February 2017)		18,185			21,000		50,000	
Kim Ignatius (until 31 December 2017)		9,500		45,000		2,625		
Pia Kalsta		5,655		45,000	15,000	3,125		
John Martin		12,395		45,000	19,000	3,125		
Peter de Mönnink (until 31 December 2017)		10,973		112,500	42,000	7,500		100,000
Total	4,295	56,708	2,232	247,500	97,000	16,375	50,000	100,000

* Includes the holdings of interest parties.

** Includes the holdings of persons closely related.

*** Sanoma Performance Share Plan has been adopted in 2013. Sanoma Restricted Share Plan has been adopted in 2014. Number of Sanoma performance shares granted in the Performance Share Plan 2017-2019 to the President and CEO and EMG members is presented on target level. Should the maximum level of performance measures be reached the earned share reward is 150% of the shares at target level. Shares conditionally granted to the President and CEO and EMG members under the Performance Share and Restricted Share Plan are subject to share ownership requirement that is determined by the Board of Directors in accordance with the Human Resources Committee's proposal. Until the required shareholding is achieved, the President and the CEO and EMG members are required to hold (and not sell) at least 50% (for shares delivered after year 2016, earlier 25%) of performance and restricted shares received.

**** Performance Share Plan 2015-2017 has not been presented in the table as no rewards were paid since the minimum levels of the performance criteria were not achieved.

Figures include the remuneration that has been paid for assignments handled by those persons during the period. EMG members do not receive separate remuneration for their Board memberships in the Group companies. Remuneration includes fringe benefits. Performance and restricted share plan costs include costs during membership. The Group had no outstanding receivables or loans from the management. Remuneration does not include pension costs. The pension cost of the President and CEO and EMG is presented in paragraph 'Other benefits of the management'.

Management remuneration and ownership, 2016	Remuneration (EUR 1,000)	Number of stock options		Number of performance shares and restricted shares ****		
		Number of shares on 31 December 2016	2011	Performance and restricted share plan costs (EUR 1,000)	Performance Share Plan 2014–2016***	Performance Share Plan 2016–2018***
Board of Directors						
Pekka Ala-Pietilä, Chairman (as of 12 April 2016)	94	10,000				
Antti Herlin, Vice Chairman (as of 12 April 2016) *	86	18,711,800				
Anne Brunila	78	910				
Susan Duinhoven	22					
Mika Ihamuotila	72	150,000				
Nils Ittonen **	92	59,000				
Denise Koopmans	77					
Robin Langenskiöld	71	12,273,371				
Rafaela Seppälä	72	10,273,370				
Kai Öistämö	78	8,265				
Total	742	41,486,716				
President and CEO						
Susan Duinhoven	581	71,629		334	150,000	
Total	581	71,629		334	150,000	
Executive Management Group						
Kim Ignatius		4,701			7,641	30,000
Pia Kalsta		3,189	5,000		2,149	30,000
John Martin		12,096			8,596	30,000
Peter de Mönnink		2,375			23,400	75,000
Total	2,381	22,361	5,000	715	41,786	165,000

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*** Sanoma Performance Share Plan has been adopted in 2013. Sanoma Restricted Share Plan has been adopted in 2014. Number of Sanoma performance shares granted in the Performance Share Plan 2016–2018 to the President and CEO and EMG members is presented on target level. Shares conditionally granted to the President and CEO and EMG members under the Performance Share and Restricted Share Plan are subject to share ownership requirement that is determined by the Board of Directors in accordance with the Human Resources Committee's proposal. Until the required shareholding is achieved, the President and the CEO and EMG members are required to hold (and not sell) at least 50% (for shares delivered after year 2016, earlier 25%) of performance and restricted shares received.

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Figures include the remuneration that has been paid for assignments handled by those persons during the period. EMG members do not receive separate remuneration for their Board memberships in the Group companies. Remuneration includes fringe benefits. Performance and restricted share plan costs include costs during membership. The Group had no outstanding receivables or loans from the management. Remuneration does not include pension costs. The pension cost of the President and CEO and EMG is presented in paragraph 'Other benefits of the management'.

The remuneration and benefits payable to the President and CEO and Executive Management Group (EMG) members are approved by the Board of Directors of Sanoma, in accordance with the Human Resources Committee's proposal. In addition, the President and CEO and EMG members receive bonuses according to the short-term incentive plan approved each year by the Board of Directors. For the year 2017 the short-term incentive for the President and CEO is 66.7% of her salary at target level and 100% at maximum level. For other EMG members the short-term incentive varies from 40% to 60% of salary at target level and from 60% to 90% at maximum level. The criteria in the 2017 short-term incentive plan of EMG members are based on achieving financial targets of operational EBIT, free cash flow, net sales as well as Sanoma's employee satisfaction objective.

The President and CEO and EMG members are part of Sanoma's long-term incentive schemes. The long-term incentives are part of the Group's incentive and commitment programme and are distributed by the Sanoma Board of Directors, in accordance with the Human Resources Committee's proposal.

[+ Notifications of the President & CEO's transactions are announced on Group's website \[Sanoma.com\]\(http://Sanoma.com\) as of 3 July 2016. More details on remuneration principles are available in the Corporate Governance section at \[Sanoma.com\]\(http://Sanoma.com\).](#)

Other benefits of the management

The President and CEO Susan Duinhoven's period of notice is six months either from the President and CEO's or the Company's part. If the executive contract is terminated by the Company, a severance payment equaling to 12 month's salary in addition to the salary for the notice period will be paid to the President and CEO. The severance pay is accompanied by a fixed-term non-competition clause.

The additional pension benefits of the President and CEO and other EMG members are currently based on defined contribution. Contracts made prior to 2009 are based on defined benefit. The President and CEO is entitled to an additional pension benefit contribution, which amounts to 15% of her salary. The President and CEO's and part of the EMG members' retirement age is the usual retirement age in their home country. Some EMG members have a lower than statutory retirement age in the range of 61–63 years. The pensions of the EMG members whose additional pension benefits are based on defined benefit plan, amount to approximately 60% of their pensionable salary applicable in their home country, together with the statutory pension cover.

For the President and CEO Susan Duinhoven, the additional pension contribution cost was EUR 87,223 for the year 2017 (2016: 107,110), and the statutory pension cost for the year 2017 was EUR 182,684 (2016: 95,829). The pension costs of EMG members were EUR 900,409 in 2017 (2016: 529,411).