

REMUNERATION STATEMENT AND REMUNERATION REPORT 2019

REMUNERATION, REWARDS AND INCENTIVES

The main objectives of remuneration at Marimekko Corporation are to promote the competitiveness and long-term financial success of the company, contribute to the favourable development of shareholder value and increase the commitment of the company's key persons.

Remuneration of the members of the Board of Directors

The Annual General Meeting decides on the remuneration payable to the Board of Directors.

A person serving the company under an employment or service agreement receives no fee for the membership of the Board of a Marimekko subsidiary. According to the resolution by the Annual General Meeting of 17 April 2019, approximately 40 percent of the annual remuneration to the Board of Directors in 2019 was paid in Marimekko Corporation's shares acquired from the market and the rest in cash. In case a member of the board held shares of the company worth more than EUR 500,000 on the date of the Annual General Meeting, 17 April 2019, the remuneration was paid in entirely in cash. According to the decision of the Annual General Meeting, the shares were acquired directly on behalf of the Board members within two weeks from the release of the interim report for 1 January–31 March 2019 or if this was not possible due to insider rules, as soon as possible thereafter. There are no special rules applying to the Board of Directors concerning the ownership of shares received as remuneration. The Board is not, as a rule, entitled to any other financial benefits in addition to the fixed annual payment. Marimekko has not issued loans to the Board members or guarantees or other contingent liabilities on their behalf.

In 2019, the Annual General Meeting resolved that the annual remuneration payable to the members of the Board be as follows: EUR 48,000 to the Chairman, EUR 35,000 to the Vice Chairman and EUR 26,000 to the other members of the Board. The Board members receive no additional fee for attending the board meetings. It was also resolved that a separate remuneration be paid to members of the Audit and Remuneration Committee receive a separate remuneration for committee work as follows: EUR 2,000 per meeting to Chairman and EUR 1,000 per meeting to members.

The Chairman of the Board, Mika Ihamuotila, has been paid, in addition to the annual remuneration of the Chairman of the Board resolved by the Annual General Meeting, EUR 4 400 as a monthly fee under the separate half-time executive service agreement with the company. No other fees, such as annual bonuses or benefits, in addition to the above-mentioned, have been paid to Mr Ihamuotila. The pension is determined by the statutory employee pension plan (TyEL). The Audit and Remuneration Committee of the company handles and prepares matters related to the terms and remuneration of the half-time executive service agreement of the half-time Chairman of the Board.

Remuneration of the President and CEO

The Board of Directors of Marimekko Corporation decides on the salary and remuneration payable to the President and CEO. The Audit and Remuneration Committee of the company handles and prepares matters related to the terms of the service contract and remuneration of the President and CEO. All members of the Audit and Remuneration Committee are independent of the company and its significant shareholders.

The remuneration of the President and CEO consists of a regular salary and fringe benefits, an annual bonus, and a so-called long-term bonus system targeted at the company's Management Group, including the President and CEO (see "Remuneration of other management" below). Under the contract between the company and the President and CEO is, in addition to her regular salary, entitled to an annual bonus, the maximum amount of which corresponds to her regular salary for four months. The principles determining the bonus are confirmed annually by the Board based on a proposal by the Audit and Remuneration Committee. The President and CEO's pension is determined by the statutory employee pension plan (TyEL). If the President and CEO resigns of her own accord, her term of notice is six months and she is entitled to a remuneration corresponding to her regular salary for six months. If the company terminates the contract, the term of notice is six months and the President and CEO is entitled to a remuneration corresponding to her regular salary for six months. The remuneration in case of termination is tied to a fixed-term non-compete obligation.

Remuneration of other management

The Board of Directors of Marimekko Corporation decides on the salary and remuneration payable to the members of the Management Group. The Audit and Remuneration Committee of the company handles and prepares matters related to the terms of the service contracts and remuneration of senior management. All members of the Audit and Remuneration Committee are independent of the company and its significant shareholders.

The remuneration of the Management Group members consists of a regular salary and fringe benefits, an annual bonus as well as a so-called long-term bonus system. The annual bonus is based on the growth of the company's consolidated net sales, operating result and individual objectives separately determined by the Board of Directors. The members of the Management Group fall within the scope of the statutory employee pension plan (TyEL).

Long-term bonus system 2014–2018

The Board of Directors of Marimekko Corporation decided on 7 May 2014 on establishing a long-term bonus system targeted at the company's Management Group. The system was composed of two earnings periods, which were 8 May 2014–31 October 2017 and 8 May 2014–28 February 2018. The possible bonus for each earnings period was based on the total yield on Marimekko Corporation's shares, including dividends. The bonus was determined to be paid in cash in two instalments. The first instalment would have been due in autumn 2017 and the second instalment became due in spring 2018. A total of EUR 177 thousand was paid in bonuses in spring 2018. Earning the bonus required that the person was still working for the company at the time of the payment and committed themselves to using 50 percent of the net value of the bonus for acquiring the company's shares at transaction price. The shares acquired with the bonus cannot be surrendered prior to two years from the time of acquiring the shares. At the time of its conclusion, the system encompassed eight Management Group members, including the President and CEO.

Long-term bonus system 2018–2022

The Board of Directors of Marimekko Corporation decided on 14 February 2018 on establishing a new long-term bonus system targeted at the company's Management Group. The purpose of the bonus system is to encourage the Management Group, to combine the owners' and the Management Group's targets in order to increase the company's value and profitability in the long-term and to elicit the Management Group's commitment to the company. The system is composed of two earnings periods, which are 1 April 2018–30 September 2021 and 1 April 2018–31 January 2022. The possible bonus for each earnings period will be based on the total yield on Marimekko Corporation's shares, including dividends. The possible bonus is defined to be paid in two instalments. The first instalment will be due in 2021 in the fall and the possible second instalment will be due in spring 2022. The bonus has been planned to be paid 50 percent in company's shares and 50 percent in cash. The shares paid as part of the bonus cannot be surrendered prior to two years from the time of acquiring the shares. Earning the bonus requires that the person still works for the company at the time of the payment. The annual maximum value of the bonus paid to a member of the Management Group in the bonus system equals the approximate value of gross annual salary. The system encompasses the Management Group members including the President and CEO, a total of seven persons.

Share issue directed to personnel

The Board of Directors of Marimekko Corporation decided on 31 October 2018 and 26 February 2019, based on the authorization granted by the Annual General Meeting held on 12 April 2018, on a share issue directed to the company's personnel in Finland (including the President and CEO and the Management Group). In the share issue, a maximum total of 150,000 new shares in the company were offered for subscription. The subscription price was EUR 11.45 per share for the first fifty shares (50 percent discount from the average share price in January) and EUR 20.60 per share for the shares subscribed for after the first fifty shares (10 percent discount from the average share price in January). The share subscription period ended on 22 March 2019. The Board of Directors approved a total of 40,224 subscriptions for new shares. The total subscription price of the new shares was EUR 725,988. The shares subscribed for in the share issue represent 0.50 percent of the company's existing shares and the voting rights carried by the existing shares before the share issue. Half of those entitled to subscribe took part in the share issue. Subscriptions were made by a total of 229 company employees out of 472 who were entitled. The President and CEO subscribed for 21,865 shares and the other members of the Management Group a total of 1,000 shares.

REMUNERATION REPORT

Remuneration of the members of Marimekko's Board of Directors 2018–2019

(EUR 1,000)	Fee for Board work		Other financial benefits		Total compensation in the financial year	
	2019	2018	2019	2018	2019	2018
Mika Ihamuotila	48	40	70**)	123**)	118	163
Elina Björklund	41*)	30	-	-	41	30
Rebekka Bay	26	22	6***)	6***)	32	28
Arthur Engel	26	22	6***)	4***)	32	26
Mikko-Heikki Inkeroinen	29*)	22	-	-	29	22
Helle Priess	26	22	80***)	80***)	106	102
Catharina Stackelberg-Hammarén	29*)	22	-	-	29	22
Total	225	180	162	213	387	393

Fee for the Board work:

*) Including separate remuneration for committee work.

2018: In accordance with the resolution by the Annual General Meeting of 12 April 2018 regarding the annual remuneration to the Board of Directors, the Vice Chairman of the Board received 859 shares and the other members 630 shares each as part of their annual remuneration.

2019: In accordance with the resolution by the Annual General Meeting of 17 April 2019 regarding the annual remuneration to the Board of Directors, the Vice Chairman of the Board received 538 shares and the other members 400 shares each as part of their annual remuneration.

In accordance with the resolution by the Annual General Meeting regarding the annual remuneration to the Board of Directors, the annual remuneration of the Chairman of the Board has been paid entirely in cash as Mika Ihamuotila has held the company's shares worth more than EUR 500,000 on the date of the Annual General Meeting.

Other financial benefits:

***) Monthly fee paid under a full-time executive service agreement in 2018

***) Monthly fee paid under a half-time executive service agreement in 2019

****) Consultancy compensation

Remuneration of the President and CEO 2018–2019

(EUR 1,000)	Salary		Annual bonus		Long-term bonus system		Total compensation in the financial year	
	2019	2018	2019	2018	2019	2018	2019	2018
Tiina Alahuhta-Kasko	321	292	92	38	-	73*)	413	403
Total	321	292	92	38	-	73	413	403

*) 50 percent of the net value of the bonus used for acquiring the company's shares at transaction price

Remuneration of other management 2018–2019

(EUR 1,000)	Salary		Annual bonus		Long-term bonus system		Total compensation in the financial year	
	2019	2018	2019	2018	2019	2018	2019	2018
Management Group	895	961	106	62	-	104*)	1001	1127
Total	895	961	106	62	-	104	1001	1127

*) 50 percent of the net value of the bonus used for acquiring the company's shares at transaction price