



# REVENIO

ENABLING EASY & EFFICIENT DIAGNOSIS

SALARY AND REMUNERATION REPORT

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# Salary and remuneration report 2018

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Feb 27, 2019

## 1) Introduction

Revenio Group Corporation's ("Company", "Revenio") governance is based on legislation and the Company's Articles of Association. Revenio complies with all recommendations of the Finnish Corporate Governance Code 2015 issued by the Securities Market Association ("Governance Code"). The Corporate Governance Code is available to the public on the website of the Securities Market Association at [www.cgfinland.fi](http://www.cgfinland.fi).

The Board of Directors has approved this Salary and Remuneration Report on February 27, 2019. The Report and the Company's Corporate Governance Report are available to the public on the Company's website, <https://www.reveniogroup.fi/en/investors/corporance-governance-statement>.

In compliance with regulations, the transactions of the Company's management involving Company financial instruments are published in stock exchange releases (release class: management transactions), also available on the Company's website at [www.reveniogroup.fi](http://www.reveniogroup.fi).

## 2) Decision-making procedure for remuneration

The Company's statutory governing bodies are the Annual General Meeting, Board of Directors, President & CEO and Auditor. The statutory governing bodies are supported by the Chief Financial Officer. The Company's Board of Directors has not instituted committees from its membership.

The remunerations paid to the Board of Directors are decided by the Annual General Meeting. The Board prepares the remuneration proposal.

Revenio's Board of Directors decides on the remuneration, other financial benefits and the basis for the performance-based bonus schemes of the President & CEO, Managing Directors of subsidiaries and Group Management Team, including possible stock options within the limits set by the AGM. The company's President & CEO decides on the salaries and remuneration of other employees and the basis for their performance-based bonus schemes. The Board prepares proposals for the overall remuneration of the President & CEO, Managing Directors of subsidiaries and members of the Group Management Team. The fixed salaries of the Managing Directors of subsidiaries and members of the Group Management Team are nevertheless decided on the basis of a proposal made by the President & CEO. The Board of Directors may appoint one or more of its members to investigate the justifications for proposed performance-based pay systems and other benefits and to coordinate the use of possible outside experts.

The Company's Board of Directors decides on the distribution of the currently valid stock options.

## 3) Key principles of remuneration

### 3.1 Key principles of remuneration of the Board of Directors

The AGM decides on the remuneration of Board members. On March 20, 2018, the AGM decided on the payment of the following annual remunerations to Board members for the term ending at the end of the following Annual General Meeting:

- the Chair of the Board of Directors, EUR 48,000; and
- the members of the Board, EUR 24,000.

In accordance with the proposal of the Board of Directors, the AGM decided that 40% of the annual remuneration should be paid in Company shares and 60% in cash. The shares given as remuneration do not include any restrictions on conveyance.

The AGM also decided that the travel costs of permanent Board members will be reimbursed according to the Company's travel policy.

### 3.2 Key principles of remuneration of the President & CEO and other management

The remuneration system of the President & CEO, Group Management Team and Managing Directors of subsidiaries consists of a fixed monthly salary, an annual performance-based bonus system based on the achievement of targets set by the Board and a discretionary portion, and a stock option system. The company does not have a share bonus system in place. As of January 1, 2012, the President & CEO, Group Management Team, and Managing Directors of subsidiaries have benefited from group pension insurance and medical expenses insurance. The financial impact of this insurance is insignificant to the company.

The maximum annual amount of the performance-based bonus of the President & CEO of Revenio Group Corporation is equal to the fixed salary for six months and that of other management equal to the fixed salary for four months. The remuneration criteria of the performance-based bonus system consist of the performance targets for the Group and the manager's own area of responsibility, in addition to a discretionary portion. The performance-based bonus system covers five persons in positions of leadership in Group companies.

The Company has an option scheme for Group key personnel, dating from 2015. Revenio Group Corporation's Board of Directors decides on the distribution of options. At the time of drawing up the financial statements on December 31, 2018, the President & CEO, members of the Group Management Team and Managing Directors of Subsidiaries held 71,100 option rights in total, of which 25,500 were held by the President & CEO.

These option rights are divided into three series: Series A (50,000), Series B (50,000), and Series C (50,000). The subscription periods for options are as follows: Series A: May 31, 2017–May 31, 2019; Series B: May 31, 2018–May 31, 2020; and Series C: May 31, 2019–May 31, 2021.

The share subscription price for Series A options will be the trade-weighted average price of a Revenio share quoted on Nasdaq Helsinki Oy during the period September 1–October 15, 2015 plus 15 percent, for Series B options the trade-weighted average price of Revenio share quoted on Nasdaq Helsinki Oy during the period September 1–October 15, 2016 plus 15 percent, and for Series C options the trade-weighted average price of Revenio share quoted on Nasdaq Helsinki Oy during the period September 1 – October 15, 2017 plus 15 per cent. At the end of the financial year, the subscription prices for the options are as follows: Series A: EUR 8.23; Series B: EUR 10.12; and Series C: EUR 13.06. The subscription price of a share to be subscribed to with option rights is decreased by the amount of dividend decided between the end of the determination period and the beginning of the share subscription period. The subscription price of dividends with a record date on March 22, 2018 or earlier will be reduced by one third (1/3) of their amount.

A total of 78,258 shares were subscribed under the 2015 option scheme in 2018.

### **Restricted share plan 2019–2021 for the President & CEO**

The purpose of the restricted share plan is to secure the commitment of the President & CEO and complement his performance share plan. The limited share bonus scheme covers only the company's President & CEO and consists of a single, three-year restriction period.

The restricted share plan will begin from the beginning of the year 2019 and any share bonus payable under the plan shall be paid in three parts. The total number of shares to be paid under the restricted share plan in 2019–2021 shall not exceed 10,188 shares, 25% of which shall be payable in spring 2020, 25% in spring 2021 and 50% in spring 2022, provided that the President & CEO's employment relationship is valid at the time of each bonus payment. The number of shares in question is gross earnings minus the amount of cash required to cover taxes due on the share bonus and any other tax-like payments, after which the remaining net bonus shall be paid in shares.

### **Management incentive scheme**

On March 20, 2018 the Board of Directors of the Revenio Group Corporation decided on two share-based long-term incentive schemes directed towards the Management Team of the Revenio Group. Long-term incentive schemes form part of the Company's remuneration program for key personnel and are set up to support the implementation of the Company's strategy and harmonize the objectives of key personnel and the Company in order to increase the Company's value.

### **Performance share plan 2018–2020**

A program for the earning years 2018–2020 was launched as part of the long-term share-based incentive scheme.

The Board of Directors shall decide separately on the minimum, target and maximum bonus of each participant, as well as performance criteria and the related targets.

The amount of bonus payable to the participants depends on the achievement of the pre-set targets. No bonus will be paid if the targets are not met, or if the participant's work or employment relationship ends before the bonus is paid. The performance share plan shall cover a maximum of 10 persons and the objectives of the plan shall be related to the absolute total yield of the Company's share and the cumulative operating result over a period of three years.

If the targets of the incentive scheme are met, the bonuses will be paid in the spring of 2021 in the year following the earning period. The total amount of share bonus to be paid on the basis of the program earning period shall not exceed around 50,000 shares in Revenio Group Corporation. The number of shares in question is gross earnings minus the amount of cash required to cover taxes due on the share bonus and any other tax-like payments, after which the remaining net bonus shall be paid in shares. However, in certain circumstances the company has the right to pay the entire bonus in cash.

In addition to the performance-based bonus system for key personnel, Revenio has a performance-based bonus system applying to all Group employees. In accordance with the choice of the persons designated as entitled to a bonus, part of the annual bonus is to be paid into a personnel fund established by the employees, which invests the majority of its assets in the purchase of Revenio Group Corporation shares.

The managing director agreement signed with the President & CEO is valid until further notice and can be terminated by either party with a period of notice of six (6) months without special reasons; however, if the agreement is terminated by the Company, the earliest termination date is December 31, 2018.

If the Company relieves the President & CEO of his/her obligations during the period of notice, it has the right to appoint a new President & CEO and register him/her in the Trade Register.

The Company nevertheless has the right to terminate the managing director agreement with immediate effect if the President & CEO is guilty of the breaches or neglect referred to in Chapter 8 of the Employment Contracts Act.

The President & CEO is entitled to a pension in accordance with the Employment Contracts Act and other pension legislation, as well as a group pension.

## 4) Remuneration report

### 4.1 Board of Directors

#### FEES PAID TO THE BOARD OF DIRECTORS IN 2018

NAME	POSITION IN THE COMPANY	ANNUAL FEE (EUR)	MEETING FEE (EUR)	SALARY (EUR)	TOTAL (EUR)
Rönkä Pekka	Chair of the Board	48,000	-	-	<b>48,000</b>
Kakkonen Kyösti	Board member	24,000	-	-	<b>24,000</b>
Kohonen Ari	Board member	24,000	-	-	<b>24,000</b>
Sundell Ann-Christine	Board member	24,000	-	-	<b>24,000</b>
Tammela Pekka	Board member	24,000	-	-	<b>24,000</b>

The members of the Company's Board of Directors elected by the Annual General Meeting of 2018 do not have an employment relationship with the Company.

The Company has no share-based remuneration schemes in place for Board members apart from the part of the annual fee paid in shares.

### 4.2 President & CEO

NAME	POSITION IN THE COMPANY	MONETARY SALARY (EUR)	PERFORMANCE-BASED BONUSES (EUR)	FRINGE BENEFITS (EUR)	EMPLOYEE STOCK OPTIONS (EUR)	TOTAL (EUR)
Timo Hildén	President & CEO	261,622	45,939	240	141,250	<b>403,124</b>

In 2018, the President & CEO received a total of EUR 403,124 in salaries and fees, fringe benefits included. Of this total sum, EUR 45,939 consisted of variable fees in the form of an annual bonus earned for the period January 1 to December 31, 2018.

At the time of drawing up the financial statements, the President & CEO held 25,500 option rights. No new option rights were granted to the President & CEO in 2018.

### 4.3 Remuneration of other management

NAME	POSITION IN THE COMPANY	MONETARY SALARY (EUR)	PERFORMANCE-BASED BONUSES (EUR)	FRINGE BENEFITS (EUR)	EMPLOYEE STOCK OPTIONS (EUR)	TOTAL (EUR)
Other members of the Group Management Team	Members of the Management Team	692,448	79,812	30,459	403,406	<b>1,126,314</b>

In 2018, the other members of the Group Management Team; i.e. the CFO, Sales and Marketing Director, R&D Director, Operations Director, Q&A Director and Senior Advisor received a total of EUR 1,126,314 in salaries and fees, fringe benefits included. Of this total sum, EUR 79,812 consisted of variable fees in the form of an annual bonus earned for the period January 1 to December 31, 2018.

At the time of drawing up the financial statements, the Management Team held 44,600 option rights. No new option rights were granted to the Management Team in 2018.

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The statements and estimates regarding markets and the future presented in this Annual Report are based on the best knowledge of the management of the Group and its subsidiaries at the time they were made.

Due to their nature, they contain a certain amount of uncertainty and may change in the event of developments in the general economic situation or conditions within the industry.

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