

VARMA

2016

CORPORATE GOVERNANCE



Contents

3 Corporate governance

4 Corporate Governance Report

- 6 • Annual General Meeting
- 6 • Supervisory Board
- 7 • Members of the Supervisory Board 31 December 2016
- 8 • Election Committee
- 9 • Duties and composition of the Board of Directors
- 10 • Members of the Board of Directors
- 12 • Board of Directors' Committees
- 12 • President and CEO
- 14 • Executive Group
- 16 • Medical Affairs and Consultant Physicians

17 Salary and remuneration statement

- 17 • Decision-making procedure and remuneration principles
- 19 • Remuneration of Supervisory Board members
- 20 • Remuneration of the members of the Board of Directors
- 21 • Remuneration scheme for the President and CEO and members of the Executive Group

Corporate governance

Varma's central executive bodies are the Annual General Meeting, the Supervisory Board, the Board of Directors and the President and CEO.

Varma's governance is based on the Finnish Act on Employment Pension Insurance Companies. Varma also complies with the applicable provisions of the Finnish Corporate Governance Code.

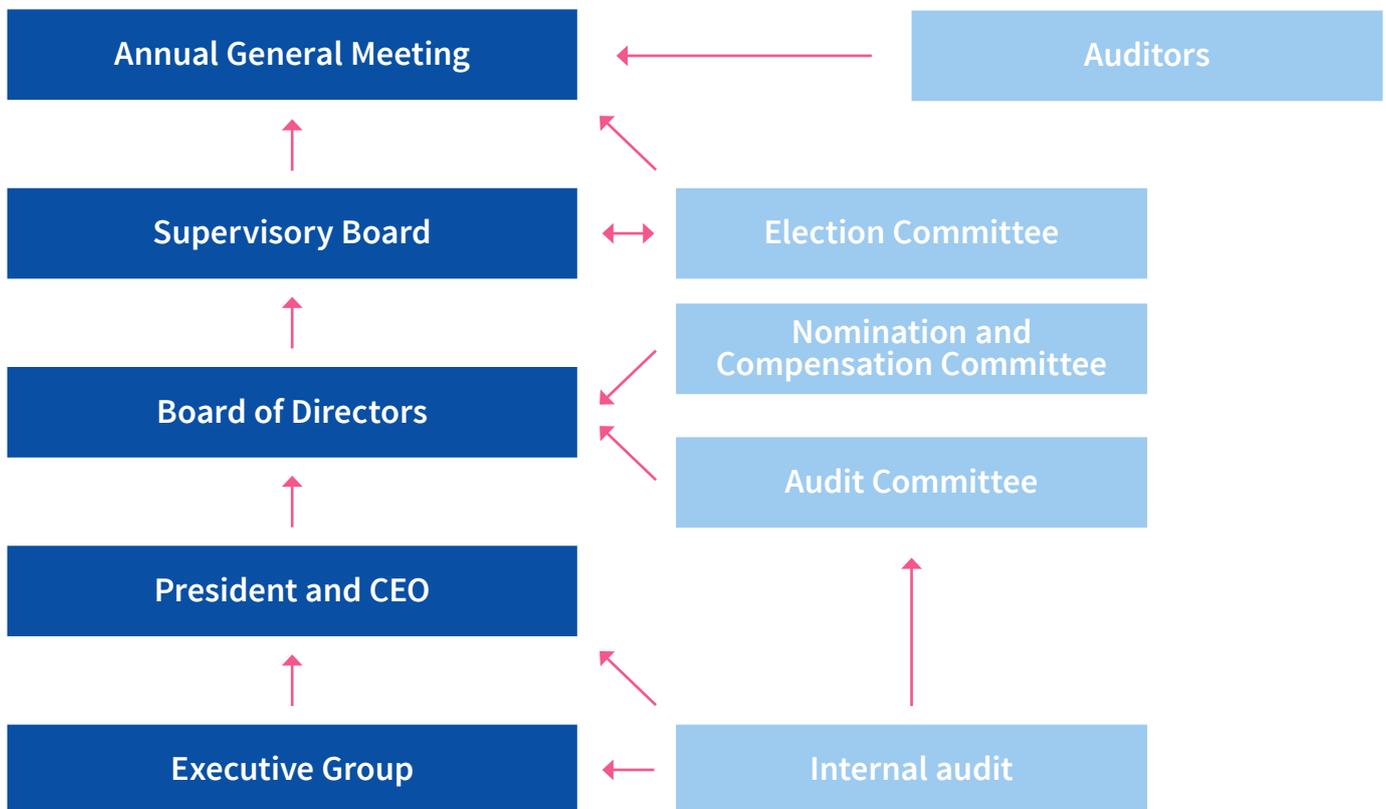
The starting point for Varma's corporate governance is the company's core task, that of securing pensions. The statutory earnings-related pension scheme was created by an agreement concluded between the government and labour

market organisations, and the tripartite model still plays a key role in the development of the system. Labour market organisations also participate in the administration of earnings-related pension companies.

A key objective is to ensure the transparency of the company's operations and administration, which in turn will contribute to strengthening public confidence in the earnings-related pension scheme.

Read more about Varma's governance and management and about the company itself on our website.

Corporate governance structure



Corporate Governance Report

This report is based on the Finnish Corporate Governance Code 2015. Varma complies with the Code provisions that apply to the statutory activities of earnings-related pension insurance companies. The deviations from the Code are detailed below in the section “Deviations from the Finnish Corporate Governance Code”. The Code is available on the Securities Market Association’s website (www.cgfinland.fi/en). This report describes the situation on 31 December 2016. The up-to-date report can be viewed at www.varma.fi/en/.

Main features of the internal control and risk management systems connected with the financial reporting process

Varma’s financial reporting is in accordance with the Accounting Act, the Limited Liability Companies Act, the Insurance Companies Act, the Employee Pension Insurance Companies Act and the Act on the Calculation of the Pension Provider’s Solvency Border and the Covering of the Technical Provisions, the decree of the Ministry of Social Affairs and Health on financial statements and consolidated financial statements of insurance companies, the Accounting Decree, the technical bases approved by the Ministry of Social Affairs and Health and the regulations issued by the Financial Supervisory Authority.

Varma’s Board of Directors decides on the content and organisation of internal company control and on the implementation of the internal control sectors and principles, and approves both the joint guidelines for the internal control of the Varma Group and the risk-management plan. The Board of Directors makes an annual assessment of whether the internal control is appropriately organised. The contents of the financial reporting presented to the Board of Directors are laid down in the Board of Directors’ charter and in the investment plan.

All financial reporting to the Board of Directors, company management and the authorities is carried out by Varma’s Financial Administration independently of the function to be reported on. The company’s result and solvency position are calculated daily.

The Board of Directors receives regular reports on, among other things, the total result, the balance sheet and the income statement at fair value, solvency position, details of investments classified according to risk, investment returns, derivative and foreign currency positions, risk concentrations and assets covering the technical provisions. Financial Administration also provides reports on the monitoring of risk limits

laid down in the investment plan and on the use of authorisations, and carries out controls on the valuation of investments. In addition to the above, Investment Operations also submits reports on its activities to the Board of Directors. Adherence to authorisations and allocation, and investment assignments are monitored on a daily basis. Actuaries see to it that the insurance contributions and the technical provisions are calculated in accordance with the technical bases and the regulations issued by the Ministry of Social Affairs and Health and the Financial Supervisory Authority.

In addition to the information required under the provisions, Varma also publishes quarterly interim reports. In order to increase transparency, Varma publishes its balance sheet and income statement at fair value and its investments and their returns, grouped in accordance with risks.

From the point of view of Varma’s financial reporting, the most important elements are the valuation of the investments and the investment return at fair value, the interest credited on technical provisions, and the company’s solvency capital in relation to the solvency limit, which in turn is determined on the basis of the risks involved in each investment (solvency classification).

The risk-bearing capacity of the investment operations is determined on the basis of the solvency indicators. The adequacy of the assets covering the technical provisions must be known at all times.

The technical provisions are calculated on the closing date and in accordance with the best technical estimates during the financial year. Exact annual calculations are finalised in late spring. The division of responsibility between earnings-related pension companies is handled via the Finnish Centre for Pensions each year.

The tasks of the investment risk management within the Actuaries, which is independent of the risk-taking operations, include the identification of the risks contained in the investments, measurement of risk levels and reporting.

The Board of Directors decides on the principles concerning the use of derivative contracts and the principles for the solvency classification of investments. Investment Operations submits proposals and the CEO decides on the risk classification of investments in accordance with the classification criteria laid down by the Board of Directors, and the independent risk-management function will give an opinion on the

proposals. The solvency classification of investments is reviewed on a regular basis. The Board of Directors receives an independent monitoring report on the use of derivative contracts and their impact on the solvency limit.

The company has drawn up detailed work descriptions and instructions for financial reporting. The reliability of financial reporting is supported by the principle that the company's business accounting is always periodised and kept up to date at fair value and that the figures contained in it match the investment category ledger systems used as ledgers and the data warehouse used in reporting.

Exact calculations of the technical provisions are made each year. The calculations of the technical provisions during the year are made using pension-insurance register information and insurance technique analyses. Insurance risks are analysed using, for example, a risk assumption analysis (mortality, disability intensity), financial statements and business result analyses (insurance technique, distribution of responsibility) and, for example, when compiling statistics on contribution losses and disability pension expenditure.

In drawing up the financial statements, the payroll of the insured is an estimated amount. This is reflected in the company's premium income and in the amount of technical provisions, but has little effect on the company's result.

Operational risks connected with Varma's financial reporting are charted on a regular basis. The potential impacts and likelihood of identified risks are assessed on a risk-specific basis.

Auditing

In accordance with Varma's Articles of Association, the General Meeting elects two Auditors and two Deputy Auditors for the Company. An auditing company may also be elected to act as Auditor and Deputy Auditor.

The Auditors' term ends at the next Annual General Meeting following their election.

Under the legislation in force concerning auditing, the Auditors' duty is to audit Varma's accounting records, Financial Statements, Consolidated Financial Statements and governance. Auditing shall be carried out in accordance with good auditing practice.

The Auditors report on their work, observations and conclusions in the Auditors' Report addressed to the Annual General Meeting. In addition to this, the Auditors report on their observations concerning internal control, financial reporting and other auditing measures to the Board of Directors' Audit Committee, to the Board of Directors, to the Supervisory Board, to executive management and to the supervisory authority.

The Auditors provide the Board of Directors annually with written confirmation of their independence, required under the legislation in force. The Company's Board of Directors assesses the independence of the Auditors each year.

In accordance with the decision made by the Annual General Meeting on 17 March 2016, Authorised Public Accountants Petri Kettunen and Paula Pasanen served as Varma's Auditors during the financial year 2016. Authorised Public Accountant Marcus Tötterman and auditing firm KPMG Oy Ab served as deputy auditors.

Remuneration paid to the Auditors for statutory auditing in 2016 amounted to EUR 193,137.08. Remuneration paid to KPMG Oy Ab for expert services other than those related to auditing totalled EUR 53,993.94 in 2016.

Internal audit

Varma's internal audit operates in accordance with the principles laid down in the professional internal auditing standards. It comprises independent and objective assessment, assurance and consulting activities whose purpose is to support the organisation in achieving its goals by producing assessments and development proposals concerning the status of risk management and other internal controls.

The organisational status, tasks, responsibilities and powers of the internal audit are laid down in the instructions approved by the Board of Directors. The areas to be audited are set out in an annual audit plan, which is approved by the Board of Directors after it has been discussed by the Executive Group and the Audit Committee.

The audit observations are reported to the company management, the Audit Committee and the Board of Directors.

The internal audit is organised under the supervision of the CEO.

Deviations from the Finnish Corporate Governance Code

The following is a summary of the deviations from the recommendations of the Finnish Corporate Governance Code at Varma.

- Recommendation 5 – Special order of appointment of the directors: Varma deviates from the recommendation as, under the Finnish Act on Employment Pension Insurance Companies, all members of an earnings-related pension insurance company's Board of Directors must be appointed by the Supervisory Board. The order set out in the recommendation under which more than half of the members should be appointed by the annual general meeting would thus be against the law.

- Recommendation 9 – Diversity of the Board of Directors: principles concerning the matter shall be established in 2017 and a report on diversity as required in the Government’s proposal 208/2016 to Parliament will be drawn up for the first time for 2017 and reported on the following year.
- Recommendation 10 – Number of independent directors: Seven of the members and two of the deputy members of Varma’s Board of Directors are also members of the executive management of Varma’s client companies. This means that the requirement concerning a majority of independent directors is not met; the details are given in the section Board of Directors. The exception is connected with the mutual character of Varma. In a mutual company, a client relationship also means shareholding, and the deviation from the recommendation thus compensates for the fact that under the Finnish Act on Employment Pension Insurance Companies, the Annual General Meeting does not appoint the majority of the Board of Directors in the manner referred to in Recommendation 5. Furthermore, client representation on the Board of Directors helps to ensure that Varma can provide statutory earnings-related pension security in an efficient manner.
- Recommendations 16, 17 and 18a – Number of independent committee members: One of the three members of the Compensation and Nomination Committee presented in the section Nomination and Compensation Committee and three of the four members of the Audit Committee (in the section Audit Committee) are members of the executive management of Varma’s client companies. The grounds for the exception are the same as those concerning the safeguarding of efficient operations given in connection with Recommendation 10.
- Recommendation 22 – Decision-Making Relating to Remuneration: due to the statutory structure of an earnings-related pension insurance company, the Supervisory Board is responsible for decision-making relating to the remuneration of the Board of Directors.

Annual General Meeting

At Varma, the supreme power of decision is exercised in the General Meeting by the shareholders, who are:

- policyholders with a valid insurance contract with Varma pursuant to the legislation concerning employees’ pensions,
- self-employed persons with a valid insurance contract with Varma pursuant to the legislation concerning self-employed persons’ pensions,
- those persons jointly insured under one insurance policy who are covered by basic insurance valid with Varma pursuant to the legislation concerning employees’ pensions,
- the owners of guarantee capital.

The determination of the number of votes that a shareholder can exercise in the General Meeting is described in more detail in the Articles of Association.

The Annual General Meeting shall be held annually before the end of May. An Extraordinary General Meeting shall be held when the Board of Directors or the Supervisory Board considers it necessary, or when it has to be held pursuant to the Insurance Companies Act.

According to the Articles of Association, the Annual General Meeting shall confirm the Report of the Board of Directors and the Consolidated Financial Statements and decide on the disposal of profit, on discharging the responsible persons from liability and on the remuneration payable to the members of the Supervisory Board and the Auditors. The Annual General Meeting shall elect the members of the Supervisory Board and the Auditors and Deputy Auditors.

Supervisory Board

As laid down in the Finnish Employee Pension Insurance Companies Act, Varma has a Supervisory Board that oversees the administration of the company by the Board of Directors and the CEO. In addition to this supervisory task, the Supervisory Board also:

- elects, on the basis of the proposal of the Election Committee, the members and deputy members of the Board of Directors,
- approves, on the basis of the proposal of the Election Committee, the remunerations of the Board of Directors’ members,
- appoints the Election Committee from among its own members or from the members of the Board of Directors,
- submits to the Annual General Meeting its opinion on the Financial Statements, the Consolidated Financial Statements, the Report of the Board of Directors and the Auditors’ Report.

The 28 members of the Supervisory Board are elected by the Annual General Meeting. Under the Articles of Association, the election procedure is as follows:

- seven members are elected from among the persons put forward by the Election Committee members representing the main employers’ central organisations,
- seven members are elected from among the persons put forward by the Election Committee members representing the main employees’ central organisations,
- fourteen members are elected on the basis of a joint proposal by the Election Committee.

Each member is elected for a term of three years so that each year the terms of a maximum of ten members expire. The Supervisory Board elects the Chairman and the Deputy Chairmen from among its members each year. Under the Finnish Employee Pension Insurance Companies Act, one of them must be elected on the proposal of the Election Committee members representing the insured. The composition of the Supervisory Board is presented in the

Members of the Supervisory Board section and information about their remuneration in the Salary and Remuneration Statement section.

The members of the Supervisory Board and the companies under their control have been included in Varma's internal related-party register. Selling or otherwise transferring the Company's assets to those included in the register as well as acquiring assets from them are subject to a separate decision

by the Board of Directors. Varma's Board of Directors has handled the financing arrangement with Versowood Oy, which is under the control of Supervisory Board member Ville Kopra, as such a matter. The Board of Directors granted the company a total of EUR 12.5 million in debt financing, which is partly secured by real property collateral. No other actions referred to in the legal provision in question took place during the 2016 calendar year.

Members of the Supervisory Board 31 December 2016

Chairman

Kari Jordan

b. 1956

President and CEO, Metsä Group

Term expires in 2018

Juri Aaltonen

b. 1969

Chairman, Federation of Special Service and Clerical Employees ERTO

Term expires in 2018

Petri Castrén

b. 1962

CFO, Kemira Oyj

Term expires in 2019

Erkki Etola

b. 1945

Chairman of the Board, Etola Oy and Etra Oy

Managing Director, Tiiviste-Group Oy

Term expires in 2017

Stig Gustavson

b. 1945

Vice chairman of the Board, Konecranes Plc

Term expires in 2019

Jarmo Hyvärinen

b. 1954

Chairman of MMA, the Union of Sales and Marketing Professionals

Term expires in 2017

Erkki Järvinen

b. 1960

President and CEO, Tikkurila Group

Term expires in 2017

Deputy Chairman

Satu Wrede

b. 1954

Chairman of the Board of Directors, Metroauto Group Oy

Term expires in 2018

Jukka Jäämaa

b. 1965

Country Manager, ISS Palvelut Oy

Term expires in 2017

Timo Karttinen

b. 1965

Chief Financial Officer, Fortum Oyj

Term expires in 2019

Niina Koivuniemi

b. 1972

Organisation Manager, Service Union United PAM

Term expires in 2018

Ville Kopra

b. 1977

CEO, Versowood Oy

Term expires in 2018

Tapio Korpeinen

b. 1963

Chief Financial Officer, UPM-Kymmene Corporation

Executive Vice President, UPM Energy

Term expires in 2017

Timo Koskinen

b. 1968

Senior Vice President, Human Resources, VR Group Ltd.

Term expires in 2019

Päivi Kärkkäinen

b. 1955

General Director, Finnish National Opera Foundation

Term expires in 2018

Päivi Leiwo

b. 1964

Chair of the Board of Directors, Oilon Group Oy

Term expires in 2018

Olli Luukkainen

b. 1957

President, Trade Union of Education in Finland, OAJ

Term expires in 2019

Ilkka Nokelainen

b. 1957

Chief Shop Steward, Stora Enso Oy

Term expires in 2018

Lauri Peltola

b. 1963

Senior Vice President, Kesko Corporation

Term expires in 2019

Matti Rihko

b. 1962

CEO, Raisio Plc

Term expires in 2018

Jari Suominen

b. 1969

Executive Vice President, Division Wood Products, Stora Enso Oy

Term expires in 2017

Leena Vainiomäki

b. 1961

Head of Business Banking, Danske Bank Plc

Term expires in 2019

Jorma Vehviläinen

b. 1967

Executive Vice President, SOK Corporation

Term expires in 2018

Christoph Vitzthum

b. 1969

President & CEO, Fazer Group

Term expires in 2019

Anssi Vuorio

b. 1965

Head of ICT and Communication Sector, Trade Union Pro

Term expires in 2017

Göran Åberg

b. 1956

Managing Director, Oy Schenker East Ab

Term expires in 2019

Tauno Heinola resigned from the Supervisory Board on 1 October 2016 and Martti Alakoski on 2 December 2016.

Memberships that expired at the Annual General Meeting on 17 March 2016:

Hannu Kottonen, Juhani Pitkäkoski, Pertti Saarela and Saana Siekkinen.

An up-to-date list of the members of the Supervisory Board is available on Varma's website.

Election Committee

The Supervisory Board appoints the Election Committee from among its members or from the members of the Board of Directors. Under the Finnish Employee Pension Insurance Companies Act, the Chairman or the Deputy Chairman of the Committee must be elected on the proposal of the Supervisory Board members representing the insured.

In addition to the Chairman and the Deputy Chairman, Varma's Election Committee also has four other members, of whom

- two are elected on the proposal of the Supervisory Board members representing the policyholders.
- two are elected on the proposal of the Supervisory Board members representing the insured.

Chairman of the Supervisory Board Kari Jordan acts as the Chairman of the Election Committee. Deputy Chairman of the Committee Martti Alakoski (Deputy Chairman of the Supervisory Board), Antti Palola (Deputy Chairman of the Board of Directors) and Veli-Matti Töyrylä (member of the Board of Directors) represented the insured, while Chairman Kari Jordan, Berndt Brunow (Chairman of the Board of Directors) and Jari Paasikivi (Deputy Chairman of the Board of Directors) represented the policyholders in 2016.

The Election Committee submits a proposal to the Annual General Meeting on the election of new Supervisory Board members as successors to those with expiring terms and on the members' remunerations, and a similar proposal to the Supervisory Board concerning members of the Board of Directors. The Committee does not have other tasks.

Duties and composition of the Board of Directors

The task of the Board of Directors is to see to Varma's administration and the appropriate organisation of its operations. Under the Finnish Employee Pension Insurance Companies Act, the Board of Directors must also draw up an investment plan on the investment of the company's assets.

By virtue of its charter, the Board of Directors approves the description of Varma's corporate governance system and the continuity plan, as well as the operating principles for internal control, the risk management system, the arrangement of internal auditing, the identification and prevention of conflicts of interest, employee rewards, the outsourcing of functions and the ownership policy. The Board of Directors evaluates the corporate governance system, written operating principles and continuity plan on an annual basis.

The Board of Directors appoints and dismisses the President and CEO. In accordance with its charter, the Board of Directors also:

- elects the members of the Audit Committee and those of the Nomination and Compensation Committee,
- appoints an actuary and senior physician, as well as the directors that report directly to the CEO,
- decides on the terms of employment and remuneration systems for the CEO and the directors that report directly to the CEO,
- appoints, if necessary, a deputy CEO,
- appoints the members of the consultative committees and approves the rules and remuneration for the committees,
- evaluates the activities of the CEO, the deputy CEO and the directors who report directly to the CEO, and the management resources and their adequacy,
- decides on personnel compensation systems,
- approves the company's values,
- decides on the strategic targets and overall strategy,
- approves the plan of action and the operating expenses budget,
- exercises the supreme power of decision related to investment operations, approves the powers of decision in investment operations and decides on the authorisations to sign for the company,
- approves the financial statements and signs the financial statement documents,
- convenes the Annual General Meeting,
- prepares the agenda for the Annual General Meeting and the Supervisory Board meetings,
- decides on compliance operations,
- determines the contents and guidelines for internal control, oversees the organisation of internal control, annually assesses whether internal control is arranged appropriately and, if necessary, launches corrective measures,
- decides on bonus policies and calculation bases applications,
- decides on the transfer of insurance portfolios.

The Board of Directors additionally always decides on business arrangements and other business transactions in cases where the counterparty is a private person or the kind of controlled corporation where a member of the Board of Directors or the Supervisory Board, the CEO, a member of the Executive Group, the chief auditor or the deputy auditor holds more than half of the voting rights, and the transaction is significant in that its value is at least EUR 1,000. The market-based rental of a residential flat owned by Varma or purchases involving consumer products or services offered to Varma on market terms as part of ordinary business, or statutory pension loans are not, however, considered significant.

Pursuant to the Finnish Employee Pension Insurance Companies Act, electing members to the Board of Directors is the responsibility of the Supervisory Board. The Board of Directors has 12 members and three deputy members. Under the Articles of Association the election procedure is as follows:

- three members and one deputy member are elected from among the persons put forward by Election Committee members representing the main employers' central organisations,
- three members and one deputy member are elected from among the persons put forward by Election Committee members representing the main employees' central organisations,
- six members and one deputy member are elected on the basis of a joint proposal made by the Election Committee.

The terms of four members of the Board of Directors expire each year.

The Board of Directors elects its Chairman and Deputy Chairmen from among its members.

There are no members of Varma's Executive Group on the Board of Directors. None of the Board members had an employment relationship with or held a position at Varma in 2016 or in the two years prior to that, nor do any of them receive compensation from Varma for services rendered or other advice not connected with the duties of the Board.

The members of the Board of Directors and the companies under their control have been included in Varma's internal related-party register. Selling or otherwise transferring the Company's assets to those included in the register as well as acquiring assets from them are subject to a separate decision by the Board of Directors. No such transfers took place in 2016.

Members and the companies under their control do not have equity holdings or equity-based rights in Varma's Group companies.

Information on the remuneration paid to the Board of Directors is presented in a separate Salary and Remuneration Statement.

Members of the Board of Directors

Members on 31 December 2016



Chairman Berndt Brunow

b. 1950, B.Sc. (Econ.)

Chairman of the Board, Oy Karl Fazer Ab
Member since 2015

Member of the Board of Directors until 31
December 2016

Chairman of the Boards of Lemminkäinen
Corporation and Oy C.E. Lindgren Ab, Vice
Chairman of the Board of UPM-Kymmene
Corporation; member of the Board of Hartwall
Capital Ltd.



Deputy Chairman Jari Paasikivi*

b. 1954, M.Sc. (Econ.)

President and CEO, Oras Invest Ltd

Member since 2014 | Term expires in 2019

Chairman of the Board as of 1 January 2017

Chairman of the Boards of Kemira Oyj, Oras Ltd
and Tikkurila Oyj.



Deputy Chairman Antti Palola

b. 1959, Sea Captain

President, Finnish Confederation of Salaried
Employees STTK

Member since 2014 | Term expires in 2018

Member of the Economic Council; and member of the
Boards of the Council of Nordic Trade Unions PAY and
the European Trade Union Confederation ETUC;
member of the Representatives of the Finnish Centre
for Pensions; member of the Supervisory Boards of
Kaleva Mutual Insurance Company, the Unemploy-
ment Insurance Fund and the Education Fund.



Riku Aalto

b. 1965, M.Sc. (Admin.)

President, Finnish Metalworkers' Union

Member since 2012 | Term expires in 2017

Chairman of the Board of WO Group; member of
the Boards of the Central Organisation of Finnish
Trade Unions SAK and VR Group; and member of
the Supervisory Board of the Unemployment
Insurance Fund.



Mikael Aro*

b. 1965, eMBA

Senior Industrial Expert, Triton

Member since 2010 | Term expires in 2018

Chairman of the Board of Mehiläinen Oy; Vice
Chairman of Kesko Corporation's Board of
Directors, Audit Committee and Remuneration
Committee; Vice Chairman of the Service Sector
Employers PALTA; and member of Boards of
Directors of the Confederation of Finnish
Industries EK and the Finnish National Theatre.



Johanna Ikäheimo*

b. 1968, M.Sc. (Admin.)

Chairman of the Board, Lappset Group Oy

Member since 2009 | Term expires in 2019

Chairman of the Board of FEPI - Federation of the
European Play Industry; Vice Chairman of the
Confederation of Finnish Industries EK; Chairman
of EK's Delegation of Entrepreneurs; and member
of the Board of Metsähallitus.



Ari Kaperi*

b. 1960, M.Sc. (Econ.)

Head of Risk Management, Nordea Bank AB
(publ)

Member since 2010 | Term expires in 2018

Deputy Chairman of the Board of the Federation
of Finnish Financial Services; member of the
Supervisory Boards of the Finnish Business and
Policy Forum EVA and the ETLA Research
Institute of the Finnish Economy; and member of
the Board of the Foundation for Economic
Education.



Jyri Luomakoski*

b. 1967, MBA

President & CEO, Uponor

Member since 2015 | Term expires in 2017

Member of the Boards of Fiskars Oyj Abp, the
Association of the European Heating Industry
(EHI) and the European Plastic Pipes and Fittings
Association.



Petri Niemisvirta*

b. 1970, LL.M.

CEO, Mandatum Life Insurance Company Limited

Member since 2014 | Term expires in 2017

Chairman of the Board of Kaleva Mutual Insurance
Company; Deputy Chairman of the Board of Alma
Media Corporation; member of the Boards of the
Finland Chamber of Commerce and BenCo
Insurance Holding B.V. (Netherlands); and
Chairman of the Economy and Tax Committee of
the Confederation of Finnish Industries EK and the
Life Insurance Executive Committee of FFI, the
Federation of Finnish Financial Services.

**Ilkka Oksala**

b. 1965, LL.M.
 Director, Confederation of Finnish Industries EK
 Member since 2015
 Term expires in 2018
 Member of the Board of the Finnish Centre for Pensions.

**Kai Telanne***

b. 1964, M.Sc. (Econ.)
 President and CEO, Alma Media Corporation
 Member since 2009 | Term expires in 2017
 Vice Chairman of the Board as of 1 January 2017
 Member of the Boards of Teleste Corporation and Altia Plc

**Veli-Matti Töyrylä**

b. 1953, B.Sc. (Econ.)
 Member since 2011
 Member of the Board of Directors until 31 December 2016
 Chairman of the Board of the Kaute Foundation; member of the pension working group of the Confederation of Unions for Academic Professionals Akava; and Chairman of the Executive Committee of Investments of the Finnish Business School Graduates.

Deputy members on 31 December 2016**Eija Hietanen**

b. 1961, M. Soc. Sc.
 Administrative Director, Central Organisation of Finnish Trade Unions SAK
 Deputy member since 2015 | Term expires in 2019
 Member of the Boards of the Labour Institute for Economic Research, Kansan Sivistysrahasto and the Trade Union Solidarity Centre of Finland SASK; member of the Supervisory Board of Finnfund and of the Council of the Finnish Work Environment Fund.

**Mikko Ketonen**

b. 1945, B.Sc. (Econ.)
 Deputy member since 1998
 Deputy member of the Board of Directors until 31 December 2016

**Liisa Leino***

b. 1960, M.A. (Educ.)
 Chairman of the Board and Managing Director, Leino Group Oy
 Deputy member since 2011 | Term expires in 2019
 Member of the Boards of Metsä Board Corporation, Elomatic Oy, Cadmatic Oy and the Federation of Finnish Technology Industries; and member of the Supervisory Boards of the Finnish Business and Policy Forum EVA and ETLA, the Research Institute of the Finnish Economy.

New members of the Board as of 1 January 2017**Casimir Lindholm***

b. 1971, M.Sc. (Econ.), MBA
 CEO, Lemminkäinen Corporation
 Term expires in 2019

**Pekka Piispanen**

b. 1960, M.A.
 Director, Akava ry
 Term expires in 2019
 Member of Kaleva Mutual Insurance Company's Supervisory Board.

**Eila Annala***

b. 1962, M.Sc. (Econ.)
 Managing Director, PlusTerveys Oy
 Term expires in 2019
 Member of the Board of Lääkäripalveluyritykset ry and member of Kaleva Mutual Insurance Company's Supervisory Board.

Those marked with * in the list of Board members are members of the executive management of important client companies of Varma; the other members are independent for the purposes of the Finnish Corporate Governance Code (Recommendation 10).

▶ An up-to-date list of the members of the Board of Directors is available on Varma's website.

Board of Directors' Committees

As laid down in the Articles of Association, Varma's Board of Directors has elected a Nomination and Compensation Committee and an Audit Committee from among its members. The Chairman and the Deputy Chairmen of the Board of Directors also meet with the CEO, as necessary, to prepare matters to be considered by the Board of Directors.

Audit Committee

The main tasks of the Audit Committee include the supervision of internal company control, risk management and financial and other reporting, as well as the monitoring of the work and observations made by the auditors and the internal audit. The Committee does not have the power to make decisions independently. The Committee reports on its work and observations to the Board of Directors.

In 2016, Ari Kaperi (Chairman), Jyri Luomakoski, Antti Palola and Kai Telanne were members of the Audit Committee.

The Audit Committee convened four times in 2016 and the attendance rate of the members was 100%.

Of the Committee members, Ari Kaperi, Jyri Luomakoski and Kai Telanne are members of the executive management of Varma's client companies for the purposes of the Finnish Corporate Governance Code (Recommendation 10).

Nomination and Compensation Committee

The Nomination and Compensation Committee prepares Varma's compensation and incentive schemes and the employment terms and conditions of the company management. The proposals of the Committee are submitted to the Board of Directors for decision.

In 2016, the Nomination and Compensation Committee composed of Berndt Brunow (Chairman), Antti Palola and Jari Paasikivi.

The Committee held eight meetings (attendance rate 100%) in 2016.

Of the Committee members, Jari Paasikivi is a member of the executive management of Varma's client company for the purposes of the Finnish Corporate Governance Code (Recommendation 10).

President and CEO

The CEO takes care of the administration of Varma according to the regulations and instructions of the Board of Directors. The CEO sees to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

It is the duty of the CEO to promote the interests of the company. The CEO manages the company according to sound business principles and principles of good governance and risk management. The CEO represents Varma in matters that fall within the sphere of tasks laid down in legislation.

Varma's President & CEO is Risto Murto, b. 1963 (Ph.D.Econ.), CEO of Varma since 2014; Chairman of the Board of the University of Oulu; 1st Deputy Chairman of the Board of the Finnish Pension Alliance TELA; member of the Boards of Sampo Plc, Wärtsilä Corporation, and the Federation of Finnish Financial Services; member of the Finnish National Opera Foundation's Supervisory Board; and member of the Financial Committee of the Finnish Cultural Foundation).

The CEO is assisted by Varma's Executive Group, which has, in addition to the CEO, seven management representatives and two staff representatives as members. The task of the Executive Group is to steer and develop Varma's operations so that the strategic objectives approved by the company's Board of Directors are met.

Decisions on the salaries and benefits of the CEO and the other members of the Executive Group are made by the Board of Directors. Information on these is presented in a separate Salary and Remuneration Statement.

The CEO and the members of the Executive Group and the persons under their guardianship and the companies under their control have been included in Varma's internal related-party register. Selling or otherwise transferring the Company's assets to those included in the register as well as acquiring assets from them are subject to a separate decision by the Board of Directors. No such transfers took place in 2016.

When deciding on new representation in Boards of Directors or Supervisory Boards of the President and CEO, the decision is made by the Board of Directors following a discussion by the Nomination and Compensation Committee, on a proposal by the Chairman of the Board of Directors. The Chairman of the Board of Directors decides on the new representation in the Board of Directors or Supervisory Board of a member of the Executive Group in a corporation that is not Varma's



subsidiary on the President and CEO's proposal using the "one-over-one" principle, whereas representation in Varma's subsidiary's Board of Directors or Supervisory Board and Varma's representation in the earnings-related pension sector's co-operative bodies is decided by the President and CEO.

When deciding on representation, the decision-maker assesses:

- whether the representation is, due to possible conflicts of interest, likely to undermine trust in the realisation of the independence requirements of an earnings-related pension company, which are highlighted in legislation.
- whether the representation will have adverse effects on the decision-making of Varma's investment operations.

The Investment Committee deals with major investment issues that are submitted to the CEO for decision. The Committee has the CEO and the executives responsible for investment operations as its members. The Committee prepares the investment proposals for the Board of Directors and makes decisions on matters in which it is authorised under the investment plan approved each year by the Board of Directors, and which have not been delegated to a lower level. The Committee also monitors investment risks.

Executive Group



Maritta Voutilainen, Pasi Mustonen, Eeva Hautala, Risto Murto, Timo Kaisanlahti, Reima Rytsölä, Tiina Kurki, Ville-Veikko Laukkanen, Katri Viippola and Pekka Pajamo.



Risto Murto

President and CEO
b. 1963, Ph.D. (Econ.)

Key work experience:

Deputy CEO and Chief Investment Officer, Varma 2010–2013; Chief Investment Officer, Varma 2006–2010; Managing Director, Opstock Ltd 2000–2005; Director, Opstock Ltd 1997–2000

Chairman of the Board of the University of Oulu; 1st Deputy Chairman of the Board of the Finnish Pension Alliance TELA; member of the Boards of the Federation of Finnish Financial Services, Wärtsilä Corporation and Sampo Plc; member of the Finnish National Opera Foundation's Supervisory Board; and member of the Financial Committee of the Finnish Cultural Foundation President and CEO since 2014, member of the Executive Group since 2006



Timo Kaisanlahti

Chief Legal Counsel
b. 1962, LL.D., M.Sc. (Econ.)

Key work experience:

Ministerial Adviser, Ministry of Finance 2004–2005; Ministerial Adviser, Ministry of Transport and Communications 2003–2004; Legal Counsel, KLegal Oy 2003; Legal Counsel, Varma-Sampo 2001–2002; Ministerial Adviser, Ministry of Trade and Industry 1996–2000

Chairman of the Accounting Board; Chairman of the Board of Osakevarma Oy; member of the Supervisory Board of the Mortgage Society of Finland; and member of the Representatives of the Finnish Centre for Pensions
Member of the Executive Group since 2007



Tiina Kurki

Senior Vice-President, Pension Services and IT
b. 1961, Master of Business Administration

Key work experience:

BCIO International Banking, Nordea Bank Finland Plc 2011–2012; Group IT management positions, Nordea Bank Finland Plc, 2008–2011; Vice President, TietoEnator Oyj 2002–2008; Department Manager and Specialist, TietoEnator Oyj 1986–2002

Chairman of the Board of Tieto Esy Ltd; deputy member of the Board of Arek Oy
Member of the Executive Group since 2012

**Ville-Veikko Laukkanen**

Executive Vice-President, Client Services
b. 1970, LL.M.

Key work experience:

Director, Member of Group Executive Management, Nordea Bank Finland Plc 2010–2012; Head of Business, TrygVesta/Nordea General Insurance 2003–2010; Vice President, Tryg Forsikring A/S/Nordea General Insurance 2001–2003; Director, AIG Europe S.A. Finland 1999–2001; Lawyer, Sampo Insurance Company 1996–1999;

Member of the non-life insurance committee of the Federation of Finnish Financial Services 2006–2010; member of the Board of Nordea Investment Fund Company Finland Ltd 2010–2011; member of the Board of Kaleva Mutual Insurance Company
Member of the Executive Group since 2012

**Pasi Mustonen**

Senior Vice-President, Actuaries
b. 1964, M.A., FASF

Key work experience:

Actuary, Varma 1998–2001; Actuary, Sampo Pension 1996–1998

Member of the Board of the Finnish Centre for Pensions

Member of the Executive Group since 2004

**Pekka Pajamo**

Senior Vice-President, Finance
b. 1962, M.Sc. (Econ.)

Key work experience:

Employment with KPMG Oy Ab 1988–2012; Authorised Public Accountant 1993–2012, partner 1998–2012

Chairman of the Board of the Finnish National Theatre Ltd.; Vice Chairman of the Board of Arek Oy, member of the Boards of Ahlström Capital Oy, Kaleva Mutual Insurance Company, the Finnish National Opera Foundation and Varman kiinteistöyhtiöt

Member of the Executive Group since 2012

**Reima Rytsölä**

Executive Vice-President, Investments
b. 1969, M.Soc.Sc., CEFA, AMP

Key work experience:

Senior Executive Vice President, Head of Banking, Group-level responsibility for major corporate and institutional customers, Pohjola Bank Plc 2008–2013; Management and investment positions at Pohjola Bank Plc and its subsidiaries 1998–2007

Member of the Boards of HYY Group Ltd, Technopolis Plc and WO Group

Member of the Executive Group since 2014

**Katri Viippola**

Senior Vice-President, HR, Communications and Corporate Social Responsibility
b. 1976, Executive MBA, Master of Arts

Key work experience:

HR and Administrative Director, HR Director, Keva 2013–2015; Head of Personnel Development, HR Manager, HR Consultant, Yleisradio 2008–2013; Journalist and News Anchor, Yleisradio 2002–2008

Member of the Executive Group since 2016

**Eeva Hautala**

Employee Representative
b. 1963, Bachelor of Social Services

Key work experience:

Pension Adjudication Specialist, Varma 2006–
Employee representative since 2016

**Maritta Voutilainen**

Employee Representative
b. 1984, BBA

Key work experience:

Varma 2012–, Insurance specialist, Service Advisor
Employee representative since 2016

Pasi Mustonen serves as Varma's Chief Actuary.
Jukka Kivekäs is Varma's Senior Physician.



Medical Affairs and Consultant Physicians

Medical Affairs:

Jukka Kivekäs

Senior Physician

b. 1954, docent, insurance medicine, M.D.

Consultant Physicians

Kaisla Joutsenniemi

Kirsi Karvala

Tuula Kieseppä

Jukka Kivekäs

Liisamari Krüger

Otto Lindberg

Heikki Nikkilä

Mikael Ojala

Ritva-Liisa Peltomäki

Tanja Rokkanen

Salary and remuneration statement

The statement is based on the Finnish Corporate Governance Code. Varma complies with the Code provisions that apply to the statutory activities of earnings-related pension insurance companies. This statement can also be viewed at www.varma.fi/en.

This report describes the systems of 2016.

Decision-making procedure and remuneration principles

1.1 Decision-making procedure

Varma's Board of Directors annually decides on the principles and maximum amounts of the company's performance-based remuneration, as well as the personnel groups that are included. The Board of Directors also decides on the remuneration of the President and CEO and the members of the Executive Group, according to the 'one-over-one' principle, in which the decision is made by at least one organisational level above the superior of the person in question.

1.2 Composition and authority of the Nomination and Compensation Committee

The preparation of remuneration matters to be discussed by the Board of Directors is the responsibility of the Nomination and Compensation Committee, appointed by the Board of Directors. In 2016, the Committee consisted of Chairman of the Board of Directors Berndt Brunow and the Vice Chairmen of the Board of Directors, Jari Paasikivi and Antti Palola. Remuneration decisions are made by the Board of Directors.

1.3 Contents of the performance-based remuneration schemes

Varma has three performance-based remuneration schemes in use:

- the incentive scheme for key persons (see 1.3.1).
- the separate scheme for Investment Operations (see 1.3.2) and
- the incentive scheme for personnel (see 1.3.3).

The key principles of performance-based remuneration are as follows:

- The schemes support Varma's long-term objectives, which include solvency, the return on investments and cost efficiency.
- Remuneration should be planned so as to prevent unhealthy risk-taking. Therefore, the schemes include pre-defined maximum amounts of remuneration and a force majeure clause, which gives the Board of Directors the right to discontinue the schemes before the end of the period if the company's economic position is jeopardised (see 1.5 for more details).
- The Board of Directors decides on the payment of performance-based remuneration annually after the end of the incentive period.
- The share of performance-based remuneration of total remuneration shall increase along with an increase in the person's responsibility and capacity to influence the performance of other Varma employees and the success of the company.
- Compliance with the norms regulating the activities is also considered when making remuneration decisions. Performance-based remuneration is not paid or it will be recovered as an unjustified gain if it is discovered that the person in question has behaved contrary to Varma's internal guidelines or ethical principles, legislation or official regulations or guidelines.
- Remuneration decisions must always be made according to the 'one-over-one' principle.

1.3.1 Incentive scheme for key persons

The purpose of the incentive scheme is to commit key persons to Varma and its objectives, which is why performance-based remuneration is determined on the basis of common, company-level criteria. The extent to which the objectives set for the criteria are achieved linearly determines how big a share of the maximum sum of the incentive is distributed.

The incentive scheme is based on incentive periods of three calendar years. At the beginning of each incentive period, the Board of Directors identifies the persons covered by the scheme, their maximum remuneration, and the remuneration criteria and their indicators.

Those included in the incentive scheme for key persons are not part of the incentive scheme for personnel described in section 1.3.3; their remuneration is determined solely on the basis of the incentive scheme for key persons.

In the incentive scheme for key persons, the maximum bonus paid to the CEO corresponds to his 12 months' salary, the maximum bonus paid to members of the Executive Group corresponds to their 6.5 months' salary, and the maximum bonus paid to other designated key persons corresponds to their 3.5 or 4.5 months' salary. The scheme covers a maximum of 40 Varma employees.

A share of the CEO's bonus, and that of other members of the Executive Group, that corresponds to no more than 6 months' salary is paid within one month following the granting of the bonus, and the remainder within three years in three equal instalments (1st year: 1/3; 2nd year: 1/3; and 3rd year: 1/3).

The Executive Vice-President of Investments and other Investment Operations personnel do not participate in the incentive scheme for key persons or in the former long-term incentive scheme.

1.3.2 Separate scheme for Investment Operations

The aim of the Board-approved separate scheme for Investment Operations is to benefit from added value that is created if Varma's solvency and return on investments develop, in the long term, better than those of a peer group of competitors. The separate scheme covers, in addition to the Senior Vice-President of Investments, a maximum of 50 key persons in Investment Operations.

Personal maximum remuneration is based on the last salaried month of the previous calendar year and corresponds to a maximum of 12-14 months' salary.

A share of remuneration that corresponds to no more than 6 months' salary is paid within one month following the granting of the remuneration, and the remainder within three years in three equal instalments (1st year: 1/3; 2nd year: 1/3; and 3rd year: 1/3).

1.3.3. Incentive scheme for personnel

All Varma employees are covered by an incentive scheme for personnel, with the exception of personnel who are covered by the incentive scheme for key persons (see section 1.3.1 above) and the separate scheme for Investment Operations (see 1.3.2 above). Remuneration is paid from one scheme only.

The amount paid as an annual bonus is determined on the basis of the achievement of personal objectives agreed on for the year 2016 in development discussions and the company's result; the higher the person's possibility to influence the company's result, the greater its weight.

The basis for the maximum annual remuneration under the incentive scheme for personnel is determined by the person's position and monthly salary. The maximum bonuses under the scheme correspond to 1-4 months' salary.

1.4 Remuneration in relation to performance

In all schemes, performance-based remuneration is dependent on the achievement of the criteria based on performance indicators. The extent to which the objectives set for the criteria are achieved linearly determines how large a part of the maximum sum is distributed.

1.5 Basis for performance measurement and risk weighting

In all of Varma's incentive schemes, performance measurement is based on objective criteria, the realisation of which can be independently verified.

Apart from maximum remuneration determined in advance, the risk inherent in the incentive schemes is managed such that the Board of Directors has reserved the right to discontinue the schemes before the end of the incentive period. The discontinuation can be based on the Board of Directors' assessment that Varma's economic position is seriously jeopardised due to a reason inside or outside the company.

Excessive risk-taking is also prevented by a maximum risk level confirmed by the Board of Directors.

Remuneration of Supervisory Board members

Chairman of the Supervisory Board is EUR 5,000, of the Deputy Chairmen EUR 3,800 and of other members, EUR 2,500. In addition, the members of the Supervisory Board receive a meeting fee of EUR 300.

The Supervisory Board convened three times in 2016. The average attendance rate was 74.7 per cent.

Members of the Supervisory Board are insured under Section 8 of the Employees Pensions Act TyEL, and a TyEL contribution is paid on the remuneration.

Remuneration of the Supervisory Board is decided by the Annual General Meeting. The annual remuneration of the

Varma's Supervisory Board 2016 – attendance and remunerations

Name	Supervisory Board meetings, attendance	Election Committee	Annual remuneration, €	Meeting and committee remunerations, €	Total, €
Deputy Chairman					
Kari Jordan	3/3	2/2	5,000	1,500	6,500
Deputy Chairmen					
Martti Alakoski	3/3	2/2	3,800	1,500	5,300
Satu Wrede	3/3		3,800	900	4,700
Members					
Juri Aaltonen	2/3		2,500	600	3,100
Petri Castrén	2/3		2,500	600	3,100
Erkki Etola	2/3		2,500	600	3,100
Stig Gustavson	1/3		2,500	300	2,800
Tauno Heinola	1/2		2,500	300	2,800
Jarmo Hyvärinen	3/3		2,500	900	3,400
Erkki Järvinen	2/3		2,500	600	3,100
Jukka Jäämaa	1/2		1,875	300	2,175
Timo Karttinen	2/2		1,875	600	2,475
Niina Koivuniemi	2/2		1,875	600	2,475
Ville Kopra	2/2		1,875	600	2,475
Tapio Korpeinen	2/3		2,500	600	3,100
Timo Koskinen	2/2		1,875	600	2,475
Päivi Kärkkäinen	3/3		2,500	900	3,400
Päivi Leiwo	3/3		2,500	900	3,400
Olli Luukkainen	1/3		2,500	300	2,800
Ilkka Nokelainen	1/3		2,500	300	2,800
Lauri Peltola	3/3		2,500	900	3,400
Juhani Pitkäkoski	0/1		625		625
Matti Rihko	3/3		2,500	900	3,400
Pertti Saarela	1/1		625	300	925
Saana Siekkinen	1/1		625	300	925
Jari Suominen	2/2				
Leena Vainiomäki	2/3		2,500	600	3,100
Jorma Vehviläinen	2/3		2,500	600	3,100
Christoph Vitzthum	3/3		2,500	900	3,400
Anssi Vuorio	3/3		2,500	900	3,400
Göran Åberg	2/3		2,500	600	3,100

Remuneration of the members of the Board of Directors

The Board of Directors convened 10 times in 2016. The average attendance rate, including deputy members, was 92.6%.

Remuneration of Varma's Board of Directors is decided by the Supervisory Board. In 2016, the annual remunerations were: EUR 45,000 for the Chairman of the Board, EUR 32,000 for the Deputy Chairmen, EUR 18,000 for the members, and

EUR 13,000 for the deputy members. A meeting fee of EUR 600 per meeting was also paid. The same meeting fee is also paid for the separate meetings of the Board of Directors' committees, as well as for the meetings of the presiding officers and the Supervisory Board.

The Supervisory Board decided on 1 December 2016 that the remunerations for 2017 will remain unchanged.

Members of the Board of Directors are insured under Section 8 of the Employees Pensions Act TyEL, and a TyEL contribution is paid on the remuneration.

Varma's Board of Directors 2016 – attendance and remunerations

Name	Board of Directors' meetings, attendance	Nomination and Compensation Committee	Audit Committee	Election Committee	Supervisory Board	Annual remuneration, €	Meeting and Committee remunerations, €	Total, €
Chairman								
Berndt Brunow	9/10	8/8		2/2		45,000	10,800	55,800
Deputy Chairmen								
Jari Paasikivi	10/10	8/8		2/2		32,000	11,400	43,400
Antti Palola	10/10	8/8	4/4	2/2	2/3	32,000	15,000	47,000
Members								
Riku Aalto	10/10					18,000	6,000	24,000
Mikael Aro	10/10					18,000	6,000	24,000
Johanna Ikkäheimo	10/10				3/3	18,000	7,800	25,800
Ari Kaperi	10/10		4/4		1/3	18,000	9,000	27,000
Jyri Luomakoski	10/10		4/4		3/3	18,000	10,200	28,200
Petri Niemisvirta	10/10					18,000	6,000	24,000
Ilkka Oksala	10/10					18,000	6,000	24,000
Kai Telanne	10/10		4/4			18,000	8,400	26,400
Veli-Matti Töyrylä	10/10			2/2	3/3	18,000	8,400	26,400
Deputy members								
Eija Hietanen	7/10					13,000	4,200	17,200
Mikko Ketonen	7/10					13,000	4,200	17,200
Liisa Leino	7/10					13,000	4,200	17,200

Remuneration scheme for the President and CEO and members of the Executive Group

Remuneration and other benefits of the President and CEO

The Board of Directors appoints the President and CEO and decides on the terms of his/her employment relationship.

CEO Risto Murto's remuneration and fringe benefits in 2016 amounted to EUR 548,839, and his bonus for 2015 was EUR 258,120, amounting to a total taxable income of EUR 806,959.

Under the incentive scheme for key persons, Murto's maximum bonus is no more than 12 months' worth of salary. The incentive scheme for key persons is described above in section 1.3.1. Murto is not covered by the separate scheme for Investment Operations (see section 1.3.2 above) or the incentive scheme for personnel (section 1.3.3).

President and CEO Risto Murto's fixed monthly salary is EUR 43,000. The President and CEO does not have a company flat. The value of his company car benefit is EUR 855/month, and the value of his mobile phone benefit is EUR 20/month. The tax value of the car benefit is included in his fixed monthly salary.

CEO Risto Murto's retirement age is 63 years. His pension benefits under supplementary pension insurance will be 60 per cent of the pensionable salary of the supplementary pension. The pensionable salary is calculated on the basis of the salary, including performance pay, over the preceding 10 full calendar years. The cost (provisional contribution) of Murto's supplementary pension agreement amounted to EUR 179,982 in 2016.

The President and CEO has a period of notice of six months, in addition to which he is entitled to severance pay equal to six months' salary.

Remuneration and other benefits of the members of the Executive Group

The Board of Directors decides on the remuneration and other terms of employment of the members of the Executive Group.

Members of the Executive Group are covered by the incentive scheme for key persons as described above (see 1.3.1).

In 2016, the salaries and fringe benefits of the members of the Executive Group, excluding the President and CEO, amounted to EUR 1,481,013 and performance pay amounted to EUR 524,620 (for 2015). In addition, the CIO was due to receive a deferred bonus of EUR 53,960 under the scheme for Investment Operations for 2014.

The costs (provisional contributions) of the members of the Executive Group's supplementary pension agreements amounted to EUR 385,985 in 2016.

The members of the Executive Group do not have a company flat. The members of the Executive Group have the option of a company car benefit and they have a mobile phone benefit. The tax value of the car benefit is included in the fixed monthly salary.