



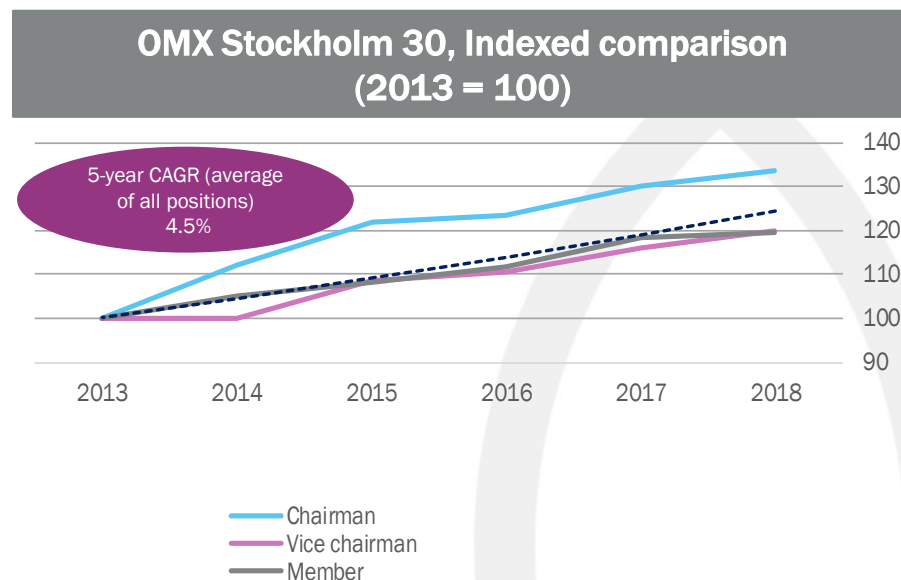
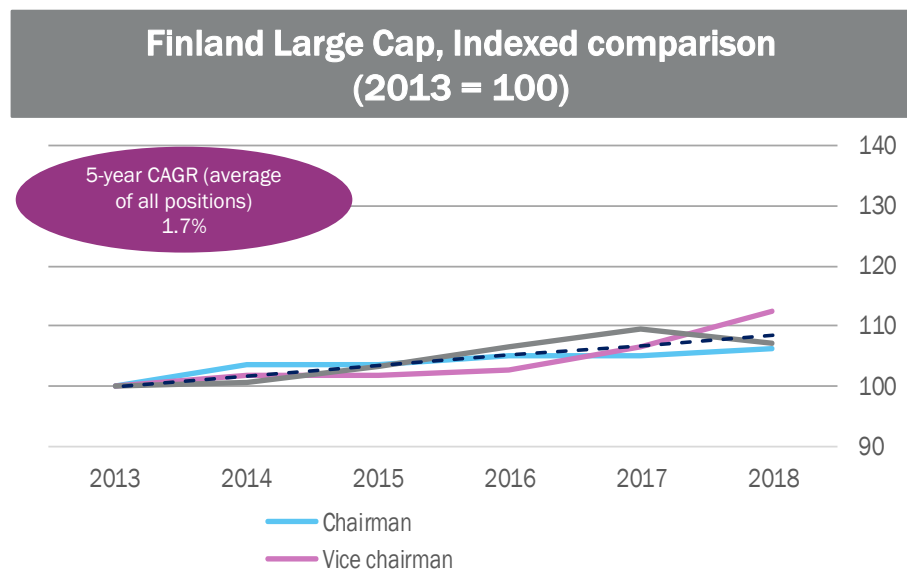
**NORDHAVEN**  
CORPORATE FINANCE

# **Board compensation and composition**

**August 2018**

# Compensation

## Indexed comparison of board fees in the Finnish Large Cap companies and OMX Stockholm 30 companies (2013-2018)



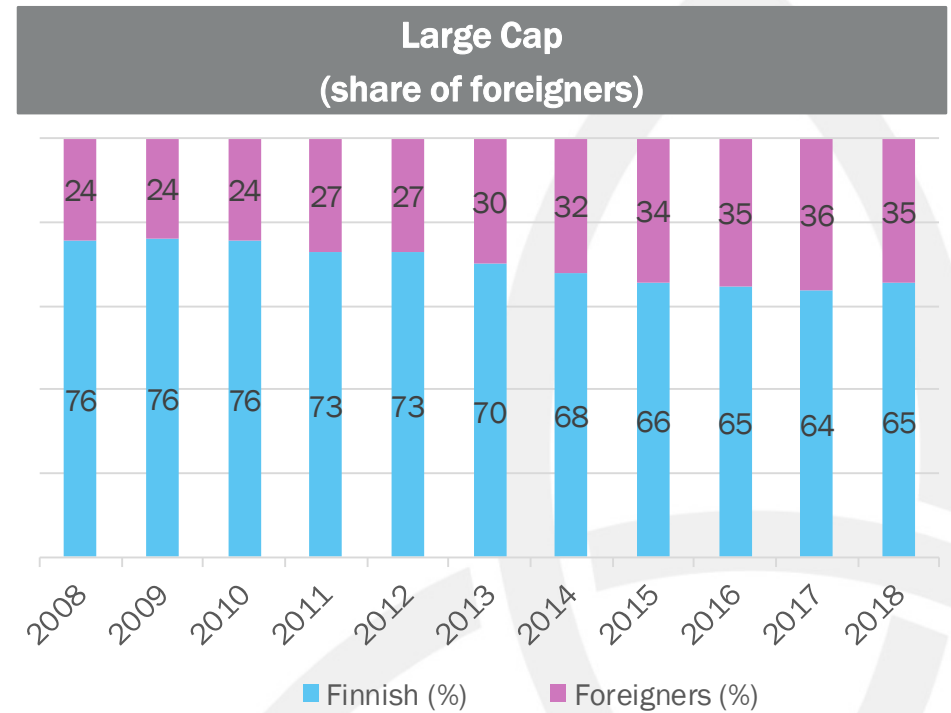
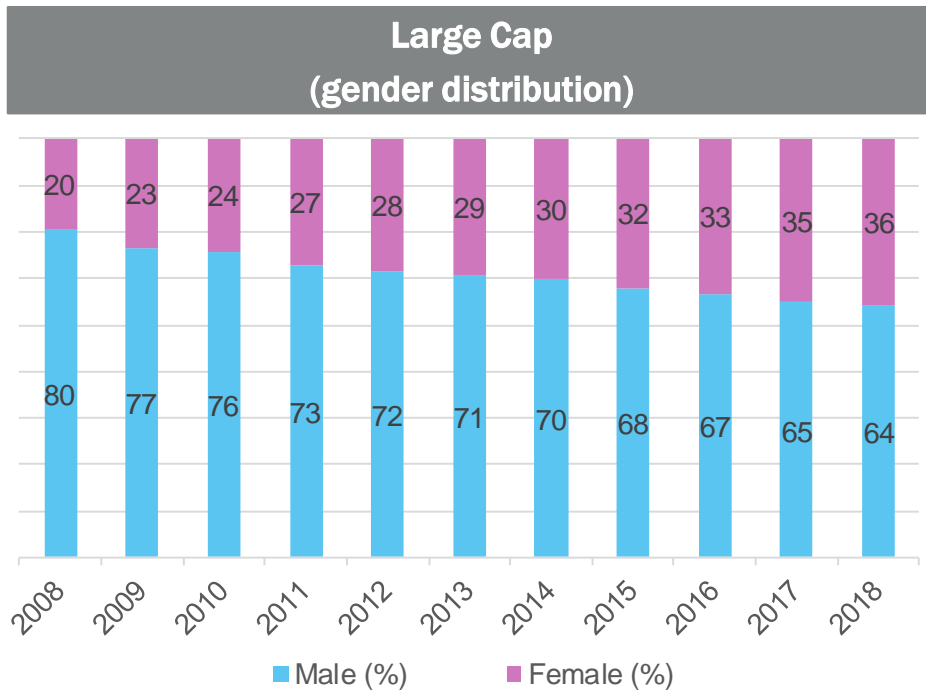
With the pressure being aligned with current Finnish overall salary policies, the level of fees paid to Board members of listed companies has been in stagnation in Finland. Since 2008, for a long period, only marginal changes to the level of fees have been made. However, since 2017 changes have been implemented. Both in 2017 and 2018 AGMs, 12 out of 33 Helsinki listed Large Cap companies decided on changes to Board Member compensation.

The substantial increase in the amount and complexity of Board work in the recent years has not been reflected in the level of Board compensation. Especially the workload of Audit Committees has increased significantly. This has to some extent been reflected in the increase of vice chairman / audit chair compensation, (CAGR of 2.4% during 2013 – 2018) and the fees of Audit Committee members.

As a result of this development, 2013 – 2018 CAGR of the board compensation in the Large Cap companies was 1.7% compared to 4.5% of similar size Stockholm OMX 30 companies.

# Composition

## The diversity of Boards is increasing



There has been a material positive development in Board diversity, more females and more non-Finnish Members have been invited to the Boards of Finnish listed companies. Currently, in the Large Cap companies over 1/3 of the Board Members are females and non-Finnish individuals.

# Shareholders Rights Directive

- Based on the draft for a Government Bill to the Finnish Parliament, the first shareholder votes on the remuneration policy are expected in AGMs 2020 and the first shareholder votes on the remuneration report in AGMs 2021
- There is a clear regulatory trend in Europe already before the implementation of the SHRD to vest more power in the shareholders to exercise their stewardship in executive pay
- There are several examples of remuneration related voting from e.g. UK, Ireland, France, Italy, Switzerland, Germany and Denmark. The quality of the remuneration disclosures has been the most common issue voted in the AGMs, LTI quantum having been number two. Pls. see the next page

# 2018 AGM season across Europe

Examples of high amount of negative votes in compensation resolutions\*

Company	Country	Resolution Item	% of votes against	Reasons										
				One-off awards	Poor disclosure	Salary / Fee increase	LTI quantum	LTI measures	STI quantum	STI measures	Pension increase	Short-termism	Severance terms	Conflicts of interest
AIB	IRL	Remuneration Policy	76.2				●							
Inmarsat	UK	Annual Advisory Vote	58.5						●			●		
Teleperformance	FRA	Annual Advisory Vote	49.1		●			●		●		●	●	
EI Towers SpA	ITA	Directors Fees	47.4		●	●								
		Annual Advisory Vote	36.0	●	●							●		
Vinci SA	FRA	Binding Policy	45.7			●	●							
		Annual Advisory Vote	43.7		●		●	●					●	
Aryzta AG	SUI	Annual Advisory Vote	44.8	●										
Aurubis AG	GER	Annual Advisory Vote	44.1					●	●	●				●
ABB Ltd	SUI	Annual Advisory Vote	37.6				●				●			
Genmab	DEN	Directors Fees	42.7			●								
Technicolor	FRA	Binding Policy	42.4		●								●	
		Annual Advisory Vote	36.5		●									
GAM Holdings	SUI	Annual Advisory Vote	42.4	●	●				●					
Essilor Intl	FRA	Annual Advisory Vote	41.2	●	●									
Georg Fisher	SUI	Annual Advisory Vote	40.6				●	●						



## For further information

Tapio Tolvanen

+358 40 5339474

[tapio.tolvanen@nordhaven.com](mailto:tapio.tolvanen@nordhaven.com)

Timo Leino

+358 50 325 5754

[timo.leino@nordhaven.com](mailto:timo.leino@nordhaven.com)

### HELSINKI

Eteläranta 12

00130 Helsinki

Finland

### OSLO

Hieronymus Heyerdahls gate 1

0160 Oslo

Norway

### STOCKHOLM

Östermalmstorg 1

114 42 Stockholm

Sweden