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SALARY AND REMUNERATION REPORT

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Salary and Remuneration Report

1. Introduction

The governance of Elektrobit Corporation (hereinafter "Company") is determined by the Company's Articles of Association, the laws of Finland (such as the Finnish Companies Act and Securities Market Act) and the Company's Corporate Governance Code. The Company follows with some exceptions the Finnish Corporate Governance Code 2011 prepared by the Finnish Securities Market Association ("Finnish Governance Code"). The Finnish Governance Code is available at the website of the Finnish Securities Market Association at www.cgfinland.fi.

The statutory governing bodies of the Company are the Shareholders' meeting, Board of Directors, Chief Executive Officer and the Auditor. Other corporate management and business segments' management support the statutory governing bodies of the Company.¹ The Company has no Supervisory Board. The Company's domicile is Oulu.

A coherent and up-to-date depiction on remuneration promotes the providing of information to the shareholders. To achieve this, the Company has prepared a salary and remuneration report. The salary and remuneration report is prepared in accordance with recommendations included in section 7 (Remuneration) and recommendation 47 of the Finnish Governance Code. The Company's Corporate Governance Code, Corporate Governance Statement for each financial period and the salary and remuneration report are publicly available at the Company's website at www.elektrobit.com.

2. Remuneration

DECISION-MAKING PROCESS

The General Meeting decides on the remuneration paid for Board and Committee work and on the basis for its definition. Generally the body that appointed a person also decides on the remuneration of that person. The Board of Directors appoints the CEO and thus decides also upon the CEO's remuneration. In addition, the Board of Directors decides upon the compensation payable based on termination of the CEO. The Board of Directors decides on the principles and structure of the remuneration scheme of the Company and the Group on the presentation of the CEO. In accordance with the annual clock of the Board of Directors the review is scheduled to occur in October. Prior to the Board review the structure of the remuneration scheme of each segment is reviewed in the business segments.

Based on this the remuneration of the other management is decided on one-over-one basis.² The CEO may, however, decide upon the salary increases of his direct subordinates within the budget approved by the Board of Directors. The Boards of Directors of the business segments decide upon the budgets for salary increases for each year in February in accordance with the annual clock.

3. Remuneration of the Board of Directors

REMUNERATION AND OTHER BENEFITS OF THE DIRECTORS

The Annual General Meeting decides the remuneration of the Board. As a rule, there has not been a separate remuneration for executive members of the Board of Directors.³ The General Meeting held on March 31, 2011 decided that the elected Board members' remuneration for the term ending at the end of the following Annual General Meeting shall be as follows:

- Chairman of the Board EUR 3,500 per month and
- other members of the Board of Directors EUR 2,000 per month.

In addition, the Board members are entitled to compensation for the attended Board Committee meetings as follows:

- the Chairman of the Committee EUR 600 for each meeting and other Committee members EUR 400 for each meeting.⁴

The members of the Board of Directors are also entitled to compensation for the attended other Elektrobit group company Board meetings as follows: EUR 1,000 for each meeting.⁵

¹ The operative business of the Group takes place in business segments (sub-groups) formed branch-by-branch. The external reporting of the Group is also based on these business segments which are Automotive and Wireless. The CEO's of the sub-groups' parent companies report on the business operations of the segment to the Board of Directors of each sub-group's parent company ("Segment Board"). Operative business decisions are made in each business segment. The Segment Boards review the structure of the remuneration scheme of their segments in October in accordance with their annual clock.

² One-over-one principle means that a decision on remuneration shall be approved by the supervisor of the decision-maker.

³ In 2011 none of the members of the Board had an employment relationship or service contract with the Company.

⁴ Prior to year 2010 no separate remuneration has been paid for committee work.

⁵ Prior to year 2011 no separate remuneration was paid for attending other Elektrobit group company Board meetings. According to the practice followed in 2011, remuneration has been paid on the basis of membership in other Elektrobit group company's Board, not merely on attendance at their meetings.

The travel expenses of the members of the Board of Directors shall be reimbursed in accordance with the Company's travel policy. The remuneration of the Board is not at all paid in the form of shares, instead all remunerations are paid in money.

For non-executive members of the Board, the remuneration was as follows:

between December 1, 2000-March 14, 2008 EUR 1,700 per month

between March 15, 2008-March 25, 2010 EUR 2,000 per month

For non-executive Chairman of the Board, the remuneration was:

between March 17, 2005-March 25, 2010 EUR 2,500 per month

The remuneration for the semi-executive Chairman of the Board was:

between March 15, 2006-March 14, 2007 EUR 12,500 per month

between March 15, 2007-March 14, 2008 EUR 15,500 per month

between March 15, 2008-March 19, 2009 EUR 16,500 per month

Remuneration paid to Board Members, EUR

	Chairman	Board members
2009	28 705 ⁶	101 104
2010	39 217	96 000
2011	42 000	96 000

Remuneration paid to the Audit and Finance Committee, EUR

	Chairman	Members
2010	3 000	2 000
2011	3 000	2 000

Remuneration paid to the Board Members of the Company for attending Segment Board work⁷, EUR

Board of Directors of Elektrobitt Technologies Ltd.		
	Chairman	Board members
2011	-	17 000

Board of Directors of Elektrobitt Automotive GmbH⁸

	Chairman	Board members
2011	-	13 000

The members of the Board have not received other benefits or participated in the Company's remuneration schemes, with the exception of J.T. Bergqvist, the semi-executive Chairman of the Board of the Company during 2006-2008 (See section Option Rights 2006 below).

FINANCIAL BENEFITS OF THE CHAIRMAN OF THE BOARD AND THE MEMBERS OF THE BOARD PERTAINING TO THEIR POSSIBLE EMPLOYMENT RELATIONSHIP OR SERVICE CONTRACT

There are no employment relationships or service contracts between the Company's members of the Board and the Company. The members of the Board are not included in the remuneration schemes of the Company.

PARTICIPATION OF THE MEMBERS OF THE BOARD IN A SHARE-RELATED REMUNERATION SCHEME

The members of the Board have not participated in a share-related remuneration scheme with the exception of J.T. Bergqvist, the semi-executive Chairman of the Board of the Company during 2006-2008 (See section Option Rights 2006 below). No remuneration for the members of the Board has been paid in the form of Company shares. Information on the shareholdings of the members of the Board in the Company is available in the Company's insider register at http://www.elektrobitt.com/investors/corporate_governance/insider_guidelines

⁶ In year 2009 the Chairman of the Board did not have an employment relationship or service contract with the Company.

⁷ From the Company's Board members Staffan Simberg and Erkki Veikkolainen are Board members of Elektrobitt Technologies Ltd. (Wireless -business segment) and Jorma Halonen and Seppo Laine Board members of Elektrobitt Automotive GmbH (Automotive -business segment). For more details, please see www.elektrobitt.com/who_we_are/company_information/corporate_governance/business_segments_sub-groups.

⁸ Organ based on the Articles of Association of Elektrobitt Automotive GmbH ("Management Board")

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4. Remuneration of the Chief Executive Officer and Other Executives

INFORMATION ON THE SERVICE CONTRACT OF THE CEO

The Board of Directors defines and approves the essential terms of the service of the CEO, including the CEO's remuneration, in a form of a written agreement. The CEO's service contract is effective until further notice and can be terminated by both by the company and the CEO with six (6) months' notice. The CEO is entitled to salary with fringe benefits for the period of notice.

The CEO is entitled to a pension under the Contracts of Employment Act and other legislation pertaining to pensions. The Finnish employee pension system (TyEL) allows for an old-age pension based on years of service and the income accumulated during those years, including the base salary, bonuses (excluding any option rights and shares subscribed on their basis) and taxable fringe benefits. The old age pension can be taken out at one's own discretion between the ages of 63-68 (flexible retirement age).

Remuneration paid to the CEO, EUR	
2009	542 851 ⁹
2010	287 030
2011	287 490

The Company's current CEO Jukka Harju has not participated in a share-related remuneration scheme and he has not been awarded with any Company shares or stock options.

THE ESSENTIAL PRINCIPLES REGARDING REMUNERATION OF THE CHIEF EXECUTIVE OFFICER AND OTHER EXECUTIVES

Remuneration of the management consists of fixed monthly salary with fringe benefits (i.e. the aggregate salary) and merit pay. In addition, the Company has option programs as long term incentive program. There are no additional pension benefits for the Company management.

Remuneration paid to other executives ¹⁰ , EUR	
2009	1 359 744
2010	1 469 838
2011	1 018 861

MERIT PAY SYSTEM

Payment of merit pay is based on achievement of targets. The period when the merit pay is earned was six months in 2010. The Group has transferred in 2011 into an annual merit pay determination period in group functions and as regards Wireless -business segment management. As regards the Automotive -business segment management a similar change will be implemented in 2012. The targets are set separately for each earning period. The setting of targets and the review of their achievement is decided on one-over-one basis. The Board of Directors approves the targets of the CEO and the Corporate Executive Board of the Company. The Boards of Directors of the business segments approve the targets of the Managing Directors of the business segments. The criteria for the short term merit pay are the financial and strategic targets of the Company. In addition, part of the targets may be other objectives of the Company or business segment or personal targets. Personal targets vary between duties.

The maximum amount of merit pay for the CEO is 50% of the aggregate salary of the respective period, for other Corporate Executive Board members of the Company and for business segment Managing Directors 40-50% of the aggregate salary of the respective period.

⁹ Includes remuneration for Pertti Korhonen between January 1 - June 3, 2009 (EUR 397,137) and remuneration for Jukka Harju between June 4 - December 31, 2009 (EUR 145,714).

¹⁰ Covers remunerations of the corporate management (excluding the Company's CEO) and the Managing Directors of the Business Segments.

LONG TERM REWARD SYSTEM

Option Rights 2005

The Annual General Meeting of the year 2005 decided upon issuance of option rights for the management of Elektrobitt Group and for its fully owned subsidiary. 4,500,000 option rights were divided into option rights 2005A, 2005B, 2005C and 2005D. Option rights 2005A were granted on the condition that recipients of the option rights shall purchase the amount, determined by the Board of Directors, of Elektrobitt Corporation's shares. Option Rights 2005B, 2005C and 2005D included conditions based on financial targets of the Group. The option program included also a program on shareholding that obligated the management to use part of the revenue of the stock options for acquisition of shares of the Company, as determined by the Board of Directors in connection with its decision to issue stock options. In addition and according to the terms of the option program, the subscription price of the shares to be subscribed on the basis of option rights 2005B, 2005C and 2005D shall always be at least the subscription price of shares subscribed on the basis of option rights 2005A. Option rights entitle to subscribe shares as follows: 2005A between 1 April 2008 and 30 April 2010, 2005B between 1 April 2009 and 30 April 2011, 2005C between 1 April 2010 and 30 April 2012 and 2005D between 1 April 2011 and 30 April 2013. No subscriptions were made by the end of the share subscription period for stock options 2005A-B

Option Rights 2006

The Annual General Meeting of the year 2006 decided upon issuance of 1,750,000 option rights for the Chairman of the Board and CEO to be elected after the said Annual General Meeting. These option rights were marked as 2006A. The Chairman of the Board was granted with 750,000 option rights free of charge and the CEO with 1,000,000 option rights free of charge. Option rights were granted on the condition that the Chairman of the Board has purchased 75,000 shares of the Company either directly or through company under its control, and the CEO has purchased 100,000 shares of the Company either directly or through company under its control prior to receiving the option rights. The subscription period of the shares to be subscribed on the basis of option rights 2006A is between 1 May 2009 and 31 May 2012.

Option Rights 2008

The Annual General Meeting of the year 2008 decided upon issuance of option rights for the key persons of Elektrobitt Group. The total aggregate amount of the option rights is 4,200,000 at most. 1,400,000 of the said option rights are marked as 2008A, another 1,400,000 option rights as 2008B and the rest, 1,400,000 option rights, as 2008C. The subscription price of the shares to be subscribed on the basis of above mentioned option rights is based on the current market price of the share of Elektrobitt Corporation in NASDAQ OMX Helsinki Ltd in January 2009, January 2010 and January 2011. Subscription periods of the shares to be subscribed on the basis of above mentioned option rights are following: 2008A between 1 April 2012 and 31 March 2014, 2008B between 1 April 2013 and 31 March 2015 and 2008C between 1 April 2014 and 31 March 2016.

Up-to-date information regarding the shareholdings and the option rights of the CEO and the other management is available at the Company's website in the insider register at http://www.elektrobitt.com/investors/corporate_governance/insider_guidelines



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