

BOARD OF DIRECTORS

The remuneration of the Members of the Board of Directors is decided on by the Annual General Meeting.

The Annual General Meeting held on 9 April 2015 approved the Board's proposal for the fees paid to the Board of Directors in 2015:

Fees to the Board of Directors (EUR)	2016*	2015
Chairman of the Board, annually	40 000	40 000
Members of the Board, annually	28 000	28 000
Attendance allowance	-	-

* Board proposal to the Annual General Meeting to be held on 7 April 2016.

Out of the annual remuneration to be paid to the Board members, 40 % of the total gross remuneration amount will be used to purchase Teleste's shares in public trading through Nasdaq Helsinki Ltd, or alternatively by using the own shares held by the Company, and the rest will be paid in cash. The shares will be purchased and/or disposed as soon as possible after the Annual General Meeting.

Fees paid in 2015	Fees in €	out of which in company shares, pcs
Marjo Miettinen, Chairman	40 000	2 360
Pertti Ervi, Board member	28 000	1 652
Jannica Fagerholm, Board member	28 000	1 652
Esa Harju, Board member	28 000	1 652

Kai Telanne, Board member	28 000	1 652
Petteri Walldén, Board member	28 000	1 652

Ownership by Management and Members of the Governing Bodies on 31 December 2015

On the balance sheet date, CEO and the Members of the Board owned 187,251 (125,652) Teleste Corporation shares equalling to 0.99% (0.66%) of all shares and votes.

The President and CEO and the members of the Board had no subscription rights based on stock options.

On the balance sheet date, CEO together with other members of the Management Group owned 24,748 (11,627) Teleste Corporation shares equalling to 0.13% (0.06%) of all shares and votes.

PRESIDENT AND CEO

The Board of Directors of Teleste Corporation decides on the compensation of the President and CEO.

Salary, remuneration and other benefits paid in 2015 to the CEO of Teleste Corporation:

Fees to the CEO	2015	2014
Salary	358 205,40	345 605,40
Fringe benefits	13 878,00	13 878,00
Paid compensation	100 637,92	78 807,00
Sharebased benefits	760 421,39	0,00
Total	1 233 142,71	438 290,40

The contractual age of retirement of CEO Jukka Rinnevaara is 60. Charges resulting from additional voluntary pension scheme are included in the post-employment benefits. A voluntary pension fee for CEO in 2015 amounted 62 728 euro (50 000 euro in 2014), which amount is not included in the paid salary and remuneration. Pension liability of EUR 70 000 related to this additional pension plan is included in Teleste Corporation's balance sheet.

As to the contract of CEO Rinnevaara, his term of notice has been specified as six (6) months in case the President and CEO decides to withdraw, and eighteen (18) months should the contract be terminated by the company. If the company terminates his contract, the CEO shall be paid a compensation amounting to 18 months' salary without benefits.

MANAGEMENT GROUP

Based on a proposal by the President and CEO, the Board of Directors decides on the Management Group compensation.

Salary for all Members of the Management Group consists of a fixed basic salary and a results-based bonus. The amount of results-based bonus is determined by the company performance, the business area in question and other key operative objectives.

The Management Group including the CEO have a group pension insurance policy on the basis of which the age of retirement of the Management Group members is 60 years. According to plans this pension amounts to 60% as counted on the basis of paid regular annual earnings gained in the last four years preceding the retirement. Any pensions due by virtue of the Employees' Pensions Act will be taken into account in the basis of calculation.

OWNERSHIP BY MANAGEMENT AND MEMBERS OF THE GOVERNING BODIES ON 31 DECEMBER 2015

Share Ownership and Options of the Management Group

On December 31, 2015, Teleste Corporation's CEO owned 95 415 Teleste Corporation's shares. Other members of the Management Group owned 24 748 Teleste Corporation's shares.

On December 31, 2015, Teleste did not have any running stock option programs and the CEO and the members of Teleste Corporation's Management Group did not hold any Teleste options.

Teleste Management II Oy

On 5 December, 2011, Teleste Corporation's Board of Directors decided on two new share-based incentive schemes for the members of the Management Group and for the key personnel. For such shareholding, some members of the Management Group established a company by the name of Teleste Management II Oy, the entire share capital of which they or their controlled entities owned.

Teleste Management II Oy was in possession of 542 000 Teleste Corporation's shares on 31 December, 2015. CEO's holding in the Teleste Management II Oy shares stood at 31.25% while the ownership by other members equalled 68.75%.

The shareholders of Teleste Management II Oy and Teleste Corporation agreed on May 12, 2015, that Teleste Corporation will acquire all the shares in Teleste Management II Oy. The shareholders of Teleste Management II Oy received, in return, shares in Teleste Corporation and cash. The Board of Directors of Teleste Corporation decided on May 12, 2015, on a directed share issue and transferred on May 15, 2015, in derogation from the shareholders' pre-emptive subscription rights, 195 133 Teleste Corporation shares held by the Company to the shareholders of Teleste Management II Oy against share consideration.

AUDIT FEES

The term of office of Teleste Corporation auditor expires at the closing of the first Annual General Meeting following the election. On April 9, 2015, Teleste AGM selected Authorized Public Accountants KPMG Oy Ab for the company auditor. The company's Chief Auditor is Esa Kailiala, KHT auditor (authorised public accountant).

In 2015, Teleste Group's auditing expenses totaled EUR 175 000 in which the share of KPMG was EUR 152 000. Moreover, units of KPMG have supplied Teleste Group companies with other consultation worth total EUR 91 000 and other than KPMG auditors for EUR 69 000.