

CONSTI

Consti Plc's Remuneration Statement 2021

CONSTI PLC REMUNERATION STATEMENT 2021

Compensation principles

Consti's compensation principles aim at rewarding good performance, increasing personnel motivation and committing management and staff to the company's goals. The CEO and other managers are compensated with a fixed monthly salary, in addition to which they belong to a bonus plan together with other permanently employed white-collar workers. 58 key people from the Group belonged to the share based bonus plan on 31 December 2021. The aim of the plan is to merge the objectives of the shareholders and key people in order to increase the value of the company in the long-term, to engage key people to the company, and to offer them a competitive reward plan based on earning of the company's shares.

The Board of Directors

Consti Plc's Annual General Meeting (AGM) decides the Board's rewards and expense compensations annually. The Nomination and Compensation Committee prepares a suggestion to the AGM of the Board's composition and compensations. The Committee prepares the Group's remuneration principles and short and long-term incentive programmes and monitors their execution and efficiency.

On 7 April 2021 the AGM decided that the annual remuneration of the members of the Board of Directors is paid as follows: The Chairman of the Board of Directors is paid EUR 36,000 and members of the Board of Directors are each paid EUR 24,000. It was also resolved that a EUR 500 fee per member per meeting is paid for Board meetings. It was resolved that the travel expenses of the members of the Board of Directors arising from participation in the Board meetings are compensated according to invoice. Committee work is not separately compensated.

The Board does not participate in the Company's long-term incentive plans.

CEO

The company's Board of Directors annually decide the CEO's rewards and compensations. The Nomination and Compensation Committee prepares a suggestion to the Board regarding the CEO and the terms of his/her employment.

The CEO receives a fixed monthly salary and an annual bonus that is tied to the result and the CEO's personal performance according to the scorecard defined by the company. CEO Esa Korkeela's fixed monthly salary was EUR 25,000 at the end of the financial year 2021. The annual bonus can be no more than 60 percent of the CEO's annual fixed salary income. In addition, the CEO is included in the Company's share based bonus plans. The CEO is also entitled to a supplementary pension insurance paid by the company.

The CEO's notice period is six months. The severance pay is fixed to equal six month's gross wages prior to the termination of the employment. Additionally, when the company or the CEO terminates the employment, the CEO is entitled to compensation for the time period during which a non-compete obligation is ongoing. This compensation amounts to a maximum of six months' gross wages, with altering salary, provisions and bonuses not considered as part of the wages. Should the CEO's employment end with a termination of the CEO's contract due to a material breach of contract on the company's part, the CEO is entitled to the result-based-bonus of the ongoing fiscal year adjusted to the time period that the CEO was employed by the company that fiscal year.

Supplementary pension scheme for the CEO and Management Team

The CEO and part of the Management Team belong to the supplementary pension scheme for upper management. The supplementary pension is contribution-based, so the company is not liable for additional payments after the paid pension fee. Should the employment of an individual in the supplementary pension scheme end before the contractual retirement age; the individual is entitled to security that amounts to the pension savings accumulated thus far.

Management Team

The Board of Directors decide on the compensation of the Management Team. The Management Team Members receive a monthly fixed salary and a variable annual result-based-bonus according to the corporate incentive scheme and each member's personal scorecard. In addition, Management Team Members are part of the Company's share-based bonus plans. The terms of remuneration of the Management Team can be adjusted annually. When necessary, the Committee shall prepare proposals regarding the appointment and compensation of other executives prior to Board meetings. The annual bonus can be no more than 25–37.5 percent of the Management Team Member's annual fixed salary income.

Short-term rewards – bonus scheme

The Group has a bonus scheme defined by the Board of Directors which aims at supporting the company's strategy and reward for its realisation and simultaneously provides the personnel with a competitive remuneration system. The bonus scheme's principles, terms, earning criteria, upper and lower limits of the result targets, as well as individuals belonging to the bonus scheme are determined annually by the Board of Directors.

Long-term rewards

On 10 November 2016, Consti Plc's Board decided on establishing a share-based bonus plan for the Group's key people. The aim of the plan is to merge the objectives of the shareholders and key people in order to increase the value of the Company in the long-term, to engage key people to the Company, and to offer them a competitive reward plan based on earning of the Company's shares. The plan offered the key people included in the plan the opportunity to earn Company shares as bonuses by altering half or all of their performance based bonuses for 2016 and 2017 into shares. The performance based bonuses altered into shares will be multiplied with a bonus factor determined by the Board before the bonuses are paid. The plan's bonus was paid to participants after a two-year engagement period in 2019 and 2020, in part as company shares and in part as cash.

In accordance with the decision of the Board of Directors, Consti transferred a total of 25,990 shares in spring 2019 to its 36 key employees covered by the 2016 share-based incentive plan. A total of 8,745 shares were transferred to the management team members and 2,533 shares were transferred to the CEO. In accordance with the decision of the Board of Directors, Consti transferred a total of 8,181 shares in spring 2020 to its 12 key employees covered by the 2017 share-based incentive plan. A total of 2,257 shares were transferred to the management team members.

In accordance with the decision of the Board of Directors, Consti transferred a total of 17,991 shares in spring 2021 to its 17 key employees covered by the 2018 share-based incentive plan. A total of 2,131 shares were transferred to the management team members and 504 shares were transferred to the CEO. In accordance with the decision of the Board of Directors, Consti transferred a total of 83,328 shares in spring 2022 to its 43 key employees covered by the 2019 share-based incentive plan. A total of 17,221 shares were transferred to the management team members and 7,421 shares were transferred to the CEO.

Consti Plc's Board of Directors has annually decided to continue the share-based incentive plan for the Group's key people launched in 2016 to cover the earning periods 2018–2022. More detailed information on earning periods are presented in note 28 of the consolidated financial statements. At the end of 2021 the plan included 58 key people including the Management Team.

The Board of Directors of Consti Plc decided on 17 June 2020 to launch a new key employee stock option plan. There is a weighty financial reason for the Company to issue stock options 2020 since the stock options are intended to form part of the key employee incentive and commitment program of Consti Plc and its subsidiaries. The purpose of the stock options is to encourage the key employees to work on a long-term basis to increase shareholder value. The purpose of the stock options is also to commit the key employees to the employer.

The maximum total number of stock options 2020 issued is 245,000 and they entitle their owners to subscribe for a maximum total of 245,000 new shares in the Company or existing shares held by the Company. The stock options are issued gratuitously. The number of shares subscribed by exercising stock options issued corresponds to a maximum total of 3 per cent of the shares and votes in the Company, if new shares are issued in the share subscription. The share subscription price for stock options 2020 is 6.65 euros per share, which is the trade volume weighted average quotation of the Consti Plc share on Nasdaq Helsinki Ltd during 1 May—31 May 2020. The share subscription price is deducted by the amount of dividends and/or distribution of assets to be decided before share subscription. The share subscription period for stock options 2020 is 1 July 2023—30 June 2024. The Board of Directors decided on the new stock option plan by virtue of the authorization given by the Company's Annual General Meeting of Shareholders on 6 April 2020. Stock options 2020 are distributed to approximately 20 Management Team members and other key employees determined by the Board of Directors.

At the balance sheet date 31 December 2021, a total of 15,000 share option rights 2020 had been awarded to CEO Esa Korkeela and a total of 99,900 share option rights 2020 had been awarded to other Management Team Members. More information on the granted share option rights 2020 at the balance sheet date 31 December 2021 are presented in note 28 of the consolidated financial statements.

Board remuneration 2021

The Board's salaries and compensation for Board work in 2021	€
Tapio Hakakari, Chairman	42,000
Erkki Norvio, Deputy Chairman	30,000
Petri Rignell	30,000
Pekka Salokangas	30,000
Anne Westersund	30,000
Johan Westermarck	30,000
Total	192,000

Group CEO and Management Team remuneration 2021

Management Team salaries and compensations 2021	Fixed monthly salary (€)	Performance bonus from previous years and paid compensations in 2021 (€)	Supplementary pension payments (€)	Salary and compensations total (€)
CEO	321,000	11,451	8,500	340,951
Other Management Team Members	1,573,738	181,323	31,400	1,786,460
Total	1,894,738	192,773	39,900	2,127,411