

# **Consti Group Plc's Remuneration Statement 2019**

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### **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. 57 key people from the Group belonged to the share based bonus plan on 31 December 2019. 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 Group 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 2 April 2019 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 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 bonus 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. 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 plan. 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 plan. 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.

## 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 Group 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 possible bonus will be paid to participants after a two-year engagement period during years 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 during spring 2019 to the 36 key people covered by the 2016 share-based incentive plan 25,990 shares in total, of which 8,745 shares were transferred to the management team members and 2,533 shares were transferred to the CEO.

Consti Group Plc's Board decided on 15 February 2018 to continue the share-based incentive plan that was set up to engage the Group's key people in 2016. 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 offers 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 2018 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 possible bonus for earnings period 2018 will be paid to participants after a two-year engagement period during 2021, in part as company shares and in part as cash.

Consti Group Plc's Board decided on 1 March 2019 to continue the share-based incentive plan that was set up to engage the Group's key people in 2016. 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 offers 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 2019 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 possible bonus for earnings period 2019 will be paid to participants after a two-year engagement period during 2022, in part as company shares and in part as cash.

At the end of 2019 the plan included 57 key people including the Management Team. For the earning period 2019, the bonuses paid will amount to a maximum of approximately 450 000 Consti Group Plc shares at the share price level of the plan's decision time, including also the cash payment, providing that all of the key people included in the plan decide to participate in it and alter their performance based bonuses entirely into shares.

**Board remuneration 2019**

The Board's salaries and compensation for Board work in 2019	EUR
Tapio Hakakari, Chairman	36,000
Antti Korkeela	24,000
Erkki Norvio	24,000
Petri Rignell	24,000
Pekka Salokangas	24,000
Niina Rajakoski (member until 2 April 2019)	6,000
Anne Westersund (member since 2 April 2019)	18,000
<b>Total</b>	<b>156,000</b>

**Group CEO and Management Team remuneration 2019**

Management Team salaries and compensations 2019	Fixed monthly salary (€)	Performance bonus from previous years and paid compensations in 2019 (€)	Supplementary pension payments (€)	Salary and compensations total (€)
CEO	268,712	25,736	8,500	302,948
Other Management Team Members	1,227,377	88,629	17,000	1,333,006
<b>Total</b>	<b>1,496,089</b>	<b>114,365</b>	<b>25,500</b>	<b>1,635,954</b>