



Consti Group Plc's Corporate Governance Statement 2016

REVIEW OF CONSTI GROUP PLC'S CORPORATE GOVERNANCE 2016

Consti Group Plc (Consti) is registered in Finland and it is a publically listed company at Nasdaq Helsinki Ltd Stock Exchange. Consti's governance and management are based on the Finnish Limited Liability Companies Act and Securities Markets Act, the company's Articles of Association and the rules and guidelines of NASDAQ Helsinki Ltd. Consti complies with the Finnish Corporate Governance Code (www.cgfinland.fi) with the exception that its Board has not set up a separate Audit Committee.

The company's Board of Directors has not set up an Audit Committee, and the responsibilities of such a committee have been included in the Board's rules of procedure. The Board collectively takes care of the duties of an Audit Committee. The Board has stipulated that the Group's scope of operations does not necessitate the creation of a separate Audit Committee.

This Corporate Governance review has been given as a separate entity alongside of the Financial Statements, Report of the Board of Directors and Remuneration Statement. The review is available online on the Group's website www.consti.fi > Investors > Corporate Governance.

Consti Group Plc's Board has assessed the review in its meeting 15 February 2017, and the company's auditor has confirmed that the reviews general description on internal control and risk management is in line with the financial statement.

1 BOARD OF DIRECTORS

The Board's responsibilities

The Board of Directors confirms Consti's strategy and monitors its implementation. In accordance to the Companies Act and Consti's Articles of Association the Board of Directors attends to Consti's administration and organization of its operations and represents the company. Consti's Board of Directors has established written Rules of Procedure, in which its central responsibilities and principles of operation are defined.

Consti's Board of Directors has three to nine members. The Board elects a Chairman and a Deputy Chairman from among its members. A proposal for the composition of the Board of Directors is prepared by the Nomination and Compensation Committee established annually by the Board of Directors.

The Board of Directors

- defines the Company's dividend policy
- decides on donations within the framework of the Finnish Companies Act
- defines the operating principles for the risk management system and internal control
- considers and approves interim reports, the report of the Board of Directors and the annual financial statements
- confirms its own Rules of Procedure
- confirms the Company's operating principles and monitors how they are carried out
- approves the Company's strategy and monitors how it is carried out
- approves annually a business plan and budget based on the strategy and monitors how they are carried out
- sets personal goals for the CEO annually and assesses how they are achieved as well as approves the targets for the members of the Management Team and assesses how those are achieved
- confirms the Group's organizational structure
- appoints and discharges from their duties the CEO and the members of the Management Team and decides on their terms of employment and incentive schemes
- prepares draft resolutions as necessary for the General Meeting of Shareholders concerning remuneration schemes for management and personnel
- monitors succession issues of the management
- considers other matters that the Chairman of the Board or CEO has submitted on the agenda. Members of the Board are also entitled to bring matters before the Board by informing the Chairman of this.

In 2016 the Board of Directors concentrated, in addition to its central responsibilities outlined in Rules of Procedure, on developing publicly listed company's corporate governance, e.g. preparing and executing activities required by the new Market Abuse Regulation (MAR).

Board Members 2016

Consti Group Plc's Board of Directors on 31.12.2016 comprised of Tapio Hakakari (Chairman), Antti Korkeela, Erkki Norvio, Janne Näränen, Niina Rajakoski, Petri Rignell and Pekka Salokangas. All Board members were elected in the Annual General Meeting on 6 April 2016.

Board of Directors 31 December 2016:

Tapio Hakakari

Chairman since 2015
Member of the Nomination and Compensation Committee
Master of Laws, born 1953
Finnish citizen
Independent of the company and significant shareholders

Key work experience

Webstor Ltd, CEO
Cargotec PLC, interim President and CEO 2012–2013
Kone PLC, Director and Secretary to the Board 1998–2006
KCI Konecranes, 1994–1998
Kone PLC, 1983–1994

Key positions of trust

Rakennuttajatoimisto HTJ Ltd, Chairman of the Board since 2016
Svenska Handelsbanken AB (publ) Finland, Board Member since 2016
Opteam Yhtiöt Ltd, Chairman of the Board since 2013
Enfo Ltd, Chairman of the Board since 2007
Cargotec PLC, Board Member since 2005 and Deputy Chairman of the Board since 2009

Consti Group Plc's shares 55,400 (31 December 2016)

Antti Korkeela

Board Member since 2012
Vocational Qualification in Business and Administration, born 1969
Finnish citizen
Independent of the company and significant shareholders

Key work experience

Consti Group Ltd, CEO 2009–2011
Jollaksen Rakennushuolto Ltd, CEO 1995–2009

Key positions of trust

CTK Tekniikka Ltd, Chairman of the Board since 2012
Atolli Ltd, Chairman of the Board since 2012
Random Development Ltd, Chairman of the Board since 2012
Fluorotech Ltd, Board Member since 2012
Teollisuus ja Kiinteistöt Sundberg Ltd, Board Member since 2011

Consti Group Plc's shares 289,842 (31 December 2016)

Erkki Norvio

Board Member since 2008 (Chairman of the Board from 2008 to 2011)

MSc. (tech.), M.Sc. (econ.), born 1945

Finnish citizen

Independent of the company, independent of significant shareholders as of 13 June 2016

Key work experience

Ramirent Ltd, Deputy CEO 1984–1985 and CEO 1986–2005

Partek Ltd, 1972–1984

Key positions of trust

Renta Group Ltd, Board Member since 2015

Normek Group Ltd, Board Member since 2006 (Chairman of the Board 2008–2016)

Norvier Ltd, Chairman of the Board since 2007

RGE Holding Ltd, Board Member since 2014

Intera Equity Partners Ltd, Board Member since 2007

Consti Group Plc's shares through his holding company 106,463 (31 December 2016)

Janne Näränen

Board Member since 2008 (Chairman of the Board from 2011 to 2015)

MSc. (tech.), M.Sc. (econ.), born 1975

Finnish citizen

Independent of the company, independent of significant shareholders as of 13 June 2016

Key work experience

Intera Partners Ltd, Partner since 2008

Booz Allen Hamilton, Senior Associate 2004–2008

Key positions of trust

Renta Group Ltd, Chairman of the Board since 2015

Hoplop Holding Ltd, Chairman of the Board since 2015

Kreate Ltd, Chairman of the Board since 2016 and Board Member since 2014

Intera Partners Ltd, Intera Equity Partners I Ltd, Intera Equity Partners II Ltd, Board Member since 2011

Does not own Consti Group Plc shares (31 December 2016)

Niina Rajakoski

Board Member since 2015

MSc. (tech.) Master builder, born 1970

Finnish citizen

Independent of the company and significant shareholders

Key work experience

Ilmarinen Mutual Pension Insurance Company, Construction Manager since 2010 and Property manager 1999–2010

YIT Service Ltd, Key Account Manager 1999

YIT Rakennus Ltd, Sales Manager 1998

Haka Ltd, Estimating Engineer 1993–1994

Key positions of trust

Central Chamber of Commerce's Goods Inspection Board, Member since 2015

The Finnish Association of Building Owners and Construction Clients RAKLI ry, Construction and Procurement Council Member since 2012

Real Estate Manager certification group (KJs, Kiinteistöjohdon sertifiointiryhmä) Chairman since 2012

Does not own Consti Group Plc shares (31 December 2016)

Petri Rignell

Board Member since 2008, Member of the Nomination and Compensation Committee
MSc. (tech.), born 1962
Finnish citizen
Independent of the company and significant shareholders

Key work experience

Kreate Ltd, interim CEO since 2016
IVG Polar Ltd, CEO 2010–2013
CapMan Real Estate, Industrial Advisor 2007–2010
Projektikonsultit Ltd, CEO 1994–2007
Polar Yhtiöt, Foreman 1989–1994
Lemminkäinen Ltd, Project Engineer 1985–1989

Key positions of trust

Devecon Group Ltd, Chairman of the Board since 2010
ProRock Ltd, Chairman of the Board since 2007
Minerva Kehitys ja Palvelu Ltd, Board Member since 2012
Tilakarhut Ltd, Board Member since 2008

Consti Group Plc's shares through his holding company 25,100 (31 December 2016)

Pekka Salokangas

Board Member since 2012, Member of the Nomination and Compensation Committee
M.Sc. (econ.) born 1961
Finnish citizen
Independent of the company and significant shareholders

Key work experience

Relacom Ltd, CEO since 2009
Wiltrain Consulting Ltd and PlanStone Ltd, Management Consultant 2008–2009
ISS Palvelut Ltd, Business Unit Director 1998–2008
Talotek Ltd, CEO 1996–1998
Onninen Oy Whosale International, Marketing Director 1993–1996
Huber Ltd, Development Director 1989–1993

Key positions of trust

Orbion Consulting Ltd, Chairman of the Board since 2013
Service industries employers' association (Palvelualojen toimialajärjestö Palta), Board Member 2011–2013 and from 2015
Relacom Finland Ltd, Board Member since 2011
Ficom, Board Member since 2009

Consti Group Plc's shares 22,000 (31 December 2016)

The Board of Directors held 10 meetings during 2016, the average attending rate of Board Members was 98.6. The attendance rate per Member was: Tapio Hakakari 100 %, Antti Korkeela 100 %, Erkki Norvio 100 %, Janne Näränen 90 %, Niina Rajakoski 100 %, Petri Rignell 100 % and Pekka Salokangas 100 %.

Board of Director's Committees

The Board set up a Nomination and Compensation Committee to improve the efficiency of board work on 6 April 2016. The Board annually nominates at least three Committee Members and appoints one of them as Chairman of the Committee, and confirms the Committee's written charters. The Committee meets when necessary, however at a minimum three times a year. Until 16 August 2016, the Committee consisted of Janne Näränen, Petri Rignell and Tapio Hakakari and it had two meetings. All Members attended the meetings. Janne

Näränen resigned on his own initiative from Consti Group Plc's Nomination and Compensation committee on August 16th 2016. In the Board meeting on August 16th 2016, Pekka Salokangas was appointed as member of the Nomination and Compensation committee in place of Janne Näränen.

The Committee has no independent decision-making power; it prepares matters to be presented to and decided by the Board. The Committee directly presents the proposal for composition and compensation for the Board of Directors to the Annual General Meeting; prepares a proposal for the CEO and the terms of his/her employment and when necessary also prepares proposals on the appointment and remuneration of other executives prior to the Board of Directors' meeting. The Committee prepares the Group's remuneration principles, short and long-term compensation schemes and monitors their efficiency and realisation. The Committee also prepares the company's diversity policy.

In 2016, the Committee made a proposal of a new long-term share-based incentive plan targeted to the key personnel of Consti Group.

The Board has stipulated that the Group's scope of operations does not necessitate the creation of a separate Audit Committee, and the Board will take care of its responsibilities. In this capacity, the Board meets the external auditor at least once a year without the members of the management employed by the Company. In the capacity of the Audit Committee, the Board's responsibilities include reviewing the Company's financial statements, half-year financial report and interim reports, monitoring the internal control system, and seeing to internal and external audits.

2 CEO

The Board appoints Consti's CEO and determines the related terms of employment. The employment terms of the CEO are defined in a written employment contract. The CEO is responsible for ensuring that the targets, plans, guidelines and goals set by the Board are carried out within the Company. According to the Finnish Companies Act, the CEO ensures that the accounting practices of the company comply with the law and that financial matters are handled in a reliable manner. The Board assesses the CEO's work and monitors the CEO's development in achieving set targets.

In 2016, Consti's CEO was Marko Holopainen. Marko Holopainen was born in 1967 and he is a Master of Science (Technology). At the end of the fiscal period the CEO owned 71,600 Consti Group Plc shares, which amounts to 0.91 percent of the company's shares and votes.

3 MANAGEMENT TEAM

Supporting the CEO in his/her duties, the Management Team is responsible for business development and the Company's operational activities in accordance with targets set by the Board of Directors and the CEO. The Management Team also defines operative principles and procedures in accordance with guidelines set by the Board. The Management Team convenes every month and whenever necessary and concentrates on the strategic issues of the Group and the business areas. On the agenda there are regular reports and questions concerning the development of the financials, governance, corporate responsibility and development projects. The CEO acts as Chairman of the Management Team.

Management Team Members 31 December 2016:

Marko Holopainen

CEO

M.Sc. (tech.), born 1967

Key work experience

Consti Talotekniikka Ltd, CEO 2009–31 January 2016

Koja Tekniikka Ltd, CEO 2004–2009 and Regional Director 2002–2004

ABB, 1989–2002

Key positions of trust

Chairman of the Board of Consti Group Plc's subsidiaries since 2014

The Finnish Association of Building Technology (Talotekniikkaliitto), Board Member since 2014

Consti Group Plc's shares 71,600 (31 December 2016)

Esa Korkeela

CFO

M.Sc. (econ.), born 1972

Consti Group Plc's shares 399,600 (31 December 2016)

Pekka Pöykkö

Consti Talotekniikka Ltd CEO

B.Eng., born 1967

Consti Group Plc's shares 600 (31 December 2016)

Risto Kivi

Consti Julkisivut Ltd's CEO

Master Builder, born 1971

Consti Group Plc's shares 375,300 (31 December 2016)

Jukka Mäkinen

Consti Korjausurakointi Ltd's CEO

M.Sc. (tech.), born 1960

Consti Group Plc's shares 15,812 (31 December 2016)

Hannu Kimiläinen

Consti Service Business Director

B.Eng., born 1963

Consti Group Plc's shares 1,000 (31 December 2016)

Pirkka Lähteinen

Consti Korjausurakointi Ltd's Regional Director

B.Eng., born 1977

Consti Group Plc's shares 16,750 (31 December 2016)

Markku Kalevo

Consti Julkisivut Ltd's Bid and Sales Director

Construction technician, born 1971

Consti Group Plc's shares 296,900 (31 December 2016)

Juha Salminen

CDO

Ph.D. (tech.), born 1963

Consti Group Plc's shares 19,530 (31 December 2016)

During the fiscal period, on February 1st 2016 Pekka Pöykkö started work as Consti Talotekniikka Ltd's CEO and Management Team Member. Up until that point Consti Group Plc's CEO Marko Holopainen had also been acting as Consti Talotekniikka Ltd's CEO.

4 EXTERNAL AUDIT

The statutory external audit for the financial period includes auditing of accounting records, financial statements and administration. The Annual General Meeting on April 6th 2016 chose Ernst & Young as auditor with APA Mikko Ryttilähti as principal auditor. In 2016 audit costs amounted to 153,000 euro. In addition, the auditor received compensation for other services amounting to 5,000 euro. These other services were related to preparations for adoption of new IFRS standards as well as to IFRS training.

Ernst & Young Oy has acted as Consti's auditor since 2008 and also APA Mikko Ryttilähti has acted as principal auditor since 2008.

5 INTERNAL CONTROL OF THE FINANCIAL REPORTING PROCESS

Consti compiles its financial reporting in accordance with the International Financial Reporting Standards (IFRS), the Securities Markets Act, the Finnish Accounting Act and the Finnish Accounting Board's guidelines and statements, while complying with the standards of the Financial Supervisory Authority (FIN-FSA) and the rules of NASDAQ Helsinki Ltd. The internal control and risk management principles, guidelines, practices and responsibilities pertaining to the company's financial reporting process, have been designed to ensure that the financial reports disclosed by Consti are reliable and meet the requirements of the law, regulations and company principles.

Instructions regarding the publication of financial information and external communications are included in Consti's disclosure policy approved by the Board of Directors. Its main principles are available on the company website at (www.consti.fi > Investors > Corporate Governance). Investor Relations together with Corporate Communications are responsible for ensuring the accuracy of and compliance with the policy.

Risk management

The central principle of Consti's risk management is continuous, systematic and pre-emptive action to identify risks, define the level of risk the company accepts, evaluate and handle risks and, in the event of risk realisation, see to their effective management and administration so that the company will meet its strategic and financial goals. Risk management is a part of the company's management, monitoring and reporting systems. Risk management includes risk identification, evaluation and risk contingency planning.

Consti's strategic and operative goals are used as a basis for identifying risks. Risk analysis and evaluations are conducted as self-assessments. The probability of a risk materialising and the impact this would have is evaluated on a scale of 1-3 as defined in the company's risk principles.

Consti's Board of Directors duty is to confirm the company's risk management principles and evaluate the adequacy and appropriateness of risk management. The CEO is responsible for the company's risk management and its organisation, allocating resources for the work and reviewing the risk management principles. The Group's Management Team is responsible for the actualisation of risk management, operative risk monitoring and risk related actions.

Financial and operational risks, as well as actions taken, are regularly reported to the Management Team. Strategic risks are handled annually together with the strategy. Risk reports are assessed by the Board, the Management Team and in the business areas' own management teams.

Central risks and risk management actions are reported yearly in the annual report and in interim reports.

Internal control

Internal control aims at protecting the company and its business areas' resources from wrongful use; it makes sure all business transaction are authorised in the necessary manner, supports IT system management and ensures the reliability of financial reporting. In Consti, internal control is foremost the responsibility of line management, which is supported by the Group's support functions. A third level of internal control is made up of internal and external audit, which confirm that the first two levels of control function efficiently.

Internal audit

Consti does not have a separate corporate audit function, as internal control responsibilities have been divided inside the corporation between different functions and areas. The Board may use external experts for assessments regarding the control environment or separate operational evaluations. Consti's external

auditor's audit plan takes into consideration that the company does not have a separate corporate audit function.

The CEO creates the foundation for internal control by leading and guiding top management and ensuring that the company's bookkeeping practice follow legislation and financial administration is managed reliably.

The Management Team is responsible for making sure that the organisation's different units have detailed internal control guidelines and procedures. The financial administration staff have an especially important role, as its control actions span all of the company's operational and other units.

The Group's financial administration helps units create appropriate control procedures. It also guides the company's risk management process and reports on its execution to management and monitors the internal control procedures' efficiency and effectiveness in practise.

The business areas' management sees that all of the units and employees that are their responsibility follow the appropriate laws, regulation and internal guidelines.

Financial reporting process

Internal control efficiency regarding financial reporting is overseen by the Board of Directors, and also the CEO and Group and business area Management Teams. Internal control measures, such as reconciliations, logic analyses and comparative analyses are conducted on an organisational level. The purpose of these control measures is to detect, prevent and correct any errors and deviations in financial follow-up.

Consti's financial reporting is based on monthly performance monitoring in a centralised reporting system. Financial reports are handled first at the reporting unit level, then in the Management Teams of the business area and finally in the Group's Management Team. The Board of Directors also receives a monthly report on financial figures. Controllers report any deviations from the plans to the Management Teams, analyse the reasons for such deviations and support the management in decision-making. Monthly reviews also ensure that performance is in line with annual targets and financial forecasts are up to date. Financial administration aims to harmonise the work practises of controllers and ensure guidelines are interpreted consistently throughout the organisation, and also further improve the guidelines.

6 INSIDER MANAGEMENT

Consti complies with EU Regulation on Market Abuse ((EU) 596/2014, "MAR") and 2- and 3-tier regulation supplementing it, the Finnish Securities Markets Act, the insider guidelines of Nasdaq Helsinki Ltd as well as guidance issued by authorities. In addition, the company has internal Insider Guidelines which Consti's Board of Directors has approved on 22 June 2016 and which set, to some extent, stricter requirements than the above-mentioned minimum level regulation.

Consti has defined the members of the Board of Directors, the CEO and members of the Group Management Team as persons discharging managerial responsibilities ("persons discharging managerial responsibilities"). Consti publishes the transactions persons discharging managerial responsibilities and their closely associated persons have conducted relating to financial instruments of Consti in accordance with the notifications the company has received and at latest within three business days after the transactions in question were conducted. After the publication, information will also be available on the company's website. In addition, the share-ownership details on Insiders Subject to Declaration Requirement and their closely associated persons have been updated up to 2 July 2016 and are available on the company's website www.consti.fi > Investors > Corporate Governance > Insider Register.

Consti has additionally defined e.g. management team members of Consti's subsidiaries as well as persons dealing with preparation of financial reporting as persons who act in the informative core of the company, i.e. persons who have access to such informative core of the company on the basis of the tasks they deal with ("persons who act in the informative core"). People employed by Consti and people who work for Consti under a contract, and who, due to their duties, have access to insider information associated with Consti, are entered in the company's project-specific insider register, which is established when necessary.

Persons discharging managerial responsibilities or persons who act in the informative core of the company shall not trade or conduct other transactions, on their own account or for the account of a third party, directly or indirectly, relating to Consti's financial instruments during the so called closed window. The closed window begins 30 days prior to the publication of Consti's interim reports, half-year financial report or financial statement bulletins. The trading prohibition also applies to the day when results are published. Project-specific insiders are prohibited from trading in the company's financial instruments until the project concerned has been cancelled or disclosed.

Consti's CFO is responsible for adherence to insider regulations and for monitoring the duty to declare as well as the maintenance of insider registers.