

## **CONSTI GROUP PLC REMUNERATION STATEMENT 2016**

### **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 performance based incentive plan together with other permanently employed white-collar workers.

### **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 April 6<sup>th</sup> 2016 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 30,000 and members of the Board of Directors are each paid EUR 15,000. 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.

### **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. The CEO's remuneration can be reassessed annually. In 2016 the CEO was paid a salary, as well as bonuses earned in 2015, amounting to a total of 333,786 euro.

In addition, the CEO is 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. 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.

In 2016 the CEO and other Management Team Members were paid salaries and bonuses amounting to a total of 1,672,622 euro.

### 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

Consti Group Plc's Board has decided on establishing a new, share-based incentive plan for the Group's key people. The aim of the new 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 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.

The plan will include a maximum of approximately 70 key people including the Management Team. For the earning periods 2016 and 2017, the bonuses paid will amount to a maximum of approximately 289,200 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.

The Board's salaries and compensation for Board work in 2016	EUR
Tapio Hakakari, Chairman	30 000
Antti Korkeela	15 000
Erkki Norvio	15 000
Janne Näränen	16 250
Petri Rignell	15 000
Pekka Salokangas	15 000
Niina Rajakoski	15 000
<b>Total</b>	<b>121 250</b>

Management Team salaries and compensations 2016	Fixed monthly salary (EUR)	Performance bonus 2015 and paid compensations in 2016 (EUR)	Salary and compensations total (EUR)
CEO	273 331	60 455	333 786
Other Management Team Members	1 131 398	207 439	1 338 836
<b>Total</b>	<b>1 404 728</b>	<b>267 894</b>	<b>1 672 622</b>