

SCANFIL

Remuneration report

2020



Remuneration Report 2020

1. Introduction

Scanfil plc's Annual General Meeting held on April 23, 2020 discussed the remuneration policy regarding the company's administrative bodies. The objective of the discussed remuneration policy is to promote the long-term financial performance of the company and development of the shareholder value through the remuneration of the company's top management by having the management committed to and motivated in implementing the company's strategy in line with the interests of all shareholders of the company. The remuneration policy also aims to provide the CEO with a total remuneration package that motivates and commits the CEO to the implementation of the company's long-term strategy and its financial profitability are concerned.

According to the policy, remuneration of the Board of Directors can consist of one or several elements, such as annual fees and meeting fees. The fees can be paid in cash,

or partly in cash and partly in company's shares. Board members are not covered by the company's incentive reward schemes. In 2020, the Board's monthly fees, committee membership fees and meeting fees were paid in cash.

The remuneration of the CEO consists of a fixed base salary and variable incentives, i.e., performance-based bonuses. The variable incentive schemes include the annual incentive scheme and the stock option incentive scheme. The variable annual incentive scheme cannot exceed 100 per cent of the fixed base salary.

SCANFIL'S FINANCIAL AND REMUNERATION DEVELOPMENT OVER THE LAST FIVE YEARS

Company turnover has increased steadily over the last five years, both organically and through corporate acquisitions. The turnover also increased in 2020 despite the challenges posed by the COVID-19 pandemic.

FINANCIAL AND REMUNERATION DEVELOPMENT, 2015-2020

	2015	2016	2017	2018	2019	2020
Turnover, EUR million	377.3	508.0	529.9	563.0	579.4	595.3
Change y/y, %	75.9	34.6	4.3	6.3	2.9	2.7
Operating profit, reported, EUR million	14.4	7.2	31.3	37.8	35.3	44.4
Change y/y, %	-11.0	-49.8	332.3	20.8	-6.4	25.5
Operating profit, adjusted, EUR million	19.6	22.3	31.3	37.8	39.4	39.1
Change y/y, %	20.7	14.1	40.2	20.8	4.2	-0.7

Throughout the period under review, the remuneration of the Board has consisted of the monthly fees and committee membership fees decided by the General Meeting.

FEES OF THE BOARD OF DIRECTORS

EUR THOUSAND	2016	2017	2018	2019	2020
Harri Takanen	26.4	37.2	47.4	49.3	51.0
Jarkko Takanen	20.4	24.1	28.8	30.2	31.7
Bengt Engström	20.4	23.1	26.3	27.5	29.5
Christer Härkönen	20.4	22.6	24.7	25.9	27.9
Christina Lindstedt	13.0	23.6	27.3	28.6	30.1
Juha Räisänen (as of 23 April 2020)					17.4
Salaries and fees of the Board of Directors, in total	100.6	130.6	154.5	161.5	187.6

The remuneration of the CEO has consisted of a fixed base salary with fringe benefits and variable incentives. The variable incentives have included the performance bonus and stock option schemes, with their terms and conditions determined by the Board.

SALARIES AND FEES OF THE CEO

EUR THOUSAND	2016	2017	2018	2019	2020
Salaries	230.8	243.5	254.7	269.5	289.7
Fringe benefits	0.2	10.2	13.4	13.6	12.3
Performance bonus	99.0	28.0	168.0	258.0	85.0
In shares and payable stock options	293.8	361.3	35.0	71.2	132.2
In total	623.8	643.0	471.1	612.3	519.2

The development of employees' remuneration is based on the salaries and wages paid to the personnel less the employer's social security contributions divided by the average number of employees during the year.

PAID SALARIES AND WAGES/AVERAGE NUMBER OF EMPLOYEES

EUR THOUSAND	2016	2017	2018	2019	2020
In total	19.5	19.1	19.6	20.8	22.6



2. Remuneration of the Board of Directors in 2020

The remuneration of the Board members is decided by the General Meeting of Scanfil plc.

On April 23, 2020 the Annual General Meeting decided that:

- Members of the Board are paid EUR 2,400/month
- The Chairman of the Board is paid EUR 4,000/month.

Members of the committees are paid EUR 550/meeting. In addition, a Board member residing outside Finland is paid EUR 200 for each physical meeting.

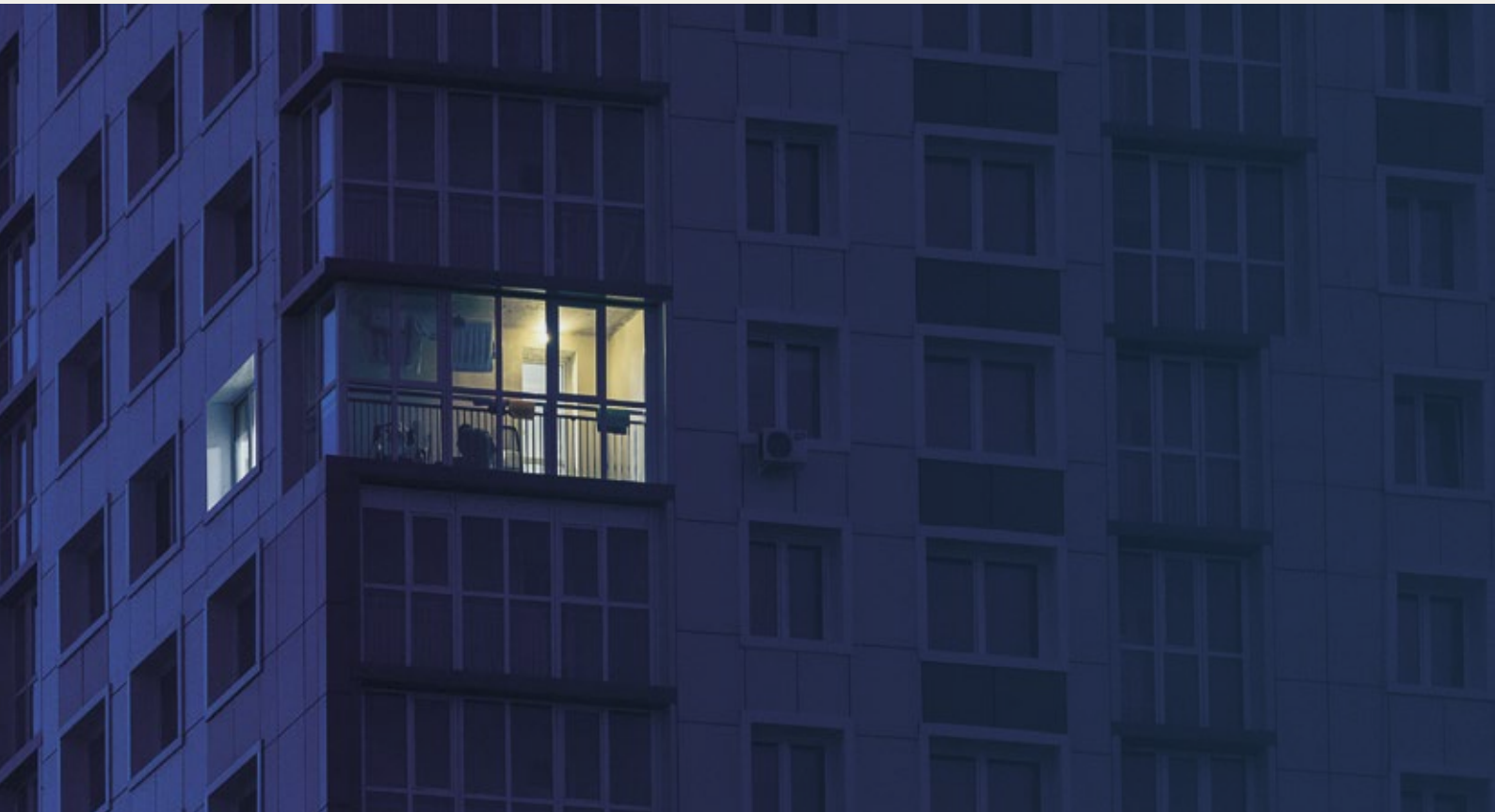
The travel expenses of Board members will be compensated in accordance with the company's travel policy. No other benefits are paid to the members of the Board on the basis of this position.

During the financial year of 2020, members of Scanfil plc's Board of Directors did not receive any company's shares or share-based benefits as remuneration.

MEETING AND COMMITTEE FEES PAID TO THE BOARD OF DIRECTORS IN 2020

EUR THOUSAND	Meeting fee	Committee fee	Fees in total
Jarkko Takanen	27,853	3,850	31,703
Harri Takanen	47,053	3,850	50,903
Bengt Engström	27,853	1,650	29,503
Christina Lindstedt	27,853	2,200	30,053
Christer Härkönen	27,853	0	27,853
Juha Räisänen	17,440	0	17,440
In total	175,905	11,550	187,455

No committee fees were paid to Christer Härkönen and Juha Räisänen in 2020.



3. Remuneration of the CEO in 2020

The CEO has a service contract that is valid until further notice with a mutual notice period of six months. Should the company terminate the service contract made with the CEO, an amount equivalent to the monetary salary of 12

months will be paid to the CEO as a severance package in accordance with the terms and conditions of his service contract.

The retirement age of the CEO is the statutory retirement age.

SALARIES AND FEES OF THE CEO

EUR	Fixed	Variable
Salaries	289,737	
Fringe benefits	12,300	
Performance bonus from the year 2019		84,960
Stock option scheme		132,220
In total	302,037	217,180
Salaries and fees in total	519,217	

58.2 per cent of the salaries and fees of the CEO were fixed and 41.8 per cent variable. In addition the CEO was paid a performance bonus of EUR 105,620 regarding the year 2020 in 2021.

PERFORMANCE BONUS

The CEO is included in the scope of the management's performance bonus scheme based on the Group's operating profit and turnover. The operating profit determines 80% and turnover 20% of the bonus payable to the CEO. The final performance bonus is determined on the basis of the actual operating profit and turnover in euro compared with the targets set in the previous three years, each representing one-third of determining the bonus. The Board of Directors decides on the management remuneration scheme and its terms and conditions for the next three years.

The annual bonus cannot exceed the amount corresponding to 12 months' salary. The CEO is also included in the scope of the company's share-based incentive scheme.

The CEO does not have other benefits.

STOCK OPTION SCHEME

On April 24, 2019, the Scanfil plc General Meeting authorized the Board of Directors to decide on granting stock option rights to certain key personnel of the company and its subsidiaries and to decide on the terms and conditions

of the option scheme. The total number of stock option rights may not exceed 900,000, and they entitle one to the subscription of a maximum of 900,000 new shares or treasury shares of the company ("Stock Option scheme 2019").

Based on the above authorization, on October 17, 2020 Scanfil plc's Board of Directors decided to grant 120,000 stock option rights from the Stock Option scheme 2019 to the CEO. The option rights will be labelled "2019B". Each option right entitles its holder to subscribe one (1) of the company's new shares or treasury shares. The subscription period for stock option right 2019B is May 1, 2023 - April 30, 2025. The subscription period for the stock option rights included in the option scheme will not begin, unless the production and financial goals and conditions, set separately by the Board of Directors for exercising the option rights, are met. The stock option rights whose goals are not met will expire in the manner determined by the Board. The stock option rights were granted free of charge. The subscription price using stock option right 2019B is EUR 4.34, the trading-volume weighted average share price in the Nasdaq Helsinki during the period March 1-March 31, 2020.

SCANFIL

Yritystie 6
FI-85410 SIEVI
FINLAND
Tel. +358 8 48 82 111

www.scanfil.com