

REMUNERATION REPORT 2020

Introduction

This remuneration report presents information on the remuneration of the Board of Directors and the CEO of Consti Plc during the period 1 January through to 31 December 2020 and it is based on the recommendations of the Corporate Governance Code 2020 of the Securities Market Association, as well as the requirements of the Finnish Companies Act and Securities Markets Act in force in Finland. In financial year 2020, there were no deviations to Consti Plc's remuneration policy.

Main components of the remuneration

The remuneration of the governing bodies of Consti Plc is based on the remuneration policy, addressed by the Annual General Meeting 6 April 2020. The remuneration policy is applied until the Annual General Meeting 2024, unless the Board of Directors decide to present it to the General Meeting for review earlier.

The aim of the remuneration of the governing bodies of Consti Plc is to further the long-term financial performance of the company and the creation of lasting shareholder value by hiring, engaging and incentivising the top management to implement the strategy of Consti for the benefit of all stakeholders. The primary goal of the remuneration policy is to ensure that Consti applies performance-based remuneration that rewards the implementation of Consti's strategy in a simple, open and comprehensive manner.

The remuneration is based on the following main principles:

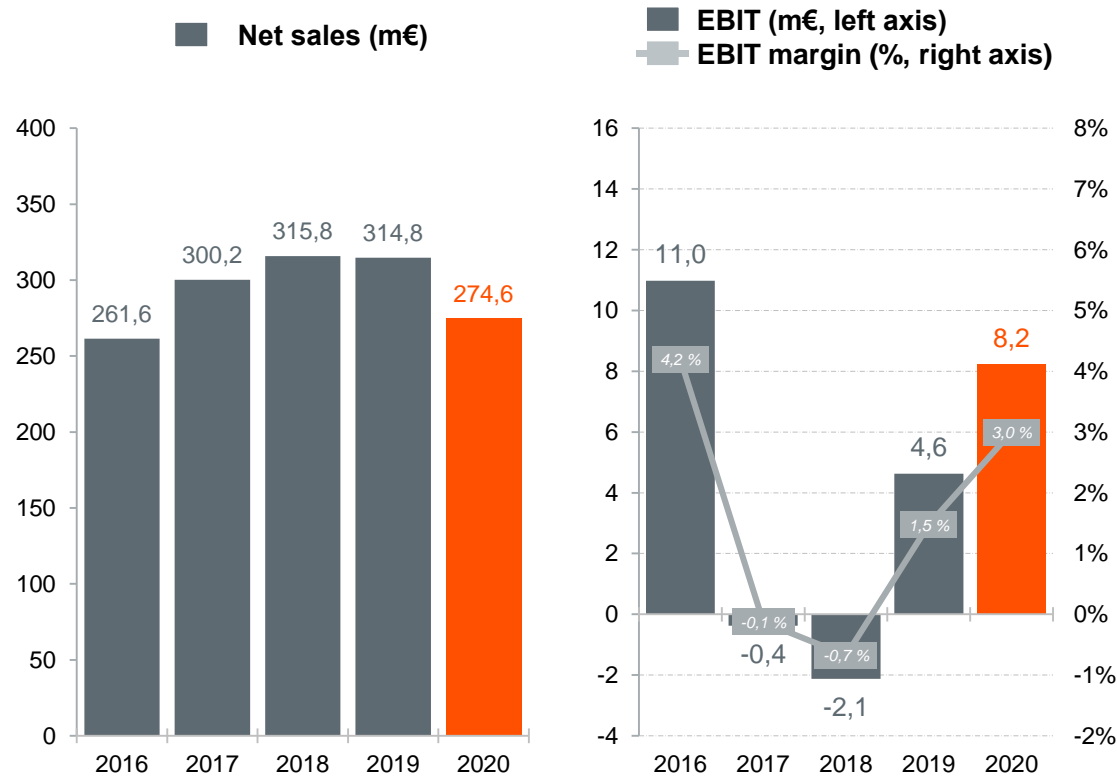
- Offering a competitive possible earning as part of the total remuneration
- Emphasising a result-based reward by constructing the total remuneration of the CEO so, that part of the earning possibilities is based on result-based incentives
- Emphasising a strong connection with the benefits of our shareholders by basing part of the annual variable earning possibility for the CEO on long-term share-based incentive schemes

The principles for the remuneration of the governing bodies adhere to the remuneration practice applied to Consti's whole personnel. This is evidenced e.g. in the earning criteria applied to the variable remuneration, that are derived from the strategy of the company. The earning criteria are partly common for the CEO and the personnel, and their intent is to support the profitable growth of the company.

Financial development of Consti Group and development of the remuneration

Net sales and EBIT development 2016-2020

The group-wide more selective and stricter offering model adopted in 2018 has impacted the development of Consti's net sales in the past few years. In addition, the increased uncertainty caused by the coronavirus pandemic (COVID-19) was reflected in net sales in 2020. The financial development of the company has, in the past few years, been positive as a result of the turnaround program and organisational changes implemented in 2019.



Remuneration development 2016-2020 (paid compensations during the year)

Average compensation (€)	2016	2017	2018	2019	2020
Chairman of the Board	30,000	34,500	36,000	36,000	40,500
Member of the Board	15,208	21,429	24,000	24,000	28,500
CEO*	333,786	334,202	270,514	302,948	323,404
Consti employee**	45,526	44,939	46,474	49,539	49,581

* Remuneration paid to the CEO during the financial period including monthly fixed salary, result-based bonus earned from last financial period and additional pension benefits. In addition, the CEO has been paid in 2019 a reward under the share-based incentive scheme 2016.

** The salary development of the average Consti Group employee is based on personnel costs excluding social security contributions and divided by the average number of employees during the year.

Remuneration of the Board of Directors in 2020

Remuneration of the Board of Directors of Consti 1 January – 31 December 2020

The Annual General Meeting 2020 resolved 6 April 2020, that the Board of Directors would receive annual fees as follows: the Chairman of the Board of Directors 36 000 euros and members of the Board of Directors 24 000 euros. It was also resolved to pay meeting fees of 500 euros per meeting to the members of the Board for each Board meeting. Travel costs of the members of the Board arising from participating in the meetings would be compensated according to invoice. No separate fees would be payable for committee work. The Board is not included in the scope of the company's long-term incentive schemes. The Board of Directors has not been offered or granted shares, options or rights entitling to shares.

Board member	Annual fee (€)	Meeting fees (€)	Total (€)
Tapio Hakakari, Chairman of the Board	36,000	4,500	40,500
Erkki Norvio	24,000	4,500	28,500
Petri Rignell	24,000	4,500	28,500
Pekka Salokangas	24,000	4,500	28,500
Johan Westermarck	18,000	4,500	22,500
Anne Westersund	24,000	4,500	28,500
Antti Korkeela	6,000		6,000
Total	156,000	27,000	183,000

Remuneration of the CEO in 2020

Remuneration of the CEO in 2020

The CEO receives a fixed salary, payable monthly and a result-based variable annual bonus in accordance with the result scorecard defined by the company. The share of the bonus can be no more than 60 per cent of the annual salary. In addition, the CEO is included in the scope of the share-based incentive schemes of the company. The CEO is, in addition, entitled to an additional pension benefit payable by the company. The pension insurance is a defined contribution scheme.

CEO	Fixed annual salary* including taxable fringe benefits(€)	Bonuses from previous years and paid compensations in 2020 (€)	Additional pension benefit fees (€)	Total (€)
Esa Korkeela	314,904	0	8,500	323,404

* Includes holiday pay

Annual bonus and share-based long-term incentive scheme

In 2020, the CEO was not paid any short-term bonus, as the CEO had opted to convert the bonus earned from 2019 in its entirety into the long-term share-based incentive scheme (the LTI scheme) of the company. The bonus 2019 was based on the key targets set by the Board of Directors in the beginning of the financial period 2019 and relating to the financial, strategic and operative targets of the Group. The realised bonus 2019 for the CEO was 45,454 euros, equalling 29.5% of the maximum amount. The bonus for 2019 was converted in accordance with the terms of the LTI scheme into 8,741 Consti Plc's shares. The bonus converted into shares is multiplied before payment with the bonus multiplier decided by the Board of Directors. The bonus for the earning period 2019 is paid to the CEO in 2022 after a two-year commitment period partly in shares and partly in cash.

The Board set, at the beginning of the financial period 2020, short-term incentive criteria to support the development of the business of the Group. Based on the achieved performance, the CEO earned 124,563 euros in bonus for 2020, corresponding to 80.8% of the maximum amount. The CEO has opted to convert the bonus earned from 2020 in its entirety into the company's LTI scheme. The reward for the earning period 2020 will be paid in 2023 to the CEO partly in the company's shares and partly in cash.

Share option rights

The Board of Consti Plc resolved on 17 June 2020 to implement a new share option scheme for key employees. The share option rights incentivise key employees to work long-term to grow shareholder value.

A total of 15,000 share option rights 2020 were awarded to CEO Esa Korkeela in June 2020. The share subscription price payable for shares subscribed with the share option rights 2020 is 6.65 euros per share. The share subscription price is reduced by any dividends and or other distribution of funds resolved prior to the share subscription. The subscription period of shares under the share option rights 2020 is 1 July 2023 to 30 June 2024.