

# REMUNERATION REPORT 2022

# Introduction

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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 2022 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 2022, 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:

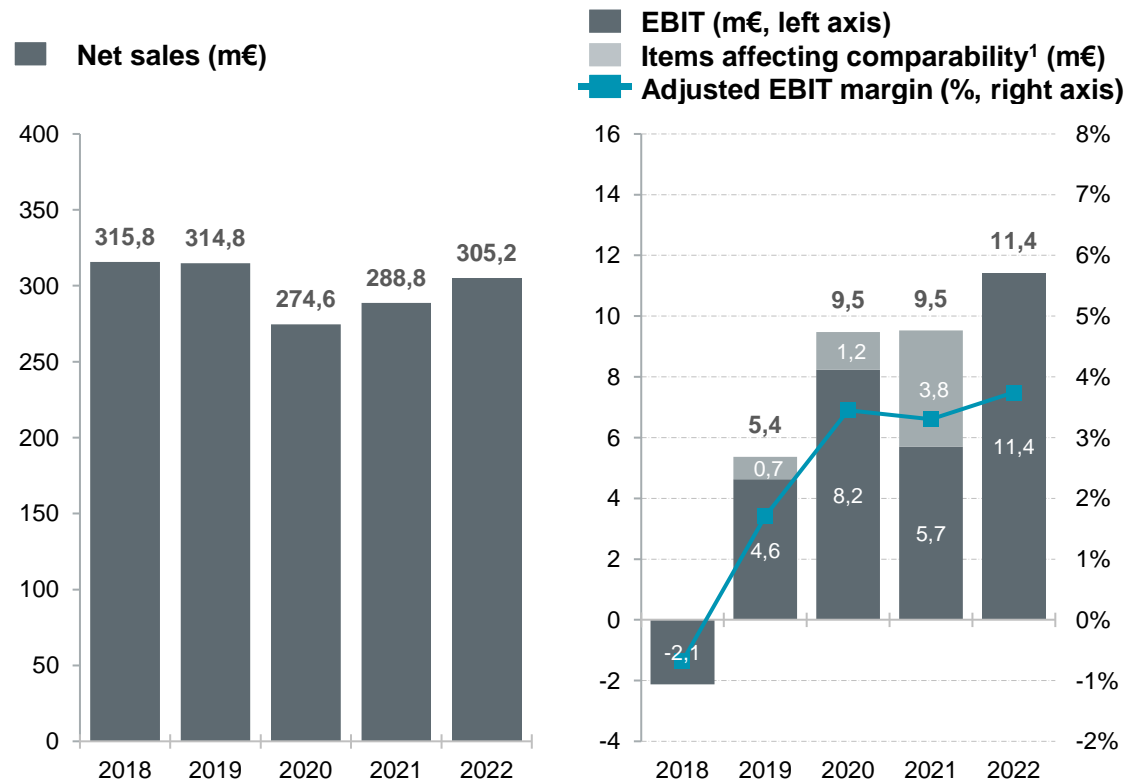
- Offering a competitive possible earning as part of the total remuneration
- Emphasising a result-based reward by constructing the total remuneration of the CEO so, that part of the earning possibilities is based on result-based incentives
- Emphasising a strong connection with the benefits of our shareholders 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 2018-2022

The group-wide more disciplined tendering adopted in 2018 as well as the increased uncertainty caused by the coronavirus pandemic (COVID-19) have impacted the development of Consti's net sales in the past few years. In 2022, net sales continued to grow. The financial development of the company has, in the past few years, been solid as a result of the turnaround program and organisational changes implemented in 2019.



## Remuneration development 2018-2022 (paid compensations during the year)

Average compensation (€)	2018	2019	2020	2021	2022
Chairman of the Board	36,000	36,000	40,500	42,000	46,000
Member of the Board	24,000	24,000	28,500	30,000	33,800
CEO*	270,514	302,948	323,404	340,951	455,348
Consti employee**	46,474	49,539	49,581	51,167	53,453

\* 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, 2021 and 2022 rewards under the share-based incentive schemes 2016, 2018 and 2019, respectively.

\*\* 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.

1 Items affecting comparability in 2021 relate to the arbitral award from the arbitral tribunal in the dispute between Consti Korjausrakentaminen Oy and Kiinteistö Oy Yrjönkatu 13 which relates to the construction project for Hotel St. George carried out by Consti Korjausrakentaminen Oy between years 2015-2018 and to the related legal costs. Items affecting comparability in 2019-2020 relate to the legal costs of the construction project for Hotel St. George.

# Remuneration of the Board of Directors in 2022

## Remuneration of the Board of Directors of Consti 1 January – 31 December 2022

The Annual General Meeting 2022 resolved 5 April 2022, that the Board of Directors would receive annual fees as follows: the Chairman of the Board of Directors 42,000 euros and members of the Board of Directors 30,000 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 (€)
Petri Rignell, Chairman of the Board	37,500	5,500	43,000
Erkki Norvio	28,500	5,500	34,000
Pekka Salokangas	28,500	5,500	34,000
Johan Westermarck	28,500	5,500	34,000
Anne Westersund	28,500	5,500	34,000
Juhani Pitkäkoski	22,500	3,500	26,000
Tapio Hakakari	9,000	1,000	10,000
<b>Yhteensä</b>	<b>183,000</b>	<b>32,000</b>	<b>215,000</b>

# Remuneration of the CEO in 2022

## Remuneration of the CEO in 2022

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 earned in 2021 (€)	Additional pension benefit fees (€)	Total (€)
Esa Korkeela	323,000	123,848	8,500	455,348

\* Includes holiday pay

### Annual bonus and share-based long-term incentive scheme

In 2022, the CEO was paid 123,848 euros under the share-based incentive scheme 2019. In 2022, the CEO was not paid any short-term bonus, as the CEO had opted to convert the bonus earned from 2021 in its entirety into the long-term share-based incentive scheme (the LTI scheme) of the company. The bonus 2021 was based on the key targets set by the Board of Directors in the beginning of the financial period 2021 and relating to the financial, strategic and operative targets of the Group. Based on the achieved performance, the CEO did not earn bonus for 2021.

The Board set, at the beginning of the financial period 2022, short-term incentive criteria to support the development of the business of the Group. Based on the achieved performance, the realised bonus 2022 for the CEO was 110,215 euros, equalling 61.2% of the maximum amount. The CEO had opted to convert the bonus earned from 2022 in its entirety into the LTI scheme of the company. The bonus for the earning period 2022 is paid to the CEO in 2025 after a two-year commitment period partly in shares and partly in cash.

### Share option rights

The share option rights incentivise key employees to work long-term to grow shareholder value. The share option rights awarded to CEO Esa Korkeela have been presented below:

Option scheme	2022	2020
Grant date	22 June 2022	17 June 2020
Amount of granted options to the CEO (pcs)	15,000	15,000
Subscription price* (€)	9.65	6.65
Subscription period	1 July 2025 – 30 June 2026	1 July 2023 – 30 June 2024

\* The share subscription price is deducted by the amount of dividends and/or distribution of assets to be decided before share subscription.