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**Remuneration
statement 2018**



Remuneration statement 2018

Kojamo plc complies with the Finnish Corporate Governance Code 2015, which entered into force on 1 January 2016. This Remuneration Statement has been prepared in accordance with the Remuneration Reporting section of the Corporate Governance Code.

The Remuneration Statement is a description of the remuneration of the Group's CEO, members of the Board of Directors and members of the Management Team. The Remuneration Statement contains an up-to-date description of the decision-making procedure concerning the remuneration of the CEO, members of the Board of Directors and members of the Management Team as well as a description of the main principles of remuneration. It also includes a remuneration report, which discloses the remuneration paid to the CEO, members of the Board of Directors and members of the Management Team during the previous financial year.

The Remuneration Statement is available on Kojamo's website at kojamo.fi/en/investors/corporate-governance.

A. Decision-making procedure concerning remuneration

About the decision-making procedure

Kojamo plc's Annual General Meeting de-

terminates on the remuneration of the Company's Board of Directors and Auditor. The Shareholders' Nomination Board prepares a proposal regarding the remuneration of the members of the Board of Directors to the Annual General Meeting and if necessary, to the Extraordinary General Meeting of Shareholders.

The Company's Board of Directors decides on the salaries of the CEO and the Deputy CEO, and on the principles and disbursement of their performance bonuses. The Board of Directors also decides on the compensation to be paid to the CEO upon termination of employment. The Board of Directors confirms the conditions of employment of the Group's Management Team's other members.

The Remuneration Committee of the Board of Directors prepares matters pertaining to the remuneration and other financial benefits of the Company's management and to the Company's remuneration and incentive plans.

Decisions concerning remuneration made by the Annual General Meeting and the Board of Directors

The Annual General Meeting on 15 March 2018 authorised the Board of Directors to decide on a share issue and the issuance of special rights entitling to shares. Share issues and the issuance of special rights entitling to shares can be used to issue a

maximum of 1,480,512 new Series A shares in the Company, or to transfer a maximum of 600,978 Series A shares currently held by the Company. The authorisation can be used to develop the Company's capital structure, to finance real estate or corporate acquisitions, to enable mergers or to develop other Company operations. The authorisation is valid until the following Annual General Meeting.

The Board of Directors decided to pay one-time bonuses to the CEO and CFO in connection with the listing. The amount of the bonus paid to the CEO was EUR 150,000 and the amount paid to the CFO was EUR 110,000. The CEO and CFO committed to personally invest 50 per cent of the one-time bonus (net sum, after tax deduction) into the Company by subscribing to shares in the personnel issue.

The Board of Directors decided to change the long-term incentive plan to share-based. See Incentive plans on page 3.

B. Key principles of remuneration

Overview of the key principles of remuneration

Well-functioning and competitive remuneration is an essential tool for engaging competent Board members, key personnel and employees to the Company. The remuneration must be in proportion to the long-term

development of the value of the Company. The aim of the remuneration is to encourage employees as individuals and members of a team to achieve the set financial and operative goals and excellent performances.

The principles of remuneration are meant to ensure the achievement of Kojamo's strategy and business goals. The principles of remuneration must comply with ethical principles and legislative requirements. In addition, all remuneration mechanisms are planned in line with risk management. The remuneration mechanisms strengthen Kojamo's ability to generate added value to its stakeholders. A further objective is to attract skilled employees through versatile, competitive remuneration.

The principles governing the various forms of remuneration are as follows:

Regular income at Kojamo is paid as total remuneration. In accordance with Kojamo's remuneration scheme, the total remuneration consists of a job-specific component and a personal component.

Monetary remuneration is mainly composed of regular total remuneration (including part of the benefits) and performance bonuses. Fixed pay supports Kojamo's financial stability and accounts for a sufficiently large share of the total remuneration. Total remuneration includes optional benefits in kind (such as a car, telephone and meal benefit) based on the employee's

position. The taxable values of these are reduced from the monetary pay. Threshold values and upper limits shall always be set for the payment of variable remuneration. As a rule, variable remuneration shall be based on the individual's, (business) unit's and Company's performance as well as the Group's overall results. Quantitative and qualitative performance criteria and their relative weights shall be specified in advance. Variable remuneration is based on input related to the Company's result.

Pensions shall mainly be defined-contribution pensions. Certain limited personnel groups are also entitled to supplementary pension and insurance benefits. Other benefits, such as one-time bonuses and monetary or intangible incentives, shall be aligned with the situation in the local labour market.

Principles of remuneration concerning the members of the Board of Directors:

The remuneration paid to the members of Kojamo plc's Board of Directors is decided by the Annual General Meeting.

In line with the proposal made by Nomination Board, at the Annual General Meeting held on 15 March 2018 it was decided that the following annual fees will be paid to the members of the Board of Directors:

- EUR 26,000 to the Chairman of the Board
- EUR 15,000 to the Vice-Chairman
- EUR 9,000 to each Board member

In addition, it was decided by the Annual General Meeting that the meeting attendance fee for Board will be EUR 600 per meeting.

In accordance with the proposal made by Nomination Board, the Extraordinary General Meeting decided on 25 May 2018 that, conditional on the Company's listing on the official list of Nasdaq Helsinki, the members of the Board of Directors will be paid annual remuneration as follows:

- EUR 60,000 to the Chairman of the Board
- EUR 36,000 to the Vice-Chairman
- EUR 30,000 to other Board members
- EUR 36,000 to Chairman of the Audit Committee

This resolution replaced the resolution concerning the annual remuneration of the Board of Directors passed at the Annual General Meeting of 15 March 2018, starting from the first month of the Company's listing.

The Board members do not have employment or service contracts with Kojamo or its subsidiaries, and they are not covered by the employment-based remuneration schemes. The Board members do not participate in Kojamo's incentive or retirement plans.

Principles of remuneration concerning the members of the Shareholders' Nomination Board

According to the Charter of the Shareholders' Nomination Board, confirmed by the Extraordinary General Meeting on 25 May 2018, the members of the Nomination Board will no longer receive remuneration for the membership of the Nomination Board. The members' travel expenses shall be reimbursed according to the Company's travel policy.

Principles of remuneration concerning the CEO and Management Team

The remuneration of the CEO and other members of the Management Team consists of total remuneration (including fixed pay and benefits in kind) as well as long-term incentive plans.

The retirement age for the CEO and members of the Management Team is 63 years. The members of the Management Team belong to a defined-contribution pension system, in which an insurance premium corresponding to two months' salary is paid annually into a group pension insurance plan.

Termination benefits

The CEO's employment contract can be terminated by the Company with a notice

period of 12 months, during which the CEO does not have an obligation to work. The CEO can terminate the contract with a notice period of three months. No separate severance pay has been agreed on in the CEO's contract.

For the other members of the Management Team, the contract can be terminated by the Company with a notice period of six months, during which the manager does not have an obligation to work. The members of the Management Team can terminate the contract with a notice period of three months. The additional severance pay is equivalent to 6 months' salary.

Incentive plans

Kojamo plc maintains the long-term incentive plans 2015 and 2018 for the Group's key employees. These incentive plans offer key employees selected by the Company's Board of Directors a possibility to earn cash rewards based on achieving the performance criteria set by the Board of Directors. The incentive plans follow three-year performance periods commencing each year.

Kojamo plc's Board of Directors decided to convert the ongoing performance periods (2016–2018, 2017–2019 and 2018–2020) and future performance periods (2019–2021 and 2020–2022) of the long-term incentive plans 2015 and 2018 into share-based plans. The amount of possible rewards in euros for each performance period will be

converted into an incentive based on shares in Kojamo plc. The performance criteria or the targets set for each criterion were not changed.

The incentive plan aims to align the interests of Kojamo's shareholders and key employees in order to increase the Company's value in the long term and commit the key employees to the implementation of the Company's strategy and offer them a competitive incentive plan based on earning and accumulation of the Company's shares. During the performance periods of 2016–2018, 2017–2019 and 2018–2020, the incentive plan is targeted at the members of the Management Board and individually selected key employees.

The incentives under the plans are based on:

- net rental income, EBITDA, return on capital employed (%) and indebtedness for the performance period of 2016–2018;
- net rental income, operative result and return on capital employed (%) for the performance period of 2017–2019; and
- operative result and return on capital employed (%) for the performance period of 2018–2020.

If the three ongoing earning periods were accrued in full, the maximum reward would be a sum corresponding to 377,830 Kojamo shares, of which 50 per cent would be paid in Kojamo's shares and 50 per cent in cash.

The Company's Board of Directors will determine the performance criteria for the performance periods of 2019–2021 and 2020–2022, the targets to be set for each criterion, the target group and the level of possible rewards available for the key employees included in the target group at the beginning of each performance period.

Any reward for each performance period will be paid during the year following the expiry of the performance period partially in shares in the Company and partially in cash. The cash portion is aimed to cover taxes and similar fees incurred to the key employees as a result of the rewards. In case a key employee's employment or service in the Company is terminated prior to the payment of the reward, usually no reward will be paid.

The Group's CEO must hold 50 per cent of the net number of shares paid to him based on the whole incentive plan, until his/her total shareholding in the Company corresponds to the value of his/her annual gross salary. Other participants must hold 50 per cent of the net number of shares paid to them based on the whole incentive plan, until their total shareholding in the Company corresponds to 50 per cent of the value of their annual gross salary. Such number of shares must be held as long as the participant's employment or service continues in a Company belonging to the Kojamo Group.

C. Remuneration report

Remuneration of the Board of Directors

The fees paid to the members of the Board of Directors and Committees for 2018 were as follows:

Remuneration of the Board of Directors, EUR	Board of Directors	Audit Committee	Remuneration Committee	Shareholders' Nomination Board	Total
Board members, 1 Jan–31 Dec 2018					
Riku Aalto	54,700		1,800	3,000	59,500
Mikko Mursula	37,950	2,400			40,350
Matti Harjuniemi	29,350	2,400			31,750
Reima Ryttsölä	32,950		1,800		34,750
Jan-Erik Saarinen	32,950	2,400			35,350
Board members, 18 June–31 Dec 2018					
Anne Leskelä	19,900	1,200			21,100
Minna Metsälä	19,900		1,800		21,700
Former Board members, 1 Jan–18 June 2018					
Olli Luukkainen	9,000				9,000
Jorma Malinen	9,000	1,200			10,200
Ann Selin	9,600				9,600
Shareholders' Nomination Board members, 11 Sept–31 Dec 2018					
Jouko Pölonen				-	
Risto Murto				-	
Timo Korpijärvi				-	
Former Nomination Board members, 1 Jan–30 June 2018					
Jarkko Eloranta				4,200	4,200
Ville-Veikko Laukkanen				4,200	4,200
Pasi Pesonen				4,200	4,200
Esko Torsti				4,200	4,200
Total					290,100

The fees paid to the Board of Directors, the Committees and the Shareholders' Nomination Board in 2018 amounted to EUR 290,100.00.

Remuneration of the CEO

The salaries and other benefits paid to the CEO in 2018 amounted to EUR 871,734.46, of which EUR 408,168.82 was fixed pay (including benefits in kind) and EUR 463,565.64 was variable pay (including long-term incentives and a one-time bonus in connection with the listing). The expenses of the CEO's statutory pension scheme in 2018 amounted to EUR 218,456.66 and payments to the additional pension scheme amounted to EUR 61,479.26.

The remuneration of the Management Team

The salaries and other benefits paid to the Management Team (excluding the CEO) in 2018 amounted to EUR 1,462,157.36, of which EUR 941,702.98 was fixed pay and EUR 520,454.38 variable pay. The sum includes the salaries and fees paid by Kojamo and all of its subsidiaries insofar the persons stated above are employed by the Company. The expenses of the Management Team's (excluding the CEO) statutory pension scheme in 2018 amounted to EUR 366,416.63 and payments to the additional pension scheme amounted to EUR 136,001.38.

 **kojamo**

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