

Remuneration report

Introduction

The remuneration policy for Koskisen's bodies determines the framework for the remuneration of the bodies of Koskisen Corporation. The remuneration policy complies with the Finnish Limited Liability Companies Act, other regulations concerning publicly listed companies, the company's Articles of Association and the rules of procedure of the Board of Directors and its committees. In addition to these, the company complies with the rules and guidelines of NASDAQ Helsinki Ltd and the Corporate Governance Code 2020.

This remuneration report contains information about the remuneration of the company's Board of Directors and the CEO, as well as the key terms and conditions of the CEO's employment contract and other information referred to in the Corporate Governance Code remuneration report for the financial year 2022. The remuneration report will be available on Koskisen's website for a minimum of ten years.

Remuneration is based on the remuneration policy reviewed by the Annual General Meeting. The core idea of remuneration is rewarding performance and responsibility. These guide short- and long-term incentive schemes that support the company's value growth, long-term financial success and the implementation of the business strategy.

DEVELOPMENT OF REMUNERATION

EUR 1,000	2022	2021	2020
Total annual and meeting fees of the Board of Directors	273.6 ¹	137.6	108.9
Fees paid to the Chair of the Board	78 ¹	48	48
Fees paid to the Board members on average	43.5 ¹	22.4	22.8
Annual remuneration of the CEO ²	562.1	309.4	312.9
Average annual salary/person ³	43.6	41.7	38.5
Group's operating profit (EUR million)	58.2	52.7	2.2

¹ The remuneration of the Board of Directors in 2022 was affected by the preparations related to the listing process and the increase in the number of Board members. In addition to the number of meetings, the development of the total amount of Board remuneration is affected by changes in the number of Board members (Board meetings: 29 in 2022 and 16 in 2021).

² Includes wages and salaries

³ Calculated personnel costs in Finland excluding social security costs/average number of employees

The remuneration of the Board of Directors for 2022 is based on the resolution of the Annual General Meeting 2021 on the principles of remuneration. The remuneration of the CEO is based on the remuneration principles approved by the Board of Directors. Koskisen Oyj's remuneration policy will be reviewed by the 2023 Annual General Meeting.

The following table shows the development of the remuneration of the Chairman of the Board of Directors, the members of the Board of Directors and the CEO compared to the development of the average remuneration of all employees of the Group and the financial development of the Group for the previous four financial years.



Remuneration of board members 2022

The remuneration of the Board of Directors for 2022 is based on the resolution of the Annual General Meeting 2021 on the principles of remuneration. If a member of the Board of Directors has been in an employment or service relationship with the company, they have been paid a salary in accordance with the employment or service relationship.

ANNUAL FEES OF THE BOARD OF DIRECTORS 2022

EUR	2022
Chair	56,000
Member	27,600

MEETING FEES OF THE BOARD OF DIRECTORS/MEETING AS OF 1 MAY 2022

EUR	2022
Chair	1,000
Member	500

¹ Jan 1–Apr 30, 2022: EUR 0
² Jan 1–Apr 30, 2022: EUR 400

In addition, the members of the Board of Directors have been compensated for travel expenses as decided by the 2021 Annual General Meeting. The members of the Board of Directors are not covered by share-based remuneration schemes, and they are not covered by the company's remuneration or pension schemes.

REMUNERATION OF THE BOARD OF DIRECTORS 2022

EUR	Period	Annual fee	Meeting fees	Pension benefit ⁴	Other remuneration	Total
Vanhainen Juha, Chair of the Board	1 January–31 December 2022	56,000	22,000	6,747		84,747
Koskinen Kari ¹	1 January–31 December 2022	27,600	13,800		106,290	147,690
Koskinen Karoliina ²	1 May–31 December 2022	20,000	11,000		99,979	130,979
Reponen Kalle	1 January–31 December 2022	27,600	13,300			40,900
Sievinen Hanna	1 January–31 December 2022	27,600	13,300			40,900
Wathén Eva ³	1 January–31 December 2022	27,600	13,800		56,960	98,360
Total		186,400	87,200	6,747	263,229	543,576

¹ Other remuneration is related to supporting the Panel industry, Russian businesses and the company's product development.

² Other remuneration is related to Sawn Timber Industry employment relationship in financial administration.

³ Other remuneration is related to supporting sustainability-related matters and strategic HR and marketing.

⁴ The Chair of the Board has taken out voluntary TyEL insurance.



Remuneration of the CEO 2022

CEO CONTRACT AND REMUNERATION PRINCIPLES

The remuneration of the CEO consists of a fixed monthly salary, fringe benefits and variable short-term and long-term incentive schemes. The Board of Directors decides on the remuneration of the CEO, the content of the performance bonus and the objectives.

In the indicators of the incentive scheme, the main focus is on the company's profitability. In addition, the indicators may be related to the implementation of the company's strategy. The Board of Directors has the right to amend the terms of incentive schemes unilaterally for a weighty reason.

The CEO's period of notice is six months. The CEO does not have a defined benefit pension plan.

The company's CEO was Jukka Pahta during the financial period.

The maximum short-term performance bonus is the amount corresponding to six months' salary and it is paid in cash. For 2021, the Board of Directors decided to pay the CEO a performance bonus equalling 12 months' salary in 2022 based on success in performance, implementation of the company's financing solution, cost savings and preparations leading to the investment decision.

The long-term incentive scheme is the share-based incentive scheme 2022–2026. The scheme has three earning periods, financial periods 2022–2024,

2023–2025 and 2024–2026. Any payment is paid as a combination of shares and cash. The purpose of the cash component is to cover the taxes and tax-like levies incurred by the recipient. The earning criterion of the plan is a continuous service contract at the time of payment of the reward. The indicators of the performance period of the long-term incentive scheme 2022–2024 focus on the Group's long-term profitability and return on capital.

CEO'S REMUNERATION 2022

EUR 1,000	2022
Fixed salary	280
fringe benefits (incl. in fixed salary)	18.6
Short-term performance bonus	282
total	562
Share of variable remuneration of total earnings	50%

Long-term share-based incentive plans are included in the reporting as a separate item for the year in which the reward was paid. The CEO had a separate share-based incentive plan related to the company's IPO, the rewards of which will be paid in two instalments in 2023 and 2024. An expense provision of EUR 77,200 thousand has been made for this in the financial statements for 2022.

