



Remuneration Statement 2019

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Kojamo plc complies with the Finnish Corporate Governance Code 2020, which entered into force on 1 January 2020. This Remuneration Statement has been prepared in accordance with the reporting section of the previous version, the Finnish Corporate Governance Code 2015.

The Remuneration Statement is a description of the remuneration of the members of the Board of Directors, the CEO and the 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, the members of the Board of Directors and the members of the Management Team during the previous financial year.

This Remuneration Statement is available on Kojamo's website at <https://kojamo.fi/en/investors/corporate-governance/>

A. Decision-making procedure concerning remuneration

General information on the decision-making procedure

Kojamo plc's Annual General Meeting de-

cides on the remuneration of the Board of Directors and the auditor. The Shareholders' Nomination Board prepares a proposal to the Annual General Meeting — and, if necessary, the Extraordinary General Meeting — regarding the remuneration of the members of the Board of Directors.

The Company's Board of Directors decides on the salaries of the CEO and members of the Management Team, and on the principles and disbursement of their remuneration. The Board of Directors also decides on the compensation to be paid to the CEO upon termination of the service contract.

The Remuneration Committee of the Board of Directors prepares matters pertaining to the management's salaries and benefits as well as remuneration and incentive plans.

Decisions of the Annual General Meeting regarding remuneration

The Annual General Meeting on 14 March 2019 authorised the Board of Directors to resolve to issue shares and special rights entitling to shares. Share issues and the issuance of special rights entitling to shares can be used to issue a maximum of 24,714,439 new shares in the Company. The authorisation applies to both the issuance of new shares and the conveyance of own shares held by the Company. The authorisation is valid until the next Annual General Meeting, however no longer than 30 June 2020.

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 Kojamo which, in turn, promotes the implementation of the Company's business strategy and its long-term financial success. Salaries and fees are kept in proportion to the development and long-term enhancement of the value of the Company.

The principles of remuneration are meant to ensure the achievement of Kojamo's strategy and business goals. The principles of remuneration 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 for its stakeholders.

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

Fixed pay represents compensation for day-to-day performance and ensures balanced and competitive remuneration. Fixed pay consists primarily of a regular total remuneration package consisting of a salary and the usual benefits in kind (such as a phone, meal and car benefit).

Variable remuneration is divided between short-term incentive plans and long-term incentive plans. 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.

The Company aims to provide a competitive level of benefits as part of total remuneration. Other financial benefits can include pension benefits, insurance benefits, compensation for the termination of the service contract, other comparable benefits and benefits in kind that are not included in fixed remuneration.

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

The Annual General Meeting decides on the remuneration of the Board of Directors. The Annual General Meeting of 14 March 2019 decided that the following annual fees will be paid to the members of the Board of Directors for the term ending at the Annual General Meeting of 2020:

- EUR 60,000 to the Chairman of the Board,
- EUR 36,000 to the Vice-Chairman,
- EUR 30,000 to each Board member, and

• EUR 36,000 to the Chairman of the Audit Committee.

The Members of the Board are paid only one annual fee according to their role, which means that no overlapping fees will be paid. In addition, it was decided that an attendance allowance of EUR 600 be paid for each meeting and an attendance allowance of EUR 600 be paid for Committee meetings as well.

As a new remuneration practice, the Annual General Meeting decided that the annual fees would be paid as the Company's shares and cash, with approximately 40 per cent of the annual fee paid as Kojamo plc shares and the rest paid in cash.

The shares will be purchased directly on behalf of the members of the Board. The Company will pay any transaction costs and transfer tax related to the purchase of the Company shares. The shares in question cannot be transferred earlier than two years from the transaction or before the term of the member of the Board has ended, whichever date is earlier.

The members of the Board do not have employment or service contracts with Kojamo or its subsidiaries, and they are not covered by the employment-based remuneration schemes. The members of the Board also 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 do not receive remuneration for membership of the Nomination Board. The members' travel expenses are 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 the 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' pay is paid annually into a group pension insurance plan.

Termination benefits

If the Company terminates the CEO's contract, the period of notice is 12 months, during which time the CEO is under no obligation to work. If the CEO terminates the contract, the period of notice is three

months. No separate severance pay is stipulated by the CEO's contract.

If the Company terminates the contract of another member of the Management Team, the period of notice is six months, during which time they are under no obligation to work. If a member of the Management Team terminates the contract, the period of notice is three months. The severance payment corresponds to six months' salary.

Incentive plans

Short-term incentive plan

The purpose of the short-term incentive plan is to incentivise the achievement of the Company's annual financial or operational targets.

The short-term incentive plan takes the form of an annual performance bonus plan. In 2019, the plan corresponds to a maximum of 32% of the CEO's fixed annual pay and a maximum of 22% of the fixed annual pay of the other members of the Management Team. In 2019, 70% of the company-level criteria were based on financial targets and 30% on operational targets. The bonus for 2019 based on the short-term incentive plan will be paid fully in cash in the following year.

Long-term incentive plan

The long-term incentive plan aims to align the interests of Kojamo's shareholders and key employees selected by the Board

of Directors 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 earning periods of 2017–2019, 2018–2020 and 2019–2021, the incentive plan is targeted at the members of the Management Team and individually selected key employees.

The Board of Directors decides the performance criteria for each earning period and the targets for each criterion as well as the earning opportunity in cash and/or the number of Kojamo shares before the start of each earning period. The duration of the earning periods in the incentive plans currently in effect is three years.

The performance criteria of the long-term incentive plan are as follows:

- earning period 2017–2019: net rental income, operative result and return on capital employed;
- earning period 2018–2020: operative result and return on capital employed; and
- earning period 2019–2021: total revenue, Group ROE % and the Group's FFO per share.

The ongoing earning periods (2017–2019, 2018–2020 and 2019–2021) and the upcoming earning period (2020–2022) are share-based. The maximum earning opportunity for each earning period has been defined as a number of Kojamo shares. Half of the shares is paid in shares and half in cash.

If the three ongoing earning periods were accrued in full, the maximum reward would be a sum corresponding to 300,821 Kojamo shares.

The Company's Board of Directors will determine the performance criteria for the earning period 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 the earning period.

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

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 2019 were as follows:

	Annual fee Total, EUR ¹	60% in cash EUR ²	40% in shares, EUR ²	Share ownership 31 Dec 2019	Board meeting fees, EUR	Audit Committee meeting fees, EUR	Remuneration Committee meeting fees, EUR	Total remuneration, EUR
Board members 14 Mar–31 Dec 2019								
Mikael Aro	45,000	27,005.40	17,994.60	27,307	6,600		1,200	52,800
Mikko Mursula	36,000	16,204.80	10,795.20	1,384	7,800	2,400		46,200
Reima Rytsölä	30,000	13,506.60	8,993.40	1,153	7,800		1,200	39,000
Anne Leskelä	34,500	16,204.80	10,795.20	1,384	7,800	2,400		44,700
Minna Metsälä	30,000	13,506.60	8,993.40	1,153	7,800		1,200	39,000
Heli Puura	22,500	13,506.60	8,993.40	1,153	6,600	1,800		30,900
Matti Harjuniemi	30,000	13,506.60	8,993.40	1,153	7,800	2,400		40,200
Board members 1 Jan–14 Mar 2019:								
Riku Aalto	15,000				1,200			16,200
Jan-Erik Saarinen	7,500				1,200	600		9,300
TOTAL								318,300

¹The annual fee is accrued over the financial year.

²Of the fee paid for the term of office beginning from the Annual General Meeting of 14 March 2019.



The fees paid to the Board of Directors, the Committees and the Shareholders' Nomination Board in 2018 amounted to EUR 318,300.00.

Remuneration of the CEO

The salaries and other benefits paid to the CEO in 2019 were as follows:

	EUR
Fixed annual salary (including benefits in kind)	407,844.07
Variable remuneration components:	
Remuneration based on the short-term incentive plan ³	-
Remuneration based on the long-term incentive plan	515,321.06
Total remuneration	923,165.13
Contributions to statutory pension scheme	230,883.60
Supplementary pension contributions	64,576.00

Remuneration of the Management Team

The salaries and other benefits paid to the members of the Management Team (excluding the CEO) in 2019 were as follows:

	EUR
Fixed annual salary (including benefits in kind)	902,737.20
Variable remuneration components:	
Remuneration based on the short-term incentive plan ³	-
Remuneration based on the long-term incentive plan	373,005.43
Total remuneration	1,275,742.63
Contributions to statutory pension scheme	319,063.23
Supplementary pension contributions	120,845.03

³The remuneration for 2019 based on the short-term incentive plan will be paid fully in cash in the following year.



Kojamo Plc


Mannerheimintie 168a
P.O. Box 40, FI-00301 Helsinki
Tel. +358 20 508 3300

name.surname@kojamo.fi
www.kojamo.fi/en

GoKojamo

 @kojamofi

 /kojamofi

 @kojamofi

 /kojamo