

Remuneration Report

Introduction

The remuneration policy for Koskisen's bodies determines the framework for the remuneration of the bodies of Koskisen Oyj. 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.



DEVELOPMENT OF REMUNERATION

EUR 1,000	2023	2022	2021	2020
Total annual and meeting fees of the Board of Directors	265.5	273.6*	137.6	108.9
Fees paid to the Chair of the Board	70.2	78*	48	48
Fees paid to the Board members on average	39.1	43.5*	22.4	22.8
Annual remuneration of the CEO**	750.1	562.1	309.4	312.9
Koskisen employees' average salary***	48.4	43.6	41.7	38.5
Group's operating profit (EUR million)	33.1	58.2	52.7	2.2

*The remuneration of the Board of Directors in 2022 was affected by the increased number of meetings related to the preparation of the listing process and the increase in the number of Board members.

**Includes defined-contribution salaries, fees and supplementary pension, does not include social and pension costs.

***Personnel costs in Finland in 2020–2022 excluding social and pension costs/average number of employees.

***As of 2023, median full-time employees in Finland for the full year without social and pension costs.

There are no IFRS converted figures available for 2019.

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 2023. 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.

The remuneration of the Board of Directors for 2023 is based on the resolutions of the Annual General Meetings of 2022 and 2023 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 has been reviewed by the 2023 Annual General Meeting.

The table above 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 2023

The remuneration of the Board of Directors for 2023 is based on the resolutions of the Annual General Meeting 2023 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 2023

EUR

Chair	60,238
Chair of the Audit Committee	42,000
Member	30,000

BOARD AND COMMITTEE MEETING FEES PER MEETING 2023

EUR

Chair	1,000
Member	500

In addition, the members of the Board of Directors have been compensated for travel expenses as decided by the 2023 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. The Chair of the Board has taken out voluntary TyEL insurance.



REMUNERATION OF THE BOARD OF DIRECTORS 2023

EUR	Period	Annual fee	Meeting fees ²	Other remuneration	Total
Vanhainen Juha, Chair of the Board of Directors	1 Jan–11 May 2023	21,905	4,000		25,905
Kuusniemi Pekka, Chair of the Board of Directors	11 May–31 Dec 2023	38,333	8,000		46,333
Koskinen Kari	1 Jan–31 Dec 2023	30,000	5,500		35,500
Koskinen Karoliina ¹	1 Jan–11 May 2023	10,952	2,000	65,015	77,967
Masala Hanna	11 May–31 Dec 2023	19,167	5,000		24,167
Reponen Kalle	1 Jan–31 Dec 2023	30,000	6,500		36,500
Sievinen Hanna	1 Jan–31 Dec 2023	37,667	10,500		48,167
Wathén Eva	1 Jan–31 Dec 2023	30,000	8,500		38,500
Total		218,024	50,000	65,015	333,039

¹ Other remuneration is related to Sawn Timber Industry employment relationship in financial administration during 2023.

² The meeting fees include the meeting fees payable for attending the meetings of the Board of Directors and the meeting fees of the Audit Committee.

Remuneration of the CEO 2023

CEO CONTRACT AND REMUNERATION PRINCIPLES

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

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. The CEO is covered by the Finnish statutory TyEL insurance. The CEO has a payment-based supplementary pension insurance.

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's supplementary pension benefit is determined in accordance with the decision of the company's Board of Directors. The minimum retirement age is 65 years.

SHORT-TERM INCENTIVE SCHEME

The maximum short-term performance bonus is the amount corresponding to six months' salary and it is paid in cash.

For 2022, the Board of Directors decided to pay the CEO a performance bonus amounting to six months' salary in 2023, as well as a one-off additional bonus amounting to four months' salary, based on excellent performance and successful implementation of financial solutions.

For 2022, Pahta had three main objectives (with weightings):

- 60% achievement of Group financial targets (revenue development and EBITDA level)
- 30% simplification of the Group structure
- 10% sustainability indicators (employee well-being)
- In 2022, EUR 235,300 was earned, and it was paid in March 2023.

For 2023, Pahta had three main objectives (with weightings):

- 60% achievement of Group financial targets (revenue development and EBITDA level)
- 20% sustainability indicators (safety and employee well-being)
- 20% growth strategy preparation

The performance bonus earned in 2023 was EUR 68,400 and it was paid in February 2024.

LONG-TERM INCENTIVE SCHEME

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 focus on the Group's long-term profitability and return on capital.

The CEO has a separate share-based incentive scheme related to the company's listing, the fees for which will be paid in two instalments in 2023 and 2024.

LONG-TERM INCENTIVE SCHEMES IN PROGRESS

Share Plan 2022–2026	
Earning period 2022–2024:	
Maximum number of shares granted	44,000
Earning period 2023–2025:	
Maximum number of shares granted	60,000
Listing-related bonus scheme:	
Number of shares granted	30,000
of which shares paid during the financial period (gross)	12,000
of which shares paid in 2024 (gross)	18,000

CEO'S REMUNERATION 2023

EUR 1,000	
Fixed salary	437,6
Fringe benefits (included in fixed salary)	21
Supplementary pension benefit insurance (included in fixed salary)	60
Short-term performance bonus	235,3
Share-based incentive	77,3
Total	750,1
Variable compensation as a percentage of total earnings	41.7%

Long-term share-based incentive plans are included in the reporting as a separate item for the year in which the reward was paid.