

Robit Salary and Remuneration Report 2018

Robit Corporation (Robit) complies with the Finnish Corporate Governance Code issued by the Securities Market Association in 2015. The code is available on the Securities Market Association's website at www.cgfinland.com. This Salary and Remuneration Report is prepared in accordance with Recommendation 47 of Section 7 of the Corporate Governance Code.

Basis of the remuneration

The objective of Robit's remuneration policy is, that it should be consistent, result-oriented and rewarding. The consistency and competitiveness of remuneration is ensured by systematic internal and external comparisons, which also takes into account the local market conditions. Robit's remuneration model aims to ensure that the fixed part of the salary is set individually and is actively monitored. The objective of the active remuneration model is to ensure that the company is an attractive employer for both current and new key personnel. Clear performance indicators and emphasizing results ensure that rewarding is justified, result-oriented and motivating. Defining the targets for the variable part of the remuneration they should be supporting the implementation of Robit's strategy and achieving its financial goals. The adoption of long and short-term performance incentives is intended to reward good performance and to promote the company's financial success and the favourable development of its shareholder value.

Remuneration of the board in 2018

The remuneration of the board members is resolved annually by the Annual General Meeting (AGM) for the reporting year. The Nomination Committee prepared a proposal for the AGM. AGM convened March 28, 2018 resolved the remunerations as follows: Chairman of the Board of Directors EUR 45 thousand per year and to each member of the Board of Directors EUR 30 thousand per year. In addition, members of the board receive EUR 500 per meeting, members of the working committee EUR 750 per month. Remuneration for the members of the Board of Directors will be paid as follows: 60% will be paid in cash and 40 % will be paid as granting Robit treasury shares. Expenses relating to board assignments will be paid as normal travel and other expenses. The members of the board do not belong to the share-based incentive plans of Robit and the do not have pension arrangements through Robit. The shares granted based on the board fee resolutions by AGM are not limited by any restrictions.

Total 39 014 shares were granted to the Board of Directors in 2018 (2017: 8 354 shares). In general, the board members are not employed by the Robit Group.

	Shares disposed of as government commissions
Heikki Allonen	6 754
Harri Sjöholm	6 173
Mammu Kaario	6 522
Kai Seikku	6 522
Kalle Reponen	6 522
Tapio Hintikka	4 503
Mikko Kuitunen	2 019

The board members were paid salaries, commissions and other benefits during periods 2018 and 2017 as follows:

EUR thousand	1.1.–31.12.2018	1.1.–31.12.2017
Harri Sjöholm	35	54
Tapio Hintikka	34	41
Mammu Kaario	44	38
Kai Seikku	40	0
Kalle Reponen	46	54
Heikki Allonen	40	0
Mikko Kuitunen	9	0
Matti Kotola	5	47

The remuneration of the CEO

The Board of Directors decides on the salary, remuneration and other benefits received by the CEO. The salary, remuneration and other fringe benefits paid in 2018 to the CEO, Mika Virtanen, amounted to EUR 289 thousand (2017: EUR 206 thousand). In addition, there was an additional voluntary pension payment of EUR 12 thousand during the financial year. The CEO has been paid 4000 shares in the share-based benefits in the financial year.

As to the contract of CEO, his term of notice has been specified as nine (9) months in case the CEO decides to withdraw, and six (6) months should the contract be terminated by the company. Upon termination of contract of the CEO by the company, the CEO will be paid an additional compensation corresponding to three (6) months without fringe benefits. CEO Mika Virtanen was released on December 7, 2018 and termination benefits of EUR 220 thousand have been posted for the financial year 2018. Ilkka Miettinen has been appointed as the company's interim CEO until the new CEO starts in his or her position. His wages are presented in the management salaries.

The remuneration of the Management team

Decisions concerning incentive and remuneration system for management are made by the Board of Directors based on the proposal made by the CEO. The salary for all members of the management team consists of a fixed basic salary and a results-based bonus. The bonus is determined based on the company performance, the business area in question and other key operative objectives. Remuneration of the management team members in 2018 and 2017 were as follows:

EUR thousand	1 Jan - 31 Dec 2018	1 Jan - 31 Dec 2017
Salaries and other short-term employee benefits	-1 122	-1 472
Share-based payments	-61	0
Total	-1 184	-1 472

Some of the management team members had additional voluntary pension plan that is classified as defined contribution plan. The costs related to the plan amounted to EUR 18 thousand for the year ended 31 December 2018 (2017: EUR 8 thousand). Of this amount, EUR 12 thousand is linked to the CEO's pension plan (2017: EUR 8 thousand).

Share-Based Incentive Schemes

Share-base incentive scheme 2017-2019

In April 2017, Robit's Board of Directors decided on a share-based incentive scheme for the Group's management and key personnel. The scheme is for three years and it covers the period 2017–2019. The scheme has three parts: a key individual's own investment in the company, the company's additional share incentive and a performance-based additional share scheme. In September 2018, a total of 18,672 shares and EUR 67 thousand in cash was paid as rewards based on the scheme. The scheme covers 13 key personnel.

Share-base incentive scheme 2018-2021

In June 2018, Robit's Board of Directors decided on a new share-based incentive scheme for the Group's management and key personnel. The scheme has three parts: a key person's own investment in the company, a performance-based additional share scheme and an additional share scheme. The prerequisite for receiving a reward on the basis of the share scheme is that the key individuals acquire Robit shares.

The additional share scheme has two commitment periods, which begin on 1 September 2018 and 1 September 2019. For shares subject to the share ownership conditions, the key individuals will receive shares as a reward after a commitment period of around three years. Receiving the shares is dependent on the continuation of the employment or service contract at the time of payment of the reward. The rewards payable on the basis of the commitment period starting on 1 September 2018 will correspond to the value of a maximum of 24,000 Robit Plc shares, also including the component payable in cash.

The performance-based additional share scheme covers the calendar years 2018–2020 and 2019–2021. The possible reward of the performance period 2018–2020 is based on the Robit Group's cumulative earnings per share (EPS) and cumulative net sales. The rewards payable on the basis of the performance period 2018–2020 will correspond to the value of a maximum of 100,000 Robit Plc shares, also including the component payable in cash.

The incentive scheme covers 11 key personnel.

Shareholder loans

The current management team does not have any loans issued by the company.