

Remuneration report 2021

Reka Industrial Plc



1. INTRODUCTION

This Remuneration Report for 2021 (Remuneration Report) describes the remuneration of the members of the Board of Directors and the Managing Director of Reka Industrial Plc (the company or Reka Industrial) in the financial year 2021.

The remuneration report has been prepared in accordance with the Finnish Limited Liability Companies Act, the Finnish Securities Markets Act, the remuneration policy of the share issuer and the Decree of the Ministry of Finance on the remuneration report and the Finnish Corporate Governance Code.

The Board of Directors has approved the Remuneration Report to be presented and approved at the 2022 Annual General Meeting. According to the Companies Act, the decision is advisory.

The Annual General Meeting on June 24, 2020 has approved the remuneration policy (Remuneration Policy). The remuneration policy is presented to the Annual General Meeting every four years unless an amended remuneration policy is presented to the Annual General Meeting before that.

The remuneration of the members of the Board of Directors and the Managing Director in the financial year 2021 was carried out in accordance with the approved Remuneration Policy. The company's remuneration policy for the Board of Directors states:

" The Annual General Meeting approves the Board of Directors remuneration for the Board of Directors work as a separate item on the agenda of the Annual General Meeting.

Due to Reka Industrial's ownership structure company's member of the Board of Directors can be member of the Board of Directors in subsidiaries and get compensation. In addition, the Board of Directors can decide of separate remuneration, when member of the Board of Directors is taking additional

measures and time for implementing company's important project (financing, acquisition, contract)

All remunerations paid are reported in the remuneration report. "

In 2021, the company's Annual General Meeting in April confirmed the remuneration of the Board of Directors until the next Annual General Meeting.

During the financial year 2021, no temporary deviations were made from the approved Remuneration Policy and no fees were recovered.

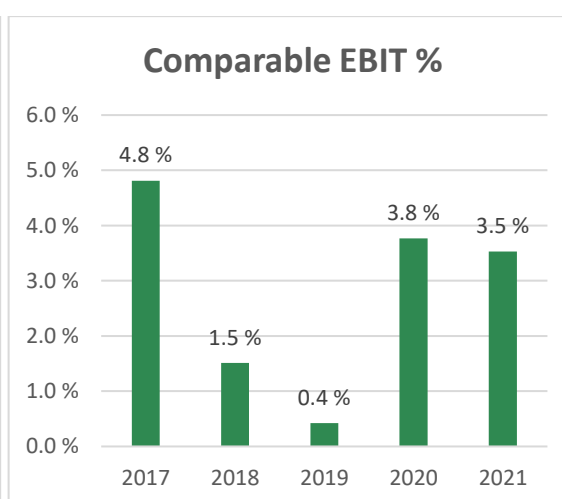
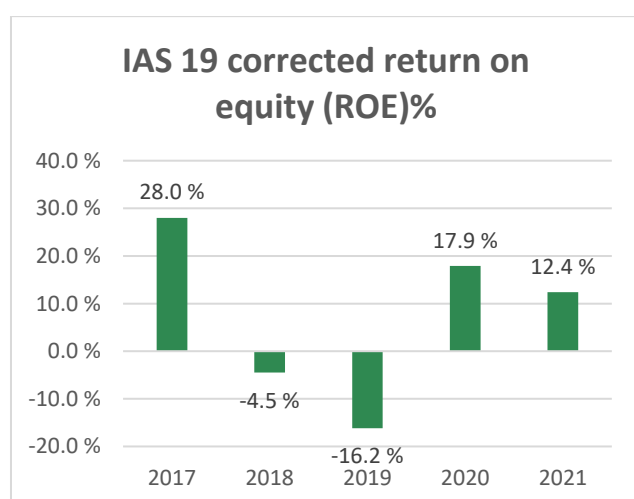
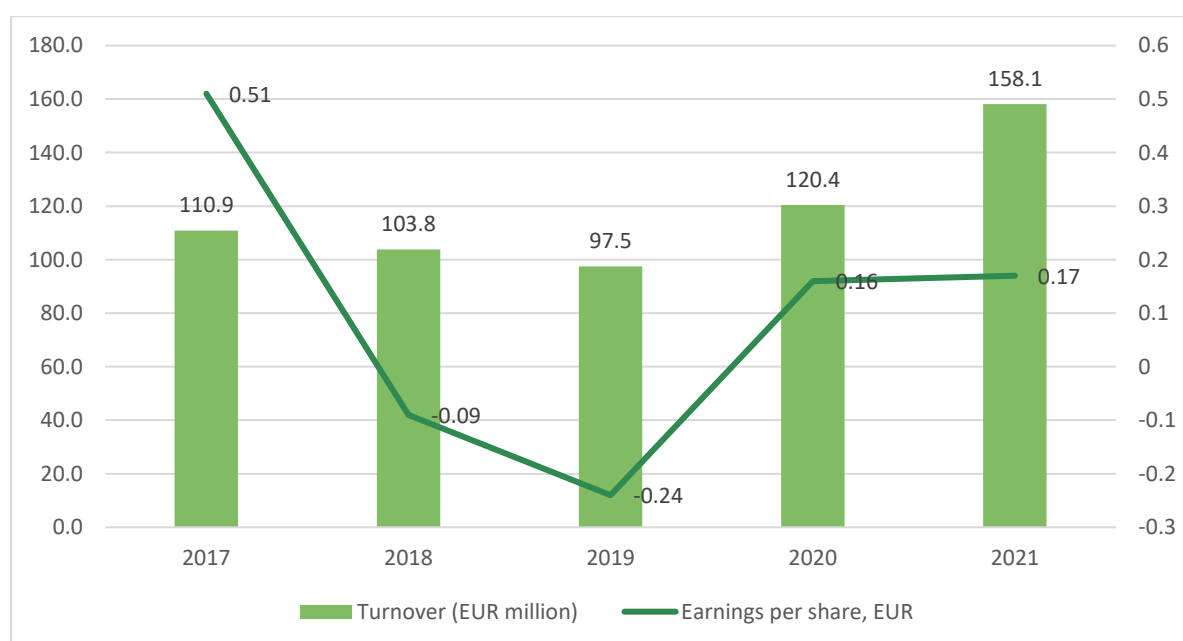
Remuneration should ensure the common long-term interests of the company and its shareholders and encourage and engage motivated and competent members of the organs to act in accordance with common goals. When deciding on the levels and structures of total remuneration, the Board takes into account the financial and operational results as well as non-financial Reka Industrial's long-term goals.

Managing Director's total remuneration consists of a fixed base salary with fringe benefits consist of a basic salary and variable incentives, i.e., performance-based remuneration. Managing Director's variable incentives include a three-year incentive plan (LTI) based on the company's long-term goals and an annual incentive plan (STI).

2. DEVELOPMENT OF FINANCIAL PERFORMANCE AND REMUNERATION

Comparable operating profit has been calculated in accordance with the accounting principles of the financial statements 2021. In June 2020, the Group acquired the entire share capital of Reka Rubber. In this way, a rubber industry was formed in Reka Industrial alongside the previously acquired cable industry.

Company metrics





Remuneration development of personnel	2017	2018	2019	2020	2021
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Managing Director (EUR 1,000)	299	325	404	439	414
Reka Industrial's average employee (EUR 1,000)	43	45	42	39	33

The remuneration of the average employee of the Reka Industrial Group has been calculated by dividing the personnel costs in the financial statements by the average number of employees for the financial year in question (excluding the remuneration of the Managing Director). Remuneration of Reka Industrial's average employee includes the following components of personnel expenses: salaries and fees. Reka Rubber's personnel expenses have been taken into account as of July 1, 2020.

Board of Directors, fees decided by the Annual General Meeting	2017	2018	2019	2020 until 24/11/2020	2020 starting from 25/11/2020-	2021
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Chairman of the Board (EUR)						
annual basic remuneration	12.500	12.500	12.500	12.500	25.000	32.000
meeting fee / per meeting	600	600	600	600	-	-
performance bonus, realized in the payment year (EUR)	50.000	0	0	12.225	-	-
Vice Chairman of the board (EUR)						
annual basic remuneration	10.000	10.000	10.000	10.000	18.000	25.000
meeting fee / per meeting	600	600	600	600	-	-
performance bonus, realized in the payment year (EUR)	25.000	0	0	6.113	-	-
Member of the Board (EUR)						
annual basic remuneration	10.000	10.000	10.000	10.000	18.000	25.000
meeting fee / per meeting	600	600	600	600	-	-
performance bonus, realized in the payment year (EUR)	25.000	0	0	6.113	-	-
Member of the Audit Committee/ Chairman						
annual basic remuneration (Starting from 25/11/2020)	-	-	-	-	2.500	2.500
meeting fee / per meeting (Until 24/11/2020)	600	600	600	600	-	-

Until the Extraordinary General Meeting in November 2020, the Board of Directors had a performance bonus scheme, which was tied to the development of the company's share price. The performance bonuses paid are presented in the table above by payment year.

As of the Extraordinary General Meeting in November 2020, the annual committee fee will be paid in addition to the basic annual fee of the Chairman, Vice Chairman or other members of the Board. The basic annual fee (12 months) and the committee fee (12 months) are determined annually at the Annual General Meeting.



According to remuneration policy a member of the Board of Directors can be member of the Board of Directors in subsidiaries and get compensation. In addition, the Board of Directors can decide of separate remuneration, when member of the Board of Directors is taking additional measures and time for implementing company's important project (financing, acquisition, contract).

3. REMUNERATION OF THE BOARD FOR THE YEAR 2021

The remuneration of Reka Industrial Plc's Board of Directors is not a calendar year. The remuneration levels decided by the previous Annual General Meeting will be followed until the next Annual General Meeting. The new remuneration levels will be applied from the decision of the new Annual General Meeting.

The annual remuneration is thus 12-month remuneration, but the remuneration level is not based on the calendar year. Circa 40 per cent of the annual remuneration will be paid with the shares of the company and the rest in cash.

If the Annual General Meeting is substantially postponed (eg due to Covid - 19), the remuneration levels decided by the new Annual General Meeting will be complied with. from the date of the ordinary Annual General Meeting.

In 2021:

In 2021, the remuneration decided by the Extraordinary General Meeting held in November 2020 were paid until the Annual General Meeting of 2021 and thereafter in accordance with the remuneration level decided by the Annual General Meeting held on April 8, 2021.

The remuneration report presents the various remuneration items separately.

Travel and accommodation expenses for meetings were paid against invoices.

Based on their Board or committee membership, the members of the Board did not receive any financial benefits from the company other than those mentioned in this Remuneration Report.

Member of the Board	Annual basic remuneration	Annual committee remuneration	Meeting fee	Total
	Remuneration paid / due	Remuneration paid / due	Paid	
Markku E. Rentto	14.714 / 24.000	0	1.800	40.514
Ari Järvelä	11.245 / 18.750	658 / 1.875	2.400	34.928
Marjo Matikainen-Kallström	11.245 / 0	658 / 0	2.400	14.303
Matti Hyytiäinen	4.734 / 18.750	0	0	23.484
Olli-Heikki Kyllönen	4.734 / 18.750	0	0	23.484
Leena Saarinen	0 / 18.750	0 / 1.875	0	20.625
Total	46.672 / 99.000	1.316 / 3.750	10.350	157.338

4. REMUNERATION OF THE MANAGING DIRECTOR

The Managing Director's total remuneration consists of a fixed base salary with fringe benefits and variable incentives, i.e., performance-based remuneration. The Managing Director's variable incentives include an incentive scheme based on the company's long-term goals and an annual incentive scheme.

When deciding on the levels and structures of total remuneration, the Board takes into account the financial and operational results as well as Reka Industrial's long-term goals.

In long-term incentive plans, the vesting periods are at least three years. Each earning period may have one or more earning criteria.

The Board of Directors clearly determines how each earning criterion is measured and the maximum reward at the same time as the target setting. No remuneration will be paid unless the minimum target set by the Board for the earnings criterion is reached

Remuneration of the Managing Director 2021:

	Remuneration due		
Managing Director (EUR 1,000)	Salary, remuneration and benefits paid during the financial year 2021	STI 2021 (payment in the financial year 2022)	Remuneration from LTI (payment 2023 -)
Fixed basic salary	266		
Short-term incentive bonus	146	180	
Long-term incentive bonus			105
Other financial benefits	2		
Total	414	180	105
Relative share of fixed and variable components	59 % / 41 %		

No remuneration other than those shown in the table above has been confirmed for the Managing Director for the financial year 2021. The current long-term incentive premium (LTI) covers the years 2020–2022 and is therefore payable in 2023.

The Managing Director has no deviant pension plans.

The Managing Director also serves as Managing Director of the subsidiary Reka Cables Ltd. All fees paid from Reka Cables Ltd are paid in cash. 40% of the fees to be paid for Reka Industrial will be paid in shares and the rest in cash. Due fees have been taken into account for both companies.



The notice period for Managing Director's employment is 3 months and severance pay is the full salary of 9 months. According to the agreement, the Managing Director will lose non-free incentive bonuses in the event of termination of his executive contract.

REKA

INDUSTRIAL

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