

STATEMENT ON SALARIES AND REMUNERATION 2016

MANAGEMENT'S REMUNERATION

MEMBERS OF THE BOARD OF DIRECTORS

The remuneration of the members of the Board of Directors is decided on by the Annual General Meeting of Honkarakenne Oyj. The Chairman of the Board of Directors is paid a monthly fee of EUR 4,000, the deputy chairman EUR 2,000 and the other members EUR 1,500. If the Board of Directors establishes committees from amongst its number, the committee members are paid a fee of EUR 500 per meeting. In 2016 the Board of Directors established the Nomination and Remuneration Committee amongst its members. In addition, the members' travel and accommodation costs are reimbursed against an invoice.

PRESIDENT AND CEO

The Board of Directors decides on the President and CEO's salary, bonuses and other terms of employment. In financial year 2016 the Presidents and CEO was Marko Saarelainen. Marko Saarelainen's salaries were 248,793.92 euros and it included 554.92 euros fringe benefits. Marko Saarelainen's salary was paid partly by the parent company in Finland and partly by Japanese subsidiary. In addition, the CEO is included in the company's incentive scheme. No performance bonuses were paid on the basis of the 2016 performance bonus scheme.

In addition to statutory pension security, additional pension security has been arranged for the CEO and its cost amounted to 17.500,00 euros. No particular agreements have been made regarding the retirement age of the CEO and CEO's retirement age complies with current legislation. In addition, if a performance target set separately by the Board of Directors is

achieved, the CEO is entitled to receive an additional pension equivalent to one month's salary.

The CEO has a six-month period of notice. If the company decides to terminate his employment contract, the period of notice is six months. If the company terminates the CEO's employment contract, he will receive monetary compensation equal to 6 months' pay in addition to his salary for that period.

PERFORMANCE BONUS CRITERIA OF THE CEO

In accordance with the rules for the short-term incentive bonuses of the senior management, the CEO can be paid a performance bonus maximum of equal to six months' salary.

The Board of Directors determines the annual performance criteria for CEO. CEO's performance criteria in year 2016 were the company's result before taxes.

No performance bonuses were paid on the basis of the 2016 performance bonus scheme.

OTHER MEMBERS OF THE EXECUTIVE GROUP

The annual salaries of the other members of the Executive Group in the 2016 financial year amounted to EUR 527,931.69 euros, of which fringe benefits accounted for EUR 20,183.41. No performance bonuses were paid in 2015. In addition to statutory pension security, additional individual pension security has been arranged for the other members of the Executive Group. The cost to the company of these additional plans was 34,857.00 euros in 2016. In addition, if a performance target set separately by the Board of Directors is achieved, the members of the Executive Group are entitled to receive an additional pension equivalent to one month's salary.

PERFORMANCE BONUS SCHEME

The Board of Directors decides on the calculation method and amount of the performance bonus scheme for one year at a time.

Honkarakenne Oyj has a performance bonus scheme, which includes a performance bonus scheme for the company's Executive Group. Executive Group Member can be paid a performance bonus equal maximum of 50 % of member's annual salary of the year under review.

In 2016 bonus criteria for Executive Group Members were the same as criteria for CEO.

No performance bonuses were paid on the basis of the 2016 performance bonus scheme.

LONG-TERM INCENTIVE SCHEME

SHARE BASED INCENTIVE PLAN 2013-2016

The Board of Directors decided on a long-term share-based incentive plan for the Group key employees on 20 June 2013. The performance period of the new plan began on 1 January 2013 and will end on 31 December 2016. The potential reward for the performance period is based on the cumulative earnings per share (EPS) for 2013 – 2016 and on the average return on capital employed (ROCE) for 2013 – 2016.

Any rewards for the performance period 2013–2016 will be paid partly as B-shares and partly in cash in 2017. The cash proportion is intended to cover taxes and tax-related costs arising from the rewards to the key employees. No reward will principally be paid, if a key employee's employment or service at the Company ends before reward payment.

The members of the Executive Group of Honkarakenne Oyj belong to the target group of the Plan. The reward to be paid on the basis of the performance period 2013–2016 corresponds to a total maximum of approximately 340,000 B-shares, including the amount to be paid in cash.

The performance period of the share-based incentive plan concluded at the end of 2016 and no rewards will be paid under

the plan; the payouts had already been assessed as zero a year ago.

HONKA MANAGEMENT OY

On 31 May 2010, the Board of Directors of Honkarakenne Oyj decided on an Executive Group bonus scheme, with the aim of enabling significant long-term management shareholdings in the company. To this end Honka Management Oy acquired a total of 286,250 B shares in Honkarakenne Oyj in 2010-2011. In December 2016 Honka Management Oy's shareholders agreed by consensus to dissolve the scheme, with Honkarakenne Oyj acquiring all Honka Management Oy's shares by purchase from executives involved in the scheme at a unit price of €1. Honkarakenne Oyj's earlier ownership of the shares in Honka Management Oy was 47 %.