

EVLI

EVLI PLC

REMUNERATION REPORT

2022



Remuneration Report 2022

This Remuneration Report sets out how Evli Plc ("Evli" or "company") has implemented its Remuneration Policy in 2022 and presents the remuneration and other financial benefits paid to the members of the Board of Directors ("Board") and the Group's CEO during the year.

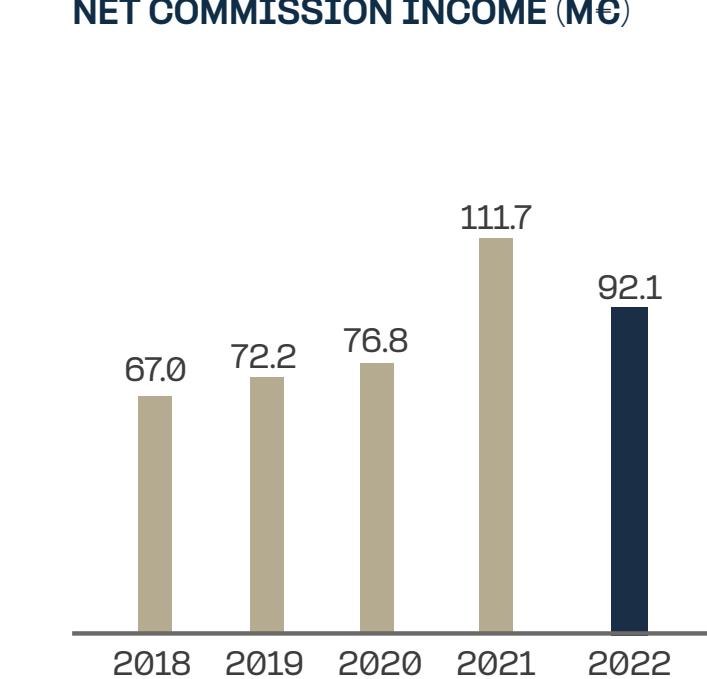
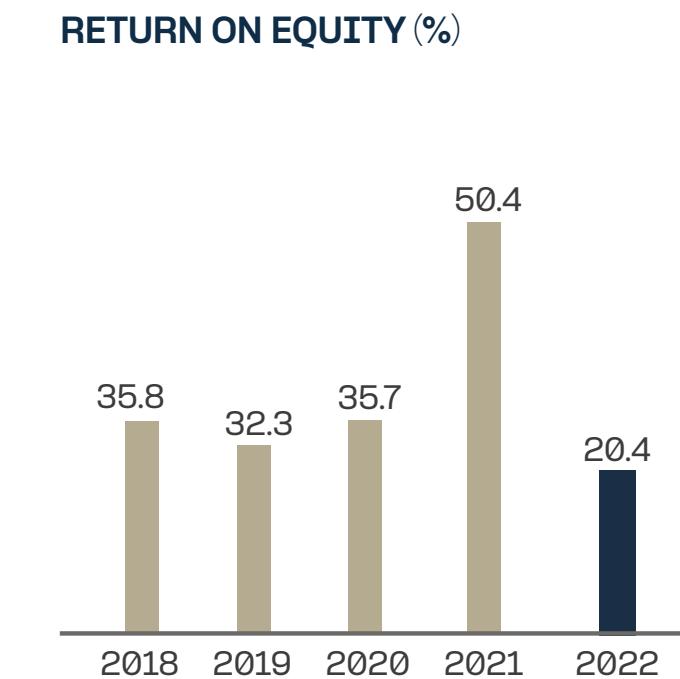
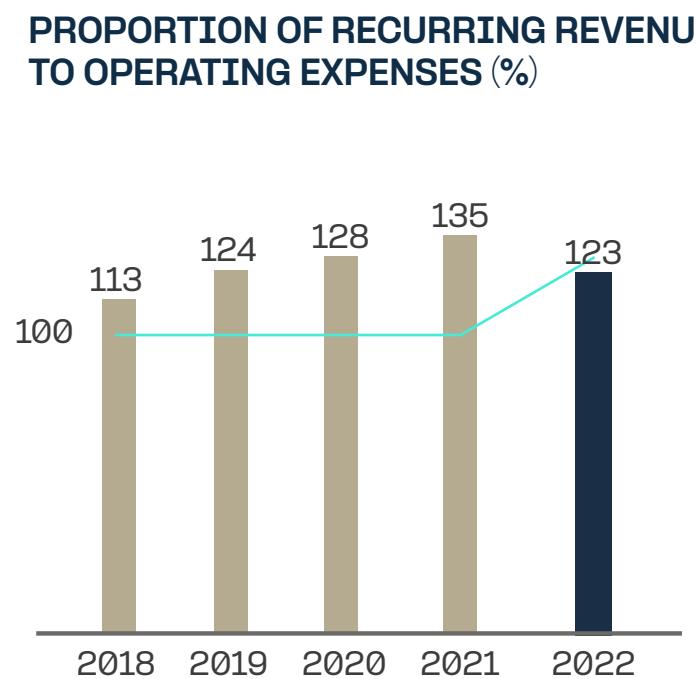
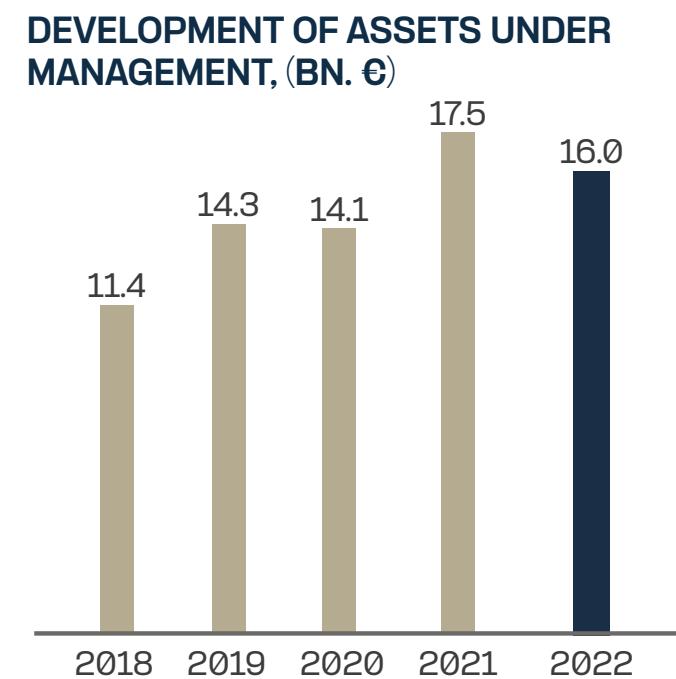
Evli Plc was created as a result of a partial demerger from Evli Bank Plc on April 2, 2022. Remuneration of the company's governing bodies is based on the Remuneration Policy that was presented for an advisory decision at the Annual General Meeting held on March 9, 2022. The policy will be applied until the Annual General Meeting 2026, unless the Board decides to bring it forward for an advisory decision at an earlier General Meeting.

The Remuneration Report has been reviewed by Evli's Compensation Committee and approved by the Board. The shareholders will make an advisory decision on the approval of the Remuneration Report 2022 at Evli's Annual General Meeting in spring 2023.

Overview of remuneration in 2022

The decision-making process on remuneration, as defined in the Remuneration Policy, has been followed in the remuneration decision-making in 2022. No temporary deviations from the Remuneration Policy were applied in 2022. Furthermore, the Board did not observe any circumstances or activities that would have resulted in a need to apply claw-back clauses applicable to the CEO's variable remuneration in 2022. Regardless of the extraordinary business environment, the Board did not deem it necessary to use its right to adjust the performance criteria applied in 2022.

In line with the Remuneration Policy, remuneration in 2022 has supported Evli's business strategy with a focus on creating long-term growth and shareholder value. Although a significant part of the CEO's total remuneration is in the form of fixed payments, performance-based components are set to encourage the achievement of targets. Remuneration is balanced to avoid excessive risk-taking. The Compensation Committee has evaluated



¹ The Board of Directors proposal to the Annual General Meeting

the CEO's remuneration for 2022 to ensure a competitive and fair total remuneration opportunity compared to relevant peers and the market. To encourage share ownership in the company, shareholding guidelines for the CEO were in place to further support and align shareholder and top executive interests.

Development of financial performance and remuneration

5-year development of financial performance

Evli's business has developed positively over the past five years. The review takes into account the investment services activities of Evli Bank Plc. The company has set four key performance indicators that it considers to be good proxies for its business performance. These are the development of assets under management, the recurring revenue ratio, return on equity and net commission income. From a shareholder perspective, the company has been able to provide stable returns to investors as depicted by dividend per share development.

Remuneration of the Board of Directors in 2022

Evli's General Meeting decides on the compensations payable to the Board members. The Annual General Meeting of March 9, 2022 made the following resolution on the compensation for attendance at meetings payable to the Chairman of the Board and other members:

- Chairman of the Board EUR 7,500 per month
- Chairmen of the committees EUR 6,000 per month
- Members EUR 5,000 per month

The Board has established and appointed an Audit and Risk Committee and a Compensation Committee to prepare matters to be handled by the Board. In 2022, the total compensation paid to the Evli Group Board members amounted to EUR 399,000. This sum is made up of meeting participation fees related to the work carried out in the Board and its committees. In 2022, the Board members did not receive any shares or share-based rights as compensation for their work, nor were they granted any other benefits.

5-YEAR DEVELOPMENT OF REMUNERATION⁴

	2022	2021	2020	2019	2018
BOARD OF DIRECTORS					
Chairman of the Board of Directors, EUR	90,000	90,000	84,000	90,000	86,500
Development, %	–	7%	–7%	4%	20%
Chairmen of the committees (on average), EUR	72,000	70,500	67,200	72,000	70,834
Development, %	2%	5%	–7%	2%	35%
Other members of the Board of Directors (on average), EUR	60,000	60,000	56,000	60,000	60,000
Development, %	–	7%	–7%	–	22%
CEO					
CEO, EUR	626,010	699,888	446,605 ³	488,116 ²	440,109
Development, %	–11%	57%	–9%	11%	4%
AVERAGE EMPLOYEE SALARY					
Total salary costs, EUR	32,100,000	29,500,000	24,600,000	29,000,000	22,700,000
Number of employees at the end of the year	344	290	261	249	254
Average salary for the employees, EUR ¹	103,780 ⁵	101,724	94,253	116,466	89,370
Development, %	2%	8%	–3%	9%	–8%

¹ The salary development of the average employee is calculated from personnel expenses by deducting other personnel expenses from the total and dividing it by the number of employees at the end of the year.

² In addition, the CEO subscribed to the 212,500 shares granted to him in the Option-program 2014. The total value of the subscription was EUR 1,810,500 based on the closing price on the subscription day.

³ In addition, the CEO subscribed to the 40,000 shares granted to him in the Option-program 2016. The total value of the subscription was EUR 372,000 based on the closing price on the subscription day.

⁴ The figures for 2018–2021 are those of Evli Pankki Plc. Evli Plc was created by a partial demerger from Evli Bank Plc on April 2, 2022.

⁵ The calculation of the average salary takes into account the merger of EAB Group Plc, which effected the salary payments and number of employees only during the last quarter of the year.

COMPENSATION PAID TO THE MEMBERS OF THE BOARD, €

	2022
Henrik Andersin, Chairman of the Board	90,000
Fredrik Hacklin, member of the Board of Directors	60,000
Sari Helander, member of the Board of Directors, Chairman of the Compensation Committee	72,000
Robert Ingman, member of the Board of Directors	60,000
Antti Kuljukka, member of the Board of Directors (member starting April 2, 2022)	45,000
Teuvo Salminen, Vice Chairman of the Board, Chairman of the Audit and Risk Committee	72,000
TOTAL	399,000

Remuneration of the CEO

The Board of Evli Group adopts the principles and elements of the remunerations for the CEO on an annual basis. The remuneration of the CEO follows Evli's Remuneration Policy in force. All changes in the CEO's salary and remuneration are subject to the Board's approval.

Application of performance criteria in 2022

In 2022, Evli had a short-term incentive plan in place for the CEO. No long-term incentive plans were issued to the CEO during 2022. The short-term and long-term incentive plan performance criteria are evaluated annually by the Board. In accordance with the remuneration policy, variable remuneration may not exceed 200 percent of the annual fixed remuneration. The purpose of the short-term incentive is to incentivise for the achievement of stretched financial and non-financial short-term targets aligned with the business strategy. The short-term incentive plan remuneration is dependent on the financial performance of Evli, as well as reaching strategic targets. The Board of Directors decided on the performance targets and maximum amount of the short-term incentive plan for 2022 at the beginning of the financial year as follows:

SHORT-TERM INCENTIVE PLAN CRITERIA 2022	WEIGHT
Evli Group financial performance	50%
Group level Key Performance Indicator targets	30–50%
Finalising strategic projects	0–20%

Since there were strategically significant corporate restructuring during the review period, the performance evaluation emphasized the success of strategic projects over other performance goals. With regard to the projects, the company estimated that the objectives have been met and management was eligible to variable remuneration. In accordance with the regulations, the remuneration will be paid in installments: in spring 2023 (50%) and during the next three years in steps totaling 50 percent. The realisation of short-term incentives in 2022 was around 20 percent of the maximum compensation according to the remuneration policy.

During 2022, the company paid the CEO remuneration in accordance with the performance targets set for the financial year 2021, which were based on the performance targets of the 2021 short-term incentive plan and the delayed 2018 short-term variable remuneration.

Share-Based Incentives

Evli's long-term incentive plans have been implemented mainly as restricted share plan (RSP) schemes. The purpose of the share-based retention plans is to encourage the executives and the selected key employees to work on a long-term basis to increase shareholder value and to commit to the company. The Board decides annually on the issuance of new plans based on the Compensation Committee's proposal within limits provided by the General Meeting.

The Restricted Share Plan offers an opportunity to earn a predetermined number of the company's shares as a reward for continuous service and retention. Evli's Restricted Share Plans consist of one to three, annually commencing periods followed by vesting periods of a minimum of three years. After the vesting period, shares in the Restricted Share Plans are usually delivered to the participants provided that their employment with the company has continued uninterrupted throughout the duration of the plan and until the shares are delivered. The vesting period is further followed by a one-year waiting period in accordance with the regulation set for the financial sector. The possible rewards under the Restricted Share Plans are paid as a combination of shares and cash. The cash component is dedicated to cover the taxes and tax-related costs related to restricted shares.

SUMMARY OF SHARE-BASED INCENTIVES PAID TO THE CEO AND DEPUTY CEO

PLAN – INSTALLMENT	GRANT DATE	GRANTED INSTALLMENTS, NUMBER OF SHARES ¹		VESTING PERIOD	PAYMENT YEAR	WAITING PERIOD
		CEO	DEPUTY CEO			
Restricted share plan 2017 – Installment 3	30.9.2019		9,200	3 years	2022	+1 year
Restricted share plan 2018 – Installment 3	11.6.2020		4,667	3 years	2023	+1 year
Restricted share plan 2019 – Installment 1	14.6.2019	50,000	30,000	3 years	2023	+1 year

¹ Gross number of shares before income taxes on the payment of shares.

No share-based incentives were granted to the CEO during the reporting period 2022. No share-based incentives were paid to him during the year ended.

Remuneration of the CEO in 2022

Evli's CEO in 2022 was Maunu Lehtimäki. The CEO was paid EUR 489,040 in salary and fringe benefits, performance bonuses amounting to EUR 63,614 and a supplementary pension of EUR 73,356, totaling EUR 626,010. The CEO has no significant separate fringe benefits and is covered by the shared Evli Group reward system. The CEO is covered by a six-month period of notice binding to both parties. The CEO is entitled to receive a severance pay corresponding to 12-months' salary if the CEO's contract is terminated by the company.

REMUNERATION OF THE CEO IN 2022

CEO, €	BASE SALARY	ADDITIONAL PENSION PAYMENT	PAID ANNUAL INCENTIVE	PAID LONG-TERM RETENTION	TOTAL PAID COMPENSATION	EARNED ANNUAL INCENTIVE	EARNED LONG-TERM RETENTION	TOTAL
CEO, MAUNU LEHTIMÄKI	489,040 ¹	73,356	63,614 ²	— ³	626,010	200,000 ⁴	— ⁵	826,010 ⁶

¹Including fringe benefits.

²Annual incentives earned in 2021 and annual incentives earned and delayed in 2018.

³No installments paid in 2022.

⁴Earned in 2022. In accordance with the regulations, part of the renumeration will be paid in 2023 and part will be delayed for 3 years and will be paid in steps.

⁵No long-term compensation program has been introduced for the CEO in 2022.

⁶Total compensation earned in 2022. Base salary is paid in 2022 and incentives partly paid in 2023 and partly in steps over the next three years.

STRUCTURE OF PAID COMPENSATION IN 2022



STRUCTURE OF EARNED COMPENSATION IN 2022



CFO, JUHO MIKOLA



REMUNERATION OF THE DEPUTY CEO IN 2022

DEPUTY CEO, €	BASE SALARY	ADDITIONAL PENSION PAYMENT	PAID ANNUAL INCENTIVE	PAID LONG-TERM RETENTION	TOTAL PAID COMPENSATION	EARNED ANNUAL INCENTIVE	EARNED LONG-TERM RETENTION	TOTAL
CFO, JUHO MIKOLA	215,840 ¹	—	99,222 ²	147,691 ³	462,753	82,645 ⁴	— ⁵	545,398 ⁶

¹Including fringe benefits.

²Annual incentives earned in 2021 and annual incentives earned and delayed in 2018.

³Payment for the long-term incentives for 2017.

⁴Earned in 2022. In accordance with the regulations, part of the renumeration will be paid in 2023 and part will be delayed for 3 years and will be paid in steps.

⁵No long-term compensation program has been introduced for the Deputy CEO in 2022.

⁶Total compensation earned in 2022. The base is paid in 2022 and the incentives partly in 2023 and partly in steps over the next three years.

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