

EVLI

EVLI PLC

REMUNERATION REPORT

2023



Remuneration Report 2023

This Remuneration Report sets out how Evli Plc (“Evli” or “company”) has implemented its Remuneration Policy in 2023 and presents the remuneration and other financial benefits paid to the members of the Board of Directors (“Board”) and to the Group’s CEO and the Deputy CEO during the year. Remuneration of the company’s governing bodies and their members is based on the Remuneration Policy approved 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 2023 at Evli’s Annual General Meeting in spring 2024.

Overview of remuneration in 2023

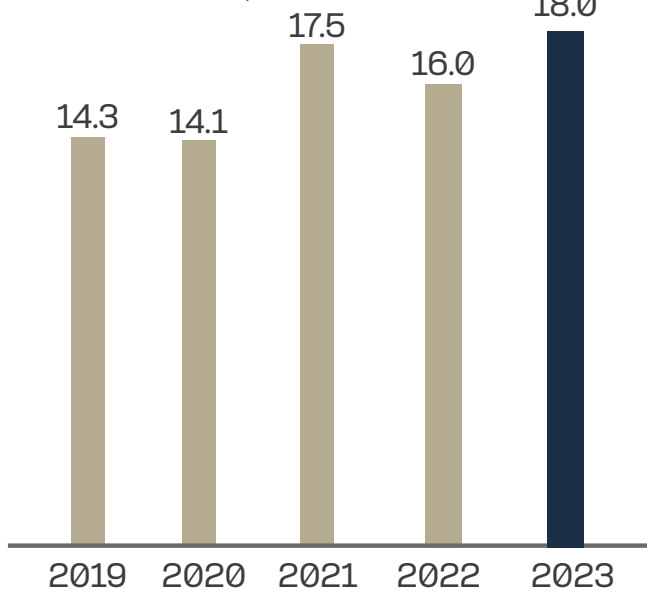
The decision-making on remuneration has been made in accordance with the decision-making process defined in the Remuneration Policy. No temporary deviations from the Remuneration Policy were applied in 2023. Furthermore, the Board did not observe any circumstances or activities that would have resulted in a need to apply claw-back clauses applicable to the CEO’s variable remuneration in 2023. The Board also did not deem it necessary to use its right to adjust the performance criteria applied in 2023.

In line with the Remuneration Policy, remuneration in 2023 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 and the Deputy 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 the CEO’s and the Deputy CEO’s remuneration for 2023 to ensure a competitive and fair total remuneration 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.

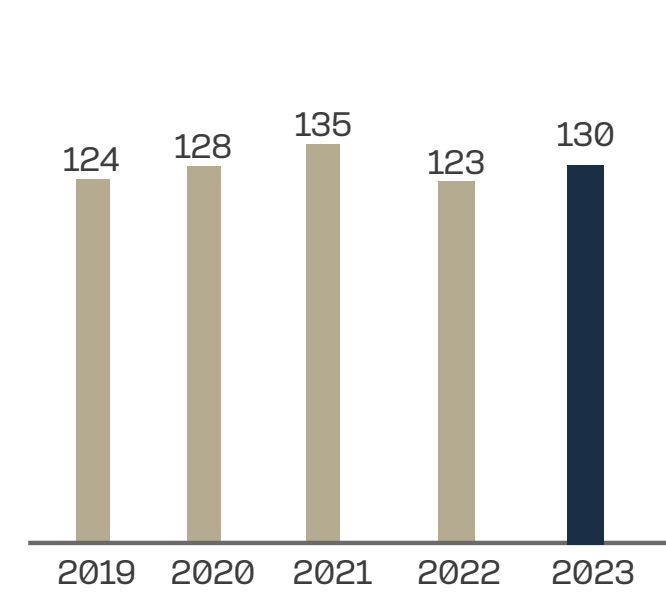
Development of financial performance and remuneration

Evli’s business has developed positively over the past five years. The review takes into account the investment services activities carried out before the foundation of Evli Plc, during the period 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.

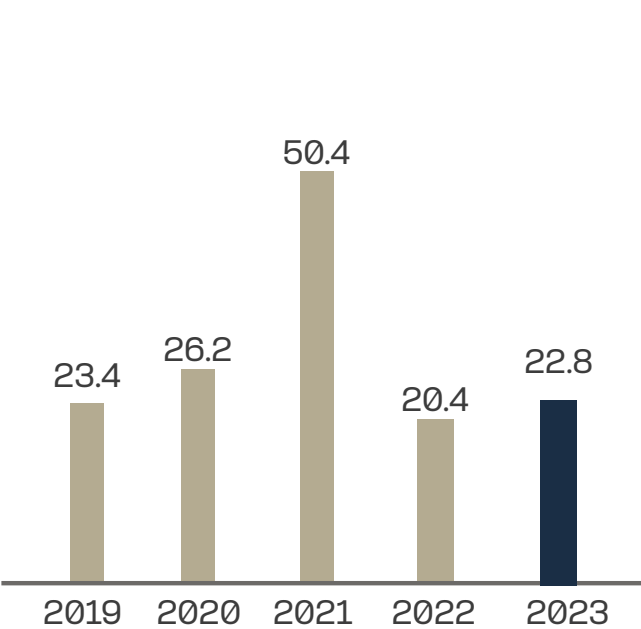
DEVELOPMENT OF ASSETS UNDER MANAGEMENT, (BN. €)



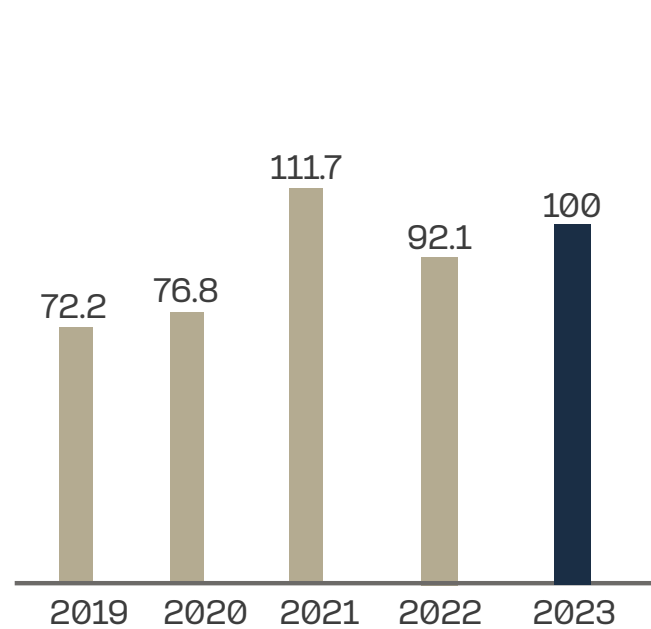
PROPORTION OF RECURRING REVENUE TO OPERATING EXPENSES (%)



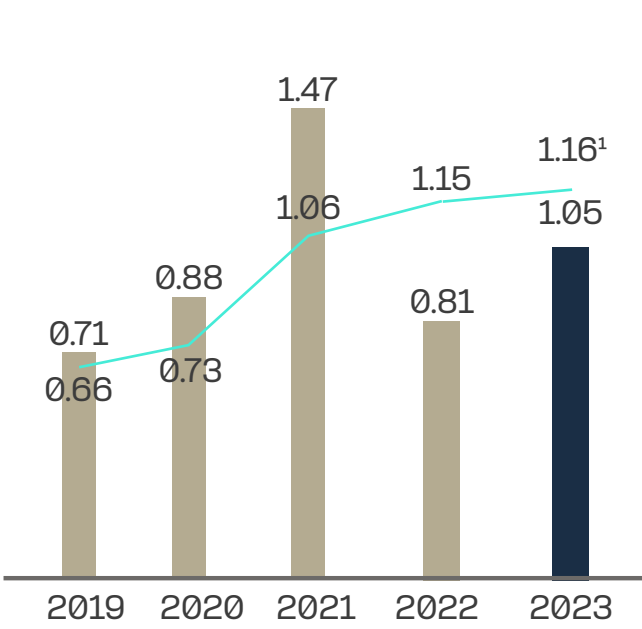
RETURN ON EQUITY (%)



NET COMMISSION INCOME (M€)



DIVIDEND & EARNINGS/SHARE (€)



¹ Board of Directors’ proposal to the annual general meeting

YEAR DEVELOPMENT OF REMUNERATION

	2023	2022	2021	2020	2019
BOARD OF DIRECTORS					
Chairman of the Board of Directors, EUR	90,000	90,000	90,000	84,000	90,000
Development, %	–	–	7	–7	4
Chairmen of the committees (on average), EUR	71,000	72,000	70,500	67,200	72,000
Development, %	–1	2	5	–7	2
Other members of the Board (on average), EUR	60,000	60,000	60,000	56,000	60,000
Development, %	–	–	7	–7	–
CEO					
CEO, EUR	844,204 ⁴	626,010	699,888	446,605 ³	488,116 ²
Development, %	35	–11	57	–9	11
AVERAGE EMPLOYEE SALARY					
Total salary costs, EUR	33,100,000	32,100,000	29,500,000	29,000,000	29,000,000
Number of employees at the end of the year	354	344	290	261	249
Average salary for the employees, EUR ¹	93,503	103,780 ⁵	101,724	116,466	116,466
Development, %	–10	2	8	–3	9

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. The comparability of wage developments is weakened by the variability of fixed-term contracts from one year to the next.

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 In addition, the CEO received 50,000 shares granted to him in the Option-program 2019. The total value of the subscription was EUR 992,516 based on the closing price on the subscription day.

Remuneration of the Board of Directors in 2023

Evli Plc's General Meeting decides on the compensations payable to the Board members. The Annual General Meeting of March 14, 2023, 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 2023, the total compensation paid to the Evli Group Board

members amounted to EUR 414,652. This sum is made up of meeting participation fees related to the work carried out by the Board and its committees. In 2023, the Board members did not receive any shares or share-based rights as compensation for their work, nor were they granted any other benefits.

COMPENSATION PAID TO THE MEMBERS OF THE BOARD, €

	2023
Henrik Andersin, Chairman of the Board	90,000
Christina Dahlblom, Member of the Board since March 14, 2023	48,043
Fredrik Hacklin, Member of the Board, Chairman of the Compensation Committee	70,000
Sari Helander, Member of the Board, Chairman of the Audit and Risk Committee	72,000
Robert Ingman, Member of the Board	60,000
Antti Kuljukka, Member of the Board	60,000
Teuvo Salminen, Member of the Board until March 14, 2023	14,609
TOTAL	414,652

Remuneration of the CEO and the Deputy CEO in 2023

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

Short-term incentives in 2023

In 2023, Evli had a short-term incentive plan in place for the employees, including the CEO and the Deputy CEO. The incentive plan performance criteria are evaluated annually by the Board. The performance targets linked to the short-term incentive for the CEO and his deputy for 2023 are presented in the table on next page. In accordance with the remuneration policy, variable remuneration may not exceed 200 percent of the annual fixed remuneration. The purpose of short-term incentives is to encourage the achievement of financial and other short-term objectives in line with the business strategy. The short-term incentive plan remuneration is dependent on the financial performance of Evli, as well as reaching strategic targets.

SHORT-TERM INCENTIVE PLAN CRITERIA 2023

	WEIGHT	ACHIEVEMENT, CEO	ACHIEVEMENT, DEPUTY CEO
Evli Group financial performance, development of the operating profit	50%	Exceeded	Exceeded
Group level Key Performance Indicator targets	30–50%	Partly exceeded	Partly exceeded
Finalizing strategic projects	0–20%	Partly exceeded	Partly exceeded

Although the business environment turned out to be extraordinary during 2023 due to realized geopolitical risks and a changed inflation and interest rate environment, no adjustments were made to the performance targets. For 2023, the achievement of the criteria is shown in the table above.

For the CEO, the short-term incentives earned in 2023 amounted to approximately 29 percent of the maximum compensation in accordance with the Remuneration Policy. For the Deputy CEO, the corresponding figure was approximately 29 percent. In accordance with the regulations, the remuneration will be paid in installments: 50 percent in spring 2024 and 50 percent in steps during the next three years. The delayed remuneration is linked to the performance of Evli Plc's share price during the delay period.

Long-term incentives in 2023

The existing long-term incentive plans for the CEO and his deputy have been implemented as performance share plans (PSP). 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 Performance Share Plan offers an opportunity to earn the company's shares as a reward for continuous service and retention of the company and the individual. Under performance share plans, rewards are granted on the achievement of targets linked to the plan. The grant is followed by a vesting period of at least three years. Granting is based on the Board's assessment of the achievement of the targets set for the plan at the given time. Share Plans are usually delivered to the participants after the delay period, provided that the conditions for payment of variable remuneration are met and 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 retention period of one year in accordance with the regulation set for the financial sector. The rewards under the Share Plans are paid as a combination of shares and cash. The cash component is dedicated to cover the taxes and statutory social security contributions related to shares.

The CEO and the Deputy CEO participated in the 2023 long-term incentive plan. In the plan, the target group has an opportunity to earn Evli Plc's series B shares based on performance. The performance period of the plan began on September 1, 2023, and will end on December 31, 2026. The performance criteria of the plan are tied to the operating profit of the company (EBIT). The potential rewards from the plan will be deferred and paid to participants approximately three years after the end of the performance period, in compliance with the legislation governing the financial sector. The payment of the rewards is followed by a retention period of one year, during which the key employee cannot transfer the shares paid as a reward.

During 2023, the CEO was paid a reward of 50,000 shares under the 2019 Restricted Share Plan. The Deputy CEO was paid a reward of 30,000 shares under the corresponding plan. In addition, he was paid a reward under the 2018 Restricted Share Plan equivalent to 4,667 shares.

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

PLAN – INSTALLMENT	GRANT DATE	GRANTED INSTALLMENTS, NUMBER OF SHARES ¹		PERFORMANCE PERIOD	VESTING PERIOD	PAYMENT YEAR	WAITING PERIOD
		CEO	DEPUTY CEO				
Restricted share plan 2018 – Installment 2	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
2023 long-term incentive plan	14.9.2023	max. 40,000	max. 40,000	3 years	3 years	2029	+1 year

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

Remuneration paid to the CEO and the Deputy CEO in 2023

REMUNERATION OF THE CEO IN 2023, €

	BASE SALARY	ADDITIONAL PENSION PAYMENT	PAID SHORT-TERM INCENTIVES	PAID LONG-TERM INCENTIVES	TOTAL
CEO, MAUNU LEHTIMÄKI	509,040 ¹	76,356	258,807 ²	992,516 ³	1,836,720

¹ Including fringe benefits.

² Total short-term incentives paid in 2023. The table below details the vesting periods for which short-term incentives paid in 2023 have vested. Incentive awards paid are always based on performance in previous years.

³ Includes the 2019 RS plan payment at 19.4729 EUR/share (exchange rate on 28.6.2023).

BREAKDOWN OF SHORT-TERM INCENTIVES PAID IN 2023

	FROM 2019	FROM 2020	FROM 2021	FROM 2022	TOTAL
CEO, MAUNU LEHTIMÄKI	158,808	–	–	100,000	258,807

The CEO has no significant separate fringe benefits and is covered by the shared Evli Group reward system. The CEO has a six-month notice period binding on 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.

The variable remuneration due to CEO Maunu Lehtimäki from 2023, which has not yet been paid at the time of publication of this report, amounts to EUR 300,000.

REMUNERATION OF THE DEPUTY CEO IN 2023, €

	BASE SALARY	ADDITIONAL PENSION PAYMENT	PAID SHORT-TERM INCENTIVES	PAID LONG-TERM INCENTIVES	TOTAL
CFO, JUHO MIKOLA	222,840 ¹	–	132,045 ²	688,151 ³	1,043,036

¹ Including fringe benefits.

² Total short-term incentives paid in 2023. The table below details the vesting periods for which short-term incentives paid in 2023 have vested. Incentive awards paid are always based on performance in previous years.

³ Includes the 2019 RS plan payment at 19.4729 EUR/share (exchange rate on 28.6.2023) and the 2018 RS plan payment at 19.4729 EUR/share (exchange rate on 28.6.2023).

BREAKDOWN OF SHORT-TERM INCENTIVES PAID IN 2023

	FROM 2019	FROM 2020	FROM 2021	FROM 2022	TOTAL
CFO, JUHO MIKOLA	90,723	–	–	41,322	132,045

The Deputy CEO has no significant separate fringe benefits and is covered by the shared Evli Group reward system. The deputy CEO has a notice period in accordance with the collective agreement in the financial sector binding on both parties.

The variable remuneration due to Deputy CEO Juho Mikola from 2023, which has not yet been paid at the time of publication of this report, amounts to EUR 127,500.

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