



EVLI

# Corporate Governance Statement 2021

EVLI BANK PLC

# Corporate governance statement

The governance of Evli Bank Plc (“Evli” or “company”) is based on the Articles of Association, the Finnish Limited Liability Companies Act, applicable statutory provisions governing the Finnish securities markets, the Market Abuse Regulation (MAR), the regulations of the Finnish Financial Supervisory Authority, the rules and regulations of Nasdaq Helsinki Ltd, and other statutes and regulations concerning the governance of public limited companies. The Articles of Association, the published policies and other information on Evli’s corporate governance can be found at the company’s website [www.evli.com/investors](http://www.evli.com/investors).

Evli also complies with the Finnish Corporate Governance Code issued by the Securities Market Association. The Code can be viewed in full on the Securities Market Association’s website at [www.cgfinland.fi/en](http://www.cgfinland.fi/en).

This Corporate Governance Statement referred to in Chapter 7, section 7 of the Securities Markets Act (746/2012) has been compiled in compliance with the Finnish Corporate Governance Code and it has been prepared as a separate report from the Board of Directors’ Report.

## Discrepancies:

Recommendation 15 - Election of Committee members: contrary to the Recommendation, the Remuneration Committee of Evli has two members. The reason for this deviation is the low number of Board members.

## Evli’s governance structure

Evli’s management and business operations are the responsibility of the General Meeting, the Board of Directors and the CEO, whose tasks are determined in the Finnish Limited Li-

## Evli Bank Plc’s Governance Structure



bility Companies Act and in Evli's Articles of Association. Evli Group's Executive Group assists the CEO in the operative management of the company. The Executive Group consists of managers of the business areas and group functions, and it helps the CEO in the approval and execution of Group-level operating principles and procedures.

Evli Bank's Board of Directors is primarily responsible for Evli Group's risk management. The Board of Directors confirms the principles and responsibilities of risk management, the risk limits of the Group and other general guidelines according to which the risk management and internal audit are organised.

### General Meeting of Shareholders

The ultimate decision-making power in the company is exercised by shareholders at General Meetings. By participating in the General Meeting either personally or via a proxy, a shareholder may exercise his/her right to vote and make inquiries and participate in decision-making on matters concerning the company. At the General Meeting, each Series A share of Evli Bank Plc entitles its holder to twenty (20) votes and each Series B share to one (1) vote.

General Meetings are held at least once a year. The Annual General Meeting (AGM) is held upon completion of the company's financial statements, at a place and on a date designated by the Board of Directors. The date must be no later than the end of June.

Matters to be discussed at a General Meeting are specified in the Limited Liability Companies Act and in Evli's Articles of Association. The General Meeting normally discusses not only the matters specified by law and in the Articles of Association but also items presented to the meeting by the Board of Directors. Under the Limited Liability Companies Act, shareholders are also entitled to bring up for discussion at a General Meeting any matter that falls within the authority of the meeting.

A notice to the General Meeting is published no earlier than three (3) months prior the record date of the General Meeting, and no later than three (3) weeks prior to the General Meeting, however, no later than nine (9) days before the record date of the General Meeting. The notice is published on Evli's website, [www.evli.com](http://www.evli.com) and as a stock exchange release. The Board of Directors may, at their discretion, announce the General Meeting in one or more newspapers.

Documents to be presented in the General Meeting and the Board's proposals for decisions to the General Meeting are made available at Evli's website ([www.evli.com](http://www.evli.com)) three (3) weeks before the General Meeting.

### Annual General Meeting (AGM)

At the AGM, information is presented about the company's activities. The AGM also decides on the following:

- the adoption of the financial statements of the previous financial year
- the company's profit distribution
- discharging the Board members and the CEO and his/her deputy from liability
- the election of Board members and their remuneration
- the appointment of auditors and their remuneration.

In 2021, the Annual General Meeting of Evli was held on March 9, 2021, by special arrangement without the presence of shareholders or their proxies. The Board of Directors of the company decided on the exceptional procedure for the General Meeting of Shareholders on the basis of the temporary law approved by the Parliament on September 15, 2020 (Act No. 677/2020 on the temporary deviation from the Companies Act (the "Temporary Act")). Shareholders and their proxies could only participate in the meeting and exercise their rights by voting in advance and by submitting counter-proposals and questions in advance. In the advance voting, 37 shareholders representing a total of 55 percent of the company's shares and 69 percent of all votes had participated.

### Extraordinary General Meeting

The Board of Directors may convene an Extraordinary General Meeting if it considers this necessary. The auditor and any shareholder with more than ten percent of the company's shares also have the right to demand that an Extraordinary General Meeting be called to discuss a matter to be presented by the auditor or shareholder. In 2021, an Extraordinary General Meeting was held on December 22, 2021, by special arrangement without the presence of shareholders or their proxies to decide on the partial demerger of Evli Bank Plc and the merger with Fellow Finance Plc. The Board of Directors of the Company resolved upon the extraordinary general meeting procedure pursuant to the Temporary Act (Act No 677/2020 on temporary derogation from the Limited Liability Companies Act, hereinafter the "Temporary Act") approved by the Parliament on September 15, 2020.

### Board of Directors

The AGM of Evli Bank Plc elects each year a Board of Directors, which, between General Meetings, exercises the ultimate decision-making power in Evli Group. The task of Evli's Board is to manage the company in accordance with the laws and official regulations, and in compliance with the Articles of Association and the decisions of the General Meeting.

### Duties of the Board of Directors

The Board has approved a written procedure defining its duties and meeting practices. The tasks of the Board are:

- taking responsibility for the company's administration and appropriate organisation of operations
- ensuring that the company's accounting and asset management are monitored in an appropriate manner
- the handling of all matters that are of extensive and fundamental importance for the operation of the company and the entire Group
- deciding upon the Evli Group's business strategy and approving the budget

- confirming the principles for the arrangement of Evli Group's risk management and internal audit
- appointing the CEO and the members of the Executive Group and relieving them of their duties
- deciding on the CEO's salary and other benefits
- approving the objectives for the Group's human resources planning, and monitoring the implementation of these objectives
- deciding the basis for the Group's remuneration system and other comprehensive matters that concern the personnel.

In accordance with the principles of good governance, the Board also ensures that the company, in its operations, endorses the corporate values that have been set out for compliance. The Board conducts an annual review of its activities and working practices in the form of an internal self-assessment.

### Composition of the Board of Directors

At the AGM, four to eight (4-8) members are elected to Evli's Board of Directors by representatives of major shareholders and external independent experts. The major shareholders of the company prepare a proposal on the composition of the Board for the AGM. The Board members should be elected so that the composition of the Board is as diverse as possible and supports Evli's business goals and meets the following principles:

- The Board as a whole must have sufficient competence and experience to be able to carry out its duties diligently and efficiently, taking into consideration the type and scope of the company's operations and its strategic goals and the changes within business and the rest of society.
- The members of the Board should have supplementary education and skills and experience in areas that are important to the company.
- The members of the Board should have experience of Board work and executive duties in business or other areas of society.

- The Board should include both men and women as far as is possible.
- The Board should also be diverse in terms of age distribution and number of terms.

In addition, in accordance with the Corporate Governance Code 2020, persons elected to the Board must have the opportunity to spend sufficient time carrying out their duties. All Board candidates must submit their own assessment of their independence to the Board at least once every year. In addition, the company also evaluates the independence of all existing members on the basis of documents in its possession and, when needed, using public documents in accordance with the Corporate Governance Code issued by the Securities Market Association in 2020 or other applicable regulations.

The Board members are elected for a term of one year, which starts at the conclusion of the AGM and ends at the conclusion of the next AGM following the election. The Board elects a Chairman and a Deputy Chairman among themselves.

Evli Bank Plc's AGM held on March 9, 2021, confirmed five (5) as the number of members of its Board of Directors. Henrik Andersin, Fredrik Hacklin, Sari Helander, Robert Ingman, and Teuvo Salminen were re-elected to Evli Bank Plc's Board of Directors. The Board elected Henrik Andersin as the Chairman and Teuvo Salminen as the Deputy Chairman.

In 2021, the Board of Directors convened nine times. The average attendance rate of Board members at the meetings was 100 percent. The participation of each member in the meetings is listed in table 1.

Evli's current Board of Directors consists of industry experts and the company's major shareholders. The Board has assessed the independence of its members and has concluded that all the members are independent of the company, excluding Henrik

Andersin. With the exception of Henrik Andersin and Robert Ingman, the other Board members are independent of the company's significant shareholders. Based on the shareholdings of controlled companies, Henrik Andersin and Robert Ingman are not independent of the company's significant shareholders.

### Committees set up by the Board

The Board has established an Audit Committee and a Compensation Committee to prepare matters to be handled by the Board. The committees have no independent decision-making power; instead, decisions are made by the Board on the basis of recommendations and information supplied by the committees. The committees make regular reports on their activities to the Board.

#### *Audit Committee*

The Audit Committee is responsible for assisting the Board in ensuring that the company has an adequate internal audit system covering all operations and that the company's risk management has been arranged appropriately. It also monitors the financial statements reporting process.

The Audit Committee is also responsible for:

- Overseeing the accuracy and correctness of the company's financial reporting and monitoring the statutory auditing of the financial statements and consolidated financial statements.
- Preparing the proposal on the appointment of auditors and the auditors' fees, to be made to the AGM.
- Ensuring that the company's operations and internal audit have been arranged in accordance with all applicable laws, regulations, and good management and governance practices.
- Monitoring the activity and efficiency of the internal audit function.

- Assessing the independence of the statutory auditor or auditing firm, and especially the provision of ancillary services to the company.

The Audit Committee consists of at least two members, who may not be part of the company's management and must be independent of the company. In addition to the Committee's regular members, the meetings are attended by the auditors, the CEO, the CFO and the internal auditor. The Committee meets every quarter.

The Audit Committee's members are Teuvo Salminen (Chairman), Robert Ingman and Fredrik Hacklin. The Committee met five times in 2021. The Audit Committee members' average attendance rate at meetings was 100 percent. The participation of each member in the meetings is listed in table 1.

#### Compensation Committee

The Compensation Committee is responsible for assisting the Board of Directors in the preparation of matters related to the company's employment terms and compensation.

In addition, the Compensation Committee assists the Board in the following:

- Preparation of matters related to the compensation and incentive systems for management and personnel.
- Regular assessment of the functioning of and compliance with the compensation system.

In addition, the Compensation Committee prepares the remuneration policy and remuneration report of the company's governing bodies.

The Committee consists of at least two members, elected by the Board from among its members. The Committee Chairman is chosen from among the Committee members and must be an independent Board member. The members of Evli's Compensation Committee are Sari Helander (chairman) and Henrik Andersin

Table 1: Evli Bank Plc's Board of Directors in 2021

Name	Personal data	Attendance at board meetings in 2021	Attendance in Audit Committee meetings 2021	Attendance in Compensation Committee meetings 2021	Ownership in the company <sup>1)</sup> , number of shares		Independent of the company	Independent of the shareholders
					A-shares	B-shares		
<b>Henrik Andersin</b>	Board member since 1985. Chairman of the Board since 2006, Born 1960, M.Sc. (Econ) Committee memberships: Compensation Committee	9/9		4/4	3,803,280	950,820		
<b>Fredrik Hacklin</b>	Board member since 2019. Born 1978, Ph.D. (Management), M.Sc. (Engineering) Committee memberships: Audit Committee	9/9	4/4	1/1		2,150	√	√
<b>Sari Helander</b>	Board member since 2019. Born 1967, M.Sc. (Econ) Committee memberships: Compensation Committee	9/9	1/1	3/3		3,300	√	√
<b>Robert Ingman</b>	Board member since 2010. Born 1961, M.Sc. (Tech), M.Sc. (Econ. and Business Administration) Committee memberships: Audit Committee	9/9	5/5		1,860,000 <sup>2)</sup>	602,000 <sup>2)</sup>	√	
<b>Teuvo Salminen</b>	Board member since 2010. Born 1954, M.Sc. (Econ. and business administration) Committee memberships: Audit Committee (Chairman)	9/9	5/5			70,000	√	√

<sup>1)</sup>Shareholding on December 31, 2021, including holdings through a controlled company.

<sup>2)</sup>Includes holdings of Ingman Group Oy Ab.

son. The Committee met four times in 2021. The Compensation Committee members' average attendance rate at meetings was 100 percent. The participation of each member in the meetings is listed in the table 1.

#### Operations of the board in 2021

In addition to the tasks assigned to the Board of Directors by the Rules of Procedure and the law, Evli Bank Plc's Board of Directors' work in the spring focused on the strategic review

of the future of banking as part of Evli. As a result of the review, Evli announced in the summer that the Group's parent company Evli Bank Plc will be split through a partial demerger into a new group focusing on asset management and listed on the Helsinki Stock Exchange, and a company that will continue its banking activities, into which Fellow Finance Plc will be merged. As a result, the Board of Directors had a considerable number of matters related to the arrangement on its agenda during the autumn, such as facilitating the listing of the new Evli resulting from the demerger and Fellow Bank resulting from the mer-

ger. As part of the arrangement, the Board assessed, among others, the new, preliminary financial targets for the resulting asset management group and actively monitored the progress of the arrangement. In addition to the banking reorganisation and the listings, the Board meetings focused on topics such as Evli's product offering and responsibility. The Board also examined the activities of the group's various governance functions, such as payment transactions, trade execution and reporting.

### Diversity of the Board of Directors

The principles concerning the diversity of the Board of Directors are stated in the Board's diversity policy, which the Board approved on December 13, 2017. Diversity strengthens Evli's goal of having a Board whose overall competence profile supports the development of Evli's business. Diversity is seen as a key success factor that enables Evli to reach its strategic goals and continuously improve its client-centric operations. The diversity of the Board is viewed from different perspectives. For Evli, the essential factors are the Board members' versatile and complementary expertise, experience from various industries and management, and the personal qualities of the members. The age and gender distribution of the Board members are taken into account, which supports the diversity of the Board. The actualisation and development of diversity towards the goals is evaluated in the annual self-evaluation discussion of the Board.

At the end of the financial year 2021, the Board members represented a wide range of expertise on management and board tasks in several industries, and their educational backgrounds and expertise complement each other. Both genders were represented on the Board. Of the Board members, one was female and four were male. The median age was 57, and the age difference between the youngest and the oldest member was 24 years.

### Corporate management

#### Evli's corporate structure

Evli's business operations is organised around two client segments: Wealth Management and Investor Clients, and Advisory and Corporate Clients. These are supported by common group functions, which include Information Management, Financial Administration, Marketing, Communications, Investor Relations, Legal and Compliance, Human Resources, Internal Services, Risk Management and Internal Audit.

### Corporate management

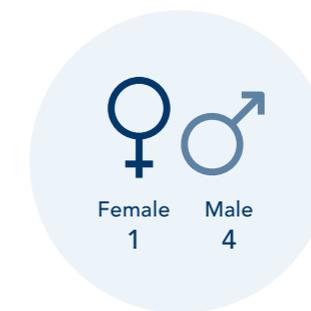
Evli's Board of Directors appoints the company's CEO and decides the terms and conditions of his or her service relationship. The CEO is responsible for the company's day-to-day management in compliance with the instructions and decisions provided by the Board of Directors. Evli Group's Executive Group assists the CEO in the operative management of the company.

### CEO

The CEO's duties include the management and supervision of the Group's business, preparation of matters to be handled by the Board, and implementation of the Board's decisions. In accordance with the Limited Liability Companies Act, the CEO ensures that the company's accounting is lawful, and that the asset management is arranged reliably.

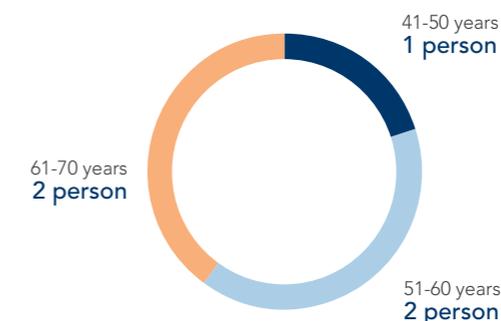
The CEO's period of notice is six months, and the severance compensation payable to the CEO in addition to the salary for the period of notice corresponds to 12 months' salary. The CEO's retirement age is 63 years. The company's CEO is Maunu Lehtimäki, M.Sc. (Econ.), born in 1967. In 2021, the CEO was

### Board diversity – gender

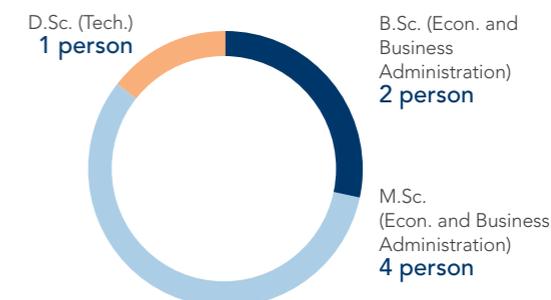


5 persons

### Board diversity – age



### Board diversity – education



paid EUR 417,840 in salary and fringe benefits, performance bonuses amounting to EUR 219,372 and a supplementary pension of EUR 62,676 totalling EUR 699,888. In addition, the CEO was granted 50,000 shares in the incentive-program 2019. The CEO was issued 50,000 Evli shares, which were allocated as part of the share-based incentive plan established in 2019. The CEO Maunu Lehtimäki's share ownership in Evli Bank Plc is shown in table 2.

### Executive Group

The Executive Group consists of the CEO and six members. The CEO presents a proposal regarding the choice of members to the Executive Group, and these names are then subject to confirmation by the Board of Directors. The CEO convenes the Executive Group as necessary and serves as its Chairman. The Executive Group normally meets twice a month. The Executive Group's task is to support the CEO in preparing and implementing the strategy and in coordinating the Group's operations. The Executive Group's duties also include preparing and executing matters that are significant or involve fundamental principles and ensuring internal co-operation and communication.

### Operations of the Executive Group in 2021

In 2021, the Executive Group met twice a month, on average.

The year 2021 was particularly marked by the exploratory work launched in the spring on the future of banking as part of Evli. The Executive Group spent the spring exploring different options and their implications from a client and operational perspective. Alongside this, the Executive Group monitored the implementation of the process and information system changes initiated earlier. During the spring, the company also continued its efforts to launch new product areas and complete the so-called Evli Model. The Evli Model is based on the idea of a comprehensive wealth management solution, where all necessary asset classes are offered to clients by Evli, ensuring the best possible risk/return ratio for the client's needs. To achieve

**Table 2: Evli's Executive Group in 2021**

Name	Area of responsibility	Ownership in the company <sup>1)</sup> , number of shares	
		A-share	B-share
<b>Maunu Lehtimäki</b> <sup>2)</sup> born in 1967, M.Sc. (Econ.)	CEO	533,728	171,031
<b>Mari Etholén</b> <sup>3)</sup> born 1973, LL.M.	Legal and Human Resources functions	60,000	19,108
<b>Panu Jousimies</b> <sup>4)</sup> born in 1969, M.Sc. (Econ.)	Production and execution of securities transactions	59,691	104,249
<b>Juho Mikola</b> <sup>5)</sup> born in 1981, M.Sc. (Econ.)	Financial and Group Administration, Deputy CEO	68,000	39,796
<b>Esa Pensala</b> <sup>6)</sup> born in 1974, M.Sc. (Tech)	Private clients	142,000	35,500
<b>Kim Pessala</b> <sup>7)</sup> born in 1969, M.Sc. (Econ.)	Institutional clients	12,331	94,558
<b>Mikael Thunved</b> <sup>4)</sup> born in 1965, B.Sc. (Econ.)	Corporate Finance business	-	85,000

<sup>1)</sup> Shareholdings on December 31, 2021, including holdings through controlled entities.

<sup>2)</sup> 50,000 Evli shares allocated under the share-based incentive scheme established in 2019.

<sup>3)</sup> 4,667 Evli shares allocated under the share-based incentive scheme established in 2018 and 20,000 Evli shares under the share-based incentive scheme established in 2019.

<sup>4)</sup> 20,000 Evli shares allocated under the share-based incentive scheme established in 2019.

<sup>5)</sup> 9,200 Evli shares allocated under the share-based incentive scheme established in 2017, 4,667 Evli shares under the share-based incentive scheme established in 2018 and 30,000 Evli shares under the share-based incentive scheme established in 2019.

<sup>6)</sup> 30,000 Evli shares allocated under the share-based incentive scheme established in 2019.

<sup>7)</sup> 4,667 Evli shares allocated under the share-based incentive scheme established in 2018 and 20,000 Evli shares under the share-based incentive scheme established in 2019.

this goal, the company launched, among other things, a new alternative debt fund, Evli Private Debt, at the end of the spring.

The strategic review of the future of banking operations was completed in the summer and the company announced a partial demerger, as a result of which Evli Bank would be split into Evli, which would focus on asset management, and Evli Bank, which would continue to operate as a bank. At the same time, Fellow Finance Plc would be merged into the banking busi-

ness and the company's name would be changed to Fellow Bank. The management team was then occupied with tasks related to the autumn project, including authorisations, listing prospectuses, operational activities and future products. Work also continued on the development of the product offering. In the autumn, Evli launched a couple of new generation funds, Evli Growth Partners II and Evli Private Equity III. In addition, the company launched a completely new fund focused on real estate development, Evli Residential II. The Executive Group

### Additional information

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**Governance**

also promoted strategic studies to accelerate international growth and identify new growth opportunities.

**Risk management and internal control**

Evli's values and its policy of transparent and appropriate communications support the company's operational integrity and high ethical standards. The company's organisational structure, clearly established responsibilities and authorisations, and its competent employees support the planning, execution, control and monitoring of business operations in a manner that facilitates the achievement of set objectives.

Risk management refers to actions aimed at systematically surveying, identifying, analysing and preventing risks. The objectives of risk management are to:

- ensure the sufficiency of own assets in relation to risk positions
- ensure that fluctuations in financial results and valuations remain within the confirmed objectives and limits
- price risks correctly to achieve sustainable profitability
- support the uninterrupted implementation of the Group's strategy and income generation.

Evli Bank defines risk as an event or series of events that jeopardise the company's income generation over the short or long term. Evli Bank's Board of Directors is primarily responsible for Evli Group's risk management.

The Board of Directors confirms the risk management policies, responsibilities, the Group's risk limits, and other general guidelines governing how risk management and internal control are to be organised. The Board has also set up a credit and asset-liability committee (Credalco), which briefs it on risk-taking matters. In addition to the general risk management policies, Evli Group's risk management is founded on the "three lines of defence" model.

**Evli Group's risk management's three lines of defence**



## Governance

### First line of defence – business units

Risk management is a part of internal control, and therefore the responsibility for executing risk management measures lies first with the business units, as the first line of defence. The managers of the business units are responsible for ensuring that risk management is at a sufficient level in each respective unit. The task of business units is to:

- build the processes and competence for risk management and internal audit
- identify and analyse risks
- make decisions on risk management by means of various protection measures.

### Second line of defence – Risk Control and Compliance

The second line of defence comprises the independent Risk Control and Compliance functions, whose primary tasks are to develop, maintain and oversee the general principles and framework of risk management.

The Risk Control function oversees daily operations and compliance with the risk limits granted to the business units, as well as compliance with risk-taking policies and guidelines. Risk Control reports on Evli Group's overall risk position to the Board and the Executive Group each month.

The Compliance function is responsible for ensuring compliance with the rules in all of Evli Group's operations by supporting operating management and the business units in applying the provisions of the law, the official regulations and internal guidelines, and in identifying, managing and reporting on any risks of insufficient compliance with the rules in accordance with the separate compliance policy and monitoring plan confirmed by Evli Bank's Board of Directors. The Compliance function reports regularly via the audit committee to Evli Bank's Board and also to the operating management.

### Third line of defence – Internal Audit

The third line of defence is Internal Audit. The Internal Audit is a support function for the Board of Directors and senior management that is independent of the business functions. It is administratively subordinate to the CEO and reports to the CEO and, via the Audit Committee, to the Board of Evli Bank. The Internal Audit assesses the functioning of Evli Group's internal control system, the appropriateness and efficiency of the functions and the compliance with instructions. It does this by means of inspections that are based on the internal audit action plan adopted annually by the Audit Committee of the Board of Evli Bank. Internal Audit follows not only the internal audit guidelines, but also the internationally acknowledged framework of professional practices (The Institute of Internal Auditors) and corresponding guidelines on information systems audit standards (The Information Systems Audit and Control Association).

### Audit

The shareholders elect the company's auditors each year at the AGM. The auditors must be an auditing firm approved by the Finland Chamber of Commerce. The auditors' term continues until the end of the first AGM that follows the election of the auditors. The auditors' duties are to ensure that the financial statements have been prepared in accordance with the applicable statutes and provide a true and fair view of the company's financial position and performance and other necessary information for the company's stakeholders.

As part of their annual audit duties, the auditors of Evli Bank Plc audit the accounts and administration of the separate companies. The internal audit requirements are taken into account in the auditors' audit plans. Each year, the auditors submit their report to the AGM of Evli Bank Plc. The auditors also report the main points of the annual audit plan to the Board of Directors and to the Board's Audit Committee as well as presenting, in connection with each interim report and the financial statements, a written audit report covering the entire Group.

The AGM held on March 9, 2021, elected PricewaterhouseCoopers Oy, an auditing firm, as the auditor, with Jukka Paunonen, Authorised Public Accountant, as the principally responsible auditor. PricewaterhouseCoopers Oy generally serves as the auditor for all of the subsidiaries, with the exception of Terra Nova Ltd. Terra Nova's auditor is RSM Dahman Auditors.

In 2021, the auditing firms were paid fees totalling EUR 1.2 million. The fees for auditing came to EUR 0.7 million, and the fees for services unconnected with auditing were EUR 0.3 million. Other fees consist mainly of tax and legal advisory services.

### Insider management

Evli Bank Plc has a guideline on insider rules and regulations that is approved by its Board of Directors and is based on the Market Abuse Regulation (MAR), Nasdaq Helsinki Ltd's Guidelines for Insiders of Listed Companies, as well as other relevant regulations and directives. Evli Group companies that are registered outside of Finland shall comply not only with these guidelines, but also with the national legislation and official regulations of the country where the company is located. The guideline on insider rules and regulations is distributed to all persons engaged in an employment or service relationship with the Group. The persons defined in the guideline on insider rules and regulations shall comply with the restrictions regarding the use of insider information and trading, for example the closed window period. Evli Bank maintains a register of permanent insiders, which includes members of the Board of Directors and Executive Group. Evli Bank also maintains registers of project-specific and transaction-specific insiders that are required at any given time.

The insider registers are maintained in the Ticker-system. Evli publishes in a stock exchange release the transactions in Evli shares and other financial instruments carried out by persons in management positions and their related parties as required by the Market Abuse Regulation.

## Governance

Evli Bank Plc's insiders may not trade in securities issued by the company for 30 days before the publication of an interim report or the financial statements bulletin. Evli also applies a similar 30-day trading restriction to Evli Group's employees who participate in the preparation or publication of the interim report and financial statements and who become aware of unpublished financial information at the Group level. The person in charge of insider issues at Evli Bank Plc is the company's Head of Legal Affairs. Evli evaluates and monitors related party transactions between the company and its related parties.

Evli maintains a list of related parties. Evli's related parties comprise its subsidiaries as well as the Board of Directors, the CEO, and the Executive Group, including any companies controlled or significantly influenced by them. Evli's financial management monitors and reports related party transactions as part of the company's normal reporting and control practices. Related party transactions which are not considered normal business activities are decided by the Board of Directors. Evli reports relevant and material related party transactions annually in the notes of the consolidated financial statements.

### Financial reporting

The Board of Directors is responsible for overseeing Evli Group's financial reporting. The Audit Committee assists the Board in this work. The CEO's and CFO's tasks are to monitor and ensure that the accounting and the financial reporting accord with the law, the Group's accounting policies and the guidelines and orders issued by the Group's Board of Directors. The Group's accounting and results reporting are centralised under the responsibility of the Group's Financial Administration unit.

The Financial Administration unit is subordinate to the CFO and is responsible for producing, on a centralised basis, the financial statements information required for external accounting. The unit also produces internal accounting analyses and the results reports for monitoring business activities, the separate companies and the Group's profitability. Profit performance is reported monthly both to the Executive Group and the Board of Directors in the form of specific results reports. The aim is to identify and demonstrate success factors as well as development areas well in advance, thus making it possible to react to these. Reporting practices are also used for monitoring the implementation of the business plans for the business units. The Group's Financial Administration unit is also responsible for monitoring and reporting on the performance of each business unit. Further responsibilities include reporting the financial results, sales and activity at least monthly, and even daily depending on the unit, to the Executive Group and other concerned parties.

Evli Group complies with the International Financial Reporting Standards (IFRS) approved for application in the EU. The Group prepares annual financial statements and also quarterly interim reports (IAS 34). The instructions on financial reporting and the accounting principles are applied in all of the Group companies. The accounting of all of the Group companies is included in the same accounting system, with the exception of a Group company in the United Arab Emirates.



## Governance

# Remuneration policy

## Introduction

The following Remuneration Policy of Evli Bank Plc (“Evli” or “company”) describes the general principles and the framework concerning the remuneration of the Board of Directors and the CEO. The policies regarding the CEO also apply to a potential Deputy CEO. Evli also complies with the Finnish Corporate Governance Code issued by the Securities Market Association. The objective of Evli Group’s remuneration model is to support the implementation of the company’s strategy and to promote the company’s competitiveness and long-term financial success. A further aim is to contribute to a positive trend in shareholder value, committing Evli’s Board of Directors and CEO to the company’s objectives in the long run.

Evli complies with the Securities Market Association’s Corporate Governance Code. This Remuneration Policy has been prepared in accordance with the Corporate Governance Code 2020. Evli’s Remuneration Policy is presented at Evli’s Annual General Meeting (AGM) at least every four years and whenever significant changes are proposed. The Remuneration Report is presented annually, starting from the year 2021, at Evli’s AGM.

In all remuneration, Evli complies with applicable financial regulations. This Remuneration Policy has been prepared taking into account the applicable regulations and Evli Group’s overall remuneration model for all employees. The Remuneration Policy must comply with the remuneration principles applicable to all Evli employees.

The Group’s remuneration model consists of the following elements:

- a competitive fixed basic salary constitutes a solid foundation for maintaining and constantly developing basic functions
- a short-term variable remuneration, in accordance with the annual remuneration plan approved by the Board of Directors, to promote both Evli’s short-term growth objectives and the attainment of its strategic targets
- long-term variable remuneration to support the company’s strategic development and to commit key employees to the company’s business operations.

In accordance with the remuneration principles, the short-term variable bonus may not exceed 100 percent of the annual fixed salary. Correspondingly, the short-term and long-term variable remuneration may not exceed 200 percent of the annual fixed salary.

## Decision-making relating to remuneration

The Remuneration Policy is prepared by the Board’s Compensation Committee and approved by the Board for presentation to the General Meeting. Compliance with, and the performance and outcomes of, the remuneration model are monitored by the Compensation Committee appointed by the Board of Directors, and by the Board of Directors. The company’s internal audit conducts an annual audit of the remuneration.

The remuneration of members of Evli Group’s bodies is always decided by the body that has appointed them.

Evli’s AGM decides on the compensations payable to the members of the Board of Directors. The company’s major shareholders are responsible for preparing the remuneration proposal. The principles and elements of the remuneration of the CEO and any Deputy CEO are approved by Evli’s Board of Directors in accordance with this Remuneration Policy. The Compensation Committee, appointed by the Board of Directors, prepares proposals on matters related to remuneration for decision-making by the Board. All changes to the CEO’s salary and remuneration or executive contract are made by the Board of Directors based on a proposal by the Compensation Committee in accordance with the Remuneration Policy.

## Remuneration of the Board of Directors

In general, the remuneration of the Board of Directors is decided by the General Meeting based on a proposal by the major shareholders. The decision on the remuneration of the members of the Board of Directors shall be based on the Remuneration Policy presented to the AGM and which is in force.

The remuneration of the members of the Board of Directors consists of a fixed monthly compensation and possible compensation for meeting attendance. The Chairman of the Board of Directors and the chairmen of the committees appointed by the Board of Directors may be paid an increased compensation.

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ELEMENTS OF THE REMUNERATION	PURPOSE AND LINK TO STRATEGY	DESCRIPTION
<b>Fixed salaries</b>	The aim is to recruit and commit high-quality experts to implement the company's strategy.	The base salary includes taxable fringe benefits (for example, a mobile phone). When evaluating the base salary level, a variety of factors can be taken into account, such as market conditions, competitiveness, past performance and individual skills, as well as experience in the company and in business management. The base salary is, in principle, reviewed annually.
<b>Short-term incentives (STI)</b>	The purpose is to encourage and guide in achieving short-term financial and operational goals.	The short-term incentive scheme is based on one-year performance criteria. Rewards are paid in cash after the end of the performance period, based on the achievement of the targets. The maximum pay-out for the annual incentive is capped. Short-term incentives are tied to the company's financial success, adherence to policies and guidelines, and ensuring solvency. The annual short-term incentive may not exceed 100 percent of the annual fixed salary of the person in question.
<b>Long-term incentives (LTI)</b>	The purpose is to encourage for long-term shareholder value growth and commitment to the company.	The Board of Directors decides on long-term incentives within the limits set by the Annual General Meeting. Long-term incentive programs generally include a minimum three-year vesting period. The Board of Directors sets the targets, indicators and their weightings that may be the basis for the incentives. At the end of the vesting period, the Board of Directors can evaluate the payment criteria to determine the final payment level. The annual short- and long-term incentives may not exceed 200 percent of the annual fixed salary of the person in question.
<b>Pension</b>	The purpose is to provide a pension in accordance with local market practices.	The retirement age and any supplementary pension arrangements provided are decided by the Board of Directors in line with market practices.
<b>Share ownership</b>	The purpose is to ensure strong alignment between the interests of the CEO and the shareholders in the longer term.	The Board decides on the long-term target share ownership for the CEO.

In situations in which a member of the Board of Directors participates in project-based activities to develop the company's operations outside the work carried out by the Board of Directors, a separate compensation may be paid for such work at the Board's discretion. In addition to the monthly compensation and compensation for meetings, the members of the Board of Directors are compensated for their travel expenses. In principle, the Board of Directors' compensation and allowance are paid in cash.

### Remuneration of the CEO

The Board of Directors of Evli Group adopts the principles and elements of the CEO's remuneration on an annual basis in line with the Remuneration Policy in force. All changes to the CEO's

salary and remuneration are subject to approval by the Board of Directors. The CEO's remuneration is comprised, in principle, of a fixed salary and short-term and long-term variable remuneration. In addition, the CEO may be granted a separate, reasonable retirement plan or other benefits to ensure that a competent CEO is committed to the company's development.

The amount of the CEO's variable remuneration and the relative proportion to his fixed salary are within the limits set by financial regulations. The CEO's short-term variable remuneration shall not exceed 100 percent of the CEO's annual fixed salary. Correspondingly, the CEO's short-term and long-term variable remuneration and the long-term incentives may not exceed 200 percent of the CEO's annual fixed salary. The variable bonus

is linked to the company's financial success and the achievement of its strategic goals. If deemed pertinent, the company may, by a decision of the Board of Directors, decide not to pay the variable bonus, in whole or in part. The Board decides on the long-term variable remuneration for the CEO on a case-by-case basis.

In certain circumstances, the company is obliged to defer payment of the variable bonus. In such case, the company will defer payment of the variable bonus in accordance with the regulations set by the financial market. The amount of the bonus payable after the deferral depends on the financial performance of the company during the deferral period and may even be zero. The company expects that the CEO will not hedge with his/

## Governance

her personal actions against any risk related to the amount or timing of future variable remuneration. In certain circumstances, the company may also reclaim a variable bonus already paid. The company shall also always have the right to reclaim a variable bonus already paid if, after such payment, it becomes apparent that the person receiving the bonus has endangered the financial position of the company, violated the company's operating principles and practices, or contributed to such conduct through neglect. The CEO has a notice period consistent with current market practices. Similarly, in cases where the CEO's contract is terminated by the company, he/she is entitled to severance pay in accordance with prevailing market practices.

The above matters concerning the CEO also apply to a potential Deputy CEO.

### Conditions for temporary deviation

The remuneration of the company's bodies must, in general, be based on the Remuneration Policy approved by the General Meeting. Deviations from the policy's principles can only be made if the achievement of the company's long-term goals and strategy is otherwise judged to be at risk. The option to temporarily deviate from the Remuneration Policy of the bo-

dies is intended to apply only in exceptional circumstances in which the core operating circumstances of a listed company have, after the General Meeting's consideration of the bodies' Remuneration Policy, changed as a result of a change of CEO or a merger or an acquisition proposal, and the existing Remuneration Policy is thus no longer appropriate in the changed circumstances.

If the deviation from the Remuneration Policy is expected to continue other than on a temporary basis, the company shall draw up a new Remuneration Policy, which will be discussed at the next AGM. Because of the provisions regarding the notice to the AGM and the availability of the meeting materials, there may be insufficient time to submit a new Remuneration Policy to the next AGM if the need for deviation arises close to the time of the meeting. In such a case, the Remuneration Policy shall be submitted to the General Meeting for which it can be appropriately prepared. If the temporary deviation from the Remuneration Policy concerns the remuneration of a new CEO or is due to a corporate restructuring or similar exceptional circumstances, the new remuneration terms will apply as agreed regardless of the duration of the temporary deviation. Deviations from the policies and principles of the policy are documented and reported to the Board of Directors and as part of the remuneration report at the AGM.

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