

Remuneration Report for Governing Bodies 2021

Introduction

This remuneration report for governing bodies has been drafted in accordance with the instructions concerning remuneration in the Finnish Corporate Governance Code 2021 for Finnish listed companies. In 2020, the remuneration for the Board of Directors and the CEO of eQ Plc was in compliance with the company's remuneration policy for governing bodies.

The remuneration system shall support eQ Group's long-term goals, such as improving the profitability of the business in a long term, sufficient capital adequacy, return on investments and cost efficiency. In eQ Group, the aim of the remuneration system is also to encourage and reward the employees for their personal performance and contribution to the development of eQ Group's profitability and for acting in accordance with eQ Group's strategy. Further, the aim is to commit the employees to act in accordance with the strategy, goals, values and long-term benefits of the eQ Group.

eQ Group's strong financial performance during the last five years is reflected in the remuneration of the CEO, particularly in the increase of the variable remuneration components. The following table presents the remuneration development for the Board of Directors and CEO in comparison to the average remuneration development for the Group's employees and the Group's economic development for the previous five financial years.

Salary and remuneration - EUR	2021	2020	2019	2018	2017
CEO	1,034,689*	851,669	784,613	622,314	450,250
change, %	21%	9%	26%	38%	25%
Chair of the Board	549,489**	51,000	46,200	44,800	45,200
change, %	977%	10%	3%	-1%	8%
Other Board members	199,500***	131,500	112,400	108,800	108,000
change, %	52%	17%	3%	1%	13%
Board, in total	748,989	182,500	158,600	153,600	153,200
change, %	310%	15%	3%	0%	11%
Employee, in average	218,726	185,653	176,637	166,434	151,854
change, %	18%	5%	6%	10%	9%
Operating profit - MEUR	47.7	30.8	26.3	22.4	20.1
change, %	55%	17%	17%	12%	24%

* includes CEO Janne Larma from 1 January to 31 March 2021 and CEO Mikko Koskimies from 1 April to 31 December 2021

** includes, in addition to the remuneration paid on the basis of Board membership, the salary based on the service contract of Janne Larma, the full-time Chair of the Board, as of 1 April 2021

*** The number of Board members increased by one in 2021

Remuneration of the Board of Directors

Compensation and remuneration of the Board

The Annual General Meeting decides upon the remuneration of the Board of Directors. In 2021, the Annual General Meeting decided that the members of the Board of Directors shall receive remuneration according to following: Chair of the Board 5,000 euros per month, Vice Chair of the Board of Directors receives 4,000 euros per month and the directors 3,000 euros per month. The Annual General Meeting also decided that the directors shall be paid EUR 500 for each Board meeting that they attend. The travel and lodging costs of the Board members shall be compensated in accordance with the company's expense policy. The remuneration is paid in cash. The full-time Chair of the Board has entered into a service contract with the company and is paid a fixed salary in cash (monthly salary and fringe benefits) in addition to the remuneration paid on the basis of the Board's membership. The full-time Chair of the Board is not covered by the eQ Group's performance-based annual bonus scheme.

In 2021, the members of the Board of Directors have been paid remuneration as follows:

Remuneration - EUR	Annual remuneration	Meeting fees in total	Other compensation	Total
Nicolas Berner	34,500	5,500	-	40,000
Georg Ehrnrooth	48,000	5,500	-	53,500
Timo Kokkila	34,500	5,500	-	40,000
Lotta Kopra	34,500	5,500	-	40,000
Janne Larma*	45,000	3,000	487,489**	535,489
Tomas von Rettig	34,500	5,500	-	40,000
Total	231,000	30,500	487,489	748,989

* Full-time Chair of the Board as of 1 April 2021, Remuneration paid to Janne Larma from 1 January to 31 March 2021 is shown in more detail below under the CEO's remuneration information.

** Salary paid to the full-time Chair of the Board as of 1 April 2021

The full-time Chair of the Board's participation in the option programs

Based on the service contract, the full-time Chair of the Board may be granted shares, options or other share-based rights as part of the long-term commitment scheme. The other members of eQ Plc's Board of Directors have no share-related rights, nor are they covered by any other remuneration system.

The eQ Group has an option program 2018, on the basis of which eQ Group has issued option rights and option subscription rights to key persons, which aim for long-term commitment to the company. In accordance with the terms and conditions of the option program for 2018, the options have a three-year retention period after which they are available for subscription. The terms and conditions contain no other special terms related to ownership.

The full-time Chair of eQ Plc's Board of Directors is covered by the 2018 option program and has initially received 100,000 option rights as part of the commitment plan.

The share subscription period for the option program 2018 begins on 1 April 2022 and ends on 1 April 2024.

Remuneration of the CEO

The salary of the CEO and other benefits

The Board of Directors appoints the CEO and decides on the CEO's salary, benefits and other terms related to the CEO's service. It is important for the company that the salary of the CEO is competitive, as the commitment of the CEO and sufficient incentives are vital with regard to the company's success.

The remuneration of the CEO consists of a fixed salary in cash (monthly salary and fringe benefits) and an annual performance bonus. The amount of the annual bonus is determined based on achievement of personal goals and the result of eQ Group. eQ Plc's Board decides on the amount and distribution of the annual bonuses taking into consideration, e.g. the above presented main principles of remuneration.

According to the regulations in force at the time of payment of the variable remuneration accrued in 2020 and paid in 2021, if the variable remuneration component of the CEO has exceeded EUR 50,000 annually, 50 per cent of the variable remuneration has been deferred to be paid during the following three years (even payments each year). 50 per cent of the deferred remuneration has been linked to the development of eQ Plc's share price during the deferral period. eQ Plc's Board shall annually decide on the interest possibly payable to the remaining part of the deferred remuneration. With the change in the remuneration regulations, the part of the variable remuneration in excess of EUR 50,000 for variable remuneration accrued in 2021 and to be paid in 2022 will no longer be deferred to be paid during the following three years.

In 2021, the CEOs were paid the following salaries and other remuneration:

Remuneration paid during 2021 - EUR

	Fixed remuneration		Variable remuneration		Total
	Annual salary (incl. fringe benefits)	Part of the overall remuneration	Annual bonus*	Part of the overall remuneration	
CEO Janne Larma 1 Jan – 31 Mar	120,551	21%	454,320	79%	574,871
CEO Mikko Koskimies 1 Apr – 31 Dec	459,818	100%	-	0%	459,818
Total	580,369	56.1%	454,320	43.9%	1,034,689

* Represents the aggregate amount of bonuses paid in 2021. The earnings periods for the bonuses paid in 2021 are defined in the table below. The annual bonus paid to the CEO is always based on the preceding year's performance.

The table below presents the earnings periods for the variable remuneration paid to the CEO Janne Larma in 2021 (deferred remuneration falling due for the previous years):

Specification of variable remuneration paid during 2021 - EUR

For year 2020*	For year 2019*	For year 2018*	For year 2017*	Total
211,238	74,671	104,050	64,361	454,320

* The annual bonus of the CEO is always based on the preceding year's performance.

The following table presents the remuneration to the CEO Janne Larma falling due (including deferred variable remuneration), which has not yet been paid on 31 December 2021. The unpaid deferred variable remuneration for each earnings period:

Deferred variable remuneration* - EUR

For year 2018	For year 2019	For year 2020	Total
302,642	201,089	145,435	649,166

* Including changes in stock prices and dividend consideration.

The variable remuneration to be due of the CEO Mikko Koskimies that has been earned during 2021 and not yet been paid out by the date of this report was EUR 789,758 in aggregate.

The terms of the CEO's service are specified in the CEO's service contract. Both parties may give notice on the CEO's service contract with a period of notice of six months. When notice is given by the company for whatever reason or if the contract is terminated through mutual agreement by the company and the CEO, the CEO is entitled to a severance pay corresponding to his or her overall remuneration for six months preceding the termination of the contract, which is paid on the day when the contract is terminated.

The retirement age and pension of the CEO are determined in accordance with the Finnish Employees Pensions Act. The CEO does not have a supplementary pension scheme.

The CEO's participation in the option programs

eQ Group has option program 2018, based on which, eQ Group has issued option rights and option subscription rights to key persons, which aim for long-term commitment to the company. In accordance with the terms and conditions of the option program 2018, the options have a three-year retention period after which they are available for subscription. The terms and conditions contain no other special terms related to ownership.

As part of the engagement system, the CEO is covered by the option program and has initially received 100,000 option rights based on option program 2018.

The share subscription period for the option program 2018 begins on 1 April 2022 and ends on 1 April 2024.