



eQ Group's remuneration principles



1. Principles and objectives guiding remuneration

The eQ Group has common remuneration principles, which are applied, where applicable, to remuneration within all Group companies, taking into account the specific characteristics of the remuneration regulations applicable to different Group companies from a comprehensive risk management perspective.

The eQ Group's remuneration system is based on the strategy and long-term objectives defined by the Board of Directors of eQ Plc, and it serves as a key tool in achieving the eQ Group's short- and long-term strategic objectives. Remuneration systems must contribute to the eQ Group's sound, effective, and comprehensive risk management, in particular by preventing harmful risk-taking. In addition, remuneration systems must take into account the compliance and sustainability risks associated with the eQ Group and its business operations, and remuneration must be gender-neutral. Comprehensive risk management aims to take into account, among other things, the objectives and interests of group companies, managed funds, and investors, and to promote activities in line with the eQ Group's values.

In the eQ Group, the highest authority deciding on remuneration is the Board of Directors of the parent company, eQ Plc, for all employees.

The remuneration principles apply to all eQ Group personnel. In addition, more specific regulations may apply to certain defined personnel, for example, when required by regulations.

When defining the remuneration principles, the requirements set out in the above-mentioned regulations have been taken into account, with particular consideration given to the size of the Group, its internal organization, and the nature, scope, and complexity of its operations, as well as the investment and risk profile and sustainability criteria of the funds managed by eQ Fund Management Ltd. The aim of the remuneration principles has been to align the remuneration system and practices with the Group's own risk profile, risk appetite and risk strategy. The risks associated with remuneration and remuneration systems and the risk profile of remuneration in the eQ Group have been assessed as low overall.

The key guiding principles of the eQ Group's remuneration and remuneration systems are competitiveness and fairness. The aim of the remuneration systems is to encourage and reward personnel for their personal performance and contribution to the profitability of the eQ Group, as well as for acting in accordance with the eQ Group's strategy and values. On the other hand, the aim of the remuneration systems is also to support the recruitment of committed, skilled, and professionally competitive individuals and to develop and maintain their diverse skills in line with the eQ Group's strategy, objectives, values, and long-term interests. Remuneration systems must be



consistent with the measures used to avoid conflicts of interest and, more generally, take into account the risks associated with the business as a whole.

2. Decision-making procedure

The Board of Directors of eQ Plc reviews these principles concerning remuneration systems annually in accordance with its rules of procedure. Any changes in business objectives and risk strategy are taken into account when updating the remuneration principles. In addition, the boards of directors of eQ Asset Management and eQ Fund Management review these remuneration principles annually in accordance with their rules of procedure.

The Board of Directors of eQ Plc decides annually on the total pools for variable remuneration components and the criteria for forming the pools. The Board of Directors of eQ Plc decides on the remuneration of the CEO and, in accordance with the “one above” principle, the members of the eQ Group's management team and the employees responsible for compliance and risk management. In addition, the Board of Directors of eQ Plc discusses and confirms the annual performance bonuses for all personnel based on a proposal by the CEO. The remuneration of eQ Plc's CEO and Board members is also in accordance with the remuneration policy for the company's bodies approved by eQ Plc's Annual General Meeting.

Variable remuneration for employees is discussed and approved annually by the Board of Directors of eQ Plc and, where applicable, by the Boards of Directors of eQ Asset Management and eQ Fund Management.

The Board of Directors of eQ Plc reviews annually, in a manner determined separately, that the remuneration system has been complied with in the eQ Group. Based on the number of members of the Board of Directors, it has been decided that it is not necessary to appoint a separate remuneration committee in eQ Plc.

3. General information about the risk adjustment process for remuneration

As part of the remuneration process, the eQ Group follows a risk adjustment process to ensure that remuneration includes incentives for good risk management to counterbalance incentives for risk-taking. The risk adjustment process includes a performance and risk measurement process and a process for granting and paying variable remuneration. During the risk adjustment process, risk adjustments may be made based on identified and future risks.

The eQ Group follows a fully flexible variable remuneration policy, which means that not only is the variable component of salaries and bonuses reduced in the event of weaker results, but in some cases the variable remuneration may also be reduced to zero. In addition, in certain situations, variable remuneration that has already been paid



may also be recovered from the recipient (e.g., in cases of misconduct or other situations if required by regulation).

4. Remuneration system

The remuneration systems used in the eQ Group consist of a fixed salary and a variable annual bonus system.

In addition, the eQ Group currently has two option programs: Option Program 2022 and Option Program 2025. The terms and conditions of the option programs are presented on the eq.fi website.

4.1 Fixed salary

Remuneration is fixed if the conditions for granting it and its amount are based on predetermined criteria that are not discretionary, and the remuneration is permanent and cannot be revoked or changed except on the grounds specified in the Employment Contracts Act.

In the eQ Group, fixed remuneration is considered to include, in addition to the monthly salary, any benefits that may be paid or taken into account in connection with it.

In the determination of fixed salary among other things, the employee's professional competence (educational background, scope of expertise, and work experience) and organizational responsibility are taken into an account.

The fixed remuneration should be sufficiently high in relation to the variable remuneration so that the deferral or non-payment of the variable remuneration does not lead to an unreasonable situation for the employee.

4.2 Variable remuneration

All remuneration that is not fixed in nature is considered variable remuneration.

Remuneration systems must be balanced and support good and effective risk management, and must not encourage risk-taking that is inconsistent with the risk profile of the eQ Group company, the funds it manages, or the assets it administers. When paying variable remuneration, at least the risks known at the time of assessment and future risks, the eQ Group's capital costs and necessary liquidity must be taken into account, and the total amount of remuneration to be paid must not be so large that it would restrict the strengthening of the eQ Group's capital base.

The eQ Group has a variable annual bonus system in place. In the annual bonus system, each earning period is one calendar year long, with earning periods beginning on January 1 and ending on December 31.



In principle, all permanent employees of the eQ Group are covered by the annual bonus system. The amount paid as an annual bonus is determined on the basis of an overall assessment of the achievement of personal targets, the targets of the employee's own business unit, and the unit's results (qualitative and quantitative indicators).

The personal targets that guide remuneration are derived from the business plan of each company belonging to the eQ Group, and the targets must be in line with the risk appetite and risk profile of the company in question. In addition, the remuneration system for eQ fund portfolio managers must not conflict with the investment strategies and risk profile of the funds. The payment of variable remuneration must not give rise to a conflict of interest between the recipient of the remuneration and the customers of the eQ Group.

Qualitative indicators include, for example, the achievement of strategic objectives, investor satisfaction, compliance with risk management policy, compliance with internal and external rules and guidelines, leadership, supervisory work, creativity, motivation, and cooperation with other business units and employees in supervisory roles, as well as participation in internal training.

The fulfillment of an employee's personal goals is based on an overall assessment that takes into account each employee's performance in, among other things, taking compliance and sustainability risks into account in their own activities, compliance with eQ Group's internal procedures, and the employee's actions in line with eQ Group's values. Sustainability risks are taken into account in, among other things, the setting of employees' personal goals, development discussions, and performance evaluations.

Qualitative indicators are assessed as part of the development discussion with the employee. Qualitative indicators, such as the consideration and implementation of compliance and sustainability risks in the employee's job description, are included in eQ's development discussion form. Development discussions are held with all staff at least once a year in all Group companies. These discussions assess performance in the past period, set goals for the coming period, and discuss topics such as personal development, supervisory work, and the development of the work community. The aim is for the employee, together with their supervisor, to set goals and subsequently assess how the employee has succeeded in taking compliance and sustainability risks into account in their work and how they could develop in these areas.

The amount of variable remuneration granted for each period takes into account the longer-term performance and risks of the eQ Group (including the funds it manages), capital costs, and necessary liquidity at the time of assessment. The payment of variable remuneration must not jeopardize the solvency of the eQ Group or its group companies, nor must it restrict the strengthening of the capital base of the group companies.



Persons responsible for risk management and compliance (including the person responsible for compliance with anti-money laundering regulations) as well as the general counsel and the person responsible for legal affairs at eQ Fund Management Company, the amount of the annual bonus is determined entirely on the basis of the achievement of personal and operational targets.

The Board of Directors of eQ Plc decides on the amount and distribution of annual bonuses, taking into account, among other things, the conditions set out in these remuneration principles. Employees are informed of the process and criteria for determining variable remuneration in accordance with the eQ Group's current disclosure practices.

Any severance pay that may be paid to employees is considered variable remuneration for the recipient. Severance pay is not paid if the termination of employment is due to grounds for termination in accordance with the Employment Contracts Act.

Option programs are a key tool for retaining key personnel in the eQ Group. Options granted under option programs are targeted at key personnel within the eQ Group whose commitment is considered essential to the eQ Group's shareholder value and financial success. The vesting period for stock option programs is three years, after which the option holders have a two-year subscription period. A key condition of the eQ Group's option programs is that the option recipient's employment or service relationship with the eQ Group must be valid at the start of the subscription period. The Annual General Meeting or Board of Directors of eQ Plc decides on the option programs to be issued and valid at any given time.

4.3 Ratio of fixed and variable remuneration

The ratio of variable remuneration to fixed salary in the remuneration system must support sustainable risk management.

In the companies belonging to the eQ Group, the maximum ratio between fixed and variable remuneration has been set at 200 percent, as stated above (the maximum annual variable remuneration is 200 percent of the recipient's fixed salary). When determining the maximum ratio, the following factors have been taken into account the nature of the eQ Group's business, risks, the impact of personnel on the eQ Group and its subsidiaries and the risk profile of the assets they manage, the incentives for personnel to act in the best interests of the eQ Group, and binding regulations. The ratio is confirmed annually as part of the approval of these remuneration principles. Deviations from the ratio are only possible in individual cases by separate decision of the Board of Directors.



5. Principles applied in remuneration

The key principles of the remuneration systems applied in the eQ Group are that:

- The remuneration systems support the eQ Group's long-term goals and strategy, which include the long-term development of business profitability, adequate capital adequacy, effective risk management, return on investments, and cost efficiency.
 - Remuneration must be designed in such a way as to prevent unhealthy risk-taking. The remuneration system must not encourage risk-taking that is contrary to the rules or risk profile of the Group or the funds it manages, or to the interests of its customers or the assets it manages. In addition, compliance and sustainability risks must be taken into account in remuneration.
 - Remuneration systems must include a statement, and the recipient of remuneration must commit to not hedging against risks associated with the remuneration system using financial instruments or insurance.
 - Remuneration systems must not give rise to conflicts of interest between the recipient and the eQ Group or between the recipient and the eQ Group's customers.
 - The remuneration criteria include both quantitative and qualitative criteria.
 - Variable remuneration is paid only if the employee's employment relationship is valid at the time of payment of the variable remuneration.
 - The Board of Directors decides on the payment of performance-based remuneration based on remuneration systems, and the decision is made annually after the end of the earning period.
 - Performance-based remuneration shall not be paid, or it may be recovered in part or in full as an unjustified benefit, if it transpires that the person concerned has acted in contravention of the eQ Group's internal guidelines, legislation, or regulations or instructions issued by the authorities.
 - Payment of bonuses may also be withheld if the eQ Group's solvency, capital costs, or liquidity, or the foreseeable future development of these, do not allow it (e.g., based on the risk adjustment process carried out).
 - The “one over” principle must always be followed when deciding on remuneration.
 - All remuneration in the eQ Group is gender-neutral.
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- The remuneration of persons working in supervisory functions may not be directly dependent on the performance of the business unit they supervise, but is determined on the basis of objectives defined for supervision. The remuneration of persons working in supervisory functions is supervised by the Board of Directors of eQ Plc.
- The payment of unconditional remuneration may be committed on a case-by-case basis. Unconditional remuneration may only be paid during the first year of employment.

6. Identification process

The boards of directors of eQ Asset Management and eQ Fund Management identify those employees whose professional activities have or may have a material impact on the risk profile of eQ Asset Management or eQ Fund Management, the risk profile of the funds managed by the companies, or the assets managed by the company (so-called risk takers).

Detailed, up-to-date lists and justifications for the persons identified by the boards of directors of eQ Asset Management and eQ Fund Management are maintained for each company, but also at the group level. The list is updated whenever necessary, but at least annually in connection with the updating of these remuneration principles.

7. Supervision of remuneration systems and disclosure of information

The Board of Directors of eQ Plc monitors compliance with the remuneration principles throughout the eQ Group. The Boards of Directors of eQ Asset Management and eQ Fund Management monitor, for their part, that remuneration complies with regulations and remuneration principles.

eQ complies with the obligations concerning the disclosure of information related to remuneration under the regulations concerning listed companies, the Investment Services Act, the EU Capital Requirements Regulation for investment firms and the regulations and guidelines issued under it, the Act on Alternative Investment Fund Managers, and the Investment Funds Act. The remuneration principles are available on the company's website and, for Group personnel, also on the intranet.
