

Remuneration Report for Governing Bodies 2020

Introduction

This remuneration report for governing bodies has been drafted in accordance with the instructions concerning remuneration in the Finnish Corporate Governance Code 2020 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	2020	2019	2018	2017	2016
CEO	851,669	784,613	622,314	450,250	359,459
change, %	9%	26%	38%	25%	20%
Board, in total	182,500	158,600	153,600	153,200	137,700
change, %	15%	3%	0%	11%	0%
Employee, in average	185,653	176,637	166,434	151,854	139,578
change, %	5%	6%	10%	9%	8%
Operating profit - MEUR	30.8	26.3	22.4	20.1	16.2
change, %	17%	17%	12%	24%	23%

Remuneration of the Board of Directors

The Annual General Meeting decides upon the remuneration of the Board of Directors. In 2020, the Annual General Meeting decided that the members of the Board of Directors shall receive remuneration according to following: Chair of the Board EUR 4,000 per month and the directors EUR 2,500 per month. The Annual General Meeting also decided that the directors shall be paid EUR 500 for each Board meeting that they attend. In addition, travel and lodging costs shall be compensated in accordance with the company's expense policy. The remuneration is paid in cash. The members of eQ Plc's Board of Directors have no share-related rights, nor are they covered by any other remuneration system.

In 2020, the members of the Board of Directors have been paid remuneration as follows:

Remuneration - EUR	Annual remuneration	Meeting fees in total	Total
Nicolas Berner	28,500	4,000	32,500
Georg Ehrnrooth	46,500	4,500	51,000
Timo Kokkila	28,500	4,500	33,000
Lotta Kopra	28,500	4,500	33,000
Tomas von Rettig	28,500	4,500	33,000
Total	160,500	22,000	182,500

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.

If the variable remuneration component of the CEO exceeds EUR 50,000 annually, 50 per cent of the variable remuneration will be deferred to be paid during the following three years (even payments each year). 50 per cent of the deferred remuneration is 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.

In 2020, the CEO was paid the following remuneration:

Remuneration paid during 2020 - EUR

Fixed remuneration		Variable remuneration			Total
Annual salary (incl. fringe benefits)	Part of the overall remuneration	Annual bonus*	Part of the overall remuneration	Granted share-related rights	
491,607	5.7%	360,063	42.3%	0	851,669

* Represents the aggregate amount of bonuses paid in 2020. The earnings periods for the bonuses paid in 2020 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 in 2020 (deferred remuneration falling due for the previous years):

Specification of variable remuneration paid during 2020 - EUR

For year 2019*	For year 2018*	For year 2017*	For year 2016*	Total
168,890	82,994	52,506	55,672	360,063

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

The following table presents the remuneration to the CEO falling due (deferred variable remuneration), which has not yet been paid on 31 December 2020. The unpaid deferred variable remuneration for each earnings period:

Deferred variable remuneration* - EUR

For year 2017	For year 2018	For year 2019	Total
64,361	208,099	224,013	496,474

* Including changes in stock prices and dividend consideration.

The variable remuneration to be due of the CEO that has been earned during 2020 and not yet been paid out by the date of this report was EUR 441,857 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 two 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 two different option programs: option program 2015 and option program 2018. Based on these programs, eQ Group has issued option rights and option subscription rights to key persons, which aim for long-term commitment to the company. The CEO of eQ Plc is covered by both option programs. In accordance with the terms and conditions of the option programs for 2015 and 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.

Option program 2015

As part of the engagement system, the CEO has initially received 100,000 option rights based on option program 2015.

Option program 2018

As part of the engagement system, the CEO 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.