

# Aktia

## Aktia Remuneration policy

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# 1. Introduction

## 1.1. Introduction and background

These guidelines describe Aktia's remuneration principles, the roles and responsibilities of the various functions of the remuneration process, and the process of naming persons whose professional activities have a significant impact on Aktia's risk profile. This remuneration policy is the board's guideline for management, supervisors and other personnel (employees) regarding the principles of remuneration. The remuneration policy forms the operating principles for the operative management and the supervisors responsible for remuneration. This remuneration policy applies to all employees in the Aktia Bank Oyj group, including subsidiaries. Aktia complies with the applicable legislation and official regulations in all remuneration decisions. The remuneration policy is decided annually by Aktia's board of directors. Board remuneration and corporate governance committee prepares and present decision proposals to the board.

Remuneration refers to the fixed and variable remuneration defined in more detail in section 3 below.

The group's board of directors must ensure that the group's remuneration policy, including the method for identifying risk takers, is uniform, and that it is correctly applied at the group, subsidiary, unit and individual level

## 1.2. Principles of remuneration

The remuneration principles defined in this policy are based on the group's strategy, goals, values and long-term interests, including Aktia's sustainability program and climate strategy. The remuneration principles that the board has defined for the group also support the group's risks appetite. In order to implement Aktia's strategy and achieve long-term goals, it is important that Aktia Group is able to attract, retain, develop and reward the right talents. The remuneration policy provides a framework for rewarding sustainable, long-term value creation in accordance with the shareholder's interest

The group's remuneration structure takes into account current regulations and promotes good risk management, and prevents conflicts of interest between, for example, the volume and quality of lending. All of the group's customers are treated fairly, and the group's remuneration policy does not affect their interests negatively. In addition, the remuneration policy is such that it does not encourage acting against the rules, which could lead to employees pursuing their own interests or the group's interests in such a way that it would negatively affect customers.

Aktias remuneration principles are defined as:

Aktia remuneration principles:

- Support Aktia's ability to attract, recruit, develop, and retain enthusiastic, skilled, and results-oriented employees, as well as support diverse skills, collaboration, and good leadership.
- Excellent performances are rewarded, and the reward system guides the development of working methods in line with the group's strategy, goals, values, and long-term interests.

- The goal of the reward system is to offer a competitive and fair overall compensation package for the staff.
- The reward system supports good and effective risk management in accordance with the group's risk policy and risk appetite, ensuring that excessive risk-taking is not rewarded and conflicts of interest are prevented within the group. The reward system supports ethical behavior among staff and always considers the interests of the group's customers.
- The reward system is equal, transparent, and fair, so that individual rewards are determined based on role, goals, and performance, regardless of gender, race, ethnic background, political views, sexual orientation, age, or other individual factors.
- The reward system complies with applicable laws and regulations. External regulations affecting Aktia are binding, and if external regulations conflict with Aktia's current reward policy, the external regulations take precedence.
- The reward system takes sustainability risks into account, and staff are encouraged to act responsibly by linking goals related to sustainability, consideration of sustainability risks, and management to the goals of reward recipients. Sustainability-related metrics guide staff to act in a desirable manner for Aktia, customers, the environment, partners, and the employees themselves.
- Sustainability goals are defined according to the employee's role and may be based on Aktia's climate strategy or sustainability program. Sustainability aspects are primarily considered in the rewards for management and those whose tasks require consideration of sustainability risks, such as portfolio management tasks.
- If you need any further assistance, feel free to ask!
- 

HR evaluates the remuneration policy and remuneration practices annually. The evaluation includes an analysis of whether the reward system is gender neutral. The total remuneration must be competitive and motivating. At least the total remuneration of the group's management team is compared with the remuneration paid by other similarly sized companies and companies in the financial sector, approximately every two years.

## 2. Governance, roles and responsibilities

The Group Board approves the remuneration policy, the remuneration structure for the Group CEO and the Executive Committee, all share-based incentive schemes, and the identification process and list of designated individuals, based on the proposal of the Board's Remuneration and Corporate Governance Committee (KCG Committee), in accordance with the Board's rules of procedure. The Board's Risk Committee supports the KCG Committee in the preparation. Each subsidiary's board approves the policy after the Group Board has approved it.

HR is responsible for preparing the remuneration policy and principles. To ensure that Aktia's remuneration is in line with the remuneration principles (section 1.2), several functions are invited to participate in an internal consultation round, where it is possible to comment on and make recommendations for the development of Aktia's remuneration policy. HR coordinates the preparation, ensures the implementation of remuneration systems, and is responsible for the annual self-assessment of the identification process for designated individuals. Risk control participates in the preparation of the remuneration policy, helps assess the consideration of

sustainability risks, and how the variable remuneration structure affects Aktia's risk profile and culture, and validates information on potential risk adjustments. Finance is responsible for the group's budgeting and also participates in setting financial metrics for remuneration. The compliance function makes recommendations for the development of the policy, which HR takes into account in the preparation of the policy. Internal audit annually assesses the functionality of the remuneration systems and the adherence to the decided principles and procedures.

Decisions related to remuneration are made in accordance with the group's approval procedure. This means, for example, that decisions are made following the one-over-one principle, so that the immediate superior of the person subject to the decision proposes and their superior approves the reward, salary increase, or other remuneration-related decision. An exception to this principle is that decisions regarding the remuneration of individuals reporting directly to the Group CEO (who are not members of the Executive Committee or heads of internal control functions) are made by the Group CEO.

The roles and responsibilities of all participating functions and decision-making bodies are described in more detail in Aktia's internal remuneration guidelines.

## **3. Remuneration structure**

Aktia's remuneration structure consists of fixed and variable remuneration, divided into short-term variable remuneration (STI) and long-term variable remuneration (LTI).

### **3.1. Fixed remuneration**

Fixed remuneration refers to the base salary and any other rewards tied to a specific period or other factors not dependent on performance or results. For remuneration to be considered fixed, it should generally be part of the employment relationship and not temporary in nature. The fixed remuneration should be sufficiently large so that the potential non-payment of variable remuneration does not become unreasonable for the employee.

Personal salary is based on the demands of the position, professional experience, performance, skills, and responsibilities. The determination of salary takes into account the applicable collective agreement and the prevailing market situation. The salary can be either a monthly salary or an hourly wage.

In addition to salary, fixed remuneration at Aktia includes various employee benefits, the exact content of which is confirmed annually, taking into account, for example, the criteria determined by the Tax Administration

### **3.2. Additional pension benefit and severance pay**

The Group CEO and members of Aktia's Executive Committee are entitled to additional pensions in accordance with the special terms of each person's employment contract. The amount paid into the defined contribution additional pension is based on the beneficiary's fixed monthly salary.

In addition, certain individuals who have worked in the financial sector for a long time are entitled, under certain conditions, to receive an additional pension in accordance with the current collective agreement for the financial sector. The value of the pension benefit is taken into account when confirming the total remuneration.

Severance pay is compensation paid in addition to the salary for the notice period when the employment relationship ends due to early termination of the contract. Severance pay may only be applicable in situations where the person's employment with the entire group ends by mutual agreement. If there are grounds for termination, no severance pay is granted. The severance pay must be proportionate to the company's normal practice in similar situations.

Severance pay is approved according to the one-over-one principle, but the highest approver must be at least a member of the Executive Committee. Generally, severance pay is considered and handled within the framework of fixed remuneration, and the rules regarding deferral periods and waiting periods for designated individuals do not apply. If a non-compete clause has been agreed upon in the person's management or employment contract, compensation is paid upon termination of employment in accordance with the Employment Contracts Act.

### **3.3. Variable remuneration**

Variable remuneration refers to remuneration that is not fixed but is tied to the employee's performance, the group's financial result or other factors. The total amount of fees to be paid must not jeopardize the solvency of Aktia or its companies.

#### **3.3.1. General principles of variable remuneration**

Variable remuneration is divided into short-term and long-term remuneration based on the length of the earning period. The earning period refers to the time during which the reward is earned. The earning period for short-term variable remuneration is one calendar year (financial year), while long-term variable remuneration can cover two or more calendar years (financial years).

Variable remuneration must be based on an overall assessment that considers the employee's individual performance as well as the overall results and development of the business area and the group. The assessment should take into account both quantitative and qualitative factors. Qualitative factors include financial, sustainability, and operational risks, as well as compliance with Aktia's values, internal rules, and external regulations.

Personal variable remuneration is also influenced by the accumulation of the bonus pool, which is based on the results of the group or business area and possibly other indicators of business success. The maximum amount of variable remuneration can be up to 100% of the annual fixed remuneration. Exceptionally, according to the decision of Aktia's general meeting, the maximum amount of variable remuneration for certain employee groups can be up to 200% of the annual fixed remuneration.

Variable remuneration is paid in accordance with the applicable regulatory requirements and guidelines at the time. Detailed provisions on the rules applicable to the remuneration of identified individuals are described in section 3.2.4 of this policy.

The payment of variable remuneration requires that the employee has not resigned or announced their resignation at the time of payment of the first installment. Designated individuals whose bonuses are deferred due to regulation are generally entitled to deferred installments of short-term variable remuneration (unless otherwise specified in the terms of the remuneration program), regardless of whether the employment relationship has ended after the first payment but before the deferred installments are paid. The goal of long-term variable remuneration is to commit the selected individuals to the programs over a longer period.

### **3.3.2. Conditions for the Payment of Variable Remuneration**

The Group Board has the right to modify remuneration or defer the payment of bonuses to a more favorable time for the group in situations where the payment of bonuses would lead to a detrimental or unreasonable outcome for the group. Such a situation could arise due to changes in external conditions beyond the group's control.

The Group Board may decide that variable remuneration will not be paid in whole or in part if:

- The group's solvency falls below the internally defined thresholds for the group's core capital ratio or below the minimum requirements for other capital components set by the authorities (primary capital ratio or solvency);
- As a result of the payment, the group's liquidity falls below the target level of the liquidity buffer (LCR) set in the group's recovery plan, or the group does not have sufficient stable funding to ensure the sustainability of long-term assets (NSFR);
- The minimum requirements for the group's own funds and eligible liabilities are not met (in accordance with the Resolution Act);
- Or if the payment of variable remuneration would lead to the breach of the aforementioned thresholds.

Additionally, the Group Board may decide that variable remuneration will not be paid in whole or in part if the payment leads to a detrimental or unreasonable outcome from the group's perspective. In this context, thresholds refer to the alert limits in the group's or bank's recovery plan concerning solvency, LCR, and NSFR metrics.

The Group Board may also decide not to pay variable remuneration in whole or in part during the performance evaluation year or in a separate incentive program. The Group CEO and operational management have the same right to decide on non-payment.

The boards of subsidiaries have a corresponding right to modify remuneration or defer the payment of bonuses to a more favorable time for the subsidiary in situations where the payment of bonuses would lead to a detrimental or unreasonable outcome for the subsidiary.

The Group Board has the right, for particularly compelling reasons, to change the terms of the remuneration systems even during the earning period. A particularly compelling reason could be, for example, a significant change in external regulation or a significant change in the group's structure.

### **3.3.3. Reducing or cancelling earned Variable Remuneration or Recovery of paid Variable Remuneration (Malus and Clawback)**

The Group Board has the right to modify remuneration or defer the payment of bonuses to a more favorable time for the group in situations where the payment of bonuses would lead to a detrimental or unreasonable outcome for the group. Such a situation could arise due to changes in external conditions beyond the group's control.

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The Group Board has the right, for particularly compelling reasons, to change the terms of the remuneration systems even during the earning period. A particularly compelling reason could be, for example, a significant change in external regulation or a significant change in the group's structure.

### **3.3.4. Principles of Variable Remuneration for material risk-takers**

Variable remuneration in the financial sector is subject to specific regulations for named individuals (employees who significantly impact the risk profile of the group, fund management company, or managed investment or alternative funds). Named individuals are identified in an annual self-assessment based on criteria defined in the regulations.

When paying deferred salaries to named individuals, the Group Board confirms the payment conditions based on the preparation by the KCG Committee

#### **3.2.4.1. Deferral procedure**

The payment of variable remuneration for material risk-taker (identified individuals) follows applicable regulation on deferral periods, waiting periods, and partial payment in the form of financial instruments. According to the rules, the group has the right and obligation to cancel earned variable remuneration either in whole or in part under certain conditions. The deferral procedure and non-

cash payment apply to those identified individuals whose annual variable remuneration is up to 50,000 euros and constitutes up to one-third of their total annual remuneration. The payment of variable remuneration to identified individuals whose variable remuneration exceeds the aforementioned level always requires an assessment by the group's risk control function to ensure that there are no obstacles to payment, considering the company's own funds, liquidity, and financial situation. In Aktia Life Insurance, the assessment is made by the risk control function of Aktia Life Insurance. The payment condition also requires that it has not been revealed before the payment that the employee has performed their duties contrary to mandatory regulations, the group's strategy, rules, or good practices.

According to the rules on variable remuneration in the financial sector, short-term and long-term variable remuneration is combined after each earning period to assess the portion that can be paid immediately and the amount to be deferred over a four (4) year period. At least 40% of the earned variable remuneration is deferred. If the total amount of variable remuneration is exceptionally large (> 100% of the total fixed remuneration), 60% of the earned variable remuneration is deferred. At least half of the earned variable remuneration is paid in cash and half in other payment instruments (usually Aktia shares).

However, Aktia complies with the applicable rules and regulatory requirements regarding variable remuneration.

### **3.3.5. Self assesment process to identify material risk-taker**

Special variable remuneration regulations (deferral, payment partly in instrumnets other than cash) apply to those group employees who are deemed to significantly impact the risk profile of Aktia or Aktia Fund Management Company or the managed investment funds. An individual is identified as a named person if they have been in a position defined as a risk position for at least three months during the calendar year based on specified criteria.

The Group Board supervises and approves the identification process conducted annually during the last quarter and the resulting list of named individuals. The identification process is carried out based on the group's strategy and associated risks, in accordance with the quantitative and qualitative criteria defined in the applicable regulations at the time.

## **3.4. Elements of variable remuneration**

Variable remuneration at Aktia is divided in short-term variable remuneration and long-term variable remuneration. Performance period in short term variable remuneration is one calendar year and two or more years in long-term variable remuneration.

Short term variable remuneration elements at Aktia are: annual bonus plan and one-time instant payment. The purpose of annual bonus plan is is to support the implementation of the group's strategy and short-term goals. The Group Board annually decides on the framework for the entire group's short-term variable remuneration and confirms the payment of variable remuneration after the earning period has ended. The granted performance bonuses must be based on objectives that are measurable, transparent, and clear, and they must not encourage excessive risk-taking. The one time instant payment is used to reward exceptional perfomrances during the year. The one-time

payment instant payment is not based on preset criteria but is rather given based on overall evaluation of recipients general performance.

Long-term variable remuneration elements at Aktia are: AktiaUna all employee share savings plan, key personnel performance share plan and key employee variable pay plan.

Aktia offers a share savings program to all employees of the group. The purpose of the program is to give all employees the opportunity to save part of their salary to purchase Aktia shares, thereby providing an incentive program that aligns the interests of shareholders and employees. If participants holds the saved shares he/she will receive one additional matching share for each saved share after aprox 2-year retention period.

The performance share plan incentive scheme for management and selected key personnel started at the beginning of 2025. This scheme allows participants to earn Aktia shares. The first performance period of the program covers the years 2025-2027. The purpose of the program is to support the long-term strategy of the Aktia Group by encouraging key personnel to achieve the financial and qualitative goals set for the group, thereby aligning the interests of shareholders and key personnel.

The purpose of The key employee variable pay plan is to support Aktias strategy execution, provide competitive remuneration package for key employees and to motivate key employees to reach Aktias financial targets. The plan has one-year performance period. The earned reward is paid partly in Aktia shares and partly in cash over five years after the end of the performance period. The plan includes a retention element. If participant leaves Aktia prior to the payment of the reward, participant loses rewards that have not yet been paid.

### **3.4.1. Guaranteed variable remuneration**

A guaranteed variable remuneration (Sign-on) is a discretionary reward for attracting talent or a guarantee of variable remuneration levels for the first year of employment. The reward can only be granted for the first year of employment and only once to the same employee. A transfer of employment to another company within the group does not entitle the employee to a new sign-on bonus. The guaranteed variable remuneration can be paid either in cash or Aktia shares.

If the guaranteed variable remuneration is granted before the start of the first performance period, it is not included in the calculation of the amount of guaranteed variable remuneration concerning the ratio between the variable and fixed parts of the total remuneration paid for the first performance period. The guaranteed variable remuneration can be paid as a lump sum that is not deferred.

Compensation packages for replacing or buying out a previous employment contract are subject to all regulatory requirements for variable remuneration.

## **3.5. Remuneration of internal control functions**

The remuneration of individuals working in control functions should be at a level that ensures Aktia can recruit and retain skilled and experienced individuals in these functions. The remuneration of employees working in control functions should primarily consist of fixed remuneration.

Variable remuneration for employees working in the group's control functions (Risk Control, Compliance, Internal Audit, and the Actuarial Function of Aktia Life Insurance Ltd) must not compromise the independence of these employees or be dependent on the results of the business area they supervise. The Group Board's KCG Committee oversees the remuneration structure of the group's independent control functions (Risk Control, Compliance, Internal Audit) in accordance with financial sector regulations and makes recommendations on the determination of total remuneration and bonus amounts.

The Group Board annually confirms the objectives for the group's Risk Control and Compliance functions based on the preparation by the Board's Risk Committee. The Risk Committee also monitors the achievement of these objectives and provides input on the payment of variable remuneration. The Board of Aktia Life Insurance Ltd annually confirms the objectives for employees working in the Actuarial Function of Aktia Life Insurance Ltd and the possible variable remuneration based on these objectives.

The Group Board annually confirms the objectives for the group's Internal Audit function based on the preparation by the Board's Audit Committee. The Audit Committee also monitors the achievement of these objectives and provides input on the payment of variable remuneration.