



# United Bankers Plc

## Remuneration policy for the governing bodies

Valid as of 27 February 2025



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### 1. Introduction

This Remuneration Policy for governing bodies ("Remuneration Policy") of United Bankers plc ("United Bankers" or "company") defines the general principles and decision-making procedures for the remuneration of the members of the Board of Directors and the CEO.

The Remuneration Policy has been prepared in accordance with the Companies Act (624/2006, as amended), the Securities Markets Act (746/2012, as amended), Decree of the Ministry of Finance 608/2019 and the Finnish Corporate Governance Code 2025 issued by the Finnish Securities Market Association ("Corporate Governance Code"). Additionally, the remuneration of the company's governing bodies complies with specific regulations applicable to the financial sector.

This Remuneration Policy has been approved by the Board of Directors to be presented to and adopted by the company's Annual General Meeting in 2025. The Annual General Meeting's resolution is advisory.

The previous remuneration policy was presented to and adopted by the Annual General Meeting of 22 March 2024, in which no statements regarding the remuneration policy were presented by shareholders. The changes compared to the previous remuneration policy are the following:

- The descriptions of the decision-making process regarding remuneration have been moved and compiled under section 2 and updated to take into account the establishment of a Shareholders' Nomination Board<sup>1</sup>;

- A new section 3.2. has been added regarding the remuneration of a potential full-time Chair of the Board;
- The section on the CEO's variable remuneration has been updated to reflect the establishment of new short- and long-term incentive schemes for the company's Management Team;
- A section has been added regarding the priority of different language versions of the remuneration policy; and
- Technical and linguistic changes have been made that do not materially affect the content.

The Remuneration Policy shall be presented to the General Meeting of Shareholders ("General Meeting") for advisory decision-making at least once every four years, unless a revised remuneration policy is presented to the General Meeting earlier. The application of the Remuneration Policy is reported in the remuneration report concerning the Governing Bodies' remuneration ("Remuneration Report"), which is presented annually to the General Meeting. At the Annual General Meetings 2021- 2024, no statements were made by shareholders regarding the Remuneration Reports.

The Remuneration Policy, as well as the remuneration principles applicable to the entire United Bankers Group personnel, aim to promote a motivating remuneration culture and commitment to the company. To guide the remuneration of United Bankers Group management and staff, the company's Board of Directors has approved separate remuneration principles for personnel, which do not differ in principle from those presented in this Remuneration Policy.

<sup>1</sup> The company's Board of Directors proposes to the Annual General Meeting to be held on 21 March 2025 the establishment of a Shareholders' Nomination Board. The Nomination Board will be established provided that the Annual General Meeting on 21 March 2025 decides on the matter in accordance with the proposal made by the Board of Directors.

Partially performance-based compensation practices guide and encourage the implementation of the company's strategy and objectives as approved by the Board of Directors from time to time. The company's objectives include the long-term development of business operations, revenue, profitability, and competitiveness, operating in accordance with its values and principles of corporate responsibility, ensuring cost efficiency and sufficient solvency, and creating shareholder value in the long term.

Remuneration practices shall not result in conflicts of interest between the person receiving remuneration and the interests of a client of United Bankers Group. Additionally, it must also not encourage excessive risk-taking that would be inconsistent with the interests of United Bankers Group, its risk profile, the rules of the investment funds managed by it, or contrary to the interests of its clients. Remuneration shall always take into account and ensure the implementation of comprehensive and effective risk management, and before paying variable rewards, it is ensured that the payment of rewards does not jeopardize the company's solvency.

The Board of Directors may make amendments of a technical nature to this Remuneration Policy, for example due to reasons of mandatory regulation, tax, or administrative matters, without presenting the amended remuneration policy to the General Meeting. However, no material amendments can be made to this Remuneration Policy without presenting the amended policy to the General Meeting.

What is stated herein regarding the remuneration of the CEO applies equally to the CEO's deputy, should one be appointed.

This Remuneration Policy is published in Finnish and English. In the event of a possible discrepancy between the two versions, the Finnish version shall prevail.

## **2. Decision-making process**

The General Meeting, the Shareholders' Nomination Board<sup>2</sup>, the company's Board of Directors and the Board of Directors' Remuneration Committee are all involved in the governance and decision-making regarding the remuneration of the governing bodies.

The General Meeting of the company resolves annually on the remuneration of members of the Board of Directors upon the proposal by the Shareholders' Nomination Board. The Shareholders' Nomination Board makes the proposal to the General Meeting regarding the number of Board members, the Board member candidates to be elected, and their remuneration. When preparing the proposal, the Shareholders' Nomination Board shall take into account the Remuneration Policy. The General Meeting resolves on possible remuneration of the Shareholders' Nomination Board on the basis of a proposal by the Nomination Board.

The General Meeting may resolve to grant to the Board of Directors share-based authorisations to be used for payouts under incentive schemes or other purposes. Proposals for such authorisations are prepared by the Board.

The employment-based remuneration of a possible full-time Chair of the Board shall be decided upon by the other members of the Board of Directors on the basis of the proposal by the Remuneration Committee and within the limits of the Remuneration Policy.

The Board of Directors resolves on the remuneration of the CEO based on the proposal prepared by the Remuneration Committee, taking into account the Remuneration Policy, applicable regulation in force from time to time, and the general remuneration principles and practices of the United Bankers Group. The Remuneration Committee assesses the remuneration of the CEO periodically and submits a proposal to the Board of Directors to amend the remuneration, where necessary.

<sup>2</sup>The company's Board of Directors proposes to the Annual General Meeting to be held on 21 March 2025 the establishment of a Shareholders' Nomination Board. According to the company's previous practice, the proposal regarding remuneration of the members of the Board was made by the company's major shareholders within the scope of shareholders' right to make proposals under the Companies Act

The Board of Directors' Remuneration Committee prepares the Remuneration Policy and any amendments to it, the decisions of the Board of Directors on remuneration and the Remuneration Report. To avoid any conflicts of interest, a majority of the Remuneration Committee members shall be independent of the company as set out in the Corporate Governance Code. The CEO cannot be a member of the Remuneration Committee of the Board or any other committee of the Board of Directors and shall not participate in the decision-making concerning their own remuneration. The Remuneration Committee may engage external experts to assist in the preparation of remuneration matters. The Remuneration Policy and the Remuneration Report are presented to the General Meeting by the Remuneration Committee.

The Remuneration Committee shall assess the appropriateness of this Remuneration Policy at least annually, as well as monitor its implementation. The Shareholders' Nomination Board shall also review the Remuneration Policy in respect of the remuneration of the members of the Board of Directors prior to the General Meeting. The company's Board of Directors approves the Remuneration Policy to be presented to the General Meeting.

### **3. Remuneration of the Board of Directors**

#### **3.1 Remuneration of Board members**

The remuneration of the members of the Board of Directors shall be designed to attract and retain Board members with the necessary skills, industry expertise, and experience to oversee the implementation of the company's strategy, while emphasising the creation of long-term shareholder value. When preparing the proposal for the remuneration of the members of the Board of Directors, the Shareholders' Nomination Board shall take into consideration the remuneration of Board members in comparable peer companies as well as the complexity of the Board's work to ensure that the remuneration remains on a competitive level.

The remuneration of the members of the Board of Directors may consist of one or more components based on the term of office, committee work, or various roles such as Chair or Vice Chair of the Board. The members of the Board of Directors may receive

remuneration in the form of meeting fees, annual fees, monthly fees, or a combination of the aforementioned.

As a general rule, Board members are not employed by the company and do not have a service contract with the company. A decision may be made not to pay Board-related compensation to a member of the Board of Directors if they are employed by the company or another company within United Bankers Group. Travel expenses of Board members may be reimbursed in accordance with the company's expense reimbursement policy.

As resolved upon the General Meeting, the remuneration of the members of the Board of Directors may be paid in cash or entirely or partially in shares. Shares used as remuneration may be subject to transfer restrictions. The General Meeting may also decide upon other forms of remuneration and the basis for their determination. The members of the Board of Directors shall not be covered by the incentive schemes for the company's executive management or personnel.

Resolutions of the General Meeting concerning the remuneration of members of the Board of Directors are published by stock exchange release together with any other resolutions passed at the General Meeting.

#### **3.2 Remuneration of the full-time Chair of the Board**

The employment-based remuneration and other terms of the employment relationship of a possible full-time Chair of the Board of Directors shall be resolved upon by the independent members of the Board of Directors and in accordance with the Remuneration Policy. The Employment-based remuneration of the full-time Chair of the Board shall be assessed annually.

In addition to Board membership remuneration, the remuneration of a full-time Board Chair shall consist of a fixed salary and other financial benefits. Other financial benefits may include for example health, travel and accident insurance, as well as customary fringe benefits, such as phone and meal benefits. Travel expenses may be reimbursed in accordance with the company's expense reimbursement policy.

When determining the full-time Chair's total remuneration, the expertise, experience, responsibilities and performance of the Chair of the Board of Directors shall be taken into consideration. The full-time Chair shall not be entitled to participate in the company's short- or long-term incentive plans for executive management or personnel.

The employment contract of the full-time Chair of the Board of Directors is typically for a fixed term and always conditional on the individual in question being elected to the Board of Directors by the General Meeting and as Board Chair by the Board of Directors. Possible compensation related to the termination of the employment relationship and the terms thereof may be agreed on in the employment contract, in which case such terms are resolved by the independent members of the Board of Directors.

## **4. CEO's remuneration**

### **4.1 Components of remuneration and their proportional percentages**

The Board of Directors appoints the company's CEO and resolves upon their remuneration, benefits, and terms of service. The overall remuneration of the CEO consists of a fixed salary and other financial benefits in accordance with the practices of United Bankers Group as well as variable remuneration.

Other financial benefits may include fringe benefits, for example phone and meal benefits and insurance benefits, such as health, travel and accident insurance, as well as management liability insurance. In addition, the CEO's total compensation may include variable compensation components such as short- and long-term incentive awards.

The level of the CEO's fixed remuneration is determined taking into account the CEO's professional skills, educational background, scope of expertise and work experience as well as organisational responsibility and the general market level of remuneration in comparable positions. The purpose of a fixed salary is to recruit and retain talented individuals to lead the company. The proportion of the fixed salary of the total compensation shall be sufficiently high to avoid dependence on the variable remuneration and potential excessive risk-taking. The CEO may also be entitled to severance pay related to the termination of the CEO agreement in accordance with prevailing market practices.

The fixed and variable components of the CEO's remuneration shall be in appropriately aligned with the objectives of the remuneration, taking into account the company's business strategy and objectives as well as the long-term interests of the company's and the United Bankers Group. The variable component of the remuneration shall depend on performance against the targets set forth, the Board's overall assessment and the development of the company's share price. In addition, the amount and relative proportion of the CEO's variable remuneration and its relative proportion compared to the fixed salary shall be in alignment with this Remuneration Policy and the United Bankers Group's general remuneration principles, and the financial industry regulation in force from time to time. The level of the CEO's shall be periodically reviewed and compared to the compensation of CEOs of comparable peer companies to ensure that it remains on a competitive level.

The total variable remuneration payable under the short-term and long-term incentive schemes for the CEO may not exceed 200 per cent of the total fixed annual remuneration.

### **4.2 Grounds for determining variable remuneration**

The purpose of variable remuneration is to align the interests of the CEO with the interests of the company's shareholders through the financial performance of the United Bankers Group or the development of the company's share price.

The company's CEO may participate in both the long-term and short-term incentive plans of the United Bankers Group's Management Team.

Short-term incentive systems are based on one (1) year earning criteria. The Board of Directors sets the qualitative and quantitative performance indicators as well as their relative weights and target levels annually at the beginning of each performance period. Performance indicators are based on the strategy of United Bankers Group and they shall include both

financial and non-financial metrics that support the implementation of the business strategy and promote responsible business. These indicators may consist of personal, business unit, company, and/or Group -level target levels. Threshold values, which must be exceeded in order for incentives to be paid out, shall be set for the incentive scheme, as well as an upper limit. The performance period for the short-term incentives is the company's financial year. The Board of Directors decides on payouts from the short-term incentive schemes after the end of the performance period based on the outcome of the set targets. Possible rewards under short-term incentive schemes shall be paid in cash.

The CEO may also be entitled to participate in the company's long-term incentive programs for the Management Team. The Board of Directors decides on long-term incentive programs and the rewards paid under them. Long-term incentive programs consist of earning periods of at least three (3) years. Performance indicators for these programs may include financial metrics as well as those related to United Bankers Group's strategy, sustainability, or the company's share price. The Board sets the metrics and their relative weightings. Threshold values and upper limits are set for the incentives under long-term incentive schemes. If the performance, measured based on the indicators set for the incentive scheme, is excellent, the long-term incentives may have substantial weight in the CEO's total remuneration.

The Board of Directors may resolve to pay the variable remuneration in part or in full in shares in United Bankers Plc, cash, option rights, other share-based rights, securities, benefits in kind or in other benefits. Payment of the remuneration in the form of shares in United Bankers Plc may be carried out within the limits of the share issuance authorisation by the General Meeting of Shareholders to the Board of Directors.

The Board of Directors may resolve that in share-based remuneration, a certain vesting period may be applied to shares or share-based financial instruments. The Board of Directors may also resolve upon transfer restrictions pertaining to the company's shares held by the CEO, as well as on principles and objectives related to share ownership.

The payment of the variable remuneration shall, at the time of assessment, be justified considering the CEO's performance and the overall financial results and position of the company and its Group. The amounts and payment of the variable remuneration to the CEO shall consider the risks known and estimated foreseeable future risks at the time of assessment, the necessary financial liquidity as well as the operating environment of the company and the United Bankers Group. The total amount of remuneration payable within the United Bankers Group shall never be so large as to limit the strengthening of the company's and the United Bankers Group's capital base or jeopardise their financial solvency.

#### **4.3 Other key terms of the CEO's service relationship**

The terms of the Group CEO's service relationship, notice period, non-compete clauses, and severance payment shall be defined in a written CEO agreement. The terms and amounts generally follow customary notice periods and severance pay practices of CEO agreements. Payment of any compensation relating to the early termination of the CEO agreement shall not be carried out in a manner that rewards unsuccessful performance of the CEO.

The CEO is covered by the applicable statutory pension scheme. In addition, the CEO may be granted other reasonable benefits that are in line with market practice in order to ensure the commitment of a skilled CEO to the company and its development. The Board of Directors may decide on other terms of the CEO's service relationship, such as additional pension rights.

Upon termination of the CEO's service relationship, the CEO's entitlement to remuneration under short- and long-term incentive schemes shall be determined according to the rules/terms of the relevant incentive programs and schemes. However, the Board has the right, at its discretion, to decide on the full or partial payment of variable remuneration, or to withhold such remuneration upon termination of the service relationship.

#### **4.4 Potential periodicity of remuneration and clawback**

The Company's Board of Directors may resolve on refraining from the payment of the CEO's variable remuneration either in full or partially or through reducing the variable remuneration to be paid

out. Furthermore, the Board of Directors may resolve on the payment of the remuneration in several instalments.

The variable remuneration may be withheld in part or in full, or the payment of the remuneration may be deferred to a later more appropriate time for the company, if such payment could jeopardise the solvency of the company or the United Bankers Group, or if the payment could otherwise result in an adverse or unreasonable outcome for the company or the United Bankers Group.

## **5. 5. Temporary deviation from the Remuneration Policy**

The remuneration of the company's Governing Bodies shall primarily be based on the Remuneration Policy adopted by the General Meeting of Shareholders. However, deviations from the remuneration of the Board of Directors or the CEO under this Remuneration Policy, may be made temporarily in certain exceptional situations to ensure the company's long-term interests. Such deviations may apply to the entire Remuneration Policy or a part thereof to the extent required by the specific situation at hand.

Exceptional situations in which deviations from the Remuneration Policy may be made are:

- Change of CEO,
- Appointment of an interim CEO,
- Appointment of a deputy CEO,
- Significant changes in the strategy of the United Bankers Group,
- Significant changes in the structure, organisation, or ownership of the United Bankers Group, such as merger, acquisition, demerger, public tender offer or sale of assets pertaining to a significant part of the business operations of the company or of the United Bankers Group,
- Significant changes in the financial position, strategy, or governing structure of the United Bankers Group,

The Board of Directors may also clawback previously paid variable remuneration either in part or in full, as an unjustified benefit, for example in the event that the CEO has acted in violation of the company's or the United Bankers Group's internal guidelines and operational principles, applicable regulation, or has contributed to such conduct through negligence, or if such clawback is justified considering the overall financial situation of the company or of the United Bankers Group.

- Changes in applicable legislation, regulations, authority guidelines or taxation,
- Another weighty and justified reason to adjust the CEO's remuneration,
- Another exceptional circumstance where a deviation is necessary for ensuring the long-term interests and sustainable development of the United Bankers Group as a whole.

Under the above-mentioned exceptional circumstances, it is considered to be in the long-term interest of the company and of its shareholders that the company's Board of Directors has independent authority to resolve upon the CEO's remuneration, regardless of the existing CEO agreement. Any deviation from this Remuneration Policy requires a resolution of the Board of Directors.

If the deviation from this Remuneration Policy is estimated to continue other than temporarily, the Remuneration Committee of the Board shall prepare a revised Remuneration Policy for the Board of Directors, which shall be presented to the next Annual General Meeting. Any temporary deviation shall be reported in the Remuneration Report, which is presented at the company's next Annual General Meeting.