

# Corporate governance statement 2019

EVLI BANK PLC



# Corporate governance statement

The governance of Evli Bank Plc (“Evli” or “company”) is based on the Articles of Association, the Finnish Limited Liability Companies Act, applicable statutory provisions governing the Finnish securities markets, the Market Abuse Regulation (MAR), the regulations of the Finnish Financial Supervisory Authority, the rules and regulations of Nasdaq Helsinki Ltd, and other statutes and regulations concerning the governance of public limited companies. The Articles of Association, the published policies and other information on Evli’s corporate governance can be found at the company’s website [www.evli.com/investors](http://www.evli.com/investors).

Evli also complies with the Finnish Corporate Governance Code issued by the Securities Market Association. The Code can be viewed in full on the Securities Market Association’s website at [www.cgfinland.fi/en](http://www.cgfinland.fi/en).

This Corporate Governance Statement referred to in Chapter 7, section 7 of the Securities Markets Act (746/2012) has been compiled in compliance with the Finnish Corporate Governance Code and it has been prepared as a separate report from the Board of Directors’ Report.

## Evli’s governance structure

Evli’s management and business operations are the responsibility of the General Meeting, the Board of Directors and the CEO, whose tasks are determined in the Finnish Limited

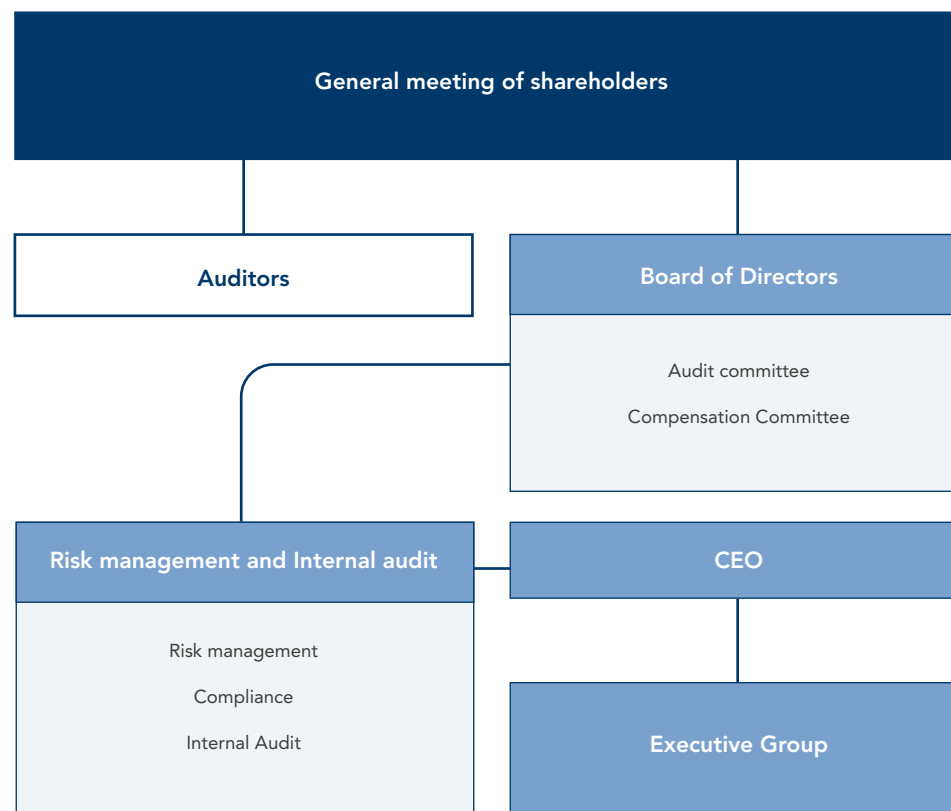
Liability Companies Act and in Evli’s Articles of Association. Evli Group’s Executive Group assists the CEO in the operative management of the company. The Executive Group consists of managers of the business areas and group functions, and it helps the CEO in the approval and execution of group-level operating principles and procedures. The Executive Group is chaired by the CEO.

Evli Bank’s Board of Directors is primarily responsible for Evli Group’s risk management. The Board of Directors confirms the principles and responsibilities of risk management, the risk limits of the Group and other general guidelines according to which the risk management and internal audit are organized.

## General Meeting of Shareholders

The ultimate decision-making power in the company is exercised by shareholders at General Meetings. By participating in the General Meeting either personally or via a proxy, a shareholder may exercise his/her right to vote and make inquiries and participate in decision-making on matters concerning the company. At the General Meeting, each Series A share of Evli Bank Plc entitles its holder to twenty (20) votes and each Series B share to one (1) vote.

## Evli Bank Plc’s Governance Structure



General Meetings are held at least once a year. The Annual General Meeting (AGM) is held upon completion of the company's financial statements, at a place and on a date designated by the Board of Directors. The date must be no later than the end of June.

Matters to be discussed at a General Meeting are specified in the Limited Liability Companies Act and in Evli's Articles of Association. The General Meeting normally discusses not only the matters specified by law and in the Articles of Association but also items presented to the meeting by the Board of Directors. Under the Limited Liability Companies Act, shareholders are also entitled to bring for discussion at a General Meeting any matter that falls within the authority of the meeting.

A notice to the General Meeting is published no earlier than three (3) months prior the record date of the General Meeting, and no later than three (3) weeks prior to the General Meeting, however, no later than nine (9) days before the record date of the General Meeting. The notice is published on Evli's website [www.evli.com](http://www.evli.com) and as stock exchange release. The Board of Directors may, at their discretion, announce the General Meeting in one or more newspapers.

Documents to be presented in the General Meeting and the Board's proposals for decisions to the General Meeting are made available at Evli's website ([www.evli.com](http://www.evli.com)) three (3) weeks before the General Meeting.

### **Annual General Meeting (AGM)**

At the AGM, information is presented about the company's activities. The AGM also decides on the following:

- adoption of the financial statements of the previous financial year
- the company's profit distribution
- discharging the Board members and the CEO and his/her deputy from liability
- election of Board members and their remuneration
- appointment of auditors and their remuneration.

In 2019 the AGM was held in Helsinki on March 12, 2019. A total of 60 shareholders participated in the AGM either personally or via a legal representative or an authorized proxy. A total of 69 percent of votes entitled by all shares were represented. The AGM participants included the Board members (except Mikael Lilius), the CEO and the principally responsible auditor of the company's auditing firm.

### **Extraordinary General Meeting**

The Board of Directors may convene an Extraordinary General Meeting if it considers this necessary. The auditor and any shareholder with more than ten percent of the company's shares also have the right to demand that an Extraordinary General Meeting be called to discuss a matter to be presented by the auditor or shareholder.

No Extraordinary General Meetings were held in 2019.

### **Board of Directors**

The AGM of Evli Bank Plc elects each year a Board of Directors, which, between General Meetings, exercises the ultimate decision-making power in Evli Group. The task of Evli's Board is to manage the company in accordance with the laws and official regulations, and in compliance with the Articles of Association and the decisions of the General Meeting.

### **Duties of the Board of Directors**

The Board has approved a written procedure defining its duties and meeting practices. The tasks of the Board are:

- taking responsibility for the company's administration and appropriate organization of operations
- ensuring that the company's accounting and asset management are monitored in an appropriate manner
- handling of all matters that are of extensive and fundamental importance for the operation of the company and the entire Group
- deciding upon the Evli Group's business strategy and approving the budget
- confirming the principles for the arrangement of Evli Group's risk management and internal audit
- appointing the CEO and the members of the Executive Group and relieving them of their duties
- deciding on the CEO's salary and other benefits

- approving the objectives for the Group's human resources planning and monitoring the implementation of these objectives
- deciding the basis for the Group's remuneration system and other comprehensive matters that concern the personnel.

In accordance with the principles of good governance, the Board also ensures that the company, in its operations, endorses the corporate values that have been set out for compliance.

The Board conducts an annual review of its activities and working practices in the form of an internal self-assessment.

### **Composition of the Board of Directors**

The AGM elects four to eight (4-8) members to Evli's Board of Directors among representatives of major shareholders and external independent experts.

The major shareholders of the company prepare a proposal on the composition of the Board for the AGM. The Board members should be elected so that the composition of the Board is as diverse as possible and supports Evli's business goals and meets the following principles:

- The Board as a whole must have sufficient competence and experience to be able to carry out its duties diligently and efficiently, taking into consideration the type and scope of the company's operations and its strategic goals and the changes of business and the rest of society.
- The members of the Board should have supplementary education and skills and

- experience in areas that are important to the company.
- The members of the Board should have experience of Board work and executive duties in business or other areas of society.
  - The Board should include both men and women as far as is possible
  - The Board should also be diverse in terms of age distribution and number of terms.

In addition, in accordance with the Corporate Governance Code 2020, persons elected to the Board must have the opportunity to spend sufficient time carrying out their duties.

All Board candidates must submit their own assessment of their independence to the Board at least once every year. In addition, the company also evaluates the independence of all existing members on the basis of documents in its possession and, when needed, using public documents in accordance with the Corporate Governance Code issued by the Securities Market Association in 2020 or other applicable regulations.

The Board members are elected for a term of one year, which starts at the conclusion of the AGM and ends at the conclusion of the next AGM following the election. The Board elects a chairman and a deputy chairman among themselves.

Evli Bank Plc's AGM held on March 12, 2019 confirmed six (6) as the number of members of its Board of Directors. Henrik Andersin, Robert Ingman, Mikael Lilius and Teuvo Salminen were re-elected to Evli Bank Plc's Board of Directors. In addition, Sari Helander and Fredrik

Evli Bank Plc's Board of Directors in 2019		Attendance at board meetings in 2019	Ownership in the company*, number of shares		Independent of the company	Independent of the shareholders
Nimi	Personal data		A-shares	B-shares		
<b>Henrik Andersin</b>	Board member since 1985, Chairman of the Board since 2006 Born 1960, M.Sc. (Econ) Committee memberships: Compensation Committee	10/10	3,803,280	950,820		
<b>Fredrik Hacklin</b>	Board member since 2019** born 1978, Ph.D. (Management), M.Sc. (Engineering) Committee memberships: Compensation Committee	8/8			√	√
<b>Sari Helander</b>	Board member since 2019** born 1967, M.Sc. (Econ) Committee memberships: Audit Committee	8/8		1,800	√	√
<b>Robert Ingman</b>	Board member since 2010 Born 1961, M.Sc. (Tech), M.Sc. (Econ. and Business Administration) Committee memberships: Audit Committee	10/10	1,860,000***	602,000	√	
<b>Johanna Lamminen</b>	Board member since 2015**** Born 1966, D.Sc. (Tech), MBA Committee memberships: Audit Committee	2/2		306	√	√
<b>Mikael Lilius</b>	Board member since 2010 Born 1949, B.Sc. (Econ. and Business Administration). Committee memberships: Compensation Committee (Chairman)	10/10		38,480	√	√
<b>Teuvo Salminen</b>	Board member since 2010 Born 1954, M.Sc. (Econ. and business administration) Committee memberships: Audit Committee (Chairman)	10/10		50,000	√	√

\*Shareholding on December 31, 2019, including holdings through a controlled company, \*\*Board Member since March 12, 2019., \*\*\*Includes holdings of Ingman Group Oy Ab  
\*\*\*\*Board Member until March 12, 2019.

Hacklin were elected as new members of the Board of Directors. Johanna Lamminen, a previous member of the Board announced to the AGM that she will resign from the Board of Evli Bank Plc. The Board elected Henrik Andersin as the Chairman and Mikael Lilius as the deputy Chairman.

In 2019, the Board of Directors convened ten times. The average attendance rate of Board members at the meetings was 100 percent.

Participation of each member in the meetings is listed in the table above.

Evli's current Board of Directors consists of industry experts and the company's major shareholders. The Board has assessed the independence of its members and has concluded that all the members are independent of the company, excluding Henrik Andersin. With the exception of Henrik Andersin and Robert Ingman the other Board members

are independent of the company's significant shareholders. Based on the shareholdings of controlled companies Henrik Andersin and Robert Ingman are not independent of the company's significant shareholders.

#### Operations of the Board in 2019

In addition to statutory tasks and tasks laid out in the Board's rules of procedure, the Board focused in the spring 2019 on personnel issues

and responsibility at Evli. In terms of personnel issues, young future Evli employees and the creation of a meaningful work environment were reviewed. In terms of responsibility, the Board focused on responsible investments and its integration into all business operations. The Board also assessed the current strategy and its progress, especially with regard to information system projects. Projects to improve customer experience, as well as measures to develop online services and the traditional asset management model, were also on the Board's agenda.

In the summer, the Board focused on analyzing the Group's strategy and the success of its implementation. The main focus of the background work was on the impact of the changes in the market environment. On the basis of this work, the Board clarified Evli's strategic priorities in the autumn. As a result, the main themes of the strategy, increasing the customer base and product offering, remained unchanged. In addition to these, responsibility and operational efficiency were made focus areas. Simultaneously, the Board also reviewed the Group structure and its functionality, considering the Group's wide product range.

### Diversity of the Board of Directors

The principles concerning diversity of the Board of Directors are stated in the Board's diversity policy that the Board approved on December 13, 2017. Diversity strengthens Evli's goal of having a Board whose overall competence profile supports the development of Evli's business. Diversity is seen as a key success factor that ena-

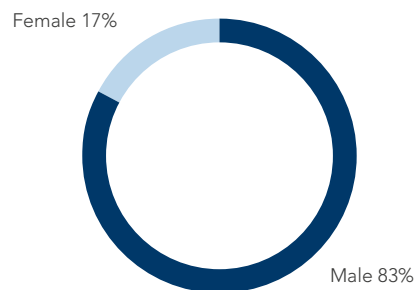
bles Evli to reach its strategic goals and continuously improve its client-centric operations.

The diversity of the Board is viewed from different perspectives. For Evli, the essential factors are the Board members' versatile and complementary expertise, experience from various industries and management, and the personal qualities of the members. The age and gender distribution of the Board members are taken into account, which supports the diversity of the Board.

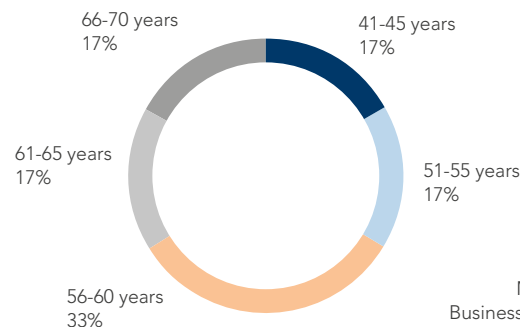
The actualization and development of diversity towards the goals is evaluated in the annual self-evaluation discussion of the Board.

At the end of the financial year 2019, the Board members represented a wide range of expertise on management and board tasks in several industries, and their educational backgrounds and expertise complement each other. Both genders were represented on the Board. 17 percent of the Board members were female,

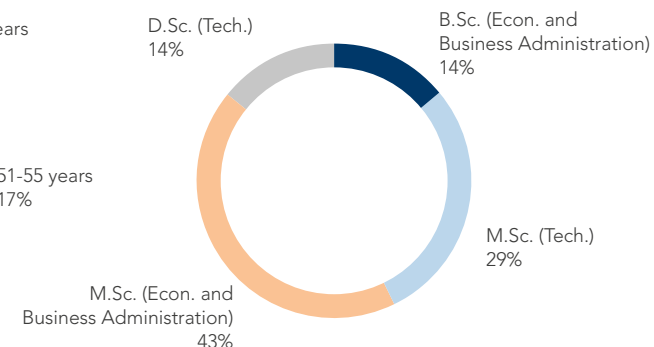
**Board diversity - gender**



**Board diversity - age**



**Board diversity - education**



and 83 percent were male. The median of the year of birth of the Board members was 1961, and the age difference between the youngest and the oldest member was 29 years.

### Committees set up by the Board

The Board has established an Audit and a Compensation Committee to prepare matters to be handled by the Board. The committees have no independent decision-making power; instead, decisions are made by the Board on the basis of recommendations and information supplied by the committees. The committees make regular reports on their activities to the Board.

### Audit Committee

The Audit Committee is responsible for assisting the Board in ensuring that the company has an adequate internal audit system covering all operations and that the company's risk management has been arranged appropri-

ately, and it also monitors the financial statements reporting process.

The Audit Committee is also responsible for:

- Overseeing the accuracy and correctness of the company's financial reporting, and monitoring the statutory auditing of the financial statements and consolidated financial statements
- Preparing the proposal on the appointment of auditors and the auditors' fees, to be made to the AGM
- Ensuring that the company's operations and internal audit have been arranged in accordance with all applicable laws, regulations, and good management and governance practices
- Monitoring the activity and efficiency of the internal audit function
- Assessing the independence of the statutory auditor or auditing firm, and especially the provision of ancillary services to the company.

The Audit Committee consists of at least two members, who may not be part of the company's management and must be independent of the company. In addition to the Committee's regular members, the meetings are attended by the auditors, the CEO, the CFO and the internal auditor. The committee meets every

quarter. The Audit Committee's members are Teuvo Salminen (Chairman), Robert Ingman and Sari Helander. The committee met five times in 2019. The Audit Committee members' average attendance rate at meetings was 100 percent. The participation of each member in the meetings is listed in the table below.

NAME	ROLE	ATTENDANCE IN AUDIT COMMITTEE MEETINGS 2019
Teuvo Salminen	Chairman	5/5
Sari Helander	Member*	4/4
Robert Ingman	Member	5/5
Johanna Lamminen	Member**	1/1

\*Member of the Board since March 12, 2019. \*\*Member of the Board until March 12, 2019.

#### Compensation Committee

The Compensation Committee is responsible for assisting the Board of Directors in the preparation of matters related to the company's employment terms and compensation.

In addition, the Compensation Committee assists the Board in the following:

- Preparation of matters related to the compensation and incentive systems for management and personnel
- Regular assessment of the functioning of and compliance with the compensation system.

The committee consists of at least two members, elected by the Board from among its members. The committee Chairman is chosen from among the committee members and must be an independent Board member. The members of Evli's Compensation Committee are Mikael Lilius (chairman), Henrik Andersin and Fredrik Hacklin. The committee met four times in 2019. The Compensation Committee members' average attendance rate at meetings was 100 percent. The participation of each member in the meetings is listed in the table below.

NAME	ROLE	ATTENDANCE IN COMPENSATION COMMITTEE MEETINGS 2019
Mikael Lilius	Chairman	4/4
Henrik Andersin	Member	4/4
Fredrik Hacklin	Member*	3/3

\*Member of the Board since March 12, 2019.

#### Corporate management

##### Evli's corporate structure

Evli's business operations is organized around two client segments: Wealth Management and Investor Clients, and Advisory and Corporate Clients. These are supported by common group functions, which include Information Management, Financial Administration, Marketing, Communication, Investor Relations, Legal department and Compliance, Human Resources, Internal Services, Risk Management and Internal Audit.

#### Corporate management

Evli's Board of Directors appoints the company's CEO and decides the terms and conditions of his or her service relationship. The CEO is responsible for the company's day-to-day management in compliance with the instructions and decisions provided by the Board of Directors. Evli Group's Executive Group assists the CEO in the operative management of the company.

#### CEO

The CEO's duties include the management and supervision of the Group's business, preparation of matters to be handled by the Board, and implementation of the Board's decisions. In accordance with the Limited Liability Companies Act, the CEO ensures that the company's accounting is lawful, and that the asset management is arranged reliably.

The CEO's period of notice is six months, and the severance compensation payable to the

CEO in addition to the salary for the period of notice corresponds to 12 months' salary. The CEO's retirement age is 63 years. The company's CEO is Maunu Lehtimäki, M.Sc. (Econ.), born 1967. In 2019, the CEO was paid EUR 381,840 in salary and fringe benefits, performance bonuses amounting to EUR 49,000 and a supplementary pension of EUR 57,276, totaling EUR 488,116. In addition, the CEO subscribed to the 212,500 shares granted to him in the Option-program 2014. The total value of the subscription was EUR 1,810,500 based on the closing price on the subscription day. The CEO was issued 40,000 stock options 2016 and 50,000 Evli shares were allocated as part of the share-based incentive plan established in 2019.

#### Executive Group

The Executive Group consists of the CEO and six members. The CEO presents a proposal regarding the choice of members to the Executive Group, and these names are then subject to confirmation by the Board of Directors. The CEO convenes the Executive Group as necessary and serves as its Chairman. The Executive Group normally meets twice a month. The Executive Group's task is to support the CEO in preparing and implementing the strategy and in coordinating the Group's operations. The Executive Group's duties also include preparing and executing matters that are significant or involve fundamental principles and ensuring internal co-operation and communication.

#### Operations of the Executive Group in 2019

In 2019, the Executive Group met on average twice a month. Similar to the previous year, the

## Evli's Executive Group in 2019

NAME	Area of responsibility	Ownership in the company*, number of shares	
		A-share	B-share
<b>Maunu Lehtimäki**</b> born in 1967, M.Sc. (Econ.)	CEO	533,728	155,932
<b>Mari Etholén***</b> born 1973, LL.M.	Legal and Human Resources functions	60,000	16,306
<b>Panu Jousimies****</b> born in 1969, M.Sc. (Econ.)	Production and execution of securities transactions	59,691	114,249
<b>Janne Lassila*****</b> born in 1965, M.Sc. (Econ.)	Institutional clients	125,248	22,989
<b>Juho Mikola*****</b> born in 1981, M.Sc. (Econ.)	Financial and Group Administration, Deputy CEO	68,000	17,219
<b>Esa Pensala*****</b> born in 1974, M.Sc. (Tech)	Private clients	142,000	35,500
<b>Kim Pessala*****</b> born in 1969, M.Sc. (Econ.)	Institutional clients	12,331	120,331
<b>Mikael Thunved****</b> born in 1965, B.Sc. (Econ.)	Corporate Finance business	-	140,000

\*Shareholdings on December 31, 2019, including holdings through controlled entities.

\*\*Holds 40,000 stock options under the 2016 stock option program. 50,000 Evli shares allocated under the share-based incentive scheme established in 2019.

\*\*\*4,667 Evli shares allocated under the share-based incentive scheme established in 2018 and 20,000 Evli shares under the share-based incentive scheme established in 2019.

\*\*\*\*20,000 Evli shares allocated under the share-based incentive scheme established in 2019.

\*\*\*\*\*Member of the Executive Group until April 1, 2019.

\*\*\*\*\* Holds 35,000 stock options under the 2016 stock option program. 27,000 Evli shares allocated under the share-based incentive scheme established in 2017, 4,667 Evli shares under the share-based incentive scheme established in 2018 and 30,000 Evli shares under the share-based incentive scheme established in 2019.

\*\*\*\*\*30,000 Evli shares allocated under the share-based incentive scheme established in 2019.

\*\*\*\*\*Member of the Executive Group since April 1, 2019. 4,667 Evli shares allocated under the share-based incentive scheme established in 2018 and 20,000 Evli shares under the share-based incentive scheme established in 2019.

work of the Executive Group focused strongly on three themes in line with the company's strategy: increasing customer base both domestically and internationally, expanding the product offering and enhancing of operations through system upgrades. In particular, new products and preparations for their issue and management as well as sales required the Exec-

utive Group's attention. In the second quarter of the year Evli launched a new private equity fund business following the completion of the acquisition of Ab Kelonia Placering Oy. This was highlighted on the Executive Group's agenda during the quarter. Evli is currently working on a considerable project portfolio filled with various projects to improve

efficiency. Many of the projects will have a decisive impact on Evli's core processes and operating methods upon completion. Therefore, the Executive Group thoroughly followed the project portfolio development in 2019.

In the autumn, organizational changes and changes in operating methods rose on the Executive Group's agenda. The background to the changes were the completion of system updates made by the company. Evli decided to start co-operation negotiations in early autumn, which resulted in the reorganization of the Group's administration and support functions. In this context, numerous processes were developed and modified, and work continued well into the end of the year. In terms of processes, the outsourcing of custody activities was also developed at the Executive Group level.

In addition to administrative and strategic work, the members of the Executive Group strived to spend time with customers and other stakeholders, actively participating in sales activities.

### Risk management and internal control

Evli's values and its policy of transparent and appropriate communications support the company's operational integrity and high ethical standards. The company's organizational structure, clearly established responsibilities and authorizations, and its competent employees support the planning, execution, control and monitoring of business operations in a manner that facilitates the achievement of set objectives.

Risk management refers to actions aimed at systematically surveying, identifying, analyzing and preventing risks. The objective of risk management is to:

- ensure the sufficiency of own assets in relation to risk positions ensure that fluctuations in financial results and valuations remain within the confirmed objectives and limits
- price risks correctly to achieve sustainable profitability
- support the uninterrupted implementation of the Group's strategy and income generation.

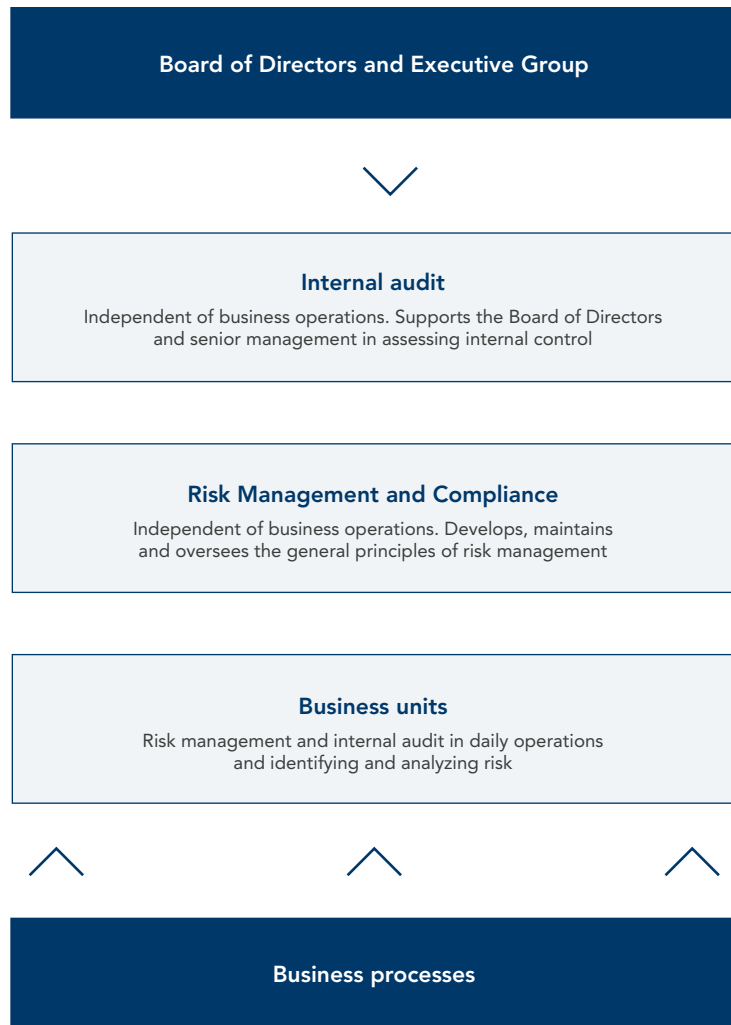
Evli Bank defines risk as an event or series of events that jeopardize the company's income generation over the short or long term.

Evli Bank's Board of Directors is primarily responsible for Evli Group's risk management. The Board of Directors confirms the risk management policies, responsibilities, the Group's risk limits and other general guidelines governing how risk management and internal control is to be organized. The Board has also set up a credit and asset-liability committee (Credalco), that briefs it on risk-taking matters.

In addition to the general risk management policies, Evli Group's risk management is founded on the "three lines of defense" model.

### First line of defense – business units

Risk management is a part of internal control, and therefore the responsibility for executing risk management measures lies first with the business units, as the first line of defense. The



managers of the business units are responsible for ensuring that risk management is at a sufficient level in each respective unit. The task of business units is to:

- build the processes and competence for risk management and internal audit
- identify and analyze risks
- make decisions on risk management by means of various protection measures.

**Second line of defence – Risk Control and Compliance**

The second line of defence comprises the independent Risk Control and Compliance functions whose primary tasks are to develop, maintain and oversee the general principles and framework of risk management.

The Risk Control function oversees daily operations and compliance with the risk limits granted to the business units, as well as compliance with risk-taking policies and guidelines. Risk Control reports on the Evli Group’s overall risk position to the Board and the Executive Group each month.

The Compliance function is responsible for ensuring compliance with the rules in all of the Evli Group’s operations by supporting operating management and the business units in applying the provisions of the law, the official regulations and internal guidelines, and in identifying, managing and reporting on any risks of insufficient compliance with the rules in accordance with the separate compliance policy and monitoring plan confirmed by Evli Bank’s Board of Directors. The Compliance function reports regularly via the audit commit-

tee to Evli Bank’s Board and also to the operating management.

**Third line of defence – Internal audit**

The third line of defence is Internal audit. The Internal audit is a support function for the Board of Directors and senior management that is independent of the business functions. It is administratively subordinate to the CEO and reports to the CEO and, via the Audit Committee, to the Board of Evli Bank.

The internal audit assesses the functioning of the Evli Group’s internal control system, the appropriateness and efficiency of the functions and compliance with instructions. It does this by means of inspections that are based on the internal audit action plan adopted annually by the Audit Committee of the Board of Evli Bank.

Internal audit follows not only the internal audit guidelines, but also the internationally acknowledged framework of professional practices (The Institute of Internal Auditors) and corresponding guidelines on information systems audit standards (The Information Systems Audit and Control Association).

**Audit**

The shareholders elect the company’s auditors each year at the AGM. The auditors must be an auditing firm approved by the Finland Chamber of Commerce. The auditors’ term continues until the end of the first AGM that follows the election of the auditors. The auditors’ duties are to ensure that the financial statements have been prepared in accordance with



the applicable statutes and provide a true and fair view of the company's financial position and performance and other necessary information for the company's stakeholders.

As part of their annual audit duties, the auditors of Evli Bank Plc audit the accounts and administration of the separate companies. The internal audit requirements are taken into account in the auditors' audit plans. Each year, the auditors submit their report to the AGM of Evli Bank Plc. The auditors also report the main points of the annual audit plan to the Board of Directors and to the Board's Audit Committee as well as presenting, in connection with each interim report and the financial statements, a written audit report covering the entire Group.

The AGM held on March 12, 2019, elected PricewaterhouseCoopers Oy, an auditing firm, as the auditor, with Jukka Paunonen, Authorized Public Accountant, as the principally responsible auditor. PricewaterhouseCoopers Oy generally serves as the auditor for all the subsidiaries, with the exception of Terra Nova Ltd. Terra Nova's auditor is RSM Dahman Auditors.

In 2019, the auditing firms were paid fees totaling EUR 390,727.58. The fees for auditing came to EUR 219,127.94, and the fees for services unconnected with auditing were EUR 171,599.64. Other fees consist mainly of tax and legal advisory services.

### **Insider management**

Evli Bank Plc has a guideline on insider rules and regulations that is approved by its Board

of Directors and is based on the Market Abuse Regulation (MAR), Nasdaq Helsinki Ltd's Guidelines for Insiders of Listed Companies, as well as other relevant regulations and directives. Evli Group companies that are registered outside of Finland shall comply not only with these guidelines, but also with the national legislation and official regulations of the country where the company is located. The guideline on insider rules and regulations is distributed to all persons engaged in an employment or service relationship with the Group. The persons defined in the guideline on insider rules and regulations shall comply with the restrictions regarding the use of insider information and trading, for example the closed window period.

Evli Bank maintains a register of permanent insiders, which includes members of the Board of Directors and Executive Group. Evli Bank also maintains registers of project-specific and transaction-specific insiders that are required at any given time. The insider registers are maintained in the Ticker-system and Euroclear Finland Ltd's SIRE system.

Evli Bank has also specified that members of the Board of Directors and Executive Group and their related parties are required to disclose their business transactions with Evli Bank Plc's shares and other financial instruments based on these. The register of persons subject to the disclosure requirement is maintained in the Euroclear Finland Ltd's SIRE system.

Evli Bank Plc's insiders may not trade in securities issued by the company for 30 days before the publication of an interim report or the financial statements bulletin. Evli also

applies a similar 30-day trading restriction to Evli Group's employees who participate in the preparation or publication of the interim report and financial statements and who become aware of unpublished financial information at Group level. The person in charge of insider issues at Evli Bank Plc is the company's Head of Legal Affairs.

Evli evaluates and monitors related party transactions between the company and its related parties. Evli maintains a list of related parties. Evli's related parties comprise its subsidiaries as well as the Board of Directors, the CEO, the Executive Group including any companies controlled or significantly influenced by them. Evli's financial management monitors and reports related party transactions as part of the company's normal reporting and control practices. Related party transactions which are not considered normal business activities are decided by the Board of Directors. Evli reports relevant and material related party transactions annually in the notes of the consolidated financial statements

### **Financial reporting**

The Board of Directors is responsible for overseeing the Evli Group's financial reporting. The Audit Committee assists the Board in this work. The CEO's and CFO's task is to monitor and ensure that the accounting and the financial reporting accord with the law, the Group's accounting policies and the guidelines and orders issued by the Group's Board of Directors.

The Group's accounting and results reporting are centralized under the responsibility of

the Group's Financial Administration unit. The Financial Administration unit is subordinate to the CFO and is responsible for producing on a centralized basis the financial statements information required for external accounting. The unit also produces internal accounting analyses and the results reports for monitoring business activities, the separate companies and the Group's profitability. Profit performance is reported monthly both to the Executive Group and the Board of Directors in the form of specific results reports. The aim is to identify and demonstrate success factors as well as development areas well in advance, thus making it possible to react to these. Reporting practices are also used for monitoring the implementation of the business plans for the business units. The Group's Financial Administration unit is also responsible for monitoring and reporting on the performance of each business unit. Further responsibilities include reporting the financial results, sales and activity at least monthly, and even daily depending on the unit, to the Executive Group and other concerned parties.

Evli Group complies with the International Financial Reporting Standards (IFRS) approved for application in the EU. The Group prepares annual financial statements and also quarterly interim reports (IAS 34). The instructions on financial reporting and the accounting principles are applied in all the Group companies. The accounting of all the Group companies is included in the same accounting system, with the exception of Group company in the United Arab Emirates.



Evli Pankki\_WM (in Finnish)  
Evli Research (in Finnish)  
Evli Fund Management Company (in English)



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Evli Fund Management Company (in English)  
Evli Research (in Finnish)



Evli Bank Plc (in Finnish)  
Evli Fund Management Company (in English)



[www.evli.com](http://www.evli.com)

