

## Remuneration of the company's management

### A. Introduction

This remuneration section describes the current principles of the remuneration of the company's Board of Directors, CEO and other members of the Group Management Team as well as discloses the remunerations paid. With respect to the other members of the Group Management Team, the information is provided at overall level. The information in this section supplements the information on the remuneration of the company's governing bodies presented in the Remuneration Policy for the company's governing bodies and the Remuneration Report for the fiscal year. The information has been compiled in compliance with the requirements of directive EU 2017/828 amending the Shareholder Rights Directive. The requirements of directive EU 2017/828 have been implemented in Finland mainly in the Limited Liability Companies Act (624/2006, as amended), Securities Markets Act (746/2012, as amended), Decree of the Ministry of Finance (608/2019) and the Corporate Governance Code 2020.

### B. Summary of the remuneration of the Board of Directors, CEO and other members of the Group Management Team

At the beginning of the 2020 fiscal year, Digia released a new strategy for the 2020–2022 period. During the strategy period, the company will continue to renew its operations and strengthen the selected focus areas. Digia places particular emphasis on the potential of data utilisation in its customers' services and business processes. Additional information on Digia's strategy is available on the company's Internet site at <https://digia.com/en/company/strategy/> and more information on the implementation of the strategy in the Report of the Board of Directors published in the Annual Report: <https://digia.com/en/investors/reports-and-presentations/annual-report-2020/>. The purpose of remunerations paid by the company is to support its business strategy and promote long-term financial success, competitiveness and the favourable development of shareholder value. In addition, the aim is to ensure that the company has access to the best possible individuals for its governing bodies and management and is able to retain their commitment and motivation.

The remuneration of Digia's governing bodies – that is, the Board of Directors and CEO – is based on Digia Plc's Remuneration Policy for governing bodies, on which shareholders made an advisory decision at the Annual General Meeting on 16 March 2020. The Remuneration Policy will be in effect until the 2024 Annual General Meeting unless the Board of Directors decides to present amendments to the Remuneration Policy to a General Meeting before that date for an advisory decision. The Remuneration Policy is available online at: <https://digia.com/en/investors/governance/statement-on-digia-management-emoluments/>.

Detailed information on the Remuneration Policy for governing bodies and the payment of remunerations to these bodies is provided in the Remuneration Report published by the company. The Remuneration Report on governing bodies describes the remuneration of the company's Board of Directors and CEO during the previous fiscal year. The up-to-date Remuneration Report is online at: <https://digia.com/en/investors/governance/statement-on-digia-management-emoluments/>.

This remuneration section supplements the information provided in the Remuneration Policy for governing bodies and the Remuneration Report. A summary of the financial benefits, remuneration system and associated decision-making procedures pertaining to members of Digia Plc's Board of Directors, CEO and other members of the Group Management Team is presented below.

### C. Decision-making procedures concerning remuneration

#### *Board of Directors*

Digia Plc's Nomination Committee draws up a proposal for the emoluments to be paid to Board members and the grounds for reimbursement of expenses. The Shareholders' Meeting decides on the emoluments payable to Board members and the grounds for reimbursement of expenses.

## **II CEO and other members of the Group Management Team**

Digia Plc's Compensation Committee draws up a proposal for the CEO's salary, emoluments and other benefits. The Compensation Committee works with the CEO to draw up a proposal for the salaries, emoluments and other benefits payable to other members of the Group Management Team. External experts and market analyses are employed whenever necessary. The Board of Directors decides on the salary, emoluments and other benefits payable to the CEO. The Remuneration Committee decides, under the authorisation of the Board of Directors, on the salaries, emoluments and other benefits payable to other members of the Group Management Team on the basis of the CEO's proposal.

Digia has an agreement with Evli Awards Management Ltd for the coordination of the company's share-based incentive schemes, their associated share management, and the payment of incentives to individuals in accordance with the terms and conditions of the schemes. The share-based incentives paid to the CEO and other executives during the 2020 financial year were paid by Evli Awards Management Ltd in accordance with the aforementioned agreement, using Digia shares that were managed by Evli and acquired (and financed) by Digia for use in incentive schemes for the company's key personnel.

## **D. Key remuneration principles**

### **I Board remunerations**

The remuneration of the company's Board of Directors is based on a fixed monthly fee and meeting fees. The amounts of the fees paid to each Board member depend on the role in question – chair, vice chair and member of the Board and chair and member of a committee. The current fees paid are disclosed below in section V. The company does not grant stock options or share-based remuneration for work on the Board.

### **II Remuneration of the company's executive management – general**

The company's goal is to provide a competitive and incentivising total remuneration scheme for its CEO and other members of the Group Management Team. In determining remuneration, a comparison with selected comparable companies is taken into account. Total remuneration for the CEO and other members of the Group Management Team consists of fixed and variable components. Fixed remuneration components consist of all financial benefits the amount of which is known to the parties in advance, including annual salary and fringe benefits. Variable remuneration components include all bonuses the amount of which is dependent on the individual's performance or an externally determined factor, such as the performance of the company's financial or non-financial indicators. The overall remuneration of the CEO and other members of the Group Management Team consists of the following parts:

<b>Form of remuneration</b>	<b>Remuneration of the CEO and other members of the Group Management Team</b>
Fixed total monthly salary (including fringe benefits)	The CEO and other members of the Group Management Team are paid a fixed monthly salary. Any fringe benefits are deducted from the total salary.
Short-term incentive (STI)	The CEO and other members of the Group Management Team are included in the performance bonus scheme confirmed by the company and are entitled to a performance bonus based on the achievement of annually specified targets.
Long-term incentive (LTI, share-based incentive scheme)	The CEO and other members of the Group Management Team are included in the share-based incentive scheme confirmed by the company and are entitled to a potential share-based incentive payable under the scheme.
Fringe benefits	The CEO and other members of the Group Management Team are entitled to fringe benefits granted by the company universally to its employees. Executives are entitled to a full company car benefit. The value of benefits is deducted from total salary in accordance with standard practice on the taxation of benefits.
Other benefits	The CEO and other members of the Group Management Team are entitled to universal employee benefits offered by the company to its personnel.  The CEO and other members of the Group Management Team have life insurance and insurance against permanent incapacity to work.

	The retirement age of the CEO and other members of the Group Management Team is stipulated by law, and none of them are covered by any separate additional pension agreements with the company.
Compensation at the end of the employment relationship	If the company terminates the employment of the CEO, the CEO shall be paid a total sum in the amount of the salary for twelve (12) months. The CEO may resign with six (6) months' notice. No severance compensation has been agreed for the other members of the Group Management Team.

The indicators for variable remuneration components are tied to targets that support the company's business strategy and promote long-term financial success and competitiveness. Variable components of short and long-term remuneration of the CEO and other members of the Group Management Team are tied to predefined performance criteria with fixed minimum, target and maximum values.

### **III Long-term incentive (LTI) scheme**

On 6 February 2020, Digia Plc's Board of Directors decided to establish a new long-term share-based incentive scheme. In principle, the target group consists of the CEO and the company's senior executives. The scheme is designed to align the goals of the company's shareholders and management in order to increase the company's value, and to commit executive management to the company and its long-term objectives. The new scheme replaced the previous share-based incentive scheme, which ran until 2019.

This long-term incentive scheme covers the calendar years 2020–2022. It offers participants the chance to earn company shares if the targets set by the Board of Directors for the three-year bonus period are met. The targets are based on the company's net sales and total shareholder return (TSR). The earnings period for the net sales and TSR indicators is three years (2020–2022), and the targets for both indicators have been set for the final date of the earnings period.

During the bonus period, the company's CEO and other scheme participants are entitled to a bonus equivalent to a maximum of 525,000 new Digia Plc shares. If the terms are met, the bonuses for both indicators based on the new scheme will be paid at the end of the reward period in the spring of 2023. All bonuses under this scheme will be paid as a 50/50 combination of shares and cash. The cash portion of the bonus will primarily be used to cover taxes and other comparable costs arising from the scheme.

As a rule, the bonus will not be paid if a member resigns or if a member's employment or post is terminated prior to the bonus payment date specified in the incentive scheme. Under certain conditions, the Board has the option to decide on possible bonuses in accordance with the pro-rata principle.

### **IV Short-term incentive (STI) scheme – 2021 fiscal year**

The short-term incentive scheme for the CEO and other members of the Group Management Team for the 2021 fiscal year corresponds to the target bonus scheme for 2020 in terms of structure and principles.

The earnings criteria of the target bonus scheme in 2021 are based on the company's net sales and operating profit as well as customer and employee experience targets. With respect to net sales and operating profit, the targets have been set for the full year, but in such a way that the interim estimate and payment are made after the first half-year period (January–June) in line with the objectives set for January–June 2021. With respect to the targets for net sales and operating profit, the bonus paid for January–June is an advance; that sum, if any, will be deducted from the bonus assessed for the full calendar year that will be paid in February 2022. The targets for customer satisfaction and employee experience are annual level targets; the realisation of the customer satisfaction target is assessed at the end of the first half-year period (January–June) and the realisation of the employee experience target at the end of the

second half-year period (July–December). All bonus indicators are assessed independently of each other, but if the full-year operating profit falls short of the set EBIT threshold value, the bonus assessed at the end of the year is not paid.

The model aims to support Digia’s profitable growth and ensure that, for example, growth through acquisitions is appropriately taken into consideration regardless of the implementation date of any acquisition. At the same time, the model accounts for a functional half-yearly bonus payment cycle.

The maximum bonus payable to the CEO for the 2021 fiscal year corresponds to 75% of the fixed total salary of the CEO for a 12-month period and the maximum bonus for each of the other members of the Group Management Team to 50% of their fixed total salary for a 12-month period.

***V Valid remuneration and the salaries and bonuses paid***

***Board of Directors:***

The 2020 Annual General Meeting decided on the payment of monthly remunerations of EUR 3,000 to Board members, EUR 4,000 to the Vice Chair and EUR 5,500 to the Chair for their work on the Board for the duration of the term expiring at the end of the 2021 Annual General Meeting. In addition, fees of EUR 1,000 to the Chair and EUR 500 to other members are paid per each Board and Board Committee meeting.

The fees paid to Board members for the previous fiscal year are disclosed in the Remuneration Report.

***CEO:***

The current remuneration of the CEO is set as follows:

Remuneration component	Valid remuneration
Fixed total monthly salary (including fringe benefits)	EUR 24,000.00 per month
Short-term incentive (STI)	The maximum bonus corresponds to 75% of the CEO’s fixed total salary for a 12-month period
Long-term incentive (LTI, share-based incentive scheme); any bonuses are paid as a 50/50 combination of shares and cash. The cash component of the bonus will primarily be used to cover taxes arising from the scheme.	Maximum of 180,000 shares

The salaries and bonuses earned by and paid to the CEO for the previous fiscal year are disclosed in the company’s Remuneration Report.

***Other members of the Group Management Team:***

As of 31 December 2020, the senior management consisted of nine members: the CEO, CFO, General Counsel, SVP HR and Culture, SVP Sales and Marketing, CTO, and the three Senior Vice Presidents of the business segments. Further information on the senior management can be found on the company’s website: [www.digia.com/en/investors/governance/ceo-and-management](http://www.digia.com/en/investors/governance/ceo-and-management).

In the 2020 fiscal year, the members of the Group Management Team were paid salaries and other benefits as follows:

Remuneration component	Paid in 2020
Fixed total monthly salary (including fringe benefits)	EUR 1,276,002.54
Short-term incentive (STI)	EUR 360,642.24

	including target bonuses earned for 7-12/2019 and 1-6/2020
Long-term incentive (LTI, share-based incentive scheme); any bonuses are paid as a 50/50 combination of shares and cash. The cash component of the bonus will primarily be used to cover taxes arising from the scheme.	EUR 632,650.71 Bonus from the 2017-2019 long-term incentive scheme

The share bonuses paid to the Group Management Team involve no vesting periods limiting the sale of shares.

The remuneration of the Group Management Team in the 2021 fiscal year complies with the same principles as remuneration in 2020. The maximum bonus for each of the members of the Group Management Team from the short-term incentive scheme corresponds to 50% of their fixed total salary for a 12-month period. The members of the Group Management Team are included in the company's long-term incentive scheme for the 2020-2022 calendar years as described above.

Members of the Group Management Team on 31 December 2020	Members of the Group Management Team on 1 January 2021
<ol style="list-style-type: none"> <li>Pia Huhdanmäki, Senior Vice President, HR and Culture, Group Management Team member since 1 February 2018</li> <li>Juhana Juppo, Chief Technology Officer (CTO), Group Management Team member since 19 September 2016</li> <li>Mika Kervinen, General Counsel, Group Management Team member since 1 May 2016</li> <li>Jukka Kotro, Senior Vice President, Digia Business Platforms, Group Management Team member since 10 August 2018</li> <li>Tuomo Niemi, Senior Vice President, Digia Financial Platforms, Group Management Team member since 1 June 2017</li> <li>Ari Rikkilä, Senior Vice President, Sales and Marketing, Group Management Team member since 16 May 2017</li> <li>Kristiina Simola, CFO, Group Management Team member since 14 August 2017</li> <li>Harri Vepsäläinen, Senior Vice President, Digia Digital, Group Management Team member since 1 April 2018</li> </ol>	<ol style="list-style-type: none"> <li>Pia Huhdanmäki, Senior Vice President, HR and Culture, Group Management Team member since 1 February 2018</li> <li>Juhana Juppo, Chief Technology Officer (CTO), Group Management Team member since 19 September 2016</li> <li>Mika Kervinen, General Counsel, Group Management Team member since 1 May 2016</li> <li>Jukka Kotro, Senior Vice President, Digia Business Platforms, Group Management Team member since 10 August 2018</li> <li>Tuomo Niemi, Senior Vice President, Digia Financial Platforms, Group Management Team member since 1 June 2017</li> <li>Ari Rikkilä, Senior Vice President, Sales and Marketing, Group Management Team member since 16 May 2017</li> <li>Kristiina Simola, CFO, Group Management Team member since 14 August 2017</li> <li>Harri Vepsäläinen, Senior Vice President, Intelligent Solutions, Group Management Team member since 1 April 2018</li> </ol>
Membership in the Group Management Team ended during 2020 for the following:	
<ol style="list-style-type: none"> <li>Teemu Virtanen, Senior Vice President, Digia Business Connect, Group Management Team member until 16 October 2020</li> </ol>	