

# 2022

● REMUNERATION  
REPORT



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# Remuneration Report 2022

## 1. Introduction

This is the 2022 Remuneration Report for Elisa Corporation ("Elisa") pursuant to legislation and the Finnish Corporate Governance Code. It describes the remuneration of Elisa's Board of Directors ("the Board") and CEO for the 2022 financial year. The People and Compensation Committee of the Board has prepared this Remuneration Report for 2022, which will be presented to Elisa's Annual General Meeting in 2023.

The Board presented the 2021 Remuneration Report to the Annual General Meeting on 6 April 2022. The Annual General Meeting voted on the report and decided to approve it. The decision was advisory.

Compared to the 2021 Remuneration Report, this 2022 report includes the following new information:

- More detailed information about usage of remuneration benchmark data and remuneration consultants
- More detailed explanation of the CEO's long-term incentive (LTI) scheme conditions and pay-out limits
- More detailed explanation of what CEO's shareholding obligation means

The remuneration of the Board and CEO is based on Elisa's remuneration policy approved on 2 April 2020 by an advisory resolution of the Annual General Meeting. The People and Compensation Committee has monitored the implementation of the remuneration policy. In assessing remuneration, external advisors and benchmark data have been used as described in more detail in chapters 2 and 3.

No deviations were made from the remuneration policy during the 2022 financial year, and there were no situations during the financial year that warranted any clawback of remuneration.

Two new members were appointed to the Board during the financial year and one resigned. Veli-Matti Mattila continued to serve as CEO throughout the financial year. Elisa did not have a deputy CEO during the financial year.

## Development of management and personnel remuneration and the company's performance

The remuneration of the Board and the CEO has developed as follows, compared to the average development of the remuneration of the company's employees and the company's financial development over the last five financial years:

	2022	2021	2020	2019	2018
<b>Chair of the Board</b>					
annual fee, EUR	130,000	126,000	123,000	120,000	108,000
Meeting fee, EUR	800*	800*	750	700	700
<b>Deputy chair of the Board &amp; chairs of committees</b>					
annual fee, EUR	85,000	84,000	82,000	80,000	72,000
Meeting fee, EUR	800*	800*	750	700	700
<b>Member of the Board</b>					
annual fee, EUR	70,000	69,000	67,000	65,000	60,000
Meeting fee, EUR	800*	800*	750	700	700
Actual compensation paid (average of all Board members), EUR	91,556	91,550	89,107	89,143	80,114
CEO, salary in cash and taxable fringe benefits, EUR	694,717	684,543	684,146	683,699	556,289
CEO, performance bonus, EUR	365,377	251,031	198,238	264,431	281,734
CEO, total value of share-based incentive, EUR	715,958	865,204	2,269,493	1,431,524	1,853,343
Salaries and bonuses according to financial statements, Personnel Fund profit bonus and share-based incentives paid per FTE. All Group personnel excl. CEO, EUR	58,411	58,286	56,148	54,880	53,752
Salaries and bonuses according to financial statements, Personnel Fund profit bonus and share-based incentives paid, total. All Group personnel excl. CEO, EUR	322,605,898	314,160,449	286,130,772	267,868,616	258,706,093
Average raise in salary, %. Two largest personnel groups, Elisa Corporation, incl. general and company-specific raises based on collective agreement and merit raises based on company decision	2.0	2.6	1.9	2.4	2.8
Elisa Group revenue, EUR million	2,129.5	1,997.9	1,894.6	1,843.5	1,831.6
Comparable earnings per share, EUR	2.34	2.19	2.05	1.93	1.95
Share price (year-end closing price), EUR	49.46	54.12	44.87	49.25	36.08
Dividend per share, EUR	2.05	1.95	1.85	1.75	1.65

\* If a Board member is physically present in the Board or Committee meeting, which is held in a country other than his/her permanent home country, then the meeting fee is EUR 1,600.

## Elisa's long-term financial success and remuneration

According to Elisa's remuneration policy, remuneration promotes Elisa's business strategy, long-term financial success and favourable development of shareholder value when it is fair, competitive, enhances commitment and supports Elisa's objectives.

CEO remuneration has been based on the most relevant financial and operational criteria that measure success in Elisa's strategy implementation and that affect Elisa's long-term financial performance. Developments in Elisa's key financial criteria have been positive. The average growth rate of revenue was 3.6 per cent during 2018–2022, and comparable earnings per share (EPS) growth was 4.7 per cent. Elisa's long-term financial development and growth in shareholder value have been positive: total shareholder return was approximately 83 per cent from 2018 to 2022.

The share-based remuneration of management is aligned with shareholder interests.

## 2. Remuneration of the Board for the financial year 2022

On 1 December 2021, the Shareholders' Nomination Board announced its proposal for the remuneration of the Board. When preparing the proposal, the Shareholders' Nomination Board considered developments in remuneration in relevant markets and fees paid in similar companies as well as the nature of the work that members of the Board do and how demanding it is.

The remuneration of the Board is decided annually by Elisa's General Meeting in accordance with the company's remuneration policy. The Annual General Meeting in 2022 decided on the following remuneration based on the proposal of the Shareholders' Nomination Board:

- The annual fee for the chair is EUR 130,000.
- The annual fee for the deputy chair and the chairs of the committees is EUR 85,000.
- The annual fee for a member is EUR 70,000.
- The meeting fee is EUR 800 per meeting of the Board and of a Committee. However, if a Board member is physically present in the Board or Committee meeting, which is held in a country other than his/her permanent home country, then the meeting fee is EUR 1,600.

In accordance with the decision of the General Meeting, the annual fee was paid in the form of company shares

and cash in such a way that shares in the company were acquired in the name of and on behalf of Board members equivalent to 40 per cent of the amount of the fee, and the rest was paid in cash for tax withholding purposes. The shares were acquired for the Board members through the stock exchange on 27 April 2022, the third trading day following the publication of the interim report concerning the first quarter of 2022. In addition, Board members were reimbursed for any travel and other expenses incurred due to Board work according to the actual costs.

Shares acquired as part of the annual fee do not include share transfer restrictions, although the Shareholders' Nomination Board does require Board members to have shareholdings in the company.

The chair of the Board has not been paid a fee for participating in the meetings of the Shareholders' Nomination Board.

The following table presents the fixed annual fees decided on by the company's Annual General Meeting on 6 April 2022, the meeting-specific fees for 2022, the number of shares acquired for the Board members with the annual fee, and the Board's shareholdings on 31 December 2022.

## Remuneration of the Board members in 2022

Name	Position on the Board	Fixed fees, EUR*	Fees for Board meetings, EUR**	Fees for committee meetings, EUR**	Fees in total, EUR	Elisa shares acquired with fixed fees, no.*	Shareholdings of the Board on 31 Dec 2022, number of shares***
Anssi Vanjoki	Chair	130,000	8,000	-	138,000	932	5,483
Clarisse Berggårdh	Deputy Chair, Chair of the People and Compensation Committee	85,000	8,000	2,400	95,400	609	4,688
Maher Chebbo	Member of the People and Compensation Committee	70,000	13,600	4,000	87,600	502	1,087
Kim Ignatius	Chair of the Audit Committee as of 6 April 2022	85,000	8,000	4,000	97,000	609	2,366
Katariina Kravi	Member of the People and Compensation Committee as of 6 April 2022	70,000	6,400	1,600	78,000	502	502
Pia Käll	Member of the Audit Committee as of 6 April 2022	70,000	5,600	3,200	78,800	502	502
Topi Manner	Member of the Audit Committee	70,000	6,400	3,200	79,600	502	1,568
Eva-Lotta Sjöstedt	Member of the People and Compensation Committee	70,000	11,200	4,000	85,200	502	1,568
Seija Turunen	Chair of the Audit Committee until 6 April 2022	-	1,600	800	2,400	-	-
Antti Vasara	Member of the People and Compensation Committee until 6 April 2022, member of Audit committee as of 6 April 2022	70,000	8,000	4,000	82,000	502	3,613
<b>Total</b>		<b>720,000</b>	<b>76,800</b>	<b>27,200</b>	<b>824,000</b>	<b>5,162</b>	<b>21,377</b>

\* Elisa shares with fixed fees were acquired on 27 April 2022 for Board members elected at the AGM of 6 April 2022 based on the decision of the AGM of 6 April 2022.

\*\* Based on the number of meetings. Until 6 April 2022, the meeting fee was EUR 800 per meeting, or, EUR 1,600, if a Board member lived permanently outside Finland and was physically present in the Board or Committee meeting, which was held in a country other than his/hers permanent home country, based on a decision of the AGM in 2021. Since 6 April 2022, the meeting fee is EUR 800 per meeting or, EUR 1,600, if a Board member is physically present in the Board or Committee meeting, which is held in a country other than his/her permanent home country, based on a decision of the AGM in 2022.

\*\*\* Shareholdings on 31 December 2022 (including legal entities controlled). Up-to-date information on changes in shareholdings is available on Elisa's website and in Elisa's Management Transactions releases.

### 3. CEO's remuneration for the financial year 2022

The CEO's remuneration consists of a fixed salary, a short-term incentive scheme, a long-term incentive scheme and fringe benefits. Elisa's remuneration policy states, that the short- and long-term incentives based on performance are dimensioned at the target level to be greater than the fixed salary.

The remuneration of Elisa's Executive Board (including the CEO) was benchmarked in 2022 by two different independent consultants

- against peer group in Finnish large cap companies with similar size of market cap and personnel
- internationally against relevant European telecom industry peers.

Both target and paid compensation were benchmarked, as well as the dimensioning of fixed vs. variable pay.

#### 3.1 Fixed annual salary

During the 2022 financial year, the CEO was paid a total salary composed of a fixed monetary salary and taxable fringe benefits (telephone, car, health insurance). The fixed monetary salary was EUR 641,640 (EUR 639,180 in 2021). In addition, the CEO was paid EUR 33,000 in holiday bonus (EUR 22,000 in 2021). The taxable fringe benefits amounted to EUR 20,077 (EUR 23,363 in 2021). Holidays and other equivalent terms have been treated in accordance with the company's normal policy.

#### 3.2 Variable pay components: short-term incentive scheme

For the 2022 financial year, the CEO is paid a performance bonus based on earnings criteria set by the company's Board in line with the remuneration policy: earnings per share, revenue development and the development of personnel and customer satisfaction. The target period for the performance-based bonus scheme is six months, and the bonus is paid every six months.

In March 2022, the CEO was also paid the performance bonus for the second half of the 2021 financial year.

#### Maximum limits, targets, performance bonus paid and dates of payment for short-term incentive scheme

	2H 2021	1H 2022	2H 2022
Maximum limit from six-month earnings period	90%	90%	90%
Targets and weights	50% earnings per share, 20% revenue development 10% Elisa Personnel Engagement Score (ESG target) 20% customer satisfaction development	50% earnings per share, 20% revenue development 10% Elisa Personnel Engagement Score (ESG target) 20% customer satisfaction development	50% earnings per share, 20% revenue development 10% Elisa Personnel Engagement Score (ESG target) 20% customer satisfaction development
Target realisation	49,386%	73,636%	61,333%
Performance bonus EUR	146,677	218,700	182,160
Payment	March 2022	September 2022	March 2023

### 3.3 Variable pay components: long-term incentive scheme

The CEO's long-term incentive consists of share-based incentive schemes. Share-based incentive scheme is designed to align the goals of shareholders and key personnel in increasing the value of the company in the long term, to secure the commitment of key employees to the company and to offer them a competitive remuneration scheme based on the earnings and accumulation of Company shares.

The Board decides the scheme's earnings criteria at the beginning of each earnings period.

The payout value for the share-based incentive scheme is based on

- 1) the maximum allocation of shares, decided at the beginning of the earnings period,
- 2) the actualisation of the targets (0-100%),
- 3) the development of the share price.

In addition, the dividend adjustment may increase payout value.

The potential incentives are paid partly as shares in the company and partly in cash. The cash portion covers the taxes and tax-like charges incurred by the participant as a result of the remuneration. In the event of termination of the participants employment or service relationship before the incentive is paid, the amount of incentives paid depends on the cause of termination.

According to the rules of the share-based scheme, the CEO must hold at least half of the net shares paid on the basis of the scheme until the holding in the company is equal to the value of the annual gross salary and hold these shares during their whole tenure.

### Share-based incentive scheme for 2018–2022

On 14 December 2017, the Board decided on a share-based incentive scheme for the Group's key personnel. The share-based incentive scheme has three 3-year earnings periods: the calendar years 2018–2020, 2019–2021 and 2020–2022.

Share-based incentive scheme	2018-2022	
Earnings period	2019-2021	2020-2022
The financial year paid in which the reward is paid in	2022	2023
Maximum number of shares	39,000	32,000
Targets	60% earnings per share (EPS), 20% revenue from digital businesses, 20% other specific key business growth targets decided annually (e.g. active users of selected services, sales of selected services)	60% earnings per share (EPS), 20% revenue from digital businesses, 20% other specific business growth targets decided annually (e.g. active users of selected services, sales of selected services)
Target realisation (%)	31.465%	70.933%
Dividend adjustment (%) *	10.250%	11.830%
Amount paid as shares	6,426	12,057
Date of share transfer	1 February 2022	1 February 2023
Transfer price	EUR 52.52	EUR 52.85
Total value of share-based incentive (including shares, monetary portion and transfer tax)	EUR 715,958	EUR 1,351,750

\* The amount paid is adjusted to take into account dividends that are paid during the earning period.

### Share-based incentive scheme for 2021–2025

On 4 March 2021, the Board decided on a share-based incentive scheme for the Group's key personnel. The share-based incentive scheme has three 3-year earning periods: the calendar years 2021–2023, 2022–2024 and 2023–2025.

#### The maximum amounts of share-based incentives per earnings period in the share-based incentive for 2021–2025 ongoing during the 2022 financial year

Share-based incentive scheme		2021–2025		
Earnings period	2021-2023	2022-2024	2023-2025	
The financial year paid in which the reward is paid in	2024	2025	2026	
Maximum number of shares	32,000	32,000	38,430	
Targets	60% earnings per share (EPS), 20% revenue from digital businesses, 20% other specific business growth targets decided annually (e.g. active users of selected services, sales of selected services)	60% earnings per share (EPS), 20% revenue from digital businesses, 10% employee engagement (ESG target) 10% annual progress in specific key business growth targets (e.g. active users of selected services, sales of selected services)	60% earnings per share (EPS), 20% revenue from digital businesses, 10% employee engagement (ESG target) 10% annual progress in specific key business growth targets (e.g. active users of selected services, sales of selected services)	



### 3.4 Information on the division proportions of fixed and variable pay components

In accordance with Elisa's remuneration policy, short- and long-term incentives based on performance are dimensioned, at the target level, to be greater than the fixed salary. In share-based incentive schemes, the dimensioning takes place at the beginning of the earnings period. The realisation depends on the fulfilment of the earnings criteria. As the value of the shares changes, the value of the remuneration to be paid increases or decreases. In variable remuneration, the weight of the long-term incentive at an annual level is greater than that of the short-term incentive.

### CEO's salary and financial benefits and their proportions paid during the financial year 2022 and financial year 2021

Financial year	Salary in cash, EUR	Taxable fringe benefits, EUR	Performance bonuses, EUR	Total value of share-based incentive, EUR	Supplementary pension, EUR	Total, EUR	Portion of share-based remuneration paid as Elisa shares
2022	674,640	20,077	365,377	715,958 *	217,452	1,993,504	6,426
	34%	1%	18%	36%	11%	100%	
2021	661,180	23,363	251,031	865,204 **	207,011***	2,007,789	8,258
	33%	1%	13%	43%	10%	100%	

\*Date of transfer in accordance with the share price on 1 February 2022

\*\*Date of transfer in accordance with the share price on 2 February 2021

\*\*\* The figure was incorrect in previous reports, corrected in this report

### 3.5 Supplementary pension contributions

The CEO's supplementary pension coverage is based on a defined contribution scheme. The pension arrangements include a right to a paid-up policy. In the 2020 financial year, the Board agreed with the CEO that he would continue to serve as the company's CEO until further notice. According to the previous CEO contract, he would have retired when he turned 60. An increase in the statutory retirement age is compensated for by a decision of the Board.

Liability for the CEO's pension was increased by a EUR 43,045 (40,563 in 2021) provision on the balance sheet. For the insurance based supplementary pension scheme, contribution for the CEO was EUR 174, 407 (166,488 in 2021). The insurance based supplementary pension scheme can be utilized earliest at the age of 62.

### 3.6 Other financial benefits, such as fringe benefits, signing bonuses, retention bonuses or severance packages

The period of notice applicable to the CEO's service contract is six months for Elisa and three months for the CEO. Should the contract be terminated by Elisa, the CEO is entitled to receive severance pay equal to the total salary for 24 months, less the salary for the period of notice.

Fringe benefits include taxable value of company car, mobile phone, landline and health insurance.

## 4. Checking of the Remuneration Report

Elisa's auditor, KPMG Oy Ab, has checked that the information required by regulations has been disclosed in the Remuneration Report