



CORPORATE GOVERNANCE  
STATEMENT 2021



## ● GOVERNANCE

# Corporate governance statement 2021

### GOVERNING PRINCIPLES

Aspo's decision-making and administration comply with the Finnish Limited Liability Companies Act, securities market legislation, other regulations concerning public companies, Aspo Plc's Articles of Association, and the rules and regulations of Nasdaq Helsinki Ltd. Aspo follows the Finnish Corporate Governance Code, effective from January 1, 2020, which is available on the Securities Market Association's website [www.cgfinland.fi](http://www.cgfinland.fi).

In addition to the Corporate governance statement, Aspo has published a separate management report 2021 in Aspo's Year 2021 publication. This statement will not be updated during the financial year, but the information on the subjects included in it, as well as other necessary and up-to-date information for investors is available on the company's homepages at [www.aspo.com](http://www.aspo.com).

The corporate governance statement as well as the company's financial statements, annual report and auditor's report are available on Aspo's website at [www.aspo.com](http://www.aspo.com).

### GROUP STRUCTURE

Aspo Group's parent company, Aspo Plc, is a Finnish public company domiciled in Helsinki. The main responsibility for Aspo Group's administration and operations lies with Aspo Plc's governing bodies, which are the Annual Shareholders' Meeting, the Board of Directors and the CEO. The highest decision-making power is exercised by the shareholders at the Annual Shareholders' Meeting. The Board of Directors

and the CEO are responsible for the management of Aspo Group. The Board's Audit Committee and Remuneration Committee support its work. The Group Executive Committee assists the CEO in managing the Group.

Aspo develops its group structure and businesses responsibly and in the long term. Aspo Plc's task is to own, lead and develop the operations of its subsidiaries and other Group companies, centrally administer the Group companies, take care of issues related to financing and strategic planning, and plan and implement financially expedient investments. Aspo supports the success and growth of its businesses through appropriate capabilities.

The Group's operational business is carried out in the Group companies, ESL Shipping Ltd, Leipurin Plc, Telko Ltd, and Kauko Ltd, and in their subsidiaries in Finland and abroad.

### SHAREHOLDERS' MEETING

The Annual Shareholders' Meeting is arranged every year on a date set by the Board of Directors, and it deals with the issues that are the Annual Shareholders' Meeting's responsibility as outlined in the Articles of Association, the proposals of the Shareholders' Nomination Board and the Board of Directors, and other proposals to the Annual Shareholders' Meeting. The Annual Shareholders' Meeting, for instance, confirms the financial statements, elects the Board members and the auditor, and decides on profit distribution and the remuneration of the Board members and the auditor.

When required, an Extraordinary Shareholders' Meeting is convened. The Board of Directors is also obliged to convene an extraordinary shareholders' meeting if an auditor or shareholders with a total of at least 10% of all shares so demand in writing in order for a given matter to be dealt with.

According to the Companies Act, the shareholders are entitled to have a matter falling within the competence of the Annual Shareholders' Meeting dealt with by the Annual Shareholders' Meeting if the shareholder so demands in writing from the Board of Directors well in advance, so that the matter can be included in the notice of the meeting.

The Board of Aspo Plc convenes the Annual Shareholders' Meetings. The notice of meeting is published in a stock exchange release and on the company's homepages not earlier than two months and not later than twenty-one (21) days prior to the meeting, but at least nine (9) days prior to the record date for the Annual Shareholders' Meeting. In addition, the Board of Directors may, at their discretion, decide to announce the Annual Shareholders' Meeting in one or several newspapers. In addition, the following information is published on the company's website 21 days before the Annual Shareholders' Meeting at the latest:

- Total number of shares and voting rights by share class on the date of the notice of meeting
- Documents to be presented to the Shareholders' Meeting
- Decision proposal of the Board of Directors or some other competent body
- Any issue that is included in the agenda of the Shareholders' Meeting but for which no decision is proposed

The resolutions of the Annual Shareholders' Meeting are published after the meeting in a stock exchange release. The minutes of the Annual Shareholders' Meeting with the voting results and appendices related to the decisions are published on the company's website within two weeks of the Annual Shareholders' Meeting.

### SHAREHOLDERS' NOMINATION BOARD

Aspo has a permanent Shareholders' Nomination Board that prepares proposals to the Annual Shareholders' Meeting for the election and remuneration of the members of the Board of Directors and the remuneration of the Board committees. The Shareholders' Nomination Board of Aspo consists of the representatives of the four largest shareholders. In addition, the Chairperson of Aspo's Board of Directors acts as an expert member of the Nomination Board.

The following representatives of the largest shareholders were members of the Nomination Board which prepared proposals for the Annual Shareholders' Meeting of 2022: Roberto Lencioni, Chairman (Vehmas family, including AEV Capital Holding Oy); Gustav Nyberg (Nyberg family, including Oy Havsudden Ab); Annika Ekman (Ilmarinen Mutual Pension Insurance Company); and Pekka Pajamo (Varma Mutual Pension Insurance Company). In addition, Heikki Westerlund, Chair of Aspo's Board of Directors, has acted as an expert member of the Nomination Board.

In 2021, the Shareholders' Nomination Board convened four times. The participation rate was 100%.

### BOARD OF DIRECTORS

The Board of Directors sees to the administration of Aspo and the appropriate organization of its operations. The Board of Directors has established an Audit Committee and Remuneration Committee to support its work. When required, the Board of Directors can establish other permanent or temporary committees.

According to the Articles of Association, Aspo Plc's Board of Directors comprises no fewer than five and no more than eight members. The number of members of the Board is determined at the Annual Shareholders' Meeting, where its members are also elected. The members of the Board of Directors elects a Chairperson and a Vice Chairperson from among its members. In the 2021 Annual Shareholders' Meeting, six Board members were elected. The term of the members ends at the conclusion of the next Annual Shareholder's Meeting following the election.

The Board constitutes a quorum when more than half of the members, including either the Chairperson or Vice Chairperson, are present. The Board of Directors seeks to make unanimous decisions, but the matters are put to a vote when required. The decisions are made by a majority of votes. In the event of a tie, the Chairperson shall have the casting vote.

The Board of Directors convenes at regular intervals, and also whenever necessary.

The duties and responsibilities of the Board of Directors are set out in the Articles of Association, the Finnish Limited Liability Companies Act, and other applicable legislation. The particular duty of the Board of Directors is to promote the interests of the shareholders and the company, among other things, by taking care of strategic pol-

icy decisions and appropriate organization of the business and administration. The Board of Directors is also responsible for ensuring that the supervision of the company's accounting and asset management has been appropriately organized. The Board of Directors processes and decides on all matters concerning the company's operations that are most important for the company. The Board of Directors has competence in all matters that are not handled by other administrative bodies pursuant to law or the Articles of Association.

Aspo Plc's Board of Directors has confirmed written standing orders which state that the matters to be handled by the Board include, but are not limited to:

- Aspo Group's strategic policies and divisional strategies
- Group structure
- Matters to be presented to Shareholders' Meetings
- Interim reports and consolidated financial statements
- Group business plans, budgets and investments
- Expanding and scaling back operations, acquisitions/divestments of companies or operations
- Group risk management, insurance and treasury policies
- Group environmental policy
- Management remuneration and incentive plans
- Appointment of the CEO
- Monitoring the financial and financing situation of Aspo Group

The Board carries out an annual self-evaluation of its operations and working methods.

In 2021, the Board of Directors arranged 15 meetings. The participation rate was 98%.

## Board members on December 31, 2021

### HEIKKI WESTERLUND

M.Sc. (Econ.), born in 1966  
Board professional

Chairman of the Board since April 2021  
Member of the Board since 2020  
Chairman of the Remuneration Committee since 2021  
Member of the Audit Committee in 2020

Independent of the company and its major shareholders

Shareholdings in Aspo on December 31, 2021: 15,000 shares, or 0.05% of the total number of shares, held by related party Heiwes Oy: 20,000 shares, or 0.06% of the total number of shares.  
No holdings or rights based on share-based incentive plans.

### PATRICIA ALLAM

M.Sc. (Econ.), MBA (IMD), born in 1985  
Head of Investor Relations (Amsterdam), Aeascap Life Sciences

Member of the Board since 2021  
Member of the Audit Committee since 2021

Independent of the company, dependent on its major shareholders

Shareholdings in Aspo on December 31, 2021: 6,371 shares, or 0.02% of the total number of shares, held by related party Havsudden Oy Ab: 3,262,941 shares, or 10.38% of the total number of shares.  
Aspo's hybrid bond 2020: EUR 0.2 million, EUR 1.1 million held by related party Havsudden Oy Ab.  
No holdings or rights based on share-based incentive plans.

### MAMMU KAARIO

Master of Laws with court training, MBA, born in 1963

Vice Chairman of the Board since 2018  
Member of the Board since 2012  
Chairman of the Audit Committee since 2017  
Member of the Audit Committee since 2012

Independent of the company and its major shareholders

Shareholdings in Aspo on December 31, 2021: 10,000 shares, or 0.03% of the total number of shares.  
No holdings or rights based on share-based incentive plans.

### MIKAEL LAINE

M.Sc. (Econ.), born in 1964  
SVP, Strategy, Cargotec Corporation, 2014–

Member of the Board since 2016  
Member of the Audit Committee since 2016

Independent of the company and its major shareholders

Shareholdings in Aspo on December 31, 2021: 10,000 shares, or 0.03% of the total number of shares.  
Aspo's hybrid bond 2020: EUR 0.2 million.  
No holdings or rights based on share-based incentive plans.

### SALLA PÖYRY

D.Sc. (Econ.), CEFA, born in 1984  
Chairman of the Board, Procurator-Holding Oy 2015–  
Chairman of the Board, Managing Director, Aspana Ab, 2021–

Member of the Board since 2016  
Member of the Remuneration Committee since 2020  
Member of the Audit Committee from 2016 to 2020

Independent of the company and its major shareholders

Shareholdings in Aspo on December 31, 2021: 1,000 shares, or 0.003% of the total number of shares, held by related party Procurator-Holding Oy: 514,882 shares, or 1.64% of the total number of shares.  
Aspo's hybrid bond 2020: EUR 1.5 million held by related party Procurator Holding Oy  
No holdings or rights based on share-based incentive plans.

### TATU VEHMAS

Bachelor of Science, born in 1994  
Chairman of the Board, AEV Capital Holding Oy, 2020–  
CEO, TAAVi Capital Oy, 2020–

Member of the Board since 2018  
Member of the Remuneration Committee since 2019  
Member of the Audit Committee since 2020 and in 2018–2019

Independent of the company, dependent on its major shareholders

Shareholdings in Aspo on December 31, 2021: 42,790 shares, or 0.14% of the total number of shares, held by related party AEV Capital Holding Oy: 3,213,535 shares, or 10.23% of the total number of shares.  
Aspo's hybrid bond 2020: EUR 2.0 million  
No holdings or rights based on share-based incentive plans.

## ● ATTENDANCE AT THE MEETINGS BY MEMBERS OF THE BOARD AND ITS COMMITTEE MEMBERS IN 2021

	Board member since	Committee membership	Attendance		
			Board	Audit Committee	Remuneration Committee
Allam Patricia*	2021	Audit Committee	10/11	4/4	
Kaario Mammu	2012	Audit Committee (Chair)	14/15	5/5	2/2
Laine Mikael	2016	Audit Committee	15/15	5/5	
Pöyry Salla	2016	Remuneration Committee	15/15		6/6
Vehmas Tatu	2018	Remuneration and Audit Committee	15/15	5/5	6/6
Westerlund Heikki**	2020	Remuneration Committee (Chair)	15/15	1/1	6/6
Nyberg Gustav***	2008	Remuneration Committee	4/4		2/2

\* Member of the Board and Audit Committee since April 8, 2021.

\*\* Chair of the Board and Remuneration Committee since April 8, 2021, member of the Audit Committee until April 8, 2021

\*\*\* Chair of the Board and Audit Committee until April 8, 2021.

### Board committees

The Board of Directors may establish committees or other permanent or temporary bodies to carry out the tasks it orders in compliance with its rules of procedure. The Board of Directors elects the members of the committee and appoints its Chair. The Board of Directors confirms the rules of procedure for each committee, specifying the key tasks

and operating principles of the committee concerned. The majority of members of each committee must be independent of the company, and at least one member has to be independent of the company's main shareholders. The members of committees must have the competence required for the range of tasks handled by the committee concerned.

### Audit Committee

The Audit Committee is tasked with preparing issues related to the company's financial reporting and control. The Audit Committee does not have independent decision-making authority, but the Board makes the decisions on the basis of preparations by the committee. The Audit Committee consists of the chairperson and at least two members, who the Board appoints from among the Board members for one year at a time. In 2021, Mammu Kaario acted as the Chair of the Audit Committee, and Patricia Allam, Mikael Laine and Tatu Vehmas acted as committee members.

The tasks of the Audit Committee are:

- Monitoring the financial statements process
- Control of the financial reporting process
- Assessment of the use and presentation of alternative key indicators
- Monitoring the effectiveness of internal control and risk management systems
- Review of the internal audit's plans and reports
- Dealing with the plans and reports of the company's compliance function
- Dealing with the report issued by the company regarding its corporate governance system and the report issued regarding non-financial information
- Monitoring the statutory audit of the financial statements and consolidated financial statements
- Assessing the independence of the audit firm
- Assessing the auxiliary services offered by the audit firm

- Preparing the decision on the election of the auditor
- Other contacts with the auditor in addition to the tasks required by regulation
- Definition of the principles concerning the monitoring and assessment of related party transactions

The Audit Committee convenes regularly at least twice a year. In 2021, the Audit Committee had five meetings. The participation rate was 100%.

### Remuneration committee

The Remuneration Committee is responsible for preparing matters related to the remuneration and appointment of the CEO and other members of the company's management and to other personnel reward schemes. The Remuneration Committee does not have independent decision-making powers; the Board makes the decisions collectively on its behalf. The Remuneration Committee consists of the chairperson and of two to three members.

In 2021, Heikki Westerlund was the Chair of the Remuneration Committee, with Salla Pöyry and Tatu Vehmas acting as its members.

The tasks of the Remuneration Committee are:

- Preparing the appointment of the CEO and other members of the management, and to identify their successors;
- Preparing the salaries and other financial benefits of the CEO and other members of the management;
- Preparing matters related to the company's remuneration schemes;

- Assessing the remuneration paid to the CEO and other members of the management, and ensuring that remuneration schemes are purposeful;
- Assessing programs and other incentive schemes that are based on shares or special rights entitling their holder to shares and present recommendations about them to the Board of Directors;
- Planning the remuneration of other personnel and the development of the organization;
- Preparing the remuneration report;
- Drawing up the Board's diversity report;
- Monitoring the need to update the remuneration policy and compliance with it (regarding remuneration of the CEO);
- Responding to questions related to the remuneration report at the Shareholders' Meeting; and
- Recommending an advisor for the company's Board of Directors, if required, and preparing a proposal for fees paid to specialists.

The Remuneration Committee convenes regularly at least three times a year. In 2021, the Remuneration Committee had six meetings. The average participation rate was 100%.

### Chair of the Board of Directors

Since April 8, 2021, Heikki Westerlund (born in 1966), M.Sc. (Econ.), has been the Chair of Aspo Plc's Board of Directors.

### **Diversity of the Board of Directors**

Aspo regards diversity of the Board of Directors as a significant part of sustainable operations and a success factor that allows the company to reach its strategic goals. Diversity is part of a functional Board of Directors that is able to work together and respond to the requirements set by the company's businesses and strategic goals, and to challenge the company's acting management in a proactive and constructive manner.

The Shareholders' Nomination Board prepares and presents the proposal for the composition of the Board of Directors to the Annual Shareholders' Meeting. When planning the composition of the Board of Directors, the Shareholders' Nomination Board takes into account these diversity principles and particularly the needs and development phases of the company's businesses, as well as the competence areas required by different Board committees. When selecting board members, the key objective is to ensure that the Board of Directors as a whole supports the development of Aspo's current and future business operations.

The Shareholders' Nomination Board discusses the competence, know-how and suitability required of Board members so that each member can be assumed to have the required expertise and experience for successfully carrying out their duties. The objective of the preparatory work of the Nomination Board is to ensure that the Board of Directors forms a functional entity.

Diversity on the Board of Directors is examined from different perspectives. For the composition of Aspo's Board of Directors, key factors are, in particular, competence,

with each board member supplementing one another, education and experience in different markets, fields of business, management and operations in different development phases, as well as the personal characteristics of each member. In addition, diversity in the Board of Directors is supported, among others, by experience in an international operating environment and consideration of the age and gender distribution.

The members of Aspo's Board of Directors must have the competence required for the position and the ability to allocate sufficient time to their duties. When composing the Board of Directors, the long-term needs and succession planning are also taken into account. The composition of the Board of Directors and the number of members must enable the Board of Directors to work effectively.

Aspo's CEO acts as the chairperson of the Boards of all subsidiaries. Top experts in their fields are sought for the Boards of subsidiaries. The same degree of diversity is sought for the Boards of subsidiaries as the Aspo Board of Directors. Through their work, the Boards of Directors of the subsidiaries support diversity in the Board of Directors of Aspo.

### **CHIEF EXECUTIVE OFFICER**

Aspo Plc's CEO is selected by the Board of Directors. The Board also decides on the remuneration payable to the CEO, on the long-term and short-term incentive programs, and on other terms and conditions of the CEO's contract of service. The terms and conditions of the CEO's contract of service are specified in a written contract approved by

the Board of Directors. The CEO is appointed for an indefinite term.

Rolf Jansson (born in 1969), M.Sc. (Eng.), M.Sc. (Econ.), was appointed Aspo's new CEO on March 24, 2021, and he started in his position on August 16, 2021. Aki Ojanen was Aspo's CEO from January 1, 2009 to August 15, 2021. The CEO leads and develops the Group's business and is responsible for the operative management in accordance with the instructions of the Board of Directors. The CEO presents matters and reports to the Board of Directors. The CEO is responsible for the Group administration in accordance with the instructions of the Board of Directors, and for the company accounting complying with applicable legislation and the reliable arrangement of the company finances. The CEO also serves as the Chair of the subsidiary Boards and acts as the operational supervisor of the Managing Directors of the subsidiaries and Group administration. Furthermore, the CEO is responsible for the internal audit and for Group risk management, which are coordinated by the Director of Legal Affairs.

### **GROUP EXECUTIVE COMMITTEE**

The CEO is assisted by the Group Executive Committee. The Group Executive Committee is responsible for developing the strategic structure of Aspo Group and its earnings, and it prepares the policies and common practices. The Group Executive Committee consists of the Group's CEO, CFO, Vice President Corporate Development, Group Treasurer, Director of Legal Affairs, and the Managing Directors of the Group companies. The Group Executive Committee convenes at least six times a year.

## Group Executive Committee members on December 31, 2021

### Rolf Jansson

M.Sc. (Eng.), M.Sc. (Econ.), born in 1969  
CEO, Aspo Plc, August 2021–  
Shareholdings in Aspo on December 31, 2021: no Aspo shares

### Heli Arantola

D.Sc. (Econ.), born in 1969  
Managing Director, Leipurin Plc, 2020–  
Shareholdings in Aspo on December 31, 2021: no Aspo shares

### Mikko Heikkilä

M.Sc. (Tech.), born 1984  
Vice President, Corporate Development, Aspo Plc, September 2021–  
Shareholdings in Aspo on December 31, 2021: no Aspo shares

### Keijo Keränen

M.Sc. (Econ.), born in 1977  
Group Treasurer, Aspo Plc, 2020–  
Shareholdings in Aspo on December 31, 2021: 26,362 shares, or 0.08% of the total number of shares.

### Matti-Mikael Koskinen

M.Sc. (Econ.), born in 1972  
Managing Director, ESL Shipping Ltd, 2013–  
Shareholdings in Aspo on December 31, 2021: 52,957 shares, or 0.17% of the total number of shares.

### Arto Meitsalo

M.Sc. (Econ.), born in 1963  
CFO, Aspo Plc, 2009–  
Managing Director, Aspo Services Ltd, 2013–  
Shareholdings in Aspo on December 31, 2021: 57,696 shares, or 0.18% of the total number of shares.

### Mikko Pasanen

M.Sc. (Econ.), born in 1973  
Managing Director, Telko Ltd., 2019–  
Shareholdings in Aspo on December 31, 2021: 30,004 shares, or 0.1% of the total number of shares.

### Toni Santalahti

LL.M, born in 1971  
Director, Legal Affairs, Aspo Plc, 2017–  
Shareholdings in Aspo on December 31, 2021: 20,427 shares, or 0.07% of the total number of shares.

## REMUNERATION

The Remuneration Policy concerning Board members and the CEO was approved by the Board of Directors of Aspo on March 10, 2021. The Remuneration Policy describes the decision-making procedures and principles concerning the remuneration of the Board of Directors and the CEO, and it is presented to the Annual Shareholders' Meeting every four years or whenever it is amended.

The salaries, remuneration and other financial benefits of the CEO and the Board of Directors are presented in a separate Remuneration Statement available on the company's website at [www.aspo.com/remuneration](http://www.aspo.com/remuneration).

## AUDIT

The statutory duty of the independent external auditor is, in particular, to ensure that the financial statements provide correct and sufficient information on the company's financial results for the period and its financial position.

According to the Articles of Association, the Annual Shareholders' Meeting elects the auditor, which must be an audit firm approved by the Finland Chamber of Commerce. In addition, the Annual Shareholders' Meeting decides on the fee payable to the auditor and its basis. The term of the auditor ends at the close of the next Annual Shareholders' Meeting following the election. When changing the auditor, the Annual Shareholders' Meeting elects the new auditor on the basis of the proposal of the Board of Directors, prepared by the Audit Committee.

The auditor elected by the Annual Shareholders' Meeting is responsible for instructing and coordinating the audit work centrally in the Group. As part of the annual audit, the auditor audits the company's accounts and administration. In addition, the auditor audits the consolidated financial statements and other relations between Group companies. The auditor provides the company's shareholders with the auditor's report required by law in connection with the financial statements. The Board also receives other possible reports and statements issued by the auditor.

The 2021 Annual Shareholders' Meeting elected the Audit Firm Deloitte Oy as the auditor. Jukka Vattulainen, APA, has been the auditor in charge. In 2021, companies belonging to the Deloitte Oy in Finland and abroad were paid approximately EUR 330,000 for performing the audits for the Aspo Group companies. In addition, other services were acquired for approximately EUR 125,000.

## INTERNAL CONTROL

The particular objective of Aspo's internal control is to ensure the profitability and efficiency of operations, reliable financial reporting, as well as compliance with the applicable laws and regulations and the agreed practices and operating principles. Aspo's internal control includes the control that is built in to the business processes, the Group's management system, and financial reporting covering the entire Group. Internal control is an integral part of the company's management, risk management and administration.

The aim of internal control is to create sufficient certainty of goals and objectives being reached in the following issues:

- Operational profitability and efficiency and capital control
- Reliability and integrity of financial and operational information
- Compliance with laws, regulations and agreements, as well as ethical principles and social responsibility
- Safeguarding and responsible management of assets and brands

The responsibility to arrange internal control lies with the Board of Directors and the CEO both at Group level and in the different business areas. The Board of Directors is responsible to the shareholders and the CEO to the Board. The internal audit function supports the Group and business management in their internal control responsibility, and the aim is to provide the Aspo Board of Directors with a sufficient certainty of the functioning of internal control.

## FINANCIAL REPORTING

The control of financial reporting is based on monitoring of business processes. The information for financial reporting is created as business processes progress, and responsibility for correct information is shared by all participants in the process. The financial reporting process is decentralized and monitored by the Audit Committee.

Consolidated financial statements are prepared according to the IFRS standards as adopted by the EU. The finan-

cial statements of the parent company and the Finnish subsidiaries are prepared according to the Finnish Accounting Standards. Each separate company complies with the legislation of the country where it is located, but reports the information according to Aspo's internal accounting instructions. Separate companies may have their own chart of accounts, but all information is consolidated on the basis of a common chart of accounts to the unit level, where their reliability is assessed before the information is transferred to Group level. Aspo Group's financial information is verified, and assessed on monthly basis. At each phase the unit responsible for the quality and generation of information will assess its reliability. The Group-level monitoring and reconciliation mechanisms are used on both monthly and quarterly bases.

The systems required for financial reporting are decentralized and used according to the principles of internal control. Achieving the set targets is monitored on a monthly basis with the Group's consolidation and reporting system. In addition to actual and comparative figures, the system provides up-to-date forecasts. The reports are provided for the Aspo Board of Directors monthly. The Board of Directors assesses the Group's position and future based on the provided information. The Board of Directors is responsible for the contents and publication of the financial statements.

In addition to the Audit Committee, the reliability of reporting and processes are assessed by an independent external audit firm.

## INTERNAL AUDIT

Internal audit assists the Board of Directors in its control responsibility by assessing the level of internal control maintained to achieve Aspo's operational targets, for example. Internal audit supports the organization by assessing and verifying the effectiveness of business processes, risk management, as well as management and administration.

The Board of Directors approves the principles of internal audit as part of internal control. The Group's Director of Legal Affairs is responsible for the coordination of internal audit activities, and internal audit findings are reported to the CEO, the Audit Committee and the Board of Directors. Internal audit is organized corresponding to the size of the Group. Additional resources and special skills will be obtained when required. Audits are based on risk assessments. Audit assessment and assurance target the profitability and effectiveness of activities, the reliability of financial and operational reporting, compliance with the law, and the safeguarding of assets.

Written audit reports are prepared and distributed to the Group's CEO, the senior managers in the audited subgroup, and the managers of the audited business or unit. Internal audit prepares a summary report on conducted audits, the most significant findings and agreed measures at least quarterly for the Audit Committee of Aspo's Board of Directors.

The Audit Committee monitors the operations and effectiveness of the company's internal audit at its meetings and also reviews the plans and reports of internal audit.

## RISK MANAGEMENT

The purpose of risk management is to contribute to the achievement of the Group's goals. Risk management aims to proactively identify and manage potential problems and to identify and use business opportunities. Risk management supports the development and implementation of Aspo's strategy.

The purpose of risk management is that:

- Aspo has an effective risk management control model, and related processes integrated into Aspo's business management.
- Managers have access to high-quality and up-to-date information on business risks and their control measures, providing support for decision making.
- The probability of the realization of risks and unexpected events, and their impact on finances and the reputation can be reduced effectively.
- Risk management measures and selected control measures are based on Aspo's willingness to take risks and ability to tolerate risks.
- Cooperation in risk management is effective between Aspo's different businesses.

Managers of the Group and its businesses are responsible for risk management. They are also responsible for determining sufficient measures and their implementation, and for monitoring and ensuring that the measures are implemented as part of daily management of operations. Risk

management is coordinated by the Group's Director of Legal Affairs who reports to the CEO.

The Audit Committee monitors the effectiveness of the risk management systems and deals with risk management processes, plans and reports.

Each business has a separate risk management program. Business risks and their management are discussed regularly by management teams of businesses. The Group's shared functions ensure that sufficient risk assessment and reporting procedures are incorporated into the processes they are responsible for. The Group's administration is responsible for Group-level insurance plans.

Characteristic risks in each business area are identified in the business units, assessed in the business unit management teams, and reported to the subsidiary Boards and, if need be, also to the Aspo Board of Directors or the Audit Committee.

Risks are continuously assessed and their management is discussed in the business unit management teams. Risk assessments are updated according to Aspo's management policy and the most noteworthy findings are presented in the quarterly interim reports.

Financial risks, their management principles and related organization are presented in the notes to the financial statements.

## RELATED PARTY TRANSACTIONS

Aspo complies with the legislation governing related party transactions, the Finnish Corporate Governance Code, and the rules and instructions of Nasdaq Helsinki Oy. On these bases, Aspo must evaluate and monitor business transactions in which it is engaged with its related parties, and ensure that any conflicts of interest are appropriately addressed in decision-making. Aspo maintains a list of related parties and verifies any changes at least once a year. If related party transactions are significant for Aspo and differ from regular business activities, or have been carried out on the basis of unusual market conditions, decision-making processes associated with these related party transactions must be described in financial statements.

Aspo's related party transactions are described in Note 5.2 (Related parties) of the consolidated financial statements. Related party transactions are not significant for the company, nor do they differ from the company's normal business activities, and they have been carried out at normal market conditions.

## INSIDER MANAGEMENT

Aspo Group complies with the EU regulation on market abuse (EU No 596/2014) and regulations issued pursuant to it, including the insider instructions of Nasdaq Helsinki Oy.

Permanent insiders of Aspo Plc include members of the Board of Directors, the Group's Executive Committee, the auditor and other individuals who have regular access to insider information. Individuals working in managerial posi-

tions at Aspo Plc include members of the Board of Directors and the Group's Executive Committee. When necessary, Aspo establishes and maintains project-specific insider registers regarding individuals who participate in the preparation of insider projects.

The 30-day closed window preceding the publication of interim reports, half year financial reports and financial statements applies to individuals working in managerial positions at Aspo and to permanent insiders. During the closed window, transactions using Aspo's shares and other financial instruments in one's own name or in the name of a third party are not permitted. Furthermore, individuals entered in project-specific insider registers cannot trade on securities issued by the company during the specific project period. Individuals working in managerial positions at Aspo and their related parties must report any business transactions associated with the company's financial instruments to the company and the Finnish Financial Supervisory Authority.

The Group's CFO is responsible for the control and monitoring of insider issues.

Aspo Plc's insider register and project-specific insider registers are maintained in the Sire service, an application service provided by Euroclear Finland for its customers to maintain registers associated with insider management.

Aspo Plc  
Board of Directors

Published on March 11, 2022