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**Corporate governance
statement 2018**



Corporate governance statement 2018

I Introduction

Kojamo plc is a public limited company registered in Finland that operates as Kojamo Group's parent company. Kojamo plc's share is listed on the Helsinki Stock Exchange (Nasdaq Helsinki Ltd). Kojamo plc has also issued bonds that are listed on the Helsinki Stock Exchange or the Irish Stock Exchange (ISE). The home state in terms of the Company's disclosure obligation is Finland.

In its decision-making and administration, Kojamo adheres to Finnish laws and regulations, Kojamo plc's Articles of Association, the EU's Market Abuse Regulation (MAR), the rules of Nasdaq Helsinki Ltd as well as the guidelines of the European Securities and Markets Authority (ESMA) and the Financial Supervisory Authority. In addition, Kojamo complies with the Securities Market Association's Finnish Corporate Governance Code 2015, which entered into force on 1 January 2016. The Corporate Governance Code 2015 is publicly available on the Securities Market Association's website at www.cgfinland.fi.

Kojamo was listed on the Helsinki Stock Exchange so that the trading in the shares commenced on 15 June 2018. Kojamo adheres to the recommendations of the Corporate Governance Code 2015 without any exceptions.

This statement is issued as a separate document from the Board of Directors' Report. The statement was discussed by the Audit Committee of Kojamo plc's Board of Direc-

tors on 12 February 2019. The statement is available on Kojamo's website at kojamo.fi/en/investors/corporate-governance/.

II Descriptions of corporate governance

Pursuant to the Finnish Limited Liability Companies Act and Kojamo plc's Articles of Association, control and administration in the Company is divided among the

shareholders presented at the Annual General Meeting, the Board of Directors and the CEO. The CEO is assisted by the Management Team.

Annual General Meeting

The Annual General Meeting is Kojamo plc's highest decision-making body, at which the shareholders use their power of decision. General Meetings are arranged so that shareholders can exercise their rights as owners effectively. For this reason, the

CEO as well as the Chairman and members of the Board of Directors shall be present at General Meetings. Those standing for election to the Board of Directors for the first term shall attend the Annual General Meeting deciding on the election.

The Annual General Meeting shall, as per the Articles of Association, be arranged once a year on a date defined by the Board of Directors, at the latest six months after the financial year has ended.

The Annual General Meeting decides on the matters specified in Section 9 of the Articles of Association and any other business proposed for the agenda.

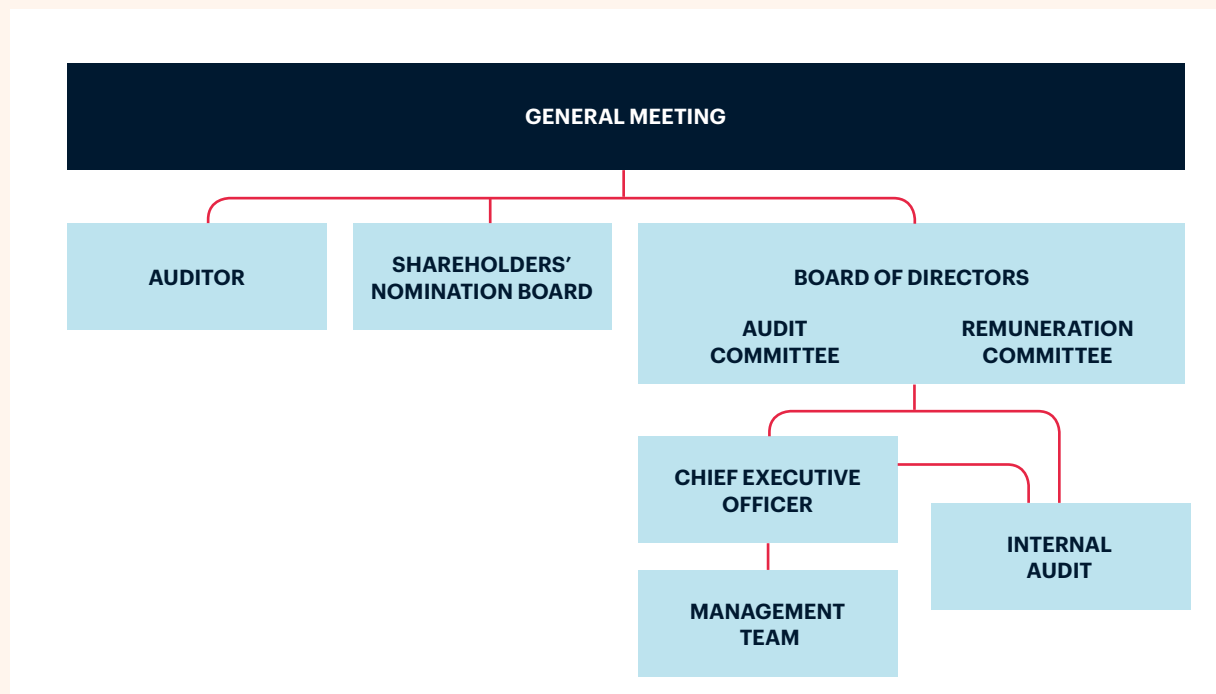
A shareholder is entitled to have a matter falling within the remit of the General Meeting considered by the General Meeting, provided that the matter is presented in writing in time for it to be included in the notice convening the meeting.

The Extraordinary General Meeting is called if the Board of Directors deems it necessary or if the auditor or shareholders, who together hold one tenth of all shares, demand it in writing to consider a specific matter.

The notice convening the General Meeting shall be delivered to the shareholders no earlier than three months and no later than three weeks prior to the meeting, but no later than nine days before the record date of the General Meeting. The notice shall be delivered to the shareholders by means of a notice published on the company's website or at least in one national daily newspaper designated by the Board of Directors. The earliest possible registration deadline is ten days before the meeting.

Sufficient information about the issues to be discussed at the General Meeting shall be made available to the shareholders before the meeting.

The Annual General Meeting of the Company was held on 15 March 2018. A total of 21 shareholders participated in the meeting, who represented approximately 95.36 per



cent of the Company's shares and votes. The minutes of the Annual General Meeting are available on the Company's website at kojamo.fi/en/investors/corporate-governance.

The Extraordinary General Meeting of the Company was held on 25 May 2018. A total of 17 shareholders participated in the meeting, who represented approximately 94.73 per cent of the Company's shares and votes. The minutes of the Extraordinary General Meeting are available on the Company's website at kojamo.fi/en/investors/corporate-governance.

Shareholders' Nomination Board

The Annual General Meeting decided on 15 March 2018 to establish a Nomination Board, whose term of office shall last until the end of the next Annual General Meeting.

Between 1 January 2018–30 June 2018, the Nomination Board comprised Jarkko Eloranta (Chairman), Ville-Veikko Laukkanen, Pasi Pesonen and Esko Torsti¹.

The Extraordinary General meeting decided on 25 May 2018 to establish a permanent Shareholders' Nomination Board to prepare proposals concerning the elec-

tion and remuneration of the members of the Board of Directors and remuneration of the members of the Committees of the Board of Directors to the next Annual General Meeting and, if needed, to Extraordinary General Meetings. The main task of the Nomination Board is to ensure that the Board of Directors and its members have sufficient expertise, competence and education to meet the Company's needs.

The Shareholders' Nomination Board shall comprise representatives nominated by the three largest shareholders of the Company and the Chairman of the Board of Directors as an expert member. The Chairman of the Board of Directors shall not take part in the decision-making of the Shareholders' Nomination Board.

The right to nominate representatives shall be vested with the three shareholders of the Company having the largest share of the votes represented by all the shares in the Company annually on the first workday of September. The nomination right shall be based on the Company's shareholder register maintained by Euroclear Finland Ltd, unless requests made by nominee registered shareholders or notifications related to flagging obligation indicate otherwise.

Should a shareholder not wish to exercise his/her nomination right, the right shall be transferred to the next largest shareholder who otherwise would not be entitled to nominate a member.

The Shareholders' Nomination Board was established to serve until further notice until the General Meeting decides otherwise. The term of office of the members of the Shareholders' Nomination Board expires annually after the new Nomination Board has been appointed.

The Extraordinary General Meeting approved the Charter of the Nomination Board on 25 May 2018. The Charter is available on the Company's website at kojamo.fi/en/investors/corporate-governance.

As of 11 September 2018, the composition of the Shareholder's Nomination Board was the same as at the end of 2018, and was as follows:

Jouko Pölönen, b. 1970
Chairman
Education: M.Sc. (Econ.), EMBA
Main occupation: Ilmarinen Mutual Pension Insurance Company, CEO

Risto Murto, b. 1963
Education: D.Sc. (Econ.)
Main occupation: Varma Mutual Pension Insurance Company, CEO

Timo Korpijärvi, b. 1962
Education: Matriculation examination
Main occupation: Finnish Industrial Union, Investment Manager

The Nomination Board convened 8 times during the financial year. The attendance rate in the meetings was 100 per cent and the members were present at the meetings as follows:

Members of the Nomination Board between 11 September 2018–31 December 2018:

Jouko Pölönen	1/1
Risto Murto	1/1
Timo Korpijärvi	1/1

Members of the Nomination Board between 1 January 2018–30 June 2018:

Jarkko Eloranta	7/7
Ville-Veikko Laukkanen	7/7
Pasi Pesonen	7/7
Esko Torsti	7/7

Composition and operations of the Board of Directors

Composition of the Board of Directors

Kojamo plc's Board of Directors is elected by the Annual General Meeting, based on a proposal by the Shareholders' Nomination Board. The Board of Directors consists of a minimum of five and a maximum of eight members. The members of the Board of Directors do not have a specific appointment order.

The term of the Board of Directors is one year and it ends at the close of the next Annual General Meeting following the election.

Between 1 January 2018–18 June 2018, Kojamo's Board of Directors comprised the Chairman Riku Aalto, Vice-Chairman Mikko Mursula and members Matti Harjuniemi, Olli Luukkainen, Jorma Malinen, Reima Rytsölä, Jan-Erik Saarinen and Ann Selin.² The Annual General Meeting on 15 March 2018 elected the previous members to the Board of Directors.

The Extraordinary General Meeting on 25 May 2018 elected Anne Leskelä and Minna Metsälä as new members to the Board of Directors for the term ending at the

¹The information on Nomination Board members between 1 January 2018 – 30 June 2018 refers to the situation on 30 June 2018: Jarkko Eloranta, b. 1966, M.Soc.Sc., the Central Organisation of Finnish Trade Unions SAK, Chairman. Ville-Veikko Laukkanen, b. 1970, LL.M., Laukkanen was the Executive Vice-President of Varma Mutual Pension Insurance Company until 24 May 2018. Pasi Pesonen, b. 1981, M.Ed., the Trade Union of Education of Finland, OAJ, Organisation Director. Esko Torsti, b. 1964, Lic.Soc.Sc., Ilmarinen Mutual Pension Insurance Company, Director.
²The information on Board members between 1 January 2018 – 18 June 2018 refers to the situation on 18 June 2018: Olli Luukkainen, b. 1957, Ph.D. (Ed.), Trade Union of Education in Finland OAJ, Chairman. Jorma Malinen, b. 1959, automation designer, Trade Union PRO, Chairman. Ann Selin, b. 1960, MBA, Trade union officer qualification, Service Union United PAM, President

2019 Annual General Meeting subject to the successful completion of the Company's planned initial public offering, and the election came into force immediately after the trading in the Company's shares commenced on the official list of Nasdaq Helsinki. Ann Selin, Olli Luukkainen and Jorma Malinen announced their resignation from the Board of Directors, so that their resignation was conditional to the commencement of trading in the Company's shares on the official list of Nasdaq Helsinki and came into force immediately after the said trading had commenced. The Extraordinary General Meeting decided that the number of the members of the Board of Directors will be seven after the possible trading in the Company's shares on the official list of Nasdaq Helsinki has commenced.

The composition of the Board of Directors at the end of 2018 was as follows:

Riku Aalto, b. 1965
Chairman
Education: M.Soc.Sc. (Administration)
Main occupation: Finnish Industrial Union, President
Member of the Board since 2003, Chairman since 2007

Mikko Mursula, b. 1966
Vice-Chairman
Education: M.Sc. (Econ.)
Main occupation: Ilmarinen Mutual Pension Insurance Company, Deputy CEO, Investments
Member of the Board since 2016

Matti Harjuniemi, b. 1958
Education: MA
Main occupation: Finnish Construction Trade Union, Chairman
Member of the Board since 2010

Anne Leskelä, b. 1962
Education: M.Sc. (Econ.)
Main occupation: Professional board member
Member of the Board since 2018

Minna Metsälä, b. 1967
Education: M.Sc. (Econ.)
Main occupation: TAYS Heart Hospital, Business Director
Member of the Board since 2018

Reima Ryttsölä, b. 1969
Education: M.Soc.Sc., CEFA, AMP
Main occupation: Varma Mutual Pension Insurance Company, Executive Vice President, Investments
Member of the Board since 2014

Jan-Erik Saarinen, b. 1967
Education: MBA
Main occupation: Trade Union for the Public and Welfare Sectors JHL, Financial Manager
Member of the Board since 2013

Shares owned by the members of the Board of Directors on 31 December 2018

The members of the Board of Directors or corporations over which they exercise control had no shares or share-based rights in the Company or in companies belonging to the same Group as the Company.

Operations of the Board of Directors

The Board of Directors shall act according to the interests of Kojamo and all its shareholders. The members of the Board of Directors do not represent the shareholders that might have nominated them.

The Board of Directors oversees the appropriate organisation of the management and operations of the Company. The Board of Directors is responsible for ensuring the appropriate organisation of the Company's accounting and financial control. The Board of Directors guides and supervises the Company's operational management.

The Board of Directors has compiled a written charter for its operations, defining the main tasks and operating principles of the Board. The charter is available on the Company's website at kojamo.fi/en/investors/corporate-governance.

According to the charter, the main tasks of the Board of Directors include among other things:

- electing the Vice-chairman of the Board of Directors and appointing a Secretary,
- appointing the CEO of the Company and the Deputy CEO as well as deciding on the terms of their employment,
- appointing the members of the Group's Management Team and confirm the terms of their employment,
- approving financial statements and consolidated financial statements as well as interim reports and financial statement bulletins,
- preparing matters that will be considered by the Annual General Meeting, convening

the Annual General Meeting and preparing draft resolutions for the Annual General Meeting in accordance with the Finnish Limited Liability Companies Act and the Company's Articles of Association (e.g. how to use the profit shown in the balance sheet),

- approving the Group's strategic objectives,
- approving the budget as well as investment and divestment plans,
- setting annual personal objectives for the CEO and evaluating their achievement,
- deciding on long-term incentive plans,
- ensuring the operation of the management system,
- confirming any policies devised in the Group (e.g. policies related to personnel, treasury and risk management)
- confirming the values and operation model of the Company and monitor their realisation,
- deciding on significant investments and divestments,
- deciding on significant loans and guarantees,
- meeting with the auditors at least once a year,
- deciding on delaying the disclosure of inside information in accordance with the Company's insider guidelines. The delay decision can also be made by the CEO as the CFO as deputy,
- processing and approving significant stock exchange releases and
- processing all other matters that the Chairman of the Board of Directors or the CEO have submitted to the agenda of the meeting.

A member of the Board of Directors shall not participate in the discussion or decision of a matter that has bearing to a compa-

ny or organisation in which he or she works or serves as a member of an administrative body.

Meetings of the Board of Directors

In 2018, the Board of Directors convened 17 times. The average attendance rate at the meetings was 96.7 per cent of the members of the Board of Directors.

The Board members were present at the meetings as follows:

Members of the Board of Directors between 1 January 2018–31 December 2018:	
Riku Aalto	17/17
Mikko Mursula	17/17
Matti Harjuniemi	17/17
Reima Ryttsölä	17/17
Jan-Erik Saarinen	17/17

Members of the Board of Directors between 18 June 2018–31 December 2018:	
Anne Leskelä	5/5
Minna Metsälä	5/5

Members of the Board of Directors between 1 January 2018–18 June 2018:	
Jorma Malinen	10/12
Olli Luukkainen	10/12
Ann Selin	12/12

Evaluation of the Board of Directors' operations

The Board of Directors evaluates its operations and working methods annually. The objective is to evaluate the success of the Board of Directors' operations and how they could be developed. The evaluation looks into how the Board of Directors' own action

plan has been carried out. In addition, the evaluation examines whether the charter of the Board of Directors is up to date. The Board of Directors also aims to evaluate the effectiveness of their own operations.

The outcomes of the evaluation shall be observed when preparing a proposal for the composition of the new Board of Directors and when developing the next action plan.

Independence of the members of the Board of Directors

The Board of Directors evaluates the independence of its members annually. A majority of the Board members must be independent of the Company. At least two of the members belonging to the aforementioned majority must be independent of the Company's significant shareholders. Independence here refers to independence within the meaning of the Finnish Corporate Governance Code 2015, which entered into force on 1 January 2016.

The Board of Directors has evaluated that all Board members are independent of the Company and its significant shareholders, excluding Riku Aalto, Mikko Mursula and Reima Rytsölä, who have been evaluated as being independent of the Company but not of its significant shareholders. For Riku Aalto, the Board of Directors has carried out a full evaluation of his independence, as he has served as a Board member continuously for over 10 years.

Diversity of the Board of Directors

The diversity of the Board members' expertise, experience and views supports the

Company's business operations and development as well as open dialogue and independent decision-making. Moreover, diversity promotes good corporate governance, effective supervision of the executives and succession planning.

In preparing their proposal to the Annual General Meeting, the Shareholders' Nomination Board shall take into account the requirement for diversity.

Kojamo has established principles for ensuring the diversity of the Board of Directors. The number of Board members and the composition of the Board shall meet the requirements of the Company's size, market position and industry. The Company's Board of Directors shall have sufficient expertise, competence and experience in matters related to the Company's industry and business operations. The Board shall collectively have sufficient competence and qualifications in matters related especially to the Company's industry and business operations, managing a public limited company comparable in size, corporate and financial management, strategy and corporate transactions, internal auditing, risk management and good Corporate Governance.

A further objective is that Board members shall represent both genders and different age groups and serve terms of different lengths. Board members are also expected to have sufficient time for their Board duties.

The composition of the Board of Directors is in line with the diversity principles. Six of the Board members have graduated from higher education institutions. The Board mem-

bers work in executive positions in various fields and are aged 50 to 60. The Board of Directors includes both genders: five of the Board members are men and two women. The terms of office of the members range from less than a year to sixteen years.

Board committees

The Board of Directors has two permanent committees that assist the Board by preparing issues for the Board to consider. The permanent committees are the Audit Committee and the Remuneration Committee. The Board of Directors is responsible for the performance of the duties it allocates to the Committees. If necessary, the Board of Directors may also establish other committees and temporary working groups from among its members to prepare other important decisions.

The committees have no decision-making authority in themselves; their purpose is to assist the Board of Directors by preparing issues that are within the Board's remit. The committees report regularly to the Board of Directors.

The Board of Directors elects the members and chairmen of the committees from among its members. The members' term of office is one year, ending at the close of the next Annual General Meeting after the election. Each committee shall have at least three members. A quorum of a committee meeting shall be attained when the Chairman and at least one member are present.

The Board of Directors has confirmed written charters for the committees, defining

their tasks and operating principles.

Audit Committee

The main tasks of the Audit Committee, according to the written charters the Board has confirmed for them, include:

- monitoring the process of financial statement reporting,
- monitoring the efficiency of the internal control, internal audit and risk management systems,
- reviewing the Company's Corporate Governance Statement, especially the description on the main features of internal control and risk management system related to the financial reporting process,
- monitoring the statutory audit of the financial statements and consolidated financial statements,
- monitoring the Company's financial position,
- monitoring the Company's financing situation and tax status,
- monitoring significant financial as well as financing and tax risks,
- overseeing the financial and risk management reporting processes,
- approving the operating instructions, plans and reports of the internal audit,
- maintaining contact with the auditor and reviewing the Auditor's Report,
- evaluating the independence of the statutory auditor and the provision of related services to the Company,
- preparing the proposals for the resolutions regarding the selection and remuneration of the auditors,
- monitoring processes and risks related to IT security and
- evaluating compliance with laws and reg-

ulations.

The majority of the members of the Audit Committee shall be independent of the Company and at least one member shall be independent of the Company's significant shareholders.

Between 1 January 2018–18 June 2018, the Audit Committee was chaired by Mikko Mursula and included Matti Harjuniemi, Jorma Malinen and Jan-Erik Saarinen as members.

Between 18 June 2018–31 December 2018, the Audit Committee was chaired by Mikko Mursula and included Matti Harjuniemi, Jan-Erik Saarinen and Anne Leskelä as members.

The Audit Committee convened four times during the financial year. The attendance rate at the meetings was 100 per cent.

The Audit Committee members were present at the meetings as follows:

Members of the Audit Committee between 1 January 2018–31 December 2018:	
Mikko Mursula	4/4
Matti Harjuniemi	4/4
Jan-Erik Saarinen	4/4

A member of the Audit Committee between 18 June 2018–31 December 2018:	
Anne Leskelä	2/2

A member of the Audit Committee between 1 January 2018–18 June 2018:	
Jorma Malinen	2/2

Remuneration Committee

The main tasks of the Remuneration Committee, according to the written charters the Board has confirmed for them, include:

- preparing matters pertaining to the remuneration and other financial benefits of the Company's CEO and Deputy CEO,
- preparing matters pertaining to the remuneration and other financial benefits of other executives,
- evaluating the remuneration of the CEO and other executives and ensuring the appropriateness of the incentive plans,
- preparing matters pertaining to the Company's incentive plans,
- preparing matters pertaining to the nomination of the CEO and Deputy CEO as well as identifying their successors and
- planning the remuneration of other personnel and development of the organisation.

The majority of the Remuneration Committee shall be independent of the Company.

Between 1 January 2018–18 June 2018, the Remuneration Committee was chaired by Riku Aalto and included Olli Luukkainen, Reima Rytsölä and Ann Selin as members.

Between 18 June 2018–31 December 2018, the Remuneration Committee was chaired by Riku Aalto and included Reima Rytsölä and Minna Metsälä as members.

The Remuneration Committee convened three times during the financial year. The attendance rate at the meetings was 100 per cent.

The Remuneration Committee members were present at the meetings as follows:

Members of the Remuneration Committee between 1 January 2018–31 December 2018:	
Riku Aalto	3/3
Reima Rytsölä	3/3

A member of the Remuneration Committee between 18 June 2018–31 December 2018:	
Minna Metsälä	3/3

Members of the Remuneration Committee between 1 January 2018–18 June 2018:	
Olli Luukkainen	0/0
Ann Selin	0/0

CEO

The Board of Directors appoints the CEO and the Deputy CEO. The CEO is responsible for the running administration of the Company in accordance with the instructions and regulations given by the Board of Directors (general jurisdiction). The CEO oversees that the accounts of the Company are in compliance with the law and that the Company's financial affairs have been arranged in a reliable manner. The CEO shall give the Board of Directors and its members all the information necessary to carry

out their tasks.

The CEO is responsible for the Company's business in general, and for ensuring that its operations are properly organised and its objectives achieved. The CEO prepares and presents to the Board of Directors the Company's strategic plan, budget and investments and divestments plan as well as ensures that they are implemented as decided by the Board of Directors. The CEO reports to the Board of Directors on the Company's financial position, business environment and other significant matters related to the Company's operations. The CEO also chairs the Management Team.

The CEO is Jani Nieminen, M.Sc.(Tech.), MBA, b. 1968. The Deputy CEO is CFO Erik Hjelt, LL.Lic., EMBA, b. 1961.

The terms of the CEO's service are specified in writing in the CEO's service contract approved by the Board of Directors.

Management Team

The Management Team assists the CEO in the handling of operational issues, preparation of Group strategy issues and in facilitating internal communications.

The Management Team is also responsible for implementing the Board of Directors' decisions under the leadership of the CEO. The Management Team analyses changes in the operating environment and pre-

pares actions accordingly as well as prepares matters for the Board of Directors and its committees.

The composition of the Group's Management Team at the end of the year was as follows³:

Jani Nieminen (Chairman), b. 1968
Position: CEO
Education: M.Sc. (Tech.), MBA

Erik Hjelt, b. 1961
Position: CFO
Education: LL.Lic., EMBA

Irene Kantor, b. 1968
Position: Marketing and Communications Director
Education: M.Sc. (Arts), EMBA

Teemu Suila, b. 1970
Position: Chief Development Officer
Education: M.Sc. (Tech)

Other members of the Management Team in 2018 included Customer Director Juha Heino, M.Sc. (until 16 April 2018)⁴, Investments Director Mikko Suominen, LL.M. (until 4 December 2018) and Real Estate Development Director Kim Jolkkonen, Lic.Sc. (Tech.) (until 4 December 2018).

At the CEO's discretion, the Company's internal auditor and other specialists may also attend Management Team meetings.

The members of the Management Team and corporations over which they exercise control owned shares and share-based rights in the Company and companies within the same Group on 31 December 2018 as follows⁵:

Jani Nieminen	55,000 pcs
Erik Hjelt	39,000 pcs
Irene Kantor	1,666 pcs
Teemu Suila	1,000 pcs

III Descriptions of internal control procedures and the main features of risk management systems

Risk management

Kojamo's risk management is based on the Company's risk management and treasury policy, ethical guidelines and the risk assessments carried out during the strategy and annual planning process. Risk management is part of the Company's internal control, its purpose being to ensure that the Company achieves its business objectives.

The role of risk management is to identify, classify, analyse and manage central risks associated with the operations. The aim is to ensure the achievement of the goals related to the Company's financial performance, customers and personnel.

³In January 2019, Chief Customer Officer Tiina Kuusisto, M.Sc. (Econ), and Chief Investment Officer Ville Raitio, M.Sc. (Econ), also became members of the Management Team. The Company has announced these changes in the Management Team on 4 December 2018 in a stock exchange release.

⁴The Company has announced these changes on 16 April 2018 in a stock exchange release.

⁵The members of the Management Team have signed a lock-up agreement on transfer of shares that will end 360 days after the listing.

Responsibility for the organisation of risk management and the risk management policy rests with the Board of Directors. Risk management is based on the risk assessments carried out during the strategy and annual planning process, which involve identifying key risks, evaluating their likelihood and potential impacts, and defining the means to manage them. Any significant changes in risks associated with the operations and the business environment are evaluated regularly and reported to the Audit Committee and the Board of Directors as part of quarterly interim reporting.

Internal control

Internal control seeks to ensure that Kojamo's operations comply with current legislation and regulations and the Company's operating principles, and that the Company's financial and business reporting is reliable. Internal control also seeks to safeguard Kojamo's assets and ensure that its operations are efficient and reliable, thereby enabling its strategic goals to be achieved.

The internal control and risk management operating model for financial reporting is designed so as to gain sufficiently dependable information on the reliability of financial reporting and to ensure that the financial statements are drawn up according to current legislation and regulations.

Kojamo's internal control system is based on the framework published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

The organisation of internal control is the

responsibility of the Board of Directors and the CEO. However, responsibility for carrying out internal control is shared by the entire organisation: each individual Group employee is responsible to his/her supervisor for internal control in his/her area of responsibility.

Control environment

Principal responsibility for the internal control of financial reporting rests with the Board of Directors. The charter of the Board of Directors outlines the responsibilities of the Board and the division of duties within the Board and among its committees. The principal task of the Audit Committee appointed by the Board of Directors is to ensure that the principles outlined for financial reporting, risk management and internal control are complied with, and that appropriate contact is maintained with the Company's auditors. It is the duty of the CEO to maintain an organisational structure in which responsibility, authority and reporting relationships are clearly and comprehensively defined in writing, and to ensure that the internal control environment is adequately resourced. In addition to laws and regulations, financial reporting is governed by Kojamo's operating principles, HR policy, treasury policy, data security policy, accounting principles and reporting instructions.

Control measures

Kojamo's financial and operational reporting process complies with the Group's operating instructions and current process descriptions. Kojamo's financial management is responsible for the content of the reporting process and for compliance with

instructions. The quality of reporting is ensured through process control measures. These include the reconciliation of accounts, system-generated controls, and inspections and other measures undertaken by management or other parties. Control functions have designated managers who are responsible for their sufficiency and the efficacy of their execution.

Control of the reporting and budgeting processes is based on Kojamo's standardised reporting principles, which are drawn up and maintained by the financial management.

Monitoring

The effectiveness of internal financial reporting control is monitored by the Board of Directors, the Audit Committee, the CEO, Group management, the internal auditing department, and the managers of the various units and departments. Internal control encompasses monitoring monthly financial and business reports, reviews of prognoses and plans, and reviews of reports prepared by internal auditing and quarterly interim reports from external auditors.

Any significant changes in risks associated with business operations and the business environment are regularly evaluated as part of quarterly interim reporting.

Internal auditing submits a summary report to the Audit Committee every six months concerning the inspections conducted, principal observations made, and actions agreed upon.

IV Other information to be provided

Internal auditing

Internal audit is responsible for the independent evaluation and assurance function required of a listed company, which systematically examines and verifies the efficiency of risk management, control, management and governance. The Audit Committee of Kojamo's Board of Directors has confirmed the operating instructions for the internal audit function.

Internal auditing operates under the authority of the CEO and the Audit Committee and reports its observations and recommendations to the Audit Committee, the CEO, Management Team and the auditor. The auditing function covers all companies and functions in the Kojamo Group.

The auditing operations are based on risk analyses and conversations with the Group management related to risk management and control. Regular meetings with the auditor are set up in order to guarantee sufficient audit coverage and to avoid overlapping operations.

Internal auditing annually draws up an auditing plan that is approved by the CEO and the Audit Committee. The auditing plan is modified based on risks, if necessary. The internal auditing acquires external services or special expertise to carry out demanding auditing tasks.

In 2018, internal audits focused on Kojamo's

strategic focal points by concentrating the operational and control-oriented evaluations on selected functions and matters within the focal point.

The main areas of focus for the internal auditing operations in 2019 will be the progress made in the implementation of Kojamo's strategies as well as projects and changes related to business operations, financial management and data security.

Insider management

With regards to insider management, Kojamo plc complies with the provisions of Market Abuse Regulation (EU) No. 596/20147 ("MAR") of the European Parliament and the Commission, guidelines issued by the Finnish Financial Supervisory Authority and the European Securities and Markets Authority (ESMA) as well as the rules and insider guidelines of Nasdaq Helsinki Ltd. In addition, Kojamo has prepared insider guidelines, approved by the Board of Directors.

On 13 December 2018, Kojamo's Board of Directors approved new insider guidelines authorising Kojamo to forgo maintaining a permanent insider list. The insider guidelines have been published on Kojamo's website at [kojamo.fi/en/investors/corporate-governance](https://www.kojamo.fi/en/investors/corporate-governance).

The insider guidelines shall be applied to persons discharging managerial responsibilities within Kojamo as well as to all persons who have access to inside information. The guidelines shall also be applied to any persons otherwise acting on behalf of the Company or on its account when they per-

form tasks through which they have access to inside information.

Kojamo maintains a list of persons discharging managerial responsibilities and persons closely associated with them. At Kojamo, a person discharging managerial responsibilities refers to members of the Board of Directors, the CEO and the members of the Management Team. Persons at Kojamo discharging managerial responsibilities and persons closely associated with them must inform Kojamo and the Finnish Financial Supervisory Authority of all their business transactions. Kojamo publishes notifications on transactions made by persons discharging managerial responsibilities and persons closely associated with them promptly and no later than three business days after the date of the transaction.

All persons who have access to project-related inside information and who work for the Company or perform tasks for the Company through which they have access to project-related inside information, including any external consultants and auditors, are entered in the event-based insider list.

Persons subject to trading restriction include the members of the Board of Directors, the CEO, members of the Management Team and e.g. persons participating in the preparation, drawing-up and disclosure of financial reports or other persons who receive information about Kojamo's result before it is disclosed. The trading restriction is also applied to legally-incompetent persons under the custody or trusteeship of

persons subject to the trading restriction. The restriction also covers the execution of transactions for one's own account or for the account of a third party, directly or indirectly, for instance through a legal person over which a person discharging managerial responsibilities exercises control.

A person who discharges managerial responsibilities within Kojamo or who has been defined to be subject to the trading restriction may not execute transactions on their account or for the account of a third party during a closed period. At Kojamo, the closed period begins once the quarter in question ends and runs until the publication of a financial statements bulletin, a half-year financial report or an interim report. However, the closed period is always at least thirty (30) days before the publication of the interim report, half-year financial report or financial statements bulletin in question. Kojamo also does not repurchase its own shares during this period.

The auditor and the auditor's remuneration

The audit is conducted by the auditor elected at the Annual General Meeting. The auditor of the Company shall be an auditing firm approved by the Finnish Patent and Registration Office. The auditor's term of office ends at the close of the next Annual General Meeting following the election.

During the statutory annual audit, the auditor inspects the Company's accounts, annual report, financial statements, and governance for the period under review. The auditor also inspects the consolidated fi-

nancial statements and relationships between Group companies.

The auditor for the financial year 1 January–31 December 2018 was KPMG Oy Ab. The auditor with principal responsibility for the auditing firm was Esa Kailiala, KHT (APA).

In 2018, the auditing firm was paid EUR 251,244.74 in auditing fees. In addition, the auditor was paid EUR 169,427.88 for other services. The aforementioned fees include fees paid to the auditing firm by companies belonging to Kojamo.

Related party transactions

The Company evaluates and monitors business transactions made with related parties and ensures that possible conflicts of interests are appropriately taken into consideration in the Company's decision-making. The Company maintains a list of its related parties.

Kojamo's related party transactions are described in the notes to the consolidated financial statements. Related party transactions do not deviate from the Company's normal business operations and are made on customary market terms. Disqualification provisions have been taken into account in decisions concerning related party transactions.



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