

# CORPORATE GOVERNANCE STATEMENT 2020

## INTRODUCTION

Harvia Plc's ("Harvia" or "the company") corporate governance complies with the Finnish Limited Liability Companies Act and Securities Markets Act, regulations concerning listed companies, the company's Articles of Association, and rules and regulations of Nasdaq Helsinki Ltd. The company also adhered to the Finnish Corporate Governance Code 2020 set by the Securities Market Association ([www.cgfinland.fi](http://www.cgfinland.fi)).

The Corporate Governance Statement is issued separately from the company's Report of the Board of Directors, and it is published together with Harvia's Report of the Board of Directors, Financial Statements and Remuneration Report for 2020 on the company website at [www.harviagroup.com](http://www.harviagroup.com).

## ANNUAL GENERAL MEETING

The General Meeting of shareholders is the highest decision-making body of Harvia that decides on matters stipulated by the Finnish Limited Liability Companies Act and the company's Articles of Association. The Annual General Meeting is held annually on the date set by the Board of Directors within six months of the end of the financial period. An Extraordinary General Meeting will be held to deal with a specific issue if the Board of Directors deems it necessary or it is otherwise required by law. Harvia's General Meeting is held in Muurame,

where the company is registered, or in Helsinki, and is convened by the Board of Directors.

The Annual General Meeting decides on

- adoption of the financial statements and use of profit shown in the balance sheet;
- discharging of the members of the Board of Directors and the CEO from liability;
- election and remuneration of the members of the Board of Directors;
- election and remuneration of the auditor;
- changes to the Articles of Association;
- purchase of own shares;
- a share issuance or issuance of other specific rights entitling to shares as well as authorization for the Board of Directors to resolve these matters.

The notice of the General Meeting is published on the company's website or by a newspaper announcement which is published in at least one widely circulated daily newspaper chosen by the Board of Directors. The notice shall be delivered to shareholders no earlier than three months and no later than three weeks before the meeting, and in any case at least nine (9) days before the record date.

The notice includes the agenda for the General Meeting, proposals by the Board of Directors and its Committees as well as the meeting registration and participation instructions. To be entitled to participate in the General Meeting, a shareholder needs to be registered in the company's shareholder

register at least eight (8) business days prior to the General Meeting as well as register their participation in the meeting in the manner specified in the meeting notice. Holders of nominee-registered shares may also attend the General Meeting by temporary registration in the company's shareholder register.

A shareholder may attend the General Meeting either in person, or via a representative authorized by the shareholder. In the General Meeting, all shareholders are entitled to raise questions and propose resolutions regarding issues on the agenda. Harvia has one share class, and every share entitles to one vote in the General Meeting.

Harvia's Annual General Meeting was held on April 2, 2020 in Helsinki. Due to the exceptional situation caused by the COVID-19 pandemic, shareholders were given the opportunity to participate by remote connection. A total of 58 shareholders participated in the meeting either in person or by a proxy representative or a power of attorney. To exercise their right to vote, shareholders had the possibility to authorize a person of their choice to represent them and exercise their voting rights in the meeting. To ensure that resolutions could be made at the Annual General Meeting, Harvia had received confirmation from the company's largest shareholder and other large shareholders that they will vote in favor of all the proposals presented in the notice to the Annual General Meeting, and that they will participate in the meeting by way of proxy representation instead of physical participation. All decisions were carried out

without voting. The minutes of the Annual General Meeting are available on the company website.

## BOARD OF DIRECTORS

Harvia's Board of Directors consists of three to six members. The members are elected in the Annual General Meeting for a one-year term which expires at the end of the Annual General Meeting following their election. The Board of Directors elects a Chairperson from among its members.

The majority of the Board members shall be independent of the company, with at least two of these members also being independent of the major shareholders of the company. The Board of Directors assesses its members' independence of the company and its major shareholders annually and as needed, in accordance with the criteria set in the Finnish Corporate Governance Code. In the selection of members, attention shall be paid to members' mutually complementary experience and competence in the company's field of business and development stage.

## Rules of procedure of the Board of Directors

The duties and activities of the Board of Directors are defined by the Finnish Limited Liability Companies Act, the Finnish Corporate Governance Code 2020, other applicable legislation, Harvia's Articles of Association and the Rules of Procedure of the Board of Directors.

The Board of Directors has drafted written Rules of Procedure that define its key duties and operating principles. The Board of Directors approves Harvia's strategy and supervises its implementation. The duties of the Board of Directors include approving the company's financial statements and interim reports

and monitoring the appropriateness of accounting and the company's financial management. The Board of Directors decides on significant loans, business transactions and investments, and approves annual and long-term business plans and budgets as well as the principles of risk management. The Board of Directors also decides on the principles according to which the management may make decisions regarding investments, acquisitions and divestments and issuing of guarantees. The Board of Directors approves the Group's long- and short-term remuneration schemes and their realization. The Board of Directors appoints Harvia's CEO and decides on the terms of the CEO's service contract.

The Board of Directors assesses its operations and ways of working annually as an internal self-assessment. The self-assessment was carried out also in 2020.

## The Board of Directors in 2020

In 2020, the members of the Board of Directors between January 1 and April 4, 2020 were Olli Liitola

Member	Attendance	Attendance %
Olli Liitola	(12/12)	100
Ia Adlercreutz	(12/12)	100
Ari Hiltunen	(12/12)	100
Kalle Kekkonen (from April 2, 2020)	(8/9)	89
Sanna Suvanto-Harsaae (from April 2, 2020)	(9/9)	100
Anders Björkell (January 1-April 2, 2020)	(3/3)	100
Pertti Harvia (January 1-April 2, 2020)	(3/3)	100

In 2020, the work of the Board focused on the strategy, preparations related to business transactions, Harvia's long-term incentive program and monitoring of the company's situation.

(Chairperson), Anders Björkell, Pertti Harvia, Ia Adlercreutz and Ari Hiltunen.

The Annual General Meeting on April 2, 2020 elected the members of the Board of Directors for a term that expires at the end of the next Annual General Meeting. Olli Liitola, Ia Adlercreutz and Ari Hiltunen were re-elected to the Board of Directors. Kalle Kekkonen and Sanna Suvanto-Harsaae were elected as new members. After the Annual General Meeting, the organizational meeting of the Board of Directors elected Olli Liitola as its Chairperson.

Based on an independency evaluation, the Board confirmed that Ia Adlercreutz, Ari Hiltunen, Olli Liitola and Sanna Suvanto-Harsaae are independent of the company and its major shareholders. Kalle Kekkonen is independent of the company.

In 2020, the Board of Directors held a total of 12 meetings. The members attended the meetings as follows:

Particularly risk analyses related to the COVID-19 pandemic and related monitoring were also on the Board's agenda.

## THE BOARD OF DIRECTORS ON DECEMBER 31, 2020



**OLLI LIITOLA**  
Chairman of the Board

- Master of Science in Engineering
- Born 1957, Finnish citizen
- Chairman of the Board of Directors 2014–, member of the Board of Directors 2014–
- Chairman of the Board's Audit Committee
- Independent of the company and its major shareholders
- Harvia Plc's shares: 56,000

### Work history:

CapMan Oyj Senior Advisor 2017–2019, Senior Partner 2010–2017, Deputy CEO 2005–2009 and CFO 1991–2007.

### Positions of trust:

Member of the Board of CapMan Oyj 2019–, Chairman of the Board of Tapaus Oy 2014–2019 and of Oy Lunawood Ltd 2012–2019. Chairman of the Board of Bright Group Oy 2011–2018 and member of the Board 2019–. Member of the Board of Nice Entertainment Group Oy 2008–2013, of Pretax Oy 2000–2010 and of PPTH-Norden Oy 2000–2006. Chairman of the Board of Puulämpö Yhtiöt Oy 1997–2006 and of Momea Invest Oy 1982–.



**IA ADLERCREUTZ**  
Board member

- Master of Arts, Master of Business Administration (MBA)
- Born 1971, Finnish citizen
- Member of the Board of Directors 2016–
- Independent of the company and its major shareholders
- Harvia Plc's shares: 15,000

### Work history:

CEO of Co-founders Oy 2016–, Director of Brand and Marketing (Functional Products EMEA) of Fiskars Finland Oy 2014–2016, Head of Brand and Concept Development of Fiskars Home Oy 2012–2014 and various marketing management posts at Kekkilä Oy 2004–2012.

### Positions of trust:

Chairman of the Board of Spikesafe Oy 2015–2020. Member of the Board of Co-founders Oy 2016–, of Turvanasta Oy 2012–, of Suomen Taideteollisuusyhdistys 2019– and of Perheyrittäjien liitto 2019–. Member of the Board of Den Group 2015–2019.



**ARI HILTUNEN**  
Board member

- Master of Science in Economics and Business Administration
- Born 1964, Finnish citizen
- Member of the Board of Directors 2018-
- Member of the Board's Audit Committee until 4/2020
- Independent of the company and its major shareholders
- Harvia Plc's shares: 1,500

**Work history:**

CEO of Central Finland Chamber of Commerce 2017-, CEO of Jyväskylä Regional Development Company Jykes Ltd. 2011-2017 and sales director in Pohjola Insurance Ltd 2005-2011.

**Positions of trust:**

Chairman of the Board of Kasvu Open Ltd. 2019- and member of the Board 2016-2017. Member of the Board of Midinvest Oy 2013-2017, Chairman of the Board in JyväSeedFund Oy 2013-2015. Chairman and deputy Chairman of the Board of Jyväskylän Congress Center Ltd. 2011-2017.



**SANNA SUVANTO-HARSAAE**  
Board member

- Bachelor of Science (Business Administration)
- Born 1966, Finnish and Danish citizen
- Member of the Board of Directors 2020-
- Member of the Board's Audit Committee from 4/2020
- Independent of the company and its major shareholders
- Harvia Plc's shares: 350

**Work history:**

Managing Director of Reckitt Benckiser Scandinavia AS 2004-2008, Director, Marketing and Business Development of Synoptik International Retail 2001-2004, Marketing Manager at Procter & Gamble Europe 1998-2001.

**Positions of trust:**

Chairperson of the Board of Posti Group Corporation 2020-, of Altia 2013-, of Babysam AS 2008-, of TCM AS 2016-, of Nordic Pet Care Group AS 2012-. Member of the Board of Directors of SAS AB 2013- and of Broman Group Oy 2016-.

**KALLE KEKKONEN**

Board member

- Master of Science in Economics and Business Administration
- Born 1978, Finnish citizen
- Member of the Board of Directors 2020–
- Member of the Board's Audit Committee from 4/2020
- Independent of the company but not independent of the company's major shareholders
- Harvia Plc's shares: 6,500

**Work history:**

Onvest Oy, Managing Director 2018–, KONE Oyj, Head of Alliances and Acquisitions 2012–2018, Carnegie Investment Bank AB, Associate Director and Partner 2010–2012

**Positions of trust:**

Feon Oy, Member of the Board 2018–.

**Diversity of the Board**

Harvia's Nomination Board takes into account the principles concerning the Board of Directors' diversity in its work and its proposals. A person elected as a member of Harvia's Board of Directors must have qualifications required for the task as well as adequate availability for carrying out the duties of a Board member. When electing Board members, attention shall be paid to members' mutually complementary experience and competence from the perspective of the company's field of business and development stage. Varied professional and educational backgrounds support the diversity of the Board. The goal is to promote gender equality

in the selection of Board members. When electing Board members, the objective is to ensure that the Board of Directors as a whole enables efficient management of the Board's responsibilities and supports the development of Harvia's business.

In 2020, both genders were represented in the company's Board of Directors. There are three men and two women among the five Board members elected by the Annual General Meeting in April 2020.

**Audit Committee**

To enhance the efficiency of its work, the Board of Directors has set up an Audit Committee. The Committee has no independent decision-making authority; it functions as a preparatory body, and the matters it addresses are brought to be decided on by the Board of Directors.

The Board of Directors annually elects from among its members the chairperson and members of the Committee and confirms its written Rules of Procedure. The Audit Committee consists of a minimum of three Board members. The majority of the members of the Committee shall be

independent of the company, with at least one member also being independent of the major shareholders of the company. At least one member of the Audit Committee shall also have expertise in accounting or auditing.

When it comes to the company's financial reporting and auditing, the duties of the Audit Committee consist particularly of monitoring and assessing the company's financial reporting system, the efficiency of its internal control and audit as well as that of the risk management systems, and the independence of the auditor and especially the non-auditing services provided by the auditor.

Member	Attendance	Attendance %
Olli Liitola	(5/5)	100
Kalle Kekkonen (from April 2, 2020)	(4/4)	100
Sanna Suvanto-Harsaae (from April 2, 2020)	(4/4)	100
Anders Björkell (January 1–April 2, 2020)	(1/1)	100
Ari Hiltunen (January 1–April 2, 2020)	(1/1)	100

In 2020, the work of the Audit Committee focused on preparations related to acquisitions, development of operational accounting, and preparing interim reports and financial statements.

### Shareholders' Nomination Board

The Annual General Meeting of Harvia, held on April 2, 2020, decided on establishing a Shareholders' Nomination Board to prepare proposals concerning the election and remuneration of the Board Members, as well as the remuneration of the members of the various Board committees, to be submitted to future Annual General Meetings and to any Extraordinary General Meetings where necessary.

In addition, the Audit Committee is tasked with monitoring the company's audit and preparing the selection of the company's auditor.

In 2020, the Audit Committee included in January 1–April 2, 2020 Olli Liitola, Anders Björkell and Ari Hiltunen. The Board of Directors, appointed in the Annual General Meeting on April 2, 2020, elected from its members Olli Liitola, Kalle Kekkonen and Sanna Suvanto-Harsaae as members of the Audit Committee.

In 2020, the Audit Committee convened 5 times. The members attended the meetings as follows:

The Shareholders' Nomination Board consists of representatives appointed by the company's four largest shareholders.

Each year, those four shareholders that hold the largest share of the votes conferred by all shares in the company on the first working day of the September preceding the applicable Annual General Meeting pursuant to the shareholders' register maintained by Euroclear Finland Ltd will be entitled to appoint members that represent the shareholders.

The Chairman of the Board of Directors will convene the first meeting of each term of office

of the Shareholders' Nomination Board, and the representative of the largest shareholder will be appointed as the chairman of the Shareholders' Nomination Board, unless the Nomination Board specifically decides otherwise.

The Shareholders' Nomination Board must submit its proposal to the company's Board of Directors on an annual basis and at the latest on January 31 preceding the applicable Annual General Meeting.

Harvia announced on September 14, 2020 that Arja Talma (Onvest Oy), Heikki Savolainen (WestStar Oy), Antti Katajisto (SEB Investment Management AB) and Pertti Harvia (Tiipeti Oy) had been appointed to the Shareholders' Nomination Board. Olli Liitola, Chairman of the company's Board of Directors, serves as an expert in the Nomination Board but is not a member. On October 7, 2020, the company announced that the representative of Onvest Oy changes compared to the information give in the September 14, 2020 release and that the representative of Onvest Oy in the Nomination Board would be Juho Lipsanen instead of Arja Talma.

The Shareholders' Nomination Board held a total of four meetings. All members participated in all meetings.

The Shareholders' Nomination Board has given its proposal to the Board of Harvia on the composition of the Board of Directors and its remuneration as well as on the remuneration of Committee members, and the Board of Directors has included the proposals in the notice of annual general meeting announcing Harvia's Annual General Meeting to be held on April 8, 2021.

## CEO

The Board of Directors appoints and, if necessary, dismisses the CEO and decides on the CEO's terms of service, defined in a written service contract approved by the Board. The CEO is appointed for the post until further notice. The Board of Directors evaluates the CEO's work and performance in achieving the assigned targets. The CEO cannot be elected as Chairperson of the Board of Directors.

The CEO is responsible for the day-to-day management of the company. The CEO is responsible for ensuring that the targets, plans, guidelines and goals set by the Board are carried out within Harvia. According to the Finnish Limited Liability Companies Act, the CEO ensures that the accounting practices of the company comply with the law and that asset management is arranged in a reliable manner.

Tapio Pajuharju acts as the CEO of Harvia, appointed by the Board of Directors.

## THE GROUP'S MANAGEMENT TEAM

The Management Team supports the CEO and is responsible for the development and operational management of the Group and its business, in accordance with the goals set by the Board of Directors and the CEO. The Management Team also defines the operating principles and procedures in line with the direction given by the Board of Directors. The Management Team convenes monthly and when needed and focuses on strategic questions concerning the Group and businesses. Questions concerning financial development, governance, corporate responsibility and development projects are regularly on the agenda. The CEO acts as the chairperson of the Group's Management Team.



**TAPIO PAJUJARJU**  
CEO

- Master of Science degree in Economics and Business Administration
- Born 1963, Finnish citizen
- CEO and member of the Management Team 2016-
- Member of the Board of Directors of Harvia in 2014-2016
- Harvia Plc's shares: 243,000

### Work history:

CEO of Hartwall Ab Oy in 2014-2016, CEO of Lumene Oy in 2004-2014. Management positions at Huhtamäki Group in 1988-2004.

### Positions of trust:

Member of the Board of Varamiespalvelu Group Oy since 2010 and Chairman of the Board of Eezy Oy since 2019. Member of the Board of Walki Group Oy in 2016-2018, of Halti Oy in 2012-2014 and Jääkiekon SM-liiga Oy in 2013-2017.



**ARI VESTERINEN**  
Chief Financial Officer

- Master of Science degree in Engineering and a Master of Business Administration (MBA) degree
- Born 1963, Finnish citizen
- Chief Financial Officer and member of the Management Team 2014-
- Harvia Plc's shares: 131,666

### Work history:

Management consultant at LEAD Partners Oy in 2011-2014, Chief Financial Officer at TylöHelo Group in 1995-2011 and various positions in the group companies, such as Chief Financial Officer at Saunatec Oyj while the company was listed on the Helsinki Stock Exchange, along with his position as Chief Financial Officer. CEO of Helo Oy in 2010-2011 and as the CEO of Helo GmbH in 1993-2006.

### Positions of trust:

Member of the Board of TylöHelo Group Oy 2009-2011 and in several TylöHelo Group companies.





### DAVID AHONEN

Export Director

- Vocational qualification in business and administration
- Born 1966, Finnish and UK citizen
- Export Director 2016–, member of the Management Team 2014–
- Harvia Plc's shares: 120,000

#### Work history:

Harvia's Export Manager in 1996–2016.

#### Positions of trust:

Chairman of the Board of Kiinteistö Oy Killerin Tenniskeskus 2010–, member of the Board of Benlop Oy 2012–.



### TIMO HARVIA

Director, Research & Development and Quality

- Master of Science degree in Engineering
- Born 1978, Finnish citizen
- Director, Research & Development and Quality 2016–, member of the Management Team 2014–
- Harvia Plc's shares: 128,750

#### Work history:

Research & Development Director of Harvia Oy in 2014–2016, Research & Development Manager in 2010–2014 and as a Product Designer in 2004–2010.

#### Positions of trust:

Deputy member of the Board of Directors of Tiipeti Oy 2014–.



### TOMAS HJÄLMEBY

Sales Director, Scandinavia

- Technical education and professional experience in construction of wooden houses
- Born 1968, Swedish citizen
- Sales director in Scandinavia and member of the Management Team 2018–
- Harvia Plc's shares: 1,500

#### Work history:

Scandinavian Sales Director at TylöHelo AB in 2015–2018, regional Sales Manager at Inwido Sweden AB in 2013–2015, Sales & Marketing Manager at T-Emballage/Innovexa AB in 2005–2013, Sales Manager at IVT industrier/Bosch Thermoteknik AB 2000–2005, Various sales and marketing management positions in companies providing construction equipment.



### ANSSI PELKONEN

Sales Director, Finland

- Vocational qualification in business and administration
- Born 1964, Finnish citizen
- Sales Director in Finland and member of the Management Team 2014–
- Harvia Plc's shares: 63,500

#### Work history:

Harvia's Sales Director in Finland, Sweden and Norway 2014–2018, Shop Manager at Carlson Oy in 2010–2014, Sales Manager at Harvia Oy in 2000–2010. Sales Representative at Black & Decker Oy in 1995–1999.





**MIKA SUOJA**

Vice President,  
Operations & Sourcing

- Master of Engineering degree
- Born 1975, Finnish citizen
- Production and Sourcing Director and Member of the Management Team 2016-
- Harvia Plc's shares: 35,000

**Work history:**

Director, Materials Administration at the Central Finland Health Care District in 2016, Chief Operating Officer at Pikval Oy in 2015-2016 and company's Production Director in 2012-2015, Technology Director at Kojair Tech Oy in 2010-2012 and Production Manager at Sovella Oy in 2004-2009.



**MARKUS WÖRMANSEDER**

Sales Director, Central Europe

- Technical chemistry, Johannes Kepler University Linz, Austria
- Born 1974, Austrian citizen
- Sales Director, Central Europe 2016- and member of the Management Team 2017-, Managing Director of Sentiotec GmbH 2007-
- Harvia Plc's shares: 120,000

**Work history:**

Sales and marketing positions at AXAVIA Software GmbH 2003-2007, BEKO Engineering 2002-2003 and Cadison Software GmbH 1999-2002.

**Positions of trust:**

Member of the Board of Directors of Österreichisches Sauna Forum 2019-



**RAINER KUNZ**

Managing Director of EOS Group

- Study of law
- Born 1964, German citizen
- Member of the Management Team 2020-, Managing Partner of EOS Group 2013-
- Harvia Plc's shares: 35,000
- 21.4% of EOS Group German companies

**Work history:**

Managing Director of Rainer Kunz Immobilien in 1992-2016, Managing Director of Saunatechnik GmbH in 2011-2013, CEO of Günther Group in 2003-2011.

**Positions of trust:**

General Representative of the Shareholder family of Günther Group in 2003-2011, Chairman of the Board of Directors of IVA Federal Association in 2005-2011, Member of the Board of Directors of ttz Federal Association in 2004-2011 and of WIB Federal Association in 2005-2011.



**PÄIVI JUOLAHTI**

Vice President, Marketing

- Master of Science in Economics and Business Administration
- Born 1976, Finnish citizen
- Member of the Management Team 2020-
- Harvia Plc's shares: 1,000

**Work history:**

Leadership positions in new business development and innovation at Fazer Group 2015-2020, leadership positions in marketing, new business development and product management at F-Secure Corporation 2000-2015.

**Positions of trust:**

Member of the Board of Directors of the Sauna from Finland association 2020-, of Silmux Oy 2016- and of Solar Foods Ltd. in 2019-2020.

## PRINCIPLES OF INTERNAL CONTROL AND RISK MANAGEMENT RELATED TO THE FINANCIAL REPORTING PROCESS

Harvia compiles its financial reporting in accordance with the International Financial Reporting Standards (IFRS), the Finnish Securities Markets Act, the Finnish Accounting Act and the guidelines and statements of the Finnish Accounting Board, while also complying with the rules and regulations of the Financial Supervisory Authority and the rules of the Helsinki Stock Exchange. The principles, instructions, practices and areas of responsibility in internal auditing and risk management relating to the company's financial reporting process are aimed at ensuring that the company's financial reporting is reliable and that the financial statements have been prepared in accordance with applicable laws, regulations and the company's operating principles. Harvia's financial reporting is supervised on two levels, in the separate companies and at the Group level. On both levels, control measures and analyses are carried out to ensure the validity of financial reporting.

The Audit Committee is responsible for overseeing the financial reporting process.

## OVERVIEW OF RISK MANAGEMENT

Risk management is part of Harvia's business management. Harvia Group's risk management is guided by the Risk Management Policy. The purpose of risk management is to promote the identification of risks and their preventive management, to ensure an adequate level of risk management, and to include risk management as part of the company's business.

Harvia has a group-level risk assessment and reporting model. The Group carries out a comprehensive risk assessment annually, in which the most relevant risks to the realization of the Group's strategy or other objectives are evaluated based on their likelihood and impact on business operations. The annual risk assessment also evaluates the company's risk management measures. The Group's Management Team is responsible for the risk assessment. If needed, the risk assessment is updated, for example, for the risk assessment included in interim reports. The results of the risk assessment are reported to the Group's Board of Directors.

The Group's Management Team is responsible for the execution of risk management. The Audit Committee of the Board of Directors supervises the efficiency and expediency of the Group's risk management.

## INTERNAL CONTROL AND AUDIT

The objective of internal control at Harvia is to ensure the realization of the company's strategic, financial, operational and procedural targets, and to ensure compliance with applicable laws and regulations in the Group. The Group's internal control is an essential part of business management and of ensuring that the set objectives are reached. The Group aims to organize internal control efficiently, so that any deviations from targets can be detected as early as possible or that they can be prevented.

Harvia's tools of internal control include internal policies, guidelines and instructions, together with manual controls as well as controls built into systems. In addition, internal control is implemented in the form of various monitoring reports and meetings.

The Board of Directors of Harvia is responsible for organizing the internal control and the Audit Committee oversees the efficiency of internal control. The Group Management Team and the CEO of each Group company are responsible for the Group having functioning control procedures in use.

Harvia Group does not have its own internal audit function. The Board of Directors will annually assess the need for internal audit procedures and, if needed, may use internal company resources or external service providers for internal audit measures.

## AUDIT

The statutory audit covers the company's accounting, financial statements and administration for the financial year. In addition to the annual auditor's report, the auditors regularly report their auditing observations to the Board of Directors and participate in the meetings of the Board's Audit Committee.

The company shall have an auditor, which is an auditing organization approved by the Finnish Patent and Registration Office. The term of the auditor expires at the conclusion of the Annual General Meeting following their election.

The company's Audit Committee prepares a proposal on the auditor and the remuneration of the auditor to the General Meeting. The General Meeting elects the auditor and decides on their remuneration.

## Audit in 2020

PricewaterhouseCoopers Oy acted as the company's auditor in 2020 with Markku Launis, Authorized Public Accountant, acting as the

principal responsible auditor. The audit fees paid to PricewaterhouseCoopers Oy in 2020 totaled EUR 164 thousand. Of the fees paid, EUR 138 thousand were fees for a statutory audit. EUR 2 thousand of the fees paid were related to auditor's statements and certificates and EUR 23 thousand comprised of other fees. Audit fees paid to other firms totaled EUR 67 thousand.

### RELATED PARTY TRANSACTIONS

Harvia's Board of Directors has defined the principles for monitoring and evaluating related party transactions. The Group maintains a related party list intended to identify transactions that involve a person considered as a related party to Harvia.

Significant related party transactions are processed by Harvia's Board of Directors. The Board of Directors resolves on significant transactions carried out with Harvia's management and its related parties. The Board of Directors also resolves on possible related party transactions that do not fall within the company's regular business or are not carried out with regular market terms.

In 2020, the company had no related party transactions that were significant to the company and deviated from its regular business or were carried out on other than normal market terms.

### INSIDER MANAGEMENT

Harvia complies with the Market Abuse Regulation ((EU) No. 596/2014, "MAR"), including its amendments, and regulations issued under it, instructions issued by the authorities, including the insider guidelines of Nasdaq Helsinki Ltd. In addition, the company has supplemented

Nasdaq Helsinki Ltd's insider guidelines with its own insider guidelines.

The company maintains a list of employees and service providers who have access to insider information. The company's insider list comprises one or more project-based insider lists. The company has estimated that it does not have insiders who would require a separate supplement to the insider list.

The company has appointed a person in charge of insider issues, who is responsible for maintaining insider lists, handling trading restrictions and the management of the obligation to notify and disclose transactions, internal communications related to insider issues, training on insider issues and the supervision of insider issues.

Harvia has internal procedures for publishing insider information, possible delayed disclosure of insider information and maintaining project-specific insider lists.

### Management transactions

Harvia has determined that managers whose transactions shall be notified include members and deputy members of the Board of Directors, the CEO, and other members of the Management Team. These persons and their closely associated persons are required to notify the company and the Financial Supervisory Authority of every transaction conducted on their own account relating to the shares, debt instruments, derivatives or other financial Instruments of Harvia. Harvia discloses the information via a stock exchange release without delay, at the latest within three business days following the execution of the transaction.

Managers may not conduct any transactions on their own account or on the account of a third party, directly or indirectly, relating to Harvia's shares, debt instruments, derivatives or other financial instruments during a closed period of thirty (30) calendar days before the publication of an interim report, half-year report or financial statements.

### Trading restrictions

Harvia observes the trading ban on managers (closed window) specified in MAR article 19(11). In addition, the company has separately defined specific individuals who participate in preparing financial reports, or who have access to information related to such reports, as being restricted by a trading ban of similar length and content (closed window).