



# BOREO

CORPORATE GOVERNANCE STATEMENT 2022



## INTRODUCTION

Boreo Plc's corporate governance is based on Finnish law and the company's Articles of Association. Boreo Plc complies with the rules of Nasdaq Helsinki Ltd and the Finnish Corporate Governance Code issued by the Securities Market Association, which entered into force on January 1, 2020. A description of the Corporate Governance system is available on the company's website [www.boreo.com](http://www.boreo.com) and publicly available on the Finnish Securities Market Association's website at [www.cgfinland.fi](http://www.cgfinland.fi). This document is the Corporate Governance Statement published annually in connection with the financial statements. The company does not deviate from the recommendations of the Finnish Corporate Governance Code.

This statement has been approved by the Board of Directors of Boreo Plc and has been prepared as a separate statement from the Board of Directors' Report. Boreo Plc's auditor Moore Rewinet Oy has reviewed that the general description of internal control and risk management systems related to the financial reporting process is uniform with the financial statements.

## Structure of Boreo Group

At the end of 2022, Boreo Group consisted of three business areas: Electronics, Technical Trade and Heavy Machines.

The Electronics business area consists of businesses that distribute and assemble professional electronic components. Its companies act as representatives of the world's leading principals in Northern Europe, Poland and the United States. The companies offer storage and logistics services, as well as technical sales services for principals and customers. The brands of the business area are Yleiselektroniikka, YE International, Noretron Komponentit, Milcon, Infradex and Signal Solutions Nordic.

The Technical Trade business area consists of businesses involved in technical trade that represent well-known principals in power, metal machines, construction and welding technique products and system solutions in Finland. The brands of the business area are Machinery, Muottikolmio, Pronius and J-matic.

The Heavy Machines business area consists of Putzmeister and Sany dealerships in Finland, Sweden and Estonia, and the design, equipment, painting and construction of timber bodies in Sweden. The businesses serve customers in the concrete, construction and forest industry in Finland, Sweden and Estonia. The brands of the business area are PM Nordic, Tornokone, Sany Nordic, Floby Nya Bilverkstad and Lackmästarn.

In addition to the above-mentioned business areas, the Group's 'Other operations' consists of Etelä-Suomen Kuriiripalvelut's, Vesterbacka Transport's and Basti's businesses providing logistics and courier services and Group administration operations.

At the end of 2022, the company had operations in seven countries: Finland, Sweden, Estonia, Latvia, Lithuania, Poland and the United States.

## **BOREO'S GENERAL GOVERNANCE PRINCIPLES**

Boreo Plc is a public limited liability company incorporated under the laws of Finland with its shares listed on the Main Market of Nasdaq Helsinki Ltd. The parent company Boreo Plc and its subsidiaries form Boreo Group. The highest decision-making power is exercised by the shareholders at the Annual General Meeting. Company management is the responsibility of the Board of Directors and its Committees and Boreo Plc's CEO.

### **Annual general meeting**

Boreo Plc's General Meeting is the highest decision-making body in the company and it convenes at least once per year. According to the Articles of Association of Boreo Plc, the notice to the General Meeting is published by the Board of Directors and, if necessary, the Board of Directors may convene an Extraordinary General Meeting.

Matters to be decided by the General Meeting by virtue of the Companies Act and the company's Articles of Association include:

- adoption of the financial statements and the resolution on the distribution of profits indicated by the balance sheet
- resolution on discharging the Board members and the CEO from liability
- election of the Board members and the auditor and the fees paid to them.

The notice of the General Meeting and other notifications to shareholders must be published in a stock exchange release at the earliest three months and no later than three weeks prior to the General Meeting. The Annual General Meeting must be held by the end of June. Documents related to the General Meeting are available on Boreo Plc's website ([www.boreo.com](http://www.boreo.com)) for at least five years after the meeting. Shareholders are entitled to bring issues, that according to the Companies Act are to be decided by the General Meeting, to be discussed to the General Meeting if they demand this in writing from the Board of Directors well in advance so that the issue can be included in the notice of the meeting. The company announces the date by which shareholders' must submit the issue they want to be discussed at the Annual General Meeting to the Board of Directors on its website. The company aims to notify by the end of the financial year prior to the Annual General Meeting the date by which shareholders must deliver their request. In 2022, the Annual General Meeting was held in Vantaa on April 19, 2022.

### **Board of Directors**

Boreo Plc has a Board of Directors composed of a minimum of three and a maximum of seven members. The Annual General Meeting elects the Board of Directors for a term that ends upon the conclusion of the next Annual General Meeting. The Board elects the Chairman (and Deputy Chairman, if applicable) from among its members.

The company's largest shareholder who owns over 50 percent of company's shares and voting rights makes a proposal on the composition of the Board of Directors. At the beginning of 2022, the company's Board of Directors had six members. At the Annual General Meeting held on April 19, 2022, six members were elected to the Board of Directors. Simon Hallqvist, Ralf Holmlund, Jouni

Grönroos, Camilla Grönholm, Michaela von Wendt were re-elected as members of the Board and Juhani Mykkänen was elected as a new member. Martti Yrjö-Koskinen left the Board. In 2022, the Board of Directors convened 17 times.

## **Independence of the Board members**

Of the member of the Board elected by the Annual General Meeting on April 19, 2022 Jouni Grönroos, Ralf Holmlund Camilla Grönholm, Michaela von Wendt and Juhani Mykkänen are independent of the company and its major shareholders. The Chairman of the Board of Directors Simon Hallqvist is a significant shareholder of the company through Preato Capital AB. Preato Capital AB became the largest owner of the company in a share acquisition carried out on June 14, 2019.

## **Presentation of Board members**

### **Chairman of the Board Simon Hallqvist**

Born 1967

Education: M.Sc. econ.

Member of the Board since August 22, 2019, Chairman since March 3, 2020

Member of the Remuneration and Nomination Committee since April 15, 2021

Full time position: Partner in Preato Capital AB

Key work experience: Preato Capital AB, Founding Partner (2004-), Argnor Wireless Ventures, (Investment Director (2001-2004) and Oracle Finland Oy, Account Manager (1995-1999)

Primary positions of trust: Chairman of the at Board Preato Capital AB, Preato Oy and Consivo Group AB

Shareholding: 1,909,000 shares (through Preato Capital AB)

### **Member Camilla Grönholm**

Born 1964

Education: M.Sc. econ.

Member of the Board since April 16, 2020

Chairman of the Remuneration and Nomination Committee since April 15, 2021

Member of the Audit Committee since April 19, 2022

Key work experience: ROCKWOOL International A/S, CHRO and member of the Group's Management Team (2012-2020), Pöyry Oyj, CHRO director and member of the Group's Management Team (2006-2012) and Nokia Oyj, international HR tasks (1999- 2006) latest HR Director, Nokia Mobile Phones (2003-2006)

Shareholding: 573

### **Member Jouni Grönroos**

Born 1965

Education: M.Sc. econ.

Member of the Board since April 16, 2020

Chairman of the Audit Committee since April 16, 2020

Full time position: Fazer Group CFO and Deputy CEO, as well as member of Fazer Leadership Team

Key work experience: Rapala VMC Oyj CFO (2005-2010), AvestaPolarit Oyj Deputy CFO and later CFO (2001-2005), Outokumpu Oyj Group Tax Manager, Assistant Vice President and later Vice President (1990-2001), Auditor at KPMG (1989-1990)

Primary positions of trust: Caruna Networks Oy member of the Board and Chairman of the Audit Committee, Chairman of the Board in several subsidiaries of the Fazer Group, member of the Board at the Coastal Artillery Foundation, deputy member of the Board at East Office of Finnish Industries Oy

Shareholding: 729

**Member Ralf Holmlund**

Born 1954

Education: M.Sc. econ.

Member of the Board since March 2, 2020

Member of the Audit Committee since March 3, 2020

Key work experience: Esso / ExxonMobil (1980 to 2009), CEO Suomen Lähikauppa Oy (2010 to 2016)

Primary positions of trust: Örum Oy Ab and Carspect AB Chairman of the Board; member of the Board: Telko Oy

Shareholding: 1,540 shares

**Member Michaela von Wendt**

Born 1980

Education: M.Sc. econ.

Member of the Board since April 12, 2018

Member of the Remuneration and Nomination Committee since April 15, 2021

Full time position: CEO of Artek Oy (2023-)

Key work experience: CEO of Lundia Oy (2011-2022), Country Manager at Universum (2006-2011), Ålandsbanken Abp (2000-2006)

Primary positions of trust:

Shareholding: 456

**Member Juhani Mykkänen**

Born 1984

Education: M.Sc. (Tech.), information networks, Aalto University

Member of the Board since April 19, 2022

Full time position: Wolt, co-founder (2014-)

Key work experience: Wolt, co-founder (2014–), Helsingin Sanomat, journalist (2007-2013), columnist, author, public performances (2013–)

Primary positions of trust:

Shareholding: 229

**Activities of the Board of Directors**

According to the Articles of Association, the Board is responsible for the management and appropriate organization of the company's operations. The Board of Directors is also responsible for carrying out other duties of the Board as prescribed in the Finnish Limited Liability Companies Act.



The Board of Directors has compiled a written charter that defines the Board's main duties and operating methods. According to the charter, e.g., the following are part of the Board's duties:

- approve the company's strategy and long-term objectives, and monitor the implementation of the objectives and strategy
- approve strategically important plans, acquisitions, and investments
- monitor and assess financial reporting
- monitor financial performance and process and approve financial reports
- ensure that the company has defined the operating principles of internal control, internal audit, and risk management
- monitor and assess the effectiveness of the internal control, internal audit and risk management systems
- prepare the proposal for the election of the auditor and monitor the audit, and assess the auditor's performance and independence

A more detailed description of the Board's duties is found in the Charter of the Board of Directors.

## Diversity of the Board of Directors

The diversity of the Board of Directors of Boreo Plc is an integral part of the corporate governance principles. The composition of the Board of Directors should support the company's current and future business development, as well as strategic objectives. Key factors when selecting the Board members of Boreo Plc are the complementary skills, education and personal qualities of the members of the Board. The company does not tolerate any discriminatory behavior. The diversity of the Board is also supported by experience in an international environment and by considering the age and gender distribution. The aim is for the Board to have both genders. The realization of these objectives is monitored annually and the results are reported in this statement. In 2022, the above mentioned objectives were achieved.

## Committees

Boreo Plc's Board of Directors may establish specific committees to assist the Board of Directors in their duties. The members of the board committees, as well as their Chairmen, will be appointed annually by the Board of Directors amongst its members, and the Board approves the charters of the committees. The committees have no independent decision-making power, they act as preparatory bodies and the issues they discuss are submitted to the Board of Directors for decision.

## Audit Committee

In 2019, the Board of Directors decided to establish an Audit Committee. The Committee shall comprise three to four members appointed by the Board of Directors, including the Chairman of the Committee. At the organizing meeting arranged after the General Meeting on April 19, 2022 the Board of Directors selected the members for its committees. Jouni Grönroos was re-elected Chairman of the Audit Committee and Ralf Holmlund was re-elected member and Camilla Grönholm

was elected a new member of the Audit Committee. The duties and responsibilities of the Audit Committee are described in the Charter of the Audit Committee.

A majority of the members must be independent in accordance with the Finnish Corporate Governance Code 2020. In addition, one of the members must be independent of the company's major shareholders. Committee members cannot be members of the company's management. The Chairman determines the schedule of the Committee meetings and sets meeting agendas in consultation with the members. The Committee shall convene at least four times per year. In 2022, the Audit Committee convened 5 times.

The key duties of the Audit Committee in accordance with the charter approved by the Board of Directors for the Committee are:

- monitoring and assessing financial reporting processes
- monitoring the quality and integrity of financial reports
- monitoring and assessing the effectiveness of internal control, internal audit, and risk management systems
- evaluating the process and effectiveness of internal audits
- evaluating the qualifications and performance of the auditor
- monitoring and assessing the independence of the auditor and preparing the proposal for the election of the auditor and their fee
- preparing and implementing other tasks given by the Board of Directors
- the Chairman of the Committee shall report regularly to the Board of Directors and submit the minutes of its meetings to the Board of Directors

## **Remuneration and Nomination Committee**

In 2021, the Board of Directors decided to establish a Remuneration and Nomination Committee to assist the Board in preparing its duties. At the Board of Directors' organizing meeting arranged on April 19, 2022 the Board of Directors re-elected Camilla Grönholm as Chairman and Michaela von Wendt and Simon Hallqvist as members of the Remuneration and Nomination Committee. The committee convenes, when necessary, at the request of the Chairman of the committee, however at least three times a year. The Chairman determines the schedule of the Committee meetings and sets meeting agendas in consultation with the members. The Committee comprises three to four members of whom one is appointed Chairman of the Committee. A majority of the members must be independent of the company. The Committee's duties are specified in the Charter of the Committee. In 2022, the Remuneration and Nomination Committee convened 5 times.

The key duties of the Remuneration and Nomination Committee are to:

- assist the Board in monitoring and preparing remuneration reporting and management
- assist the Board in monitoring and evaluating the effectiveness of the Group's remuneration policies and preparing annual reviews, target setting and changes in bonus schemes
- assist the Board in succession planning and appointments

## Board and Committee work in 2022

Name	Participation		
	Board	Audit Committee	Remuneration & Nomination Committee
Simon Hallqvist (chair)	17/17		5/5
Jouni Grönroos	16/17	5/5	
Ralf Holmlund	17/17	5/5	
Michaela von Wendt	17/17		5/5
Camilla Grönholm***	17/17	4/5	5/5
Juhani Mykkänen*	8/17		
Martti Yrjö-Koskinen**	7/17	1/5	

\* Member of the board since 19.4.2022  
 \*\* Member of the board until 19.4.2022  
 \*\*\* member of the Audit committee since 19.4.2022

## CEO

Boreo Plc's CEO is responsible for managing Boreo Group's operations in accordance with the Finnish Limited Liability Companies Act and the instructions and orders issued by the company's Board of Directors. The Group CEO is elected and can be fired by the Board of Directors. The CEO prepares the issues to be discussed by the Board and implements the Board's decisions. The CEO is responsible for Group administration in accordance with the instructions of the Board of Directors and for company reporting and accounting to comply with the applicable legislation and the reliable arrangement of company finances. The current CEO Kari Nerg started in this position on May 4, 2020.

## Management Team

Boreo Plc has a Management Team, the Chairman of which is the Group CEO. The Management Team is responsible for Group and business development, as well as operating activities in accordance with the objectives set by the Board of Directors and the CEO. The Management Team focuses on the Group's and businesses' strategic issues, defines operating principles and procedures, and meets regularly to deal with issues and reports related to financial development, monitoring subsidiaries' business plans, administration, personnel and development projects. The Management Team convenes at least nine times per year. In 2022, the Management Team convened 11 times. At the end of 2022, the Management Team of Boreo Plc consisted of:

### Kari Nerg

CEO

Born: 1984

Education: Master's in agriculture and Forestry, CEFA

CEO since May 4, 2020

Key work experience: Mutares SE & Co. KGaA director responsible for Nordic and UK operations (2017-2020), Häggblom & Partners Oy chief operating officer (2010-2017) and Manager (2010-2013)

Primary positions of trust: Junnikkala Oy, member of the board since 2018

Shareholding: 42,138 shares (of which 35,370 through AK Capital Oy, a controlled corporation)



**Aku Rumpunen**

CFO

Born: 1974

Education: M.Sc. Econ., M.A.

Member of the Management Team since October 5, 2020

Key work experience: CFO of Cramo Group (2016 to 2020) and member of the Management Team (2012–2020), YIT Oyj: Business control and Financial manager tasks (2003-2012)

Shareholding: 24,000 shares

**Mari Katara**

SVP, People & Sustainability

Born: 1984

Education: M.Sc. econ.

Member of the Management Team since October 26, 2020

Key work experience: HR Manager and member of the Management Team at OP Financial Group's Pohjola Hospital and OP Life Assurance (2018 to 2020), HR Manager and member of the Group's Management Team at LänsiAuto Group (2013 to 2018)

Shareholding: 5,100 shares

**Janne Silvennoinen**

SVP, Technical Trade business area

Born: 1969

Education: M.Sc. (Eng.)

Member of the Management Team since October 5, 2020

Key work experience: CEO of Yleiselektronikka Oyj (2006-2020), branch manager of electrical engineering at Kontram Oy (2000-2006)

Shareholding: 23,643 shares

**Richard Karlsson**

SVP, Heavy Machines business area

Born: 1975

Education: Lieutenant (retired).

Member of the Management Team since January 5, 2021

Key work experience: CEO of PM Nordic AB since 2008 and CEO of Elephant Group AB since 2007.

Shareholding: 24,916 shares (of which 19,416 through Elephant Group AB, a controlled corporation)

**Tomi Sundberg**

SVP, Electronics business area and Head of Development-strategy

Born: 1983

Education: M.Sc. econ.

Member of the Management Team since October 18, 2021

Key work experience: CEO at Storent Oy (2018-2021), Director for New Business Development and Innovations for Cramo Group (2016-2018), Head of business support and development for Cramo AG (2013-2016)

Shareholding: 5,378 shares

**Jesse Petäjä**

SVP, M&A

Born: 1991

Education: M.Sc. econ.

Member of the Management Team since March 15, 2022

Key work experience:

Boreo Plc, Head of M&A (2021-), Mutares SE & Co. KGaA, investment manager in Nordic operations (2019-2020), CEO of Petäjä Group (2018-2019), Investment Banking Analyst at Citigroup (2017-2018)

Shareholding: 14,174 shares

## **DESCRIPTION OF PROCEDURES FOR CONTROLLING THE FINANCIAL REPORTING PROCESS AND MAIN FEATURES OF RISK MANAGEMENT SYSTEMS**

### **Internal control**

Internal control related to financial reporting is part of Boreo Plc's internal control framework. The processes, guidelines and procedures of financial reporting are coordinated and developed at Group level. Boreo Plc compiles its financial reporting in accordance with International Financial Reporting Standards (IFRS), the Securities Markets Act, the Finnish Accounting Act and the guidelines and statements of the Accounting Board, while applying the standards of the Finnish Financial Supervisory Authority and the rules of Nasdaq Helsinki Ltd. The internal control and risk management principles, guidelines, practices and responsibilities related to the company's financial reporting process are designed to ensure that the company's financial reporting is reliable and that financial statements have been prepared in accordance with applicable laws, regulations and company policies. The internal audit evaluates the applicability and relevance of internal control. Because the company currently has no separate internal control organization, the responsibility for internal control has been distributed between various organization levels. The Management Team, line management and the company's support functions are, for their part, responsible for the efficiency of internal control. In addition, the company's inspection plan for external audits considers that the company has no separate internal control function.

The Board of Directors bears ultimate responsibility for ensuring that internal control related to financial reporting is properly organized. The Board of Directors annually supervises and approves the financial statements, half-yearly report and interim reports. The Audit Committee assists the Board in monitoring the effectiveness of the principles of internal control and risk management. The Audit Committee also monitors the financial statement and financial reporting process to ensure that the financial statements and related information are appropriate and consistent. The Group's CFO,

business support functions and the financial departments of separate companies provide support for this task.

To prevent financial and other abuse, the Group has guidelines for reporting abuse in cooperation with an external service provider. The personnel is also trained to internalize ethical practices.

## **Risk management**

Boreo Plc's risk management policy defines the goals, principles, roles, responsibilities, and practices of risk management. The aim is that risk management is an integral part of strategy work, internal processes and business management.

The Board of Directors decides on the overall risk level of the Group and is responsible for arranging efficient risk management and internal control. The Audit Committee has supervision responsibility of risk management and reports to the Board of Directors at least once a year on the sufficiency of risk management. Boreo Plc's Management Team is responsible for ensuring that risk management and internal control are planned, implemented, and monitored. The Management Team carries out an annual risk assessment that is reported to the Board of Directors. The CFO is responsible for risk management activities and practical implementation. The company reports key risks and uncertainties in the Board of Directors' report. The company also describes them and reports on the risk management measures they are subject to in its regular financial reporting.

To manage the risks of Boreo Group's financial reporting process, various control measures are set at all levels of the organization. These control measures include, e.g., approval procedures, reconciliations, guidelines and ongoing operational control. Ongoing monitoring activities include, e.g., monitoring of subsidiaries' monthly financial reports relative to objectives and forecasts, preparing budgets and monitoring their implementation, reviewing new business plans and developing internal financial processes. The risk assessment process of Boreo Plc identifies and analyzes the risks of the financial reporting process and defines the risk management measures.

## **OTHER INFORMATION TO BE INCLUDED IN THE REPORT**

### **Insider transactions and their management**

Boreo Plc has compiled Insider Guidelines that complement the Market Abuse Regulation (596/2014, "MAR"), the Securities Market Act (746/2012), and the Criminal Code of Finland (39/1889), as well as the rules and regulations of the Financial Supervision Authority, the European Securities and Markets Authority (ESMA), and Nasdaq Helsinki Ltd. The Insider Guidelines are intended to create clear procedures and rules for the management of insider issues, the publication of inside information, the maintenance of insider lists and management transactions, and to prevent the abuse of inside information.

The Insider Guidelines have been approved by the Board of Directors and are applicable to the company's insiders including the members of the company's Board and members of Boreo Plc's



Management Team. In addition, the guidelines contain regulations that apply to all company employees that have access to inside information and to the immediate circle of the insiders. Each person is personally responsible for following the guidelines; the Insider Guidelines are available on the company's website and have been provided to all persons included in the insiders. Each person is also independently responsible for evaluating whether the information they possess is inside information.

The company's insider issues and maintaining the insider list are the responsibility of Boreo Plc's CEO. Persons on the insider list are not allowed to trade in the company's financial instruments on their own or a third party's account during a closed period of 30 days before the publication of a financial statement release or an interim or half-year financial report or on the date of such publication. Each person is always responsible for ensuring that any trading in the company's financial instruments, recommending trading to another person or the disclosure of inside information is permitted under the laws, regulations and guidelines in force at the time. Managers and the persons closely associated with them must notify transactions in the company's financial instruments to the company and the Financial Supervision Authority, which the company publishes in a stock exchange release and on the company's website ([www.boreo.com](http://www.boreo.com)).

## **Principles for related party transactions**

Boreo Plc has compiled guidelines for related party transactions, which define the principles for the management of the company's related party transactions. The Board of Directors, the CEO and other members of the Management Team, their close family members and corporations in which the above-mentioned has direct or indirect control belong to Boreo Plc's related parties. The company maintains lists of related parties. Transactions between the company and its related parties are permitted provided that they promote the company's activities and transactions are carried out under acceptable terms and conditions in accordance with the company's business interest. Transactions with associated companies and joint ventures are monitored and reported in the Notes to the Financial Statements and in the Board of Directors' report. The company has instructions for the members of the Board of Directors and the Management Team on the identification of related party transactions. In addition, they are annually asked to confirm the related party transactions that have been conducted.

## **Remuneration**

The remuneration policies of Boreo Plc's governing bodies are defined in the company's remuneration policy. The remuneration, bonuses and other financial benefits of the Board of Directors and the CEO are described in a separate remuneration report. The remuneration policy and report, as well as information on the remuneration of the Management Team are found on the company's website [www.boreo.com](http://www.boreo.com).

## **Audit**

According to Boreo Plc's Articles of Association, the General Meeting elects one auditor, which shall be an auditing firm authorized by auditor oversight. The auditing firm appoints a responsible auditor that must be an APA. The term of the auditor ends upon the conclusion of the next Annual General Meeting following the election.

On April 19, 2022, the Annual General Meeting elected Moore Rewinet Oy as the auditors with APA Jari Paloniemi as the responsible auditor. The subsidiaries have their own auditors. Statutory audit fees totaled EUR 83,300 in 2022 (EUR 83,000 in 2021).