



SILMÄASEMA

CORPORATE GOVERNANCE STATEMENT

2019

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I Introduction

Under the Finnish Limited Liability Companies Act and Silmäasema Oyj's Articles of Association, the company's governance and management are distributed between its shareholders, Board of Directors and CEO.

Silmäasema operates in accordance with the applicable laws and regulations, its Articles of Association and the rules and regulations issued by Nasdaq Helsinki for listed companies. Silmäasema also complies with the Finnish Corporate Governance Code 2020 issued by the Securities Market Association. The code is available at www.cgfinland.fi.

This report has been prepared separately from the Board of Directors' report and is published on the company's website at <https://company.silmaasema.fi/en/corporate-governance>.

II Descriptions concerning governance

Annual General Meeting

The Annual General Meeting (AGM) is Silmäasema's highest decision-making body. According to the company's Articles of Association, the AGM must be held each year within six (6) months of the end of the financial period.

In accordance with the Limited Liability Companies Act and the company's Articles of Association, the AGM decides on the following matters:

- The adoption of the financial statements and consolidated financial statements;
- The use of the profit indicated on the balance sheet;
- Share issues;
- The acquisition and transfer of the company's shares;
- The Board's authorisation to issue and buy back shares;
- Share and option programmes;
- The number of the members and deputy members of the Board;
- The selection and remuneration of the Board members;
- The selection and remuneration of the auditor;

According to the Limited Liability Companies Act, a shareholder has the right to bring a matter of the AGM to be discussed by the AGM if the shareholder demands this in writing from the Board of Directors in sufficient time so that the matter can be included in the invitation to the meeting.

Shareholders who alone or together hold at least 10 per cent of the shares in the company have the right to demand in writing that an extraordinary general meeting be convened to discuss a specific matter indicated by the shareholders.

The company's Board of Directors convenes an AGM with a notice published on the company's website no sooner than three (3) months before the meeting and no later than three (3) weeks before the meeting and nine (9) days before the record date of the meeting. The invitation to the AGM and the Board's proposals to the meeting are published as a stock exchange release.

The agenda, proposed resolutions and meeting material must be made available on the company's website no later than three (3) weeks before the AGM.

The decisions issued by the AGM are published as a stock exchange release after the meeting. The minutes of the meeting must be published on the company's website within two (2) weeks of the meeting. The documents of the meeting must be available on the company's website for at least five (5) years after the meeting.

Right to participate

For a shareholder to have the right to participate in and vote at the AGM, the shareholder must have been registered in the shareholders' register maintained by Euroclear Finland no later than eight (8) business days before the AGM (the record date of the meeting). To participate in the AGM, the shareholder must report to the company no later than the date stated in the invitation, which is ten days before the AGM at the earliest.

A shareholder may participate in the meeting personally or through a representative or an authorised person. The representative or authorised person must present a proxy or otherwise reliably prove that they are authorised to represent the shareholder.

Voting right

A shareholder may exercise the right to participate in and vote at the AGM personally or through an authorised representative. Each share entitles its holder to one vote at the AGM. If the shareholder's shares have been registered in more than one book-entry account, the shareholder has the right to use a different authorised person for the shares of each book-entry account. The shareholder may vote differently with different votes. To participate in and vote at the AGM, the shareholder must have been registered in the shareholders' register maintained by Euroclear Finland by the record date of the AGM.

Board of Directors

Composition

According to Silmäasema's Articles of Association, the AGM selects a minimum of three (3) and a maximum of nine (9) Board members. The Board may have a maximum of three (3) deputy members. The members of the Board can only be selected or dismissed by means of a decision made by the shareholders at the AGM. The number of terms of the Board members is not limited, nor do the members have a separately determined retirement age. The term of a Board member begins at the AGM where he/she is elected and ends at the close of the next AGM. The Shareholders' Nomination Committee proposes a Chair and a Vice-Chair of the Board of Directors to the AGM.

At the AGM on 10 April 2019, it was decided that the Board should have six (6) members. The following people were elected to the Board of Directors: Jukka Hienonen, Tuomas Lang, Maisa Romanainen, Martti Kiuru, Torsti Sihvola and Kaisa Vikkula. The AGM elected Jukka Hienonen as Chair of the Board and Kaisa Vikkula as Vice-Chair of the Board. Juha Saarinen participated in the work of Silmäasema's Board of Directors until 10 April 2019.

Silmäasema Oy held an Extraordinary General Meeting (EGM) on 26 November 2019. The EGM confirmed that the Board of Directors shall consist of seven (7) members for the term expiring at the close of the Annual General Meeting 2020. Martti Kiuru and Torsti Sihvola were re-elected and Harri Halonen, Antti Kummu, Teppo Lindén, Juho Lipsanen and Ulla Näpänkangas were elected as new members to the Board of Directors. Further, the EGM elected Antti Kummu as the Chairman of the Board of Directors and Teppo Lindén as the Vice Chairman.

Duties and responsibilities of the Board of Directors

In accordance with the Limited Liability Companies Act, the Board of Directors is responsible for the company's management and for the appropriate organisation of its operations. The Board's duties and responsibilities are determined in accordance with the Limited Liability Companies Act, the company's Articles of Association and the Board's written rules of procedure.

In accordance with its rules of procedure, the Board is responsible for the following matters:

- Guiding and supervising the CEO;
- Reviewing and adopting the financial statements;
- Convening the AGM and preparing the matters to be discussed, such as the proposed distribution of dividends;
- Approving the company's strategy, strategic priorities and long-term financial targets;
- Confirming the Board of Directors' rules of procedure annually;
- Confirming the Audit Committee's rules of procedure;
- Confirming annual plans that support the achievement of long-term targets based on strategic priorities, as well as the investment, financing and performance budget for their implementation, and monitoring the achievement of these annually and over the long term;
- Confirming the company's dividend policy;
- Reviewing and approving business acquisitions and arrangements and other particularly significant decisions;
- Nominating and dismissing the CEO and determining their terms of service;
- Confirming the selection of the members of the Group's Management Team and the CEO's direct reports based on the CEO's proposals;
- Approving incentive schemes for the CEO and other managers and remuneration principles for the Management Team;
- Approving the Corporate Governance Statement after it has been reviewed by the Audit Committee;
- Approving non-financial reporting after it has been reviewed by the Audit Committee;
- Approving the Remuneration Statement;
- Confirming the insider guidelines and practices concerning related-party transactions and monitoring their implementation;
- Determining the disclosure policy and monitoring its implementation.

Meetings and decision-making

The Board of Directors holds the necessary number of meetings, usually 6–8 meetings per year. The dates of Board meetings are confirmed in advance for the entire financial period. If necessary, the Board holds additional meetings, which can also be held as email meetings or teleconferences. At least one of the Board meetings must focus on strategy, and the Board must meet the auditor in conjunction with at least one of its meetings. Material related to the Board meetings must be submitted to the members well in advance of the meeting.

In addition to the members of the Board, the company's CEO and CFO must be present at Board meetings, as well as the Secretary of the Board or an external legal adviser, if the Board deems it necessary.

The company's CEO and the Secretary of the Board, together with the Chair of the Board, are responsible for preparing the meetings and their agendas.

The Board has a quorum when more than half of its members are present. Decisions are based on an absolute majority. In the event of a tie, the Chair has the casting vote.

Silmäasema's Board of Directors met 17 times in 2019. The Board members' average attendance rate was 92 per cent.

Principles concerning the diversity and independence of the Board of Directors

The composition of the Board must be sufficiently diverse for supporting and developing the company's business operations in a multifaceted manner. The Board must have both male and female members. The overall aim of the Board's composition is to ensure sufficiently extensive qualifications, expertise and experience. The sufficient diversity of the Board, including age and gender, as well as educational and professional background, is taken into account in the preparation of a proposal for its composition. To evaluate the composition and diversity of the Board, each candidate member must provide the information necessary for the proposal concerning the composition of the Board when the proposal is being prepared. This confidential information concerns their qualifications and availability in terms of time management and is provided in line with the guidelines provided by the company.

The proposal concerning the composition of the Board is prepared by a nomination committee consisting of the Chair of the Board and members appointed by the three largest shareholders.

The Board is responsible for evaluating the independence of its members. The majority of the Board members must be independent of the company. At least two of the members who are independent of the company must also be independent of the company's significant shareholders.

Self-evaluation of the Board of Directors

The Board regularly evaluates its operations and ways of working and carries out a self-evaluation annually.

On 31 December 2019 the Board of Directors comprised of Chairman Antti Kumm, Vice-Chairman Teppo Lindén, Harri Halonen, Martti Kiuru, Juho Lipsanen, Ulla Näpänkangas and Torsti Sihvola.

Members of the Board of Directors on 31 December 2019

| Name | Duty | Year of birth | Education | Main occupation |
|-------------------------|------------|---------------|---|--|
| Antti Kumm | Chair | 1976 | MSc (Econ.) | partner, Capman Growth Equity |
| Teppo Lindén | Vice-Chair | 1965 | Doctor of Medicine | CEO, Coronaria Oy and Cor Group Oy |
| Harri Halonen | Member | 1968 | Matriculation exam, optician | --- |
| Martti Kiuru | Member | 1970 | Doctor of Medicine, Ph.D. and M.Sc. (Tech.) | board professional |
| Juho Lipsanen | Member | 1961 | MSc (Econ.) | enture partner, Alder Fund |
| Ulla Näpänkangas | Member | 1970 | Doctor of Medicine | CEO, Coronaria Erikoissairaanhoido Oy and Coronaria Silmäklinikka Oy |
| Torsti Sihvola | Member | 1973 | Licentiate of Medicine | Eye surgeon, ophthalmologist, Silmäasema |

Board members' independence as at 31 December 2019 and participation in Board and committee meetings

| Name | Member since | Position | Independence | Board meetings | Audit Committee meetings | Remuneration Committee meetings |
|-------------------------|--------------|---|---|----------------|--------------------------|---------------------------------|
| Antti Kumm | 2019 | Chair since 26 November 2019, Chair of the Remuneration Committee since 3 December 2019 | Independent of the company | 1/1 | | 0/0 |
| Teppo Lindén | 2019 | Vice Chair since 26 November 2019, Chair of the Audit Committee since 3 December 2019 | Independent of the company | 1/1 | | 0/0 |
| Harri Halonen | 2019 | Member since 26 November 2019 | riippumaton merkittävistä osakkeenomistajista | 1/1 | | |
| Martti Kiuru | 2019 | Member since 10 April 2019 | Independent of the company and its significant shareholders | 15/15 | 3/3 | |
| Juho Lipsanen | 2019 | Member since 26 November 2019 | Independent of the company and its significant shareholders | 1/1 | | |
| Ulla Näpänkangas | 2019 | Member since 26 November 2019 | Independent of the company | 1/1 | | 0/0 |
| Torsti Sihvola | 2014 | Member | Independent of significant shareholders | 17/17 | | |
| Jukka Hienonen | 2018 | Chair during 10 April - 26 November 2019, Chair of the Remuneration Committee until 3 December 2019 | Independent of the company and its significant shareholders | 16/16 | 4/4 | 0/0 |
| Kaisa Vikkula | 2017 | Vice Chairman 10 April- 26 November 2019, Chair of the Audit Committee until 3 December 2019 | Independent of the company and its significant shareholders | 16/16 | 4/4 | |
| Tuomas Lang | 2014 | Member until 26 November 2019 | Independent of the company | 11/16 | | 0/0 |
| Maisa Romanainen | 2017 | Member until 26 November 2019 | Independent of the company and its significant shareholders | 13/16 | | 0/0 |
| Juha Saarinen | 2014 | Vice Chair until 10 April 2019 | Independent of the company and its significant shareholders | 2/2 | 1/1 | |

Board members' holdings in Silmäasema on 31 December 2019

| Name | AME |
|------------------|-----|
| Antti Kummu | 0 |
| Teppo Lindén | 0 |
| Harri Halonen | 0 |
| Martti Kiuru | 0 |
| Juho Lipsanen | 0 |
| Ulla Näpänkangas | 0 |
| Torsti Sihvola | 0 |

Audit Committee

Silmäasema's Audit Committee consists of three (3) members of the Board of Directors. After the General Meeting, the Board elects the Chair, Vice-Chair and members of the Audit Committee from among the Board members for the term expiring at the close of the next General Meeting. A majority of the members of the Audit Committee must be independent of the company, and at least one of its members must be independent of the company's significant shareholders. Based on the Limited Liability Companies Act, a person who participates in the day-to-day management of the company or a company in the same group of companies (for example, as the managing director) cannot be appointed to the audit committee at all. The Audit Committee must have the expertise and experience necessary for its duties, and at least one of its members must have expertise in accounting or auditing. Expertise means, for example, competence obtained through experience and often also through studies or research.

In accordance with the Limited Liability Companies Act, the duties of the board of directors include, among other things: to monitor and assess the financing reporting system; to monitor and assess the efficiency of internal control and audit as well as of the risk management systems; to monitor and assess how agreements and other legal acts between the company and its related parties meet the requirements of the ordinary course of business and arm's -length terms; to monitor and evaluate the independence of the auditor and, in particular, the offering of services other than auditing services by the auditor; to monitor the company's auditing; and to prepare the appointment of the company's auditor. Silmäasema's board of directors have established an audit committee from amongst its members for the purposes of preparing the aforementioned tasks.

Silmäasema's board of directors and audit committee, in their operations take into account that the Auditing Act and the EU Audit Regulation contain many mandatory duties relating to, for example, preparing the appointment of an auditor, monitoring the services offered by an auditor and evaluating the independence of an auditor as well as auditing itself. The audit committee will handle the auditor's report and possible audit minutes as well as the supplementary report presented by the auditor to the audit committee. If necessary, the audit committee will discuss any key factors arising in the course of the aforementioned duties with the auditor.

In addition to the aforementioned duties, the duties of the company's audit committee may also comprise, for example, the following: monitoring of the financial position of the company; supervision of the financial reporting process and risk management process; evaluation of the use and presentation of alternative performance measures; approval of the operating instructions for internal audit; handling of the plans and report of the internal audit function; evaluation of the processes aimed at ensuring compliance with laws and regulations; establishment of principles concerning the monitoring and assessment of related party transactions; other communications with the auditor in addition to the duties required by regulations; monitoring of the company's funding and tax position; monitoring of the significant financial, funding, and tax risks; monitoring of the processes and risks relating to IT security; handling of the company's corporate governance statement and non-financial report; and resolution and monitoring of any special issues allocated by the board of directors and falling within the competence of the audit committee.

The Audit Committee does not have independent power of decision-making. The Board of Directors makes decisions based on the Audit Committee's proposals. The Board of Directors has confirmed written rules of procedure for the Audit Committee. The rules of procedure determine the Audit Committee's key duties and operating principles. The Chair of the Audit Committee convenes the committee at least four times a year, and the committee reports on the matters it has discussed and the measures it has taken. The committee makes proposals for decisions to the Board, when appropriate.

The members of the Audit Committee until 10 April 2019 were Kaisa Vikkula (Chairman), Juha Saarinen and Jukka Hienonen. During 10 April – 3 December 2019, Audit Committee comprised of Kaisa Vikkula (Chairman), Jukka Hienonen and Martti Kiuru. Since 3 December 2019, Audit Committee comprised of Teppo Lindén (Chairman), Antti Kummu and Martti Kiuru.

The Audit Committee convened four times during the 2019 financial period. Its members' average attendance rate was 100 per cent.

Remuneration Committee

Silmäasema's Remuneration Committee consists of three (3) members of the Board of Directors. After the General Meeting, the Board elects the Chair, Vice-Chair and members of the Remuneration Committee from among the Board members for the term expiring at the close of the next General Meeting. The majority of the members of the committee shall be independent of the company. Neither the company's managing director nor other board members in the management team may be members of the committee. When carrying out its duties, the remuneration committee shall act independently with relation to the operative management of the company. If the remuneration committee uses an external advisor to assist in carrying out its duties, the committee shall ensure that the advisor is not also an advisor to the operative management in a manner that can result in a conflict of interest.

The duties of the remuneration committee are established in the charter to be adopted for the committee. Silmäasema has in its charter defined remuneration committee to focus especially on the preparation of the remuneration, including benefits, of Silmäasema's CEO and the management team as well as the principles of management remuneration. In addition to the preparation of the remuneration policy and report, the remuneration committee's duties can, according to the Governance Code, include: the presentation of the remuneration policy and report in the general meeting and responding to questions related thereto; the preparation of the appointment of the managing director and the rest of the management team as well as successor planning; the preparation and assessment of the remuneration of the managing director and the rest of the management team; and planning of matters pertaining to the remuneration of other personnel and the development of the organisation.

The members of the Remuneration Committee during 10 April -3 December 2019 were Jukka Hienonen (Chairman), Tuomas Lang and Maisa Romanainen. Since 3 December 2019, Remuneration Committee comprised of Antti Kumm (Chairman), Teppo Lindén and Ulla Näpänkangas. The Remuneration Committee did not convene during the 2019 financial period.

Shareholders' Nomination Committee

Silmäasema's Shareholders' Nomination Committee is responsible for preparing the election and remuneration of the Board of Directors as an assisting body to the Board. The Nomination Committee has four (4) members, three of whom are elected by the three largest shareholders, with the Chair of the Board being the fourth member of the committee. The shareholders' nomination board may also include board members of the company. The shareholders with the right to nominate members representing shareholders to the Nomination Board are those three shareholders having the largest share of votes represented by all the shares in Silmäasema on the first workday of September preceding the Annual General Meeting based on the shareholder's register held by Euroclear Finland Ltd.

The duties of the shareholders' nomination board may include, for example, the following: preparation of the proposal to the general meeting relating to the composition of the board of directors (the number of directors and the candidates); preparation of the proposal to the general meeting concerning the remuneration of the directors in accordance with the remuneration policy; presentation of the proposals to be made to the general meeting; preparation of the board of directors' diversity principles; and successor planning for the members of the board of directors.

Because there had been significant changes in the major shareholders since 1 September 2019, Nomination Committee was formed based on shareholder listing as of 23 October 2019 to prepare a proposal for the Extraordinary General Meeting convening on 26 November 2019. The committee included Antti Kumm (Coronaria's representative), Torsti Sihvola, Rauno Tenhunen and Jukka Hienonen (Chair of Silmäasema's Board at the time).

The CEO and the Management Team

CEO

The company's Board of Directors nominates the CEO and determines the terms of service. The CEO is responsible for managing the company's day-to-day operations and the Group's business operations in accordance with the guidelines and orders issued by the Board of Directors. The CEO is responsible for ensuring that the Group's accounting procedures comply with the law and that its financial management is carried out reliably. The Management Team supports the CEO in the management of the company. The CEO serves as Chair of the Management Team.

Management Team

The Group's Management Team assists the CEO in the management of the Group's operational administration and business operations. The Management Team prepares the Group's strategic planning and manages and monitors its implementation in practice. The composition and size of the Management Team are determined according to current needs, and the Management Team is adjusted and supplemented accordingly. The Management Team discusses significant matters concerning strategy implementation, and decides on such matters as far as applicable. The Management Team supervises and monitors the company's management system and operational decision-making, as well as monitoring performance.

Each member of the Management Team is responsible for the Group's day-to-day management in their respective area of responsibility.

The Management Team discusses the following matters:

- The Group's strategy and its implementation
- Budgets, rolling plans and forecasts, and business plans
- Remuneration
- Approval of investments to the extent authorised by the Board of Directors
- The monitoring of performance and the implementation of corrective measures
- Legal and other significant requirements.

The Management Team is convened regularly by the CEO. Free-form minutes are kept of its meetings.

The Management Team carries out an annual evaluation of its operations and ways of working.

In 2019, the Management Team consisted of Jussi Salminen (CEO, from 21 January), Sari Nordblad (CFO, from 18 May; interim Commercial Director, from 26 March to 10 June), Tapani Kyrki (Business Director, from 3 June), Jyrki Alamäki (Sales Director, from 10 June), Sirkkaliisa Kulmala (HR Director, interim Business Director until 3 June), Roope Sihvola (Chief Medical Officer, from 17 September). Anu Kankkunen (CFO until 17 May and interim CEO until 21 January) and Anna Seppälä (Commercial Director until 31 March).

Members of the Management Team and their holdings in Silmäasema on 31 December 2019

| Name | Duty | Year of birth | Education | With the company since | Number of shares, 31 December 2019 |
|---------------------|-----------------------|---------------|--------------------------------|------------------------|------------------------------------|
| Jussi Salminen | CEO | 1974 | MSc (Tech.) | 2019 | 16 766 |
| Sari Nordblad | CFO | 1968 | MSc (Econ.) | 2019 | 0 |
| Tapani Kyrki | Business Director | 1968 | MSc (Econ.) | 2019 | 0 |
| Sirkkaliisa Kulmala | HR Director | 1967 | MSc (Agriculture and Forestry) | 2018 | 10 468 |
| Jyrki Alamäki | Sales Director | 1977 | M.A, Education | 2019 | 0 |
| Roope Sihvola | Chief Medical Officer | 1974 | Doctor of Medicine | 2002 | 0 |

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

Internal control

Silmäasema's Board of Directors is responsible for the principles concerning the company's internal control. The Board has elected an Audit Committee from among its members. The Audit Committee is responsible for approving the operating instructions for internal control and reviewing plans and reports related to internal control. Internal control is responsible for ensuring that:

- The company operates efficiently and cost-effectively in line with its strategy;
- The company's financial reporting is timely and reliable;
- The company complies with current laws and regulations and the Group's internal guidelines and rules.

The ethical operating principles approved by the Board determine the foundation for the company's control environment and its employees' accountability.

The purpose of internal control is to maintain a balance between business needs and control. Silmäasema seeks to include internal control in all of its day-to-day operations. Effective internal control calls for the appropriate division of duties between employees and the identification and elimination of any dangerous combinations of tasks. Tools related to control include Group-level guidelines, accounting and reporting guidelines, personal work instructions and substitute arrangements, to name just a few examples. In addition, communication duties must be clearly defined.

Local control is executed in all of the organisation's locations. The financial department is responsible for Group-level control.

The Board of Directors' Audit Committee evaluates the level of internal control at least once per year.

Risk management

Risk management in line with the risk management policy approved by the Board of Directors is part of the Silmäasema Group's control system. Risk management is a systematic way to protect the assets and income required for the company's business operations to enable the company to achieve its targets. Risk management also includes conscious risk-taking – that is, making use of opportunities based on the assessment of risks and profits.

The purpose of risk management is to ensure that the risks affecting the company's business operations are known, assessed and monitored. Risk management aims to ensure that the risks that may affect strategy implementation have been identified, assessed and analysed and to ensure the quality, safety and continuity of business operations as far as applicable.

Silmäasema's risk management is part of the management of the Group's business operations. The Group's Management Team evaluates risks at least annually and further specifies risk reporting, if necessary, in addition to reporting on key risks to the Board's Audit Committee. The Audit Committee reviews the topicality of risk management annually.

Silmäasema describes its significant near-term business risks and uncertainty factors in its interim reports and Board of Directors' report. Information related to financial risk management is provided in the notes to the consolidated financial statements. A statement on financial risks and their management is included in the financial statements.

The Board of Directors' Audit Committee monitors risk management with regard to financial, tax and information security risks, for example.

Internal audit

Silmäasema does not have a separate internal audit function. The Board of Directors' Audit Committee evaluates the need for establishing an internal audit unit annually in accordance with its rules of procedure. The Board may use internal or external resources to carry out separate internal audits.

The financial unit monitors compliance with the approval limits related to the guidelines concerning the delegation of authority, among other aspects. The CFO function supervises audits of subsidiaries and organisational units. In 2019, internal audit was mainly carried out as self- and peer review. The development of internal auditing continued during the financial year in cooperation with an external partner and in November 2019, an internal auditor started to work at Silmäasema as a consultant. In 2019 the focus was on HR. Internal auditor will commence internal audits also to stores and clinics.

IV Other information to be disclosed

Related-party management

With regard to monitoring related-party transactions, Silmäasema complies with the current regulations and the recommendations of the Finnish Corporate Governance Code 2020 for listed companies.

The purpose of the company's guidelines for related parties is to ensure that business transactions are carried out independently and on market terms in contexts that involve the company's related parties or may otherwise raise suspicion concerning whether the transaction was based on market terms. The company carries out evaluation and monitoring to ensure that any related-party transactions are in its best interests and that any conflicts of interest are duly taken into account when making decisions on related-party transactions. The principles concerning related parties are observed across the Group and in decision-making concerning all of the Group companies.

The Group's related parties include the parent company and the Group companies. The related parties consist of the members of the Board of Directors, CEO and other Management Team members and the members of their immediate families as well as the companies controlled by them.

Related Parties include the following persons or entities:

- A Manager's spouse, cohabitant¹ or registered partner;
- A child dependent on the Manager²;
- A relative³ of the Manager who has lived in the same household for at least a year at the time of the transaction; and
- A legal entity⁴, trust or partnership that is managed⁵ by the Manager or a Related Party, that is under the direct or indirect control (controlled entity)⁶ of the Manager or a Related Party, that has been established for the benefit of the Manager or a Related Party, or that has substantially the same financial interests as the Manager or their Related Party.

The disclosure obligation applies to all business transactions of the Managers and Related Parties once the total value of the transactions exceeds EUR 5,000 during a calendar year. The threshold value of EUR 5,000 will be calculated by adding together, without netting, the business transactions mentioned above. The following are examples of transactions to be reported:

- Acquisition, divestment, subscription or exchange;
- Pledging or lending;
- Gifts and donations received and given and inheritances received;
- Transactions executed on behalf of the Manager or a Related Party by a professional who arranges or implements business transactions, including situations that require discretion; and
- Transactions involving unit-linked life insurance policies where the Manager or a Related Party is the policyholder and where the policyholder bears the investment risk and may influence the investment decisions.

Silmäasema maintains an up-to-date register of significant business transactions between the company and its related parties and the key terms of such transactions. The information entered in the register is collected annually from the people included in the company's related parties. In addition, people considered to be Silmäasema's related parties have an obligation to notify the company's related-party administration without delay of any related-party transactions that are being planned or that have come to their knowledge.

The company's related-party register is not public, and the information included in the register is not disclosed to third parties, with the exception of the auditor and any authorities with a statutory right to receive such information. Related-party transactions are processed in line with the guidelines for related parties approved by the Board of Directors. Silmäasema's Board of Directors always decides on significant business transactions to be carried out between the company's management and their related parties.

The company has insider guidelines, which have been communicated to all its insiders. The company also provides training on its insider guidelines. The CFO is responsible for the general organisation of insider matters in the company. The company monitors trading by its insiders, Managers and their Related Parties, and employees subject to trading restrictions during the closed window period. The company also reviews the information on its list of insiders. The company submits a statement of transactions reported to the company to each Manager and Related Party at least once a year, as well as an extract from the list of Related Parties to each Manager for review.

The company has a whistleblowing channel for employees to report, on justified grounds, suspected violations of the laws and

¹ In this context, 'cohabitant' refers to a Manager's (cohabitation) partner who has lived with the Manager for a minimum of five (5) years, or who has or has had a child with the Manager, or who supports or has supported a child with the Manager. If the above conditions are not met, a person living in the same household with the Manager is not considered a Related Party.

² In this context, a dependent child is a child aged under 18. Once a child living in the same household with the Manager turns 18, they will be regarded as a relative living in the same household with the Manager.

³ 'Relative' refers to a relative within the meaning of chapter 2 of the Code of Inheritance (40/1965, as amended), such as children, grandchildren, parents, grandparents and siblings.

⁴ 'Legal entity' refers to all types of legal entities, such as limited liability companies, limited liability housing companies, foundations and registered associations, as well as company forms or arrangements unknown to Finnish law, such as trusts in the common law system.

⁵ For the purposes of the issuers, 'managing' means in this context that the issuer has determined the person to be responsible for the issuer's management duties. For the purposes of private entities, 'managing' means that the person serves as a member or deputy member of the Board of Directors or the Supervisory Board, or as the CEO or their deputy, or in a similar role in the entity in question.

⁶ 'Controlled entity' is a controlled entity within the meaning of chapter 2, section 4 of the Securities Markets Act (746/2012, as amended).

regulations concerning the securities market by a person working for Silmäasema. The system enables employees of the company to report suspected violations anonymously within the company through an independent channel.

Insider management

Silmäasema's insider management complies with the current regulations and rules of Finland and the European Union, such as the Market Abuse Regulation of the EU, the Finnish Securities Markets Act, the Criminal Code of Finland and the Nasdaq Helsinki Guidelines for Insiders. In addition, the Board of Directors has confirmed insider guidelines for the company.

Silmäasema does not maintain a permanent company-specific insider register. It only maintains project-specific and event-specific insider lists in accordance with Regulation (EU) No 596/2014 (Market Abuse Regulation). The company provides information about its executives' and their related parties' business transactions in accordance with the Market Abuse Regulation. This disclosure obligation concerns the Board of Directors of the company, as well as its CEO and the other members of its Management Team.

Silmäasema's executives are also subject to the closed window of 30 calendar days before the publication of interim reports and financial statements, in accordance with the Market Abuse Regulation. The company's executives may not trade in the company's shares during the closed window. The company has also issued a 30-day closed window before the publication of its quarterly results for people participating in the preparation of its interim reports and financial statements.

Auditing

The Annual General Meeting selects the company's auditor based on the Board of Directors' proposal, which is based on the Audit Committee's proposal. According to its Articles of Association, the company has one auditor, which must be a firm of authorised public accountants certified by the Finnish Chamber of Commerce. As a rule, the Group's parent company and subsidiaries are audited by the same external auditor.

The Board's Audit Committee annually evaluates the auditors' work and independence, as well as the purchasing of other services from the audit firm.

The auditor provides Silmäasema's shareholders with a statutory auditor's report in conjunction with the financial statements. As part of the audit, the auditors evaluate the effectiveness of the company's internal control and report any development needs to the Audit Committee.

Fees paid to the Auditor

The 2019 Annual General Meeting selected the auditing firm KPMG Oy Ab as the company's auditor, with Virpi Halonen (APA) as principal auditor. The AGM decided that the auditor's fee would be paid based on invoices approved by the company. According to the applicable law, an auditor may serve as the principal auditor for seven (7) consecutive years. The audit firm's term is not limited. Virpi Halonen (APA) has served as the company's principal auditor since 11 April 2018.

Fees paid to the auditor in 2019

| EUR thousand | 2019 |
|-----------------|-----------|
| Statutory audit | 54 |
| Other services | 9 |
| Total | 63 |

V Remuneration Statement

The purpose of Silmäasema's remuneration schemes is to promote its employees' commitment to its short-term and long-term business targets. Remuneration schemes aim to improve the company's competitiveness and its financial success over the long term.

Remuneration principles and decision-making procedure

Remuneration of the Board of Directors

Silmäasema's Annual General Meeting determines the Board members' fees and any other benefits annually. The Board members' fees are paid in cash. The Board members do not have share-based remuneration schemes. The members of the Board are not included in Silmäasema's other remuneration or pension schemes. The proposal concerning the remuneration of the Board members is prepared by the Shareholders' Nomination Committee, which is established by the company's largest shareholders.

Remuneration of the CEO and the Management Team

Silmäasema's Board of Directors determines the CEO's terms of service. The Board also determines the personal remuneration and other financial benefits of the members of the Management Team and the CEO's direct reports, as well as their performance bonus criteria and amounts.

The remuneration scheme for the CEO and the members of the Management Team consists of a fixed salary (monthly salary), fringe benefits and a performance bonus based on annual criteria.

In addition, the members of the Management Team have life insurance policies and defined contribution plans. The Board monitors the implementation of the remuneration schemes for the CEO, the other members of the Management Team and the CEO's direct reports.

Remuneration of the CEO

CEO Jussi Salminen has a fixed monthly salary and fringe benefits, which were included in his fixed monthly salary based on their taxable value.

The CEO is entitled to an annual bonus based on the achievement of performance targets confirmed by the Board of Directors.

The maximum bonus based on one financial year's performance is 50 per cent of the CEO's fixed annual salary. In addition, the CEO is entitled to a share-based incentive plan for three financial years with a maximum bonus of 50 percent of the fixed annual salary. In addition, the company guarantees the CEO a remuneration equal to at least 3 months' fixed salary based on the CEO's first year 2019 of duty.

The CEO may terminate his employment contract at six months' notice. In such a case, Silmäasema will pay him salary during the notice period, in addition to paying compensation during the non-compete period. The non-compete clause will be valid for six months after the end of the employment relationship. The amount of the compensation is equal to the CEO's total salary for a corresponding period of time.

The company may terminate the CEO's employment contract at six months' notice. In such a case, the non-compete clause will be valid until the end of the notice period, whether or not the CEO is obligated to work during that time. During the six months' notice period, the CEO will be entitled to salary in accordance with his contract. If the company terminates the CEO's employment contract in the first year, the CEO is entitled to a salary for 12 months upon termination of the contract.

The CEO's retirement age is determined in accordance with the pension legislation as it stands at any given time. The company has taken out a defined contribution plan for the CEO. Any pension contributions are paid at the beginning of the year, based on the previous year's work with the company.

Remuneration of the other members of the Management Team

In addition to being paid a fixed monthly salary, the other members of the Management Team may receive an annual bonus based on the achievement of performance targets confirmed by the Board of Directors. The maximum bonus amount is 30 per cent of a Management Team member's regular annual salary, including fringe benefits.

The Management Team members' retirement age and pension are determined based on the applicable pension legislation as it stands at any given time. In addition, the company has taken out life insurance policies and defined contribution plans for the members of the Management Team. Life insurance contributions will be paid at the beginning of next year based on the previous year's work in the company.

The members of the Group's Management Team may terminate their employment contracts at two months' notice. The company may terminate their employment contracts at 4 months' notice. The members of the Management Team are entitled to notice-period salary in accordance with the same principles that apply to employment contracts in general. The Management Team members' employment contracts do not include severance pay if the company terminates the contract. When a Management Team member's employment contract is terminated, the contributions related to the defined contribution plan will become vested pension benefits.

Incentive schemes

Target-related incentive scheme

Silmäasema's target-related incentive scheme covers all of its employees, with the exception of doctors in an employment relationship. Depending on the personnel group, the payments are made in different cycles. The Management Team's annual performance bonuses are paid once a year after the completion of the financial statements. The Group's Board of Directors determines the criteria for the management's performance bonus scheme annually.

For the CEO the maximum bonus amount is 50 per cent and for the Group's Management Team 30 per cent of the annual salary, including fringe benefits. The criteria used in the performance bonus scheme is the adjusted EBITDA. Other factors may also be used as criteria in other years. The criteria for each year are described in that year's Remuneration Statement.

Share incentive plan

The goals of Silmäasema's share incentive plan include guiding Silmäasema's key persons in achieving the company's long-term strategic targets, stressing the importance of developing shareholder value and increasing key persons' commitment to the company. The target group consists of the CEO, the members of the Management Team and other key managers.

At the end of 2019, the share incentive plan had three three-year performance periods: 2017–2019, 2018–2020 and 2019–2021. Silmäasema's Board of Directors decides on the plan's performance criteria at the beginning of each performance period. The reception of any rewards requires the continuation of the employment relationship, with the exception of retirement, incapacity for work, death or corporate reorganisation. A key person must own 50 per cent of the shares received through the share incentive plan until the holding in the company is equivalent to their gross annual salary. The shares must be owned for as long as the key person's employment relationship with the company continues. The potential reward will be paid during the calendar year immediately following the end of the performance period. The reward will be paid partly in Silmäasema shares and partly in cash. The cash portion is intended to cover taxes and tax-related costs arising from the rewards to key personnel.

At the end of the review period, the target group for the 2017–2019 performance period consisted of 8 people, with the maximum total number of shares to be paid as rewards being 23,916; the target group for the 2018–2020 performance period consisted of 8 people, with the maximum total number of shares to be paid as rewards being 34,024; and the target group for the 2019–2021 performance period consisted of 19 people, with the maximum total number of shares to be paid as rewards being 143,846. A total of 156,176 Silmäasema shares have been reserved for the 2019–2021 performance period.

Remuneration of the Board of Directors and the Management Team in 2019

Board of Directors' fees

On 10 April 2019, Silmäasema's annual general meeting decided that the Chair of the Board be paid EUR 40,000 per year and the other members of the Board be paid EUR 22,000 per year for the period that began on 10 April 2019 and will end with the 2020 Annual General Meeting. The fees will be paid in equal monthly instalments. In addition, the Chair and members of the Board will be paid an attendance fee of EUR 400 per each meeting of the Audit Committee. On 26 November 2019, Silmäasema's

extraordinary general meeting decided to keep the remuneration principles unchanged. The remuneration level has remained the same the whole time Silmäasema has been listed in the stock exchange.

Board of Directors' fees in 2019

| Name | Annual fee, EUR | Meeting fees, EUR | Total, EUR |
|---|-----------------|-------------------|----------------|
| Antti Kummu (since 26 November 2019) | 0 ¹ | 0 | 0 ¹ |
| Teppo Lindén (since 26 November 2019) | 1 833 | 0 | 1 833 |
| Harri Halonen (since 26 November 2019) | 1 833 | 0 | 1 833 |
| Martti Kiuru (since 10 April 2019) | 15 300 | 1 200 | 16 500 |
| Juho Lipsanen (since 26 November 2019) | 1 833 | 0 | 1 833 |
| Ulla Näpänkangas (since 26 November 2019) | 1 833 | 0 | 1 833 |
| Torsti Sihvola | 22 000 | 0 | 22 000 |
| Jukka Hienonen (until 26 November 2019) | 42 533 | 1 600 | 44 133 |
| Kaisa Vikkula (until 26 November 2019) | 23 033 | 1 600 | 24 633 |
| Tuomas Lang (until 26 November 2019) | 20 167 | 0 | 20 167 |
| Maisa Romanainen (until 26 November 2019) | 20 167 | 0 | 20 167 |
| Juha Saarinen (until 10 April 2019) | 5 500 | 400 | 5 900 |
| Total | 156 033 | 4 800 | 160 833 |

¹ Kummu has declined to take annual fee.

CEO's and Management Team's fees

In 2019, the Management Team members' performance bonus was based on the Group's adjusted EBITDA, there were no personal targets. The CEO's maximum bonus was 40 per cent and the maximum bonus for the Group Management Team was 30 per cent of the annual salary including fringe benefits.

The contributions to the defined contribution plan of the CEO totalled EUR 0 in 2019. The contributions to the defined contribution plan of the other management members totalled EUR 52,324 in 2019.

Previous CEO Pasi Kohmo (until 7 September 2018), was paid a one-time compensation amounting to EUR 49,061 in 2019 on the basis of the non-compete period.

CEO's and Management Team's fees in 2019

| EUR | Fixed salaries and fringe benefits | Performance bonuses and other variable rewards | Share reward | Total |
|---|------------------------------------|--|--------------|----------------|
| CEO Jussi Salminen since 21 January 2019 | 235 524 | 0 | 0 | 23 5524 |
| Interim CEO Anu Kankkunen until 21 January 2019 ¹ | 7 527 | 0 | 0 | 7 527 |
| Other members of the Management Team ² | 587 195 | 25 000 | 0 | 612 195 |
| Total | 830 246 | 25 000 | 0 | 855 246 |

¹ Item contains fees paid to the Interim CEO Anu Kankkunen in period 1 – 21 January 2019

² Other members of the Management Team items contains fees paid to CFO Anu Kankkunen in 21 January – 8 May 2019

VI Members of the Board of Directors and the Management team on 31 December 2019

Board of Directors

Antti Kumm, b.1976

M.Sc. (Econ)

Chairman of the Board of Directors since 26 November 2019

Chairman of the Remuneration Committee since 3 December 2019

Member of the Audit Committee since 3 December 2019

Independent of the Company

Partner, Capman Growth Equity

Chairman of the Board of Aste Helsinki Oy

Vice Chairman of the Board of Finnish Mineral Group Oy

Member of the Board of RealMachinery Oy and Coronaria Oy

Teppo Lindén, b. 1965

M.D., Specialist in Surgery, Specialist in Ortopedics and Traumatology

Vice Chairman of the Board of Directors since 26 November 2019

Chairman of the Audit Committee since 3 December 2019

Member of the Remuneration Committee since 3 December 2019

Independent of the Company

CEO of Coronaria Oy and Cor Group Oy

Member of the Board of Touhula Varhaiskasvatus Oy

Harri Halonen, b. 1968

Matriculation exam, optician

Board Member since 26 November 2019

Independent of significant shareholders

Martti Kiuru b. 1970

M.D., Ph.D. and M.Sc. (Tech.)

Board Member since 2019

Member of the Audit Committee

Independent of the company and significant shareholders

Professional Board Member

Juho Lipsanen, b. 1961

M.Sc. (Econ.)

Board Member since 26 November 2019

Independent of the company and significant shareholders

Venture partner, Alder Fund

Chairman of the Board of Aico Group Oy

Board member of Ovest Oy, Hollming Ltd, Gasmot Technologies, Aidon Oy, Isku Oy and Arc Technology Oy

Ulla Näpänkangas, b. 1970

M.D., Ophthalmologist

Board member since 26 November 2019

Member of the Remuneration Committee since 3 December 2019

Independent of the Company

CEO of Coronaria Erikoissairaanhoito Oy and Coronaria Silmäklinikka Oy

Board member of Cor Group Oy

Torsti Sihvola, b. 1973

Licentiate of Medicine, Ophthalmologist, specialist in eye surgery

Board Member since 2014

Independent of significant shareholders

2010– Silmäsema Oyj, Eye surgeon, ophthalmologist

2010– ETS-Holding Oy, CEO
2007– ETS-Holding Oy, Chairman of the Board

Management team

Jussi Salminen, b. 1974
MSc (Tech.)
CEO since 2019
With the Company since 2019

Primary work experience:
2016–2019, VP, Enterprise Business, Telia Company
2013–2016, Chief Marketing Officer, TeliaSonera Finland Oyj
1997–2000, Logistics Manager, Outokumpu Oyj
2013–2016, VP, Consumer Business, TeliaSonera Finland Oyj
2008–2013, VP, Consumer Broadband and TV, TeliaSonera Finland Oyj
2004–2007, several manager level duties, TeliaSonera Finland Oyj

Sari Nordblad, b. 1968
M. Sc (Econ)
GROUP CFO
In the Executive Board since 2019
With the Company since 2019

Primary work experience:
Group CFO, Prevent 360 Security Services Ltd 2017–2019
Finance Director, Sanoma Media Finland 2016–2017
Group CFO, VAASAN Group Oy 2012–2015
Group CFO, Huurre Group Oy 2007–2012
Financial Director, Fujitsu Siemens Computers Oy 2005–2007

Tapani Kyrki, b. 1968
M. Sc (Econ)
Business Director
In the Executive Board since 2019
With the Company since 2019

Primary work experience:
COO, PMO, Touhula 2018-2019
Business Director, Dental, Terveystalo 2015-2018
Vice President, Operations, Terveystalo 2010-2015
Country Manager, Weight Watchers Suomi 2007-2010
Head of Customer Service, If P&C Insurance 2005-2007
Key Account Manager, Alliances, If P&C Insurance 2004-2005
Several managerial positions, If / Pohjola 1999-2004

Sirkkaliisa Kulmala, b. 1967
M.Sc. (Agriculture and Forestry)
HR Director since 2018
Management team member since 2018
Interim Business Director until 3 June 2019
With the company since 2018

Primary work experience:
Senior Vice President, HR, Valio Oy, 2016–2018
Vice President, HR, K-Market Oy, 2016
Vice President, HR, Suomen Lähikauppa Oy, 2013–2016
HR Manager, SOK Corporation, 2005–2013
Director, Prisma Tikkurila, HOK Elanto, 2003–2004
Several managerial positions, HOK Elanto 1999–2003

Jyrki Alamäki, b. 1977
M.A, Education
Sales Director
In the Executive Board since 2019
With the Company since 2019

Primary work experience

Director, Retail Sales Finland, Telia Finland Oyj 2014-2019

Head of Partner Channels, TeliaSonera Finland Oyj 2008-2014

Head of Shop in Shop Channels, TeliaSonera Finland Oyj 2004-2008

Roope Sihvola, b. 1974

Chief Medical Officer

M.D. Ophthalmologist

Finnish Citizen

In the Executive Board since 2019

With the Company since 2002

Primary work experience:

2002-, Eye surgeon, ophthalmologist, Silmäasema