

# CORPORATE GOVERNANCE STATEMENT 2021

## 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 adheres to the Finnish Corporate Governance Code 2020 set by the Securities Market Association (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 2021 on the company website at [www.harviagroup.com](http://www.harviagroup.com).

## HARVIA'S GOVERNING BODIES

Harvia's governing bodies comprise the Annual General Meeting, the Board of Directors, and the CEO. The General Meeting of shareholders is the highest decision-making body of the company. The Board of Directors and the CEO are responsible for the management. The Management Team assists the CEO in managing the company and the group.

## 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. In the General Meeting, all shareholders of the company 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.

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 can be convened to discuss 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 days before the record date.

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.

## 2021 Annual General Meeting

Harvia's Annual General Meeting was held on 8 April 2021 in Helsinki. 105 shareholders were represented in the meeting, representing a total of 9,643,449 shares and votes, which amounted to 51.6% of all shares and votes.

In order to limit the spread of the COVID-19 pandemic, the Annual General Meeting was held without shareholders' and their proxy representatives' presence at the meeting venue. The shareholders and their representatives could participate in the Annual General Meeting and use their shareholder rights only by voting in advance and by submitting counterproposals and by asking questions in advance.

The Board of Directors had resolved on the exceptional meeting procedure pursuant to the Temporary Act (677/2020). The minutes of the Annual General Meeting are available on the company website.

## BOARD OF DIRECTORS

According to Harvia's Articles of Association, the company'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.

## Duties 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 key duties and operating principles of the Board of Directors are defined in the Rules of Procedure of the Board of Directors. 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;
- deciding on significant loans, acquisitions, and investments;
- approving the annual and long-term business plans and budgets as well as the principles of risk management;
- deciding on the principles according to which the management may make decisions regarding investments, acquisitions and divestments and issuing of guarantees;
- approving the Group's long- and short-term remuneration schemes and their realization; and
- appointing Harvia's CEO and deciding on the terms of the CEO's service contract.

## The Board of Directors in 2021

In 2021, the members of the Board of Directors between 1 January and 8 April 2021 were Olli Liitola (Chairperson), Ja Adlercreutz, Ari Hiltunen, Kalle Kekkonen and Sanna Suvanto-Harsaae.



## THE BOARD OF DIRECTORS ON 31 DECEMBER 2021



**OLLI LIITOLA**

- Chairperson and member of the Board of Directors 2014–
- Member of the Board’s Audit Committee, Chairperson of the Board’s Audit Committee 2018–2021
- Master of Science in Engineering
- Born 1957, Finnish citizen
- Main occupation: Board professional
- Harvia Plc’s shares on 31 December 2021: 46,000



**SANNA  
SUVANTO-HARSAAE**

- Deputy Chair of the Board of Directors 2021–, member of the Board 2020–
- Chairperson of the Board’s Audit Committee 2021–, member 2020–
- Bachelor of Science (Business Administration)
- Born 1966, Finnish and Danish citizen
- Main occupation: Board professional
- Harvia Plc’s shares on 31 December 2021: 350



**IA ADLERCREUTZ**

- Member of the Board of Directors 2016–
- Master of Arts, Master of Business Administration (MBA)
- Born 1971, Finnish citizen
- Main occupation: CEO of Co-founders Oy
- Harvia Plc’s shares on 31 December 2021: 9,966



**ANDERS HOLMÉN**

- Member of the Board of Directors 2021–
- Master of Science in Economics and Business Administration
- Born 1977, Finnish citizen
- Main occupation: CEO of Fyrklöver-Invest Oy Ab 2013–
- Harvia Plc’s shares on 31 December 2021: 1,200



**HILLE KORHONEN**

- Member of the Board of Directors 2021–
- Member of the Board’s Audit Committee 2021–
- Licentiate of Science (Technology)
- Born 1961, Finnish citizen
- Main occupation: Board professional
- Harvia Plc’s shares on 31 December 2021: 4,621

The resumés of the members of the Board of Directors are available on the company’s investor website at [www.harviagroup.com](http://www.harviagroup.com). All members of the Board of Directors are independent of the company and its major shareholders.

The Annual General Meeting on 8 April 2021 elected the members of the Board of Directors for a term that expires at the end of the next Annual General Meeting. Olli Liitola, Ila Adlercreutz and Sanna Suvanto-Harsaae were re-elected as members. Hille Korhonen and Anders Holmén were elected as new members. After the Annual General Meeting, the organizational meeting of the Board of Directors elected Olli Liitola as its Chairperson. Sanna Suvanto-Harsaae was elected as Deputy Chair of the Board.

In 2021, the Board of Directors focused in its work especially on the company's growth strategy, acquisitions as well as monitoring the pandemic and its effects on business operations. In 2021, the Board of Directors held a total of 18 meetings. Information about the attendance of the members of the Board of Directors in meetings is shown in the table below.

### Independence of the members of the Board of Directors

In accordance with the Corporate Governance Code, the majority of the Board members shall be independent of the company. At least two of these members shall also be independent of the major shareholders of the company.

The Board of Directors assesses its members' independence of the company and its major shareholders annually. In 2021, the members of the Board of Directors, elected in the Annual General Meeting on 8 April 2021 were deemed to be independent of the company and its major shareholders based on an assessment of independence in accordance with the Finnish Corporate Governance Code.

### Self-assessment

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 2021. The Board of Directors conducted the self-assessment in November 2021. The self-assessment focused on the company's goals and strategy, investment decisions, the interaction between the Management Team and the Board, the management model and organization of the company, reporting and control, as well as the general efficiency of the Board's work. The results of the self-assessment were examined by the Chairperson of the Board together with the Board members and the Management Team in November 2021.

### Diversity of the Board

Harvia's Shareholders' 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 2021, both genders were represented in the company's Board of Directors. There are three women and two men among the five Board members elected by the Annual General Meeting in April 2021.

Member	Board of Directors Attendance	Attendance %	Audit Committee Attendance	Attendance %
Olli Liitola, Chair of the Board	18/18	100%	7/7	100%
Sanna Suvanto-Harsaae, Deputy Chair of the Board	17/18	94%	7/7	100%
Ila Adlercreutz	18/18	100%		
Anders Holmén (from 8 April 2021)	14/14	100%		
Hille Korhonen (from 8 April 2021)	14/14	100%	6/6	100%
Ari Hiltunen (until 8 April 2021)	4/4	100%		
Kalle Kekkonen (until 8 April 2021)	4/4	100%	1/1	100%

## 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.

According to its Rules of Procedure, the Audit Committee sees to the financial reporting and auditing of the company, and its duties 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;
- the independence of the auditor and especially the non-auditing services provided by the auditor.

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

## Audit Committee in 2021

In 2021, the members of the Audit Committee between 1 January and 8 April 2021 were Olli Liitola, Kalle Kekkonen and Sanna Suvanto-Harsaae. The Board of Directors, appointed in the Annual General Meeting on 8 April 2021, elected from its members Sanna Suvanto-Harsaae (Chairperson), Hille Korhonen and Olli Liitola as members of the Audit Committee.

In its meeting on 8 April 2021, the Board of Directors decided that matters relating to the remuneration of the company's management will be prepared by the Audit Committee in future to increase efficiency of the Board's work.

In 2021, the Audit Committee convened seven times. The members' attendance in the meetings is described in the table on page 42. In 2021, the Audit Committee focused in its work on risk management, financing, the development of reporting as well as remuneration.

## SHAREHOLDERS' NOMINATION BOARD

The Annual General Meeting of Harvia, held on 2 April 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.

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 Chairperson 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 Chair 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 31 January preceding the applicable Annual General Meeting.

On 10 September 2021, Harvia announced that the following persons were appointed as members of the Shareholders' Nomination Board:

- Juho Lipsanen (Onvest Oy)
- Heikki Savolainen (WestStar Oy)
- Pertti Harvia (Tiipeti Oy)
- Annika Ekman (Keskinäinen Eläkevakuutusyhtiö Ilmarinen).

Olli Liitola, Chairperson of the company's Board of Directors, serves as an expert in the Nomination Board but is not a member.

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

On 31 January 2022, the Nomination Board submitted its proposals for the composition and remuneration of the Board of Directors and the remuneration of the members of the Board's committees to Harvia's Board of Directors.

## CEO

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.

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.

Tapio Pajuharju acts as the CEO of Harvia, appointed by the Board of Directors. The CEO's financial benefits are introduced in the 2021 remuneration report.

## 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 its businesses. Questions and reports 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.

In 2021, the Management Team focused in its work especially on growth management, ensuring the delivery capability, and other aspects of implementing the strategy.

The resumés of the members of the Management Team are available on the company's investor website at [www.harviagroup.com](http://www.harviagroup.com).

## MEMBERS OF THE MANAGEMENT TEAM ON 31 DECEMBER 2021

### TAPIO PAJUJARJU

CEO



- Master of Science 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 on 31 December 2021: 255,233

### ARI VESTERINEN

Chief Financial Officer



- Master of Science in Engineering and a Master of Business Administration (MBA)
- Born 1963, Finnish citizen
- CFO and member of the Management Team 2014–
- Harvia Plc's shares on 31 December 2021: 139,375

**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 on 31 December 2021: 124,178

**TIMO HARVIA**  
Director, Research & Development and Quality



- Master of Science in Engineering
- Born 1978, Finnish citizen
- Director, Research & Development and Quality 2016-, member of the Management Team 2014-
- Harvia Plc's shares on 31 December 2021: 133,236

**TOMAS HJÄLMEBY**  
Sales Director, Scandinavia



- Technical education and professional experience in construction of wooden houses
- Born 1968, Swedish citizen
- Sales Director in Scandinavia 2018-, member of the Management Team 2018-
- Harvia Plc's shares on 31 December 2021: 1,500

**PÄIVI JUOLAHTI**  
Vice President, Innovation and Marketing



- Master of Science in Economics and Business Administration
- Born 1976, Finnish citizen
- Member of the Management Team 2020-
- Harvia Plc's shares on 31 December 2021: 1,000

**RAINER KUNZ**  
Managing Director of EOS Group



- Legal studies
- Born 1964, German citizen
- Member of Harvia's Management Team 2020-, CEO of EOS Group 2013-
- Harvia Plc's shares on 31 December 2021: 35,556
- 21.4% ownership in EOS Group's German companies

**ANSSI PELKONEN**  
Sales Director, Finland



- Vocational qualification in business and administration
- Born 1964, Finnish citizen
- Sales Director in Finland, member of the Management Team 2014-
- Harvia Plc's shares on 31 December 2021: 65,000

**MIKA SUOJA**  
Production and Sourcing Director



- Master of Engineering degree
- Born 1975, Finnish citizen
- Production and Sourcing Director, member of the Management Team 2016-
- Harvia Plc's shares on 31 December 2021: 35,062

**MARKUS WÖRMANSEDER**  
Sales Director, Central Europe



- Technical chemistry, Johannes Kepler University Linz, Austria
- Born 1974, Austrian citizen
- Sales Director, Central Europe and member of the Management Team 2017-, Managing Director of Sentiotec GmbH 2007-
- Harvia Plc's shares on 31 December 2021: 126,000

## 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 a separate company 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 of the Board of Directors 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.

## 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. Harvia's related parties include the key management personnel: the Board of Directors and the Management Team and their close family members as well as the companies under the control of the managers.

Harvia's Board of Directors processes any significant related party transactions. The company's 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 2021, 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. Related party transactions carried out in the ordinary course of business were related to purchased services.



## 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.

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). The closed window begins 30 days prior to the publication of a financial statement bulletin, half-year report or interim report.

Harvia uses an internal reporting channel that enables anonymous reporting of suspected violations of rules and regulations concerning financial markets. In 2021, no suspected violations were reported through the reporting channel. In the beginning of 2022, Harvia will introduce an external reporting channel on its website.

## 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.

## 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 2021

PricewaterhouseCoopers Oy acted as the company's auditor in 2021 with Markku Launis, Authorized Public Accountant, acting as the principal responsible auditor. The audit fees paid to PricewaterhouseCoopers Oy in 2021 totaled EUR 139 thousand. Of the fees paid, EUR 103 thousand were fees for a statutory audit and EUR 35 thousand comprised other fees. The other fees were related to tax advisory. Audit fees paid to other auditors totaled EUR 70 thousand.