

# Enedo Plc's corporate governance statement 2021

The obligations of Enedo's decision-making bodies are defined in accordance with Finnish legislation and the principles established by the Board of Directors. Enedo's corporate governance complies with the provisions of the Finnish Companies Act. Enedo complies with the Insider Guidelines issued by Nasdaq Helsinki Ltd and the Finnish Corporate Governance Code 2021 issued by the Securities Market Association. This Corporate Governance Statement has been prepared in accordance with the Finnish Corporate Governance Code 2021, and the statement has been issued separately from the report by the Board of Directors. The Corporate Governance Code is publicly available at [www.cgfinland.fi](http://www.cgfinland.fi). This statement was approved for publication by the Board of Directors of Enedo Plc on week 13, 2022, and it is included in the Annual Report and also available on the company website at [www.enedopower.com](http://www.enedopower.com).

## COMPOSITION AND OPERATIONS OF THE BOARD OF DIRECTORS

As set out in the Articles of Association, the Board of Directors shall have no fewer than three and no more than ten ordinary members. The company's President and CEO is not a member of the Board of Directors. The composition shall take into account the company's operational

needs and development phase. A person to be elected to the Board shall have the qualifications required by the duties as well as sufficient knowledge of financial matters and business operations. A person to be elected to the Board shall have the possibility to devote a sufficient amount of time to the work.

The majority of the members of the Board shall be independent of the company. In addition, at least two of the members representing this majority shall be independent of the company's significant shareholders.

The Annual General Meeting of May 17, 2021 re-elected Taru Narvanmaa and Antti Sivula as members of the Board of Directors and Olle Hulteberg, Fredrik Berghel and Vesa Tempakka as new members.

## COMPOSITION OF THE BOARD OF DIRECTORS ON DECEMBER 31, 2021:

### Olle Hulteberg, born 1962

- Education: M.Sc. (Eng.)
- Board member and Chairman since May 17, 2021
- Primary occupation: Inission AB, Board member and Marketing Manager since 2017
- No shareholding

### Fredrik Berghel, born 1967

- Education: M.Sc. (Eng.)
- Board member since May 17, 2021
- Primary occupation: Inission AB, President and CEO since 2017
- No shareholding

### Taru Narvanmaa, b. 1963

- Education: M.Sc. (Econ.)
- Board member since April 12, 2018
- Primary occupation: Board professional
- Independent of the company and its significant shareholders
- Share ownership: no shares\*

### Antti Sivula, b. 1961

- Education: M.Sc. (Eng.)
- Board member since March 30, 2016
- Primary occupation: Mekitec Group, Managing Director
- Independent of the company and its significant shareholders
- Owns 30,000 Enedo shares\*

### Vesa Tempakka, born 1963

- Education: M.Sc. (Econ.)
- Board member since May 17, 2021
- Primary occupation: Neuva Group, CEO since 2017

- Independent of the company and its significant shareholders
- Share ownership: no shares\*

\*Shareholdings as of December 31, 2021

## Remuneration of the Board of Directors in 2021

The Chairman of the Board was paid a fee of EUR 3,750 during January 1–May 17, 2021 and the members EUR 2,000 per month. During May 17–December 31, 2021, the Chairman of the Board was paid a fee of EUR 2,100 per month and the members EUR 750 per month. During January 1–May 17, 2021, the Chairman of the Audit Committee was paid a fee of EUR 750 per month.

## DUTIES AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS

The Board of Directors has general decision-making authority in all company matters that are not stipulated (by law or under the Articles of Association) to be decided or acted on by another party. The Board is responsible for the governance of the company and for duly organizing its operations. It also approves the corporate strategy, the risk management principles, the Group's corporate values, the operating plan and related annual budget, and decides on major investments.

The main duties and operating principles of the Board of Directors are laid out in a separate Charter, which covers the declaration of a quorum at Board meetings, the writing and approval of minutes, and the preparations needed on matters for decision.

More specifically, the Board:

- approves the company's values and strategy
- approves annually the company's main targets of business operations and monitors the Group's profit performance
- decides on the Group's major investments and reorganization measures
- reviews and approves interim reports and financial statements
- appoints and discharges the President and CEO and decides on the conditions of the President and CEO's service contract and remuneration principles
- decides on the compensation scheme of the management and personnel
- monitors the major risks and their management as well as approves the principles of risk management

The Board of Directors reviews its own working procedures by means of an annual

self-evaluation process or in co-operation with an external party.

### **BOARD MEMBERS' ELECTION PROCEDURES AND THE BOARD'S DIVERSITY PRINCIPLES**

The Annual General Meeting elects the members of the Board of Directors by a simple majority vote for a term of office that ends at the close of the next Annual General Meeting following their election. The Board of Directors elects a Chairman and a Vice Chairman from among its members.

The composition of the Board of Directors must take into account the company's operational objectives and stage of development. The Board of Directors is composed of members whose skills, education and experience complement each other and who have the possibility to devote sufficient amount of time to the work. The diversity of the Board of Directors supports the development of the business. The objective is that both genders are represented on the Board as well as the members at different ages and with a different educational background and experience.

Out of the five members, there was one female member in the Board of Enedo in December 2021.

### **BOARD COMMITTEES**

The Board of Directors decides on establishing committees as necessary and appoints the members and chairmen of committees from among its members. The committees regularly report to the Board of Directors on their work.

#### **The Audit Committee 2021**

The Audit Committee shall consist of at least three Board members who are independent of the company. In addition, at least one member shall be independent of the company's significant shareholders. The members shall have the qualifications required for the performance of the responsibilities of the committee, and at least one member shall have special expertise in accounting, bookkeeping or auditing.

In the financial year 2021, the members of the Audit Committee were Taru Narvanmaa (Chairman of the Audit Committee), Tuomo Lähdesmäki and Matti Miettunen until May 17, 2021. In its constitutive meeting held after the Annual General Meeting on May 17, 2021, the Board of Directors decided that no separate committees would be established.

The Audit Committee elected in 2020 consisted of Taru Narvanmaa (Chairman of the Audit Committee), Tuomo Lähdesmäki and Matti Miettunen until May 17, 2021.

#### **Attendance in Board and Audit Committee meetings in 2021.**

A total of 29 Board meetings and 2 Audit Committee meetings were held during the financial year 2021.

	<b>Board meetings</b>	<b>Audit Committee meetings</b>
Olle Hulteberg	14/14	
Fredrik Berghel	14/14	
Taru Narvanmaa	21/29	2/2
Vesa Tempakka	14/14	
Antti Sivula	20/29	

## SHAREHOLDERS' NOMINATION BOARD

### Shareholders' Nomination Board 2021

The Annual General Meeting 2017 decided to establish a permanent Shareholders' Nomination Board to prepare proposals concerning the election and remuneration of the members of the Board of Directors to the General Meetings. The Annual General Meeting also adopted the charter of the Shareholders' Nomination Board.

The Nomination Board consists of four (4) members, with the company's three (3) largest shareholders each having the right to nominate one member. The Chairman of the Board of Directors of the company shall serve as the fourth member. The company itself cannot be a member of the Shareholders' Nomination Board.

### THE PRESIDENT AND CEO AND THEIR DUTIES

The Board of Directors appoints the company's President and CEO and supervises his actions. The main terms and conditions governing the President and CEO's appointment are detailed in a written contract approved by the Board of Directors. The President and CEO manages and supervises the Group's business operations within the guidelines and directives issued by the Board of Directors, and ensures that the company's accounting accords with the law and that the financial management system is reliable.

In the financial year, Vesa Leino acted as Enedo Plc's President and CEO during January 1–June 7, 2021 and Mikael Fryklund since June 8, 2021.

### OTHER MANAGEMENT

The corporate management of Enedo Group consists of the Chief Executive Officer (CEO) and the Executive Management Team.

The Executive Management Team has no powers based on law or the Articles of Association. The Executive Management Team assists the CEO in the development of the Group's business. The Executive Management Team's duty is to prepare strategy proposals for the Board and execute the approved strategy. The Executive Management Team members are accountable for the performance and development of their respective areas of responsibility and they supervise the operations of the units belonging to their areas.

Members of the Executive Management Team and their areas of responsibility on December 31, 2021:

Mikael Fryklund, born 1963, M.Sc. (Eng.) B.Sc. in Business Administration

- President and CEO

Hannu Hiillos, born 1960, M.Sc. (Econ.)

- CFO
- Share ownership: no shares\*

Riccardo Buffa, born 1968, Bachelor degree in Business Administration

- Vice President, Enedo Italy
- Share ownership: no shares\*

Giampiero Tasseli, born 1963, Bachelor Degree in Business Administration

- Vice President, Operations
- Share ownership: no shares\*

Paul Vuolle, born 1965, M.Sc. (Eng.)

- Vice President, Enedo Finland
- Share ownership: no shares\*

\* shareholding information as of December 31, 2021

### AUDITORS

The principal auditor of Enedo Plc is responsible for the Group's audit and the related directions and coordination. The principal auditor prepares an yearly audit plan and presents it to the Board of Directors. The plan specifies the focus areas of the audit and is subject to approval by the audit Committee. The auditor issues an auditor's report on the consolidated financial statements and the report of the Board of Directors to the company's shareholders as required by law. In addition, the auditor reports their findings to the Audit Committee.

The Annual General Meeting held on May 17, 2021, re-elected KPMG Oy Ab as

the company's auditor. Authorized Public Accountant Henrik Holmbom served as the responsible auditor during the financial year 2021.

The fees for auditing the official financial statements amounted to EUR 110 thousand in 2021. The auditing company charged the Group a total of EUR 79 thousand for other services during the financial year.

## THE MAIN FEATURES OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS

### Internal control systems

The Board of Directors is responsible for ensuring that the internal control and risk management are adequately and effectively arranged. In addition, it is the responsibility of the Board to ensure that the internal control of the company's accounting and financial management is appropriately arranged. The financial management function communicates its findings to the relevant members of the management.

The Group has financial reporting systems for monitoring business operations, financial management and risks. The Board of Directors has approved the management organization and principles, decision-making authorizations and approval procedures, operating policies of the vari-

ous areas of the company's administration, financial planning and reporting as well as remuneration principles.

The Group does not have a separate internal audit function. Instead, the internal audit is part of the Group's financial administration. Representatives of the Group's financial administration perform certain control functions when they visit the subsidiaries. The financial management reports these findings to the President and CEO and the Board of Directors.

The Group's financial management, together with the other management, prepares a monthly financial report. The report contains a summary of the net sales, gross profit, costs level, results, net working capital, cash flow and personnel development for the previous month, the year to date and a forecast for the remainder of the year. The report also includes the company's key risks and opportunities. The above-described report is monthly delivered to the Board of Directors, the Executive Management Team as well as to the auditors in connection with the interim reports. In addition to the monthly reporting, the management follows certain items more actively in monthly meetings. The Group aims to continuously improve the effectiveness of its financial processes and main business processes as well as reduce risks related to maintaining several parallel systems.

The Group's financial management oversees the centralized interpretation

and application of accounting standards (IFRS). The Group's financing and hedging against currency risks are centralized in the head office in Finland. The Board's Audit Committee evaluates the financial statements and interim statements as well as certain other areas that are of significance to the result of the Group's business operations and monitors that necessary measures are taken.

### **Risk management**

The aim of Enedo's risk management system is to identify the Group's strategic, operational and financing risks as well as any conventional risks of loss. In its operations, the Group takes risks related to the pursuit of its strategy and goals. Risk management seeks to control these risks in a proactive and comprehensive manner. The measures taken can include risk avoidance, risk reduction or risk transfer by insurance or agreement. Risk management forms an integral part of the Group's business processes in all of its operational units. In this way, the risk management process is tied to internal controls. The Group and its operational units assess the risks of their operations, prepare risk management plans and report risks in accordance with the organizational structure. The Group CFO oversees that risk management is arranged efficiently and that the effectiveness of its performance is ensured. The CFO is responsible for the general development of Enedo's risk management.

The CFO reports the company's risk status to the Board of Directors.

The Board of Directors address risks in connection with addressing other business operations. Risk management is taken into consideration in the Group's quality systems, which also include contingency plans. A more detailed statement on the Group's risks and their management is available in the Investors section of the company's website.

### **RELATED PARTY TRANSACTIONS**

The company maintains a list of its related parties. The company evaluates and monitors transactions carried out between the company and its related parties and ensures that it identifies, decides on, approves, reports, and monitors related party transactions in accordance with appropriate procedures. Related party transactions to be reported in accordance with the Finnish Limited Liability Companies Act and regulations concerning the drawing up of accounting decision and published, when certain conditions are satisfied, in accordance with the rules of the Helsinki Stock Exchange. In decision-making pertaining to potential related party transactions, the company ensures that decisions are based on exceptionally careful preparatory work and appropriate reports, opinions and/or assessments. In arranging preparatory work, decision-making, and the evaluation and approval

of individual transactions, the company takes into account all relevant disqualification provisions and the appropriate decision-making body in each individual matter to ensure that a representative of a related party does not participate in the decision-making.

During the financial year, the company agreed with Inission AB on a bridge loan of EUR 2.0 million, which was repaid during the financial year. The interest expenses of the bridge loan amounted to EUR 14 thousand. Inission AB is the guarantor of the company's financial institution loan, and Inission AB's guarantee fee and arrangement fees for the financial year totaled EUR 76 thousand. The arrangement was carried out on acceptable grounds for the Group's business interests and under ordinary market terms.

### **INSIDER ADMINISTRATION**

Enedo has drawn up Group-level Insider Guidelines, which cover topics including the prohibition on unlawful disclosure and the abuse of inside information, insider lists, notification requirements and trading restrictions. The Insider Guidelines have been confirmed by Enedo's Board of Directors. The CFO of Enedo is responsible for insider administration.

The Group does not maintain a list of permanent insiders. A project-specific insider list according to the Nasdaq Hel-

sinki Guidelines for Insiders is prepared when Enedo has an ongoing project.

The persons discharging managerial responsibilities in the Group are the members of the Board of Directors, the President and CEO and the CFO. The persons discharging managerial responsibilities in the Group and persons closely associated with them have an obligation to notify the Group and the FIN-FSA about transactions relating to the Group's financial instruments. The Group then discloses the information as a separate stock exchange release.

Enedo has organized regular supervision of the trading and the notification requirement concerning persons included in insider lists as well as persons discharging managerial responsibilities and persons closely associated with them in such a way that the company annually checks the information to be notified with the persons discharging managerial responsibilities and the persons closely associated with them. Enedo's duty of supervision also extends to any external advisors registered in the insider list who have taken on the duty of drawing up and maintaining the insider list. It is therefore recommended that the company agree in writing (e.g.

by e-mail) with such external advisors on the maintenance of the insider list and assure that such parties are aware of the obligations and duties under MAR and the Group's Insider Guidelines.

The persons discharging managerial responsibilities at Enedo are not allowed to trade in Enedo's financial instruments for their own account or for the account of a third party during the closed period, which begins 30 days before the disclosure of financial statement releases and half-year financial reports and ends on the day following the disclosure of such information. In the exceptional event that the financial statements release does not include all of the relevant information regarding the financial position of the company, in which case the closed period also applies during the 30 days prior to the publication of the financial statements, the company will separately inform the parties concerned. Trading in Enedo's financial instruments is allowed outside closed periods, provided that the person in question is not entered into a project-specific insider list and they do not otherwise possess inside information at the time. Prior to trading, the person in question also needs to have received a statement, in writing by e-mail, from the

person responsible for insider administration at Enedo, indicating that there is no obstacle to trading.

Persons in the service of the company may, via an independent channel, report any suspected infringements of rules and regulations concerning the financial market, including violations of the company's Insider Guidelines and the Nasdaq Helsinki Guidelines for Insiders. Such reports are made by a freeform letter (anonymously, if necessary) addressed to the President and CEO.