



UTG

MIXING GROUP

PLC UUTECHNIC GROUP OYJ

**CORPORATE GOVERNANCE
STATEMENT FOR THE
2019 FINANCIAL YEAR**

UTG'S CORPORATE GOVERNANCE STATEMENT FOR THE 2019 FINANCIAL YEAR

1. INTRODUCTION
2. DESCRIPTIONS OF CORPORATE GOVERNANCE
3. DESCRIPTION OF THE PROCEDURES OF INTERNAL CONTROL AND MAIN FEATURES OF RISK MANAGEMENT SYSTEMS
4. OTHER INFORMATION (Insider administration, audit, communication)

1 INTRODUCTION

The corporate governance of UTG is based on Finnish legislation and the Articles of Association of the Group's parent company, Plc Uutechnic Group Oyj. The Company adheres to the Finnish Corporate Governance Code 2015 for companies listed on Nasdaq Helsinki Ltd.

The Code issued by the Securities Market Association took effect on 1 January 2016, and it is publicly available, e.g., on the Securities Market Association's website on www.cgfinland.fi.

UTG deviates from the Finnish Corporate Governance Code Recommendation 9 concerning the gender parity of the Board. Suitable candidates as a Board member to meet the recommendations of the Corporate Governance Code has so far not found. In addition, the company deviates from the recommendation 15 so that the majority of the members of the board is not independent of the company and its significant shareholders.

2 DESCRIPTIONS OF CORPORATE GOVERNANCE

In accordance with the Limited Liability Companies Act, the Group's business operations and administration are the responsibility of the following bodies: The Annual General Meeting, which elects the members of the Board of Directors of the parent company, and the CEO, appointed by the Board.

Plc Uutechnic Group Oyj's highest decision-making body is the Annual General Meeting, where the shareholders exercise their authority. The Board of Directors is responsible for the company's administration and

appropriate operation. As the parent company of the Group, Plc Uutechnic Group Oyj is responsible for the management, strategic planning, financial administration, financing, IT and human resources management of the Group.

The Group's business operations are the responsibility of the Group's CEO, Management Team and Board of Directors.

ANNUAL GENERAL MEETING

The company's highest decision-making body is the Annual General Meeting. An Extraordinary General Meeting is arranged when necessary. General meetings are convened by the Board of Directors. Shareholders are invited to the Annual General Meeting through a meeting invitation published on the company's website. The notice of the meeting provides the shareholders with the necessary information on the issues to be addressed at the meeting. The meeting notice is also published as a stock exchange release and in any other way as decided by the Board of Directors.

The Annual General Meeting must be held no more than six months after the end of the company's financial year. The Annual General Meeting makes decisions on the issues falling under its mandate as determined by the Limited Liability Companies Act, including the adoption of the financial statements, the payment of dividends, discharging the Board members and the CEO from liability, and the election and fees of Board members and auditors.

The Annual General Meeting is attended by the CEO, members of the Board and the auditor. A person running for a position on the Board for the first time attends the Annual General Meeting that decides on the election.

BOARD OF DIRECTORS

Activities of the Board

The Board of Directors of the parent company, which also acts as the Board of the Group, is responsible for the Group's administration and appropriate operation, and it decides on issues that are highly significant in light of the scope and scale of the Group's operations.

Some of the key responsibilities of the Board are to

- confirm the Group's strategy and objectives, monitor their implementation, and commence corrective measures if necessary
- decide on significant investments as well as acquisitions and real estate transactions
- handle and approve financial releases, half-yearly reviews and financial statements
- decide on the Group's financial policies and financing methods
- approve the dividend policy and make a proposal to the Annual General Meeting concerning the distribution of dividends
- be in charge of the arrangement of the Group's risk management and internal control
- appoint and relieve the CEO, and decide on the terms of the CEO's employment
- confirm the Group's strategy and decide on the central principles governing the Group's compensation system

The Board of Directors regularly evaluates its own activities and work methods.

Issues are handled at Board meetings in accordance with an agenda prepared for each meeting. The minutes of each Board meeting are commented upon and accepted at the next meeting.

The Board meets regularly, once a month, and at other times if necessary. During the 2019 financial period, the Board convened 16 times. The attendance rate of Board members was 100%.

The presenter at Board meetings is the company's CEO or one of the Group's personnel designated by the CEO. The CEO is responsible for providing the Board with sufficient information for assessing the Group's operations and financial situation. The CEO is also responsible for implementing the Board's decisions and reports on this to the Board.

The Board members are obliged to provide the Board with sufficient information for assessment of their qualifications and level of independence and to report any changes to this information.

Composition of the Board

According to the Articles of Association, the Board of Directors has a minimum of three and a maximum of six members, whose term of office ends at the end of the first Annual General Meeting following the election. The Board members are selected by the Annual General Meeting. The chairman and vice-chairman of the Board are selected by the Board from among its members.

The names of candidates proposed for Board positions are published in the notice of the Annual General Meeting where the candidate is supported by shareholders holding a minimum of 10% of the votes as determined by the number of shares and if the candidate has accepted the candidacy. Names of candidates nominated after publication of the notice of the general meeting are published separately. A person selected as a Board member must meet the qualifications for the position and be able to allocate enough time to handle the position.

The principles of diversity of the Board of Directors are followed by considering the age and gender distribution of the members, educational and professional background of the members and experience and personal characteristics significant to the position.

The Annual General Meeting on 10 April 2019 confirmed that the Board shall have three members. Sami Alatalo, Hannu Kottonen and Jouko Peräaho were re-elected as members of the Board. Sami Alatalo was elected as the Chairman of the Board. The Board member Hannu Kottonen is independent of the company and its major shareholders.

Information about Board Members

Chairman **Sami-Jussi Alatalo**, b. 1971, Master of Laws

Member of the board of directors since 19.6.2012 -

Saola Invest Oy, entrepreneur

Previous work experience:

Mergertum Teollisuus Oy, partner

Ultivista Group, CEO

Ultivista Group, CFO

Nordea Group, managerial and specialist positions in Corporate Banking

Hannu Kottonen, s. 1957, M.SC.(Econ.)

Member of the board of directors 28.4.2016 -

Previous work experience:

HKScan Oyj, CEO 3/2012 – 1/2016

Metsä Tissue Oyj, CEO 10/2006 – 2/2012

M-Real Plc, leader of the Consumer Packaging Division 2004 – 2006

Huhtamäki Group, several senior management positions 1983 – 2003

Most significant positions of trust:

Polarica Holdings AB, chairman of the board until 5/2019

Vakava Technologies Ltd Oy member of the board since 5/2019

Kinttuviisas Oy, chairman of the board of directors

International Orienteering Federation (IOF), member of the board 10/2018

Hannu Kottonen is independent of the Company and its significant shareholders

Jouko Peräaho, b. 1962, Engineer

Member of the board of directors 30.10.2015 -

Plc Uutechnic Group Oyj, CEO 9.3.2017 -

Previous work experience:

AP-Tela Oy, managing director and member of the board 2015-3.6.2019

Japrotek Oy Ab, managing director 2017 - 2018

Japrotek Oy Ab, member of the board 2015 - 2018

Uutechnic Oy, managing director 1993 - 2013

Most significant positions of trust:

FC TPS Oy, chairman of the board

Chamber of commerce in Turku, member of the council

Expired Board memberships during the fiscal year

Kristiina Lagerstedt, b. 1973, M.SC.(Econ.)

Member of the Board of directors since 28.4.2016

Kemira Group, Chief Auditor 06/2018 -

Previous work experience:

Sanoma Group, VP, Audit & Assurance, 2014 – 05/2018

Nokia Group, Head of Internal Audit and Mergers &

Acquisitions team member 2004 – 2014

EY and Deloitte, diverse positions 1997 – 2004

Most significant positions of trust:

Barona, Board member, Audit Committee Chairman 05/2018-

European Confederation of Institutes of Internal Auditing

(ECIIA), Board member 2015 -

Kristiina Lagerstedt is independent of the Company and its significant shareholders

Board committees

The Board has no committees.

SUPERVISORY BOARD

The Company has no Supervisory Board.

CEO

The Board appoints the parent company's CEO, who acts as the Group's president. The CEO is responsible for day-to-day management of the Group in accordance with the Finnish Limited Liability Companies Act, the Articles of Association, and instructions from the Board of Directors. The CEO is neither chairman nor vice-chairman of the Board.

Plc Uutechnic Group Oyj's CEO has been **Jouko Peräaho** since 9 March 2017.

Information about the CEO

Jouko Peräaho, b. 1962, Engineer

Member of the board of directors 30.10.2015 -

Plc Uutechnic Group Oyj, CEO 9.3.2017 -

Previous work experience:

AP-Tela Oy, managing director and member of the board 2015-3.6.2019

Japrotek Oy Ab, managing director 2017 - 2018

Japrotek Oy Ab, member of the board 2015 - 2018

Uutechnic Oy, managing director 1993 - 2013

Most significant positions of trust:

FC TPS Oy, chairman of the board

Chamber of commerce in Turku, member of the council

BUSINESS ORGANISATION

The Group's business operations are the responsibility of the Board of Directors, the Group's CEO, the Management Team and managing directors of the subsidiaries.

Information about the Management Team

Jouko Peräaho, b. 1962

Plc Uutechnic Group Oyj, CEO

Japrotek Oy Ab and AP-Tela Oy, managing director

Leena Junninen, b. 1962

Plc Uutechnic Group Oyj, finance manager

Zakaria Mönkäre, b. 1984

Plc Uutechnic Group Oyj, technology director

Antti Sormunen, b. 1974

Uutechnic Oy, plant manager

Oliver Tappe, b. 1968

Stelzer Rührtechnik Int. GmbH, deputy managing director

Jussi Vaarno, b. 1970

Mixing Technology, vice president

Uutechnic Oy, managing director

Stelzer Rührtechnik Int. GmbH, managing director

Finnished memberships in 2018:

Martti Heikkilä, b. 1960

Plc Uutechnic Group Oyj, development director

Jarmo Vanha-aho, b.1965

AP-Tela Oy, plant manager

AUDITORS

Ernst & Young Oy, Authorized Public Accountant Firm

Chief auditor

Osmo Valovirta, CPA

SHARE HOLDINGS OF THE MANAGEMENT According to the book-entry security system, on 31 December 2019	Shares		Votes	
	no.	%	no.	%
Board of directors and CEO				
Kottonen Hannu	50 000	0,09	50 000	0,09
Peräaho Jouko, CEO, member of the board	8 690 000	15,38	8 690 000	15,38
Saola Oy*	130 000	0,23	130 000	0,23
*Saola Oy is controlled by Sami Alatalo, the chairman of the board of directors				
Heikkilä Martti, Deputy CEO	130 000	0,23	130 000	0,23
Group Management				
Junninen Leena, Finance manager	40 000	0,07	40 000	0,07
Mönkäre Zakaria, Technology Director	9 676	0,02	9 676	0,02
Vaarno Jussi, Vice president	280 000	0,50	280 000	0,50

Jouko Peräaho is 36 % owner of UuCap Oy, which owns 4 805 000 shares (8,50 % Plc Uutechnic Group Oyj's shares).

Board members, CEO, Deputy CEO or managers of the Group have no holdings or special rights based on the company's share-based incentive systems.

3 DESCRIPTION OF THE PROCEDURES OF INTERNAL CONTROL AND MAIN FEATURES OF RISK MANAGEMENT SYSTEMS

BODY RESPONSIBLE FOR THE DUTIES OF THE AUDIT COMMITTEE

The Group has no audit committee; instead, the duties of the audit committee are attended to by the Board of Directors of the company. The Board of Directors has specified the limits of the organisation's authorisations, and the CEO is responsible for overseeing the implementation of the risk management principles with regard to the entire Group and the managing directors or plant directors of the subsidiaries for their respective companies. The members of the Group Management Team are responsible for their respective areas of responsibility across company boundaries. The CEO reports on significant risks to the Board of Directors on a regular basis.

INTERNAL CONTROL, RISK MANAGEMENT AND INTERNAL AUDIT

Internal control:

The Group does not have a separate internal control organisation. The Group's business and administration are primarily monitored and controlled by means of the Group's management system. The Group has a financial reporting system whose purpose is to provide the Group and profit centre management with sufficient information for planning, control and monitoring of operations.

Risk management:

The objective of the Group's risk management process is to identify any risks that pose a threat to the business operations, evaluate them and develop the necessary risk management methods. Business-related risks of material, consequential and liability losses are covered by appropriate insurance policies.

Internal audit:

With regard to the nature and scope of its business operations, the Group has not deemed it appropriate to establish a separate internal audit organisation. Rather, its tasks are included in the duties of the business organisation.

4 OTHER DISCLOSURES

INSIDER ADMINISTRATION

Plc Uutech Group Oyj follows Nasdaq Helsinki Ltd's Insider Guidelines supplemented by the company's internal insider instructions approved by the Board. Based on the Market Abuse Regulation, Uutech Group's management consists of members of the Board, the CEO, the Group Management Team and managing directors and plant directors of the subsidiaries. In addition, the company has a permanent insiders list of people who have access to insider information. Members of the permanent insiders list are committed to following a closed period instructed by the company. The permanent insiders list is not public. Furthermore, the company also has project-specific insider registers. Members of the register are prohibited from trading in the company's shares as the project is running. The Group's insider guidelines include additional instructions on how the persons under obligation to notify, as well as persons close to them, must notify the company of their transactions on the company's securities.

The prohibition of trading by persons under obligation to notify and permanent insiders commences at the end of each reporting period, however not later than 30 days before the publication of an interim or half-yearly report or financial statements and ends once the corresponding stock exchange release has been published.

RELATED PARTY TRANSACTIONS

Uutech Group's related parties include the Board of Directors, CEO and Management Team, as well as major shareholders. In addition, related parties include the close family members of persons identified as related parties and all entities controlled or jointly controlled by a person identified as a related party.

The Board of Directors of the Group monitors and assesses transactions made with related parties and ensures that any conflicts of interest are appropriately considered.

AUDIT

In accordance with the Articles of Association, the company's statutory audit is performed by one or two auditors. They must be auditors or auditing firms certified by Finland's Central Chamber of Commerce. The auditors' term ends at the end of the first Annual General Meeting after the election.

The Board's proposal for auditor(s) is indicated in the notice of the Annual General Meeting, or, if an auditor candidate is not known to the Board at the time the notice is published, the name of the candidate(s) shall be published separately.

The Annual General Meeting of 12 April 2018 selected Ernst & Young Oy, Authorised Public Accountants, as the company's auditor, with Osmo Valovirta, APA, as chief auditor.

The fees paid by the Group for the 2019 financial period to the auditors amounted to EUR 57 800 for auditing and EUR 18 100 for consulting and other services, for a total of EUR 75 900.

INFORMATION

The Board of Directors of Plc Uutech Group Oyj has confirmed the Group's communication policy that specifies the key principles and operating methods of the Group's communications. The primary communication method of the Group is stock exchange and press releases and the company's website. The company aims to avoid investor communication meetings during the closed period.

Each year, the company publishes an annual report, a half-yearly report and two business reviews from three- and nine-months periods in both Finnish and English.

The financial statements and half-yearly report as well as business reviews are published as stock exchange releases. The annual report and half-yearly report are also published on the company's website www.utgmix.com as PDF versions. The company's other stock exchange releases are also available on the website.