

## CORPORATE GOVERNANCE STATEMENT OF ROBIT GROUP FOR 2020

Robit Group (hereinafter “Robit”) complies with the Finnish Corporate Governance Code (hereinafter “Code”) issued by the Securities Market Association. The Corporate Governance Statement (hereinafter “Statement”) required is published as a separate statement in connection with the Report by the Board of Directors. The Statement has been published simultaneously with the Financial Statements and Report by the Board of Directors as a Stock Exchange Release and it is available also on Robit’s website: [www.robitegroup.com](http://www.robitegroup.com).

The Board of Directors of Robit Group have reviewed the Statement. The Statement will not be updated during the financial year, but up-to-date information on its various topics is available on Robit's website.

The Finnish Corporate Governance Code is available on the website of the Securities Market Association, [www.cgfinland.fi](http://www.cgfinland.fi).

### Descriptions Concerning Corporate Governance of Robit Group

Responsibility for Robit Group's business operations is held by the constitutional bodies required by the Limited Liability Companies Act: the General Meeting of Shareholders, which elects the members and the Chair of the Board of Directors; and the CEO, who is appointed by the Board of Directors.

The Group's supreme decision-making body is the General Meeting of Shareholders, where shareholders exercise their decision-making power. The Board of Directors is responsible for the company's management and its appropriate organization. As the Group's parent company, Robit Plc is responsible for the Group's management, accounting and financing, product development and management of intellectual property, human resources, ICT, as well as communications and investor relations.

### Board of Directors and Composition in 2020

Harri Sjöholm (Chairman of the Board), Mammu Kaario (Vice Chairman of the Board), Mikko Kuitunen, Kai Seikku and Kalle Reponen formed the Board of Directors for the term ending at the close of the Annual General Meeting held on 22 April 2020.

Harri Sjöholm (Chairman of the Board), Mammu Kaario (Vice Chairman of the Board), Mikko Kuitunen and Kalle Reponen were re-elected as the members of the Board by the Annual General Meeting held on 22 April 2020. Kim Gran and Anne Leskelä were elected as the new members of the Board of Directors.

### Biographical Details of the Directors:

Name	Born	Education	In Robit Board
Kim Gran	1954	M.Sc. (Econ)	04/2020 -
Mammu Kaario	1963	LLM, MBA	2017 -
Mikko Kuitunen	1980	M.Sc. (Eng)	12/2018 -
Anne Leskelä	1962	M.Sc. (Econ)	04/2020 -
Kalle Reponen	1965	M.Sc. (Econ)	2012 -
Kai Seikku	1965	M.Sc. (Econ)	2018–04/2020
Harri Sjöholm, Chairman	1954	M.Sc. (Eng)	1998 - *

\*) Harri Sjöholm was not member of the Board between 18 September to 3 December 2018.

### **Independence of the Directors**

The Board of Directors has evaluated the independence of its members. All members are independent of the company. All members are also independent of its significant shareholders, except for Harri Sjöholm, who is a major shareholder in Five Alliance Oy, which owns 26.97 percent of the Robit shares (31 December 2020).

### **Tasks and Responsibilities**

The Board of Directors is responsible for the administration and appropriate organization of Robit's operations. The Board is responsible for making decisions on matters that are likely to have a major impact on the company's operations. The Board convenes according to an annual meeting plan. The main duties of the Board include:

- deciding on the company's corporate structure and organization
- nominating and dismissing the Chairman of the Board & CEO
- deciding on the salaries, bonuses, and other benefits paid to the Chairman of the Board & CEO and his/her immediate subordinates
- deciding on the company's salary and incentive scheme
- considering and approving annual accounts, reports by the Board of Directors, financial statement releases, and interim reports
- monitoring and supervising the Group's performance and ensuring the effectiveness of its management
- approving the company's operating policies (financing policy, insurance and risk management policy, and principles for corporate governance)
- deciding on the acquisition and disposal of fixed assets in the budget process
- deciding on strategically and financially significant investments, acquisitions, divestments, or other arrangements
- deciding on financial borrowings and pledging securities
- considering and approving strategies and action plans
- establishing a dividend policy and confirming the company's financial targets.

The Board of Directors is elected by the General Meeting of Shareholders. It consists of at least three and at most seven members.

### **Meeting Practice**

The Board of Directors meets when it is convened by the Chairman or, in the Chairman's absence, by the Vice Chairman. The items of the Board of Directors' agenda are in general presented by the Chairman.

The Board of Directors had 19 meetings during the financial year 2020, five of which were phone conferences and five were held with remote connection. The participation degree was 98 percent. The degree of each Board member's participation in the Board and committee meetings is presented in the table below.

### Participation in Board and Committee Meetings

	Board of Directors	Audit Committee	Remuneration Committee	Working Committee
Harri Sjöholm (Chairman)	19/19	5/5	3/3	11/11
Mammu Kaario (Vice Chairman)	19/19	6/6	5/5	
Kim Gran	11/11			9/10
Mikko Kuitunen	19/19		5/5	0/1
Anne Leskelä	11/11	5/5	2/2	
Kalle Reponen	19/19	1/1		11/11
Kai Seikku	6/8	1/1		

In addition to Board meetings, the Board of Directors invests in development of Robit by participating in the Board of Directors' and management's joint meetings. The purpose of these meetings is to provide Board members with a better and deeper understanding of the company's business and on the other hand bring Board members' experience to the management's utilization.

### Shareholding of Management as of 31 December 2020

	Shares	Percentage of Shares
Members of the Board of Directors	5 797 897	27.37%
Harri Sjöholm *	5 711 927	26.97%
Kim Gran	23 226	0.11%
Mammu Kaario	19 106	0.09%
Mikko Kuitunen	10 084	0.05%
Anne Leskelä	3 226	0.02%
Kalle Reponen	30 328	0.14%
CEO	15 452	0.07%
Other members of the Management Team	31 710	0.15%
<b>Total</b>	<b>5 845 059</b>	<b>27.60%</b>

\* 26.86% owned by Harri Sjöholm through Five Alliance Oy

### Self-evaluation

The Chairman of the Board of Directors interviews each member of the Board individually once a year to further improve performance of the Board.

Board of Directors carried out an internal self-assessment in autumn 2020.

### Diversity Principles of the Board of Directors of Robit Group

At Robit, diversity has been recognized as an essential success factor in the long term. Also in considering the Board's composition, diversity is assessed through a number of viewpoints. The members of the Board of Directors represent a versatile age and gender distribution. Diversity in the Board's competencies, experience and opinions promotes openness for new ideas and helps the Board support and challenge the company management. Further, diversity promotes open discussion, integrity of decision making, good corporate governance, effective supervision of both the Board and the management, as well as supports succession planning.

The Nomination Committee of Robit's shareholders evaluates the number of the members of the Board, its composition and the competence requirements of the Board in the light of the present and future needs of the company. When assessing the composition of the board, the Nomination Committee considers, among other things, whether the Board

holds a broad range of business knowledge and members representing a versatile age and gender distribution.

It is fundamental that the final proposal of the Nomination Committee to the Annual General Meeting is based on the qualifications and competencies of each candidate. In addition, candidates must also have the possibility to devote a sufficient amount of time for the Board work. The essentials of the diversity principles are described in this Statement.

### **Fulfillment of the Diversity Principles**

The Annual General Meeting of Robit held on 22 April 2020 elected six members to the Board of Directors of the company. All members of the Board of Directors of Robit hold an academic degree either from business economics, law or technical sciences. Considering their experience, they represent international business in all its broadness and therefore bring diverse expertise and versatile perspectives to the board work. The Board of Directors' composition met with the Robit Group's diversity principles of the Board of Directors.

The diversity principles and their fulfillment will be reported annually as a part of the Corporate Governance Statement of Robit.

### **Nomination Committee of the Shareholders**

The Nomination Committee prepares a proposal to the Annual General Meeting of the Board of Directors for the composition and remuneration of the Board of Directors. The Nomination Committee also prepares the independence estimates made during the presentation of the proposal for the members of the Board of Directors and annually at the organizing meeting.

The Nomination Committee comprises the representative of the four largest shareholders. Share ownership is determined by the situation in the first working day of September. The committee shall meet as necessary, but at least twice a year. The Committee has been chaired by Mutual Insurance Company Varma, Timo Sallinen. Other members of the committee have been representatives of Five Alliance Oy, Harri Sjöholm, managing director of OP Asset Management Ltd, Tuomas Virtala and Jukka Vähäpesola, senior vice president, Pension Insurance Company Elo. The nomination committee convened two times during the financial year.

### **Board Committees**

#### ***Remuneration Committee***

The Remuneration Committee prepares remuneration of CEO and other management of the Company and other compensation schemes for other personnel.

The Remuneration Committee comprises at least three Board members. The committee meets as necessary, but at least three times a year. Harri Sjöholm, Mammu Kaario and Mikko Kuitunen were the members of the Remuneration Committee until 22 April 2020, after which the committee has been consisted of Mikko Kuitunen, Mammu Kaario and Anne Leskelä. The committee convened five times during the financial year 2020 and the participation degree was 100 percent.

#### ***Working Committee***

Working Committee prepares and presents proposals for the company's Board of Directors concerning corporate governance and administration, specific financial matters, risk management issues and remuneration and employment relationships. In addition, the committee prepares guidelines to the Board on strategic plans and financial targets and prepares and makes presentations on major strategic projects and investments. A member of the Working Committee

may, if necessary, assist a particular team or person in the company.

The committee consists of 3-4 members in accordance with the Board's decision and will meet as necessary. Harri Sjöholm, Mikko Kuitunen and Kalle Reponen were the members of the Remuneration Committee until 22 April 2020, after which the committee has been consisted of Reponen, Kim Gran and Harri Sjöholm. The committee convened eleven times during the financial year 2020 and the participation degree was 94 percent.

### **Audit Committee**

The Audit Committee's general task is to assist the board in preparing corporate governance related tasks. The Audit committee monitors and evaluates:

- financial reporting system and reporting efficiency
- the effectiveness of internal control and audit and risk management systems
- agreements and other legal acts between the company and its related parties
- the provision of non-audit services by the auditor
- the company's audit process

In addition to tasks above the committee prepares the election of an auditor.

Mammu Kaario, Kai Seikku and Kalle Reponen were the members of the Audit Committee until 22 April 2020, after which the committee has been consisted of Mammu Kaario, Anne Leskelä and Harri Sjöholm. The Audit Committee convened six times during the financial year 2020 and the participation degree was 100 percent.

The company's internal audit is carried out by CFO, who prepare an annual audit plan and reports the outcome to the Audit Committee.

### **CEO**

CEO of Robit Group is appointed by the Board of Directors. The CEO is responsible for day-to-day operations in accordance with the Companies Act and guidelines and instructions provided by the Board of Directors. The CEO is responsible for ensuring that the company's accounting practices comply with the law and that its assets are reliably managed. CEO acts as the Chair of the Management Team as the immediate supervisor of the Teams' members.

**Tommi Lehtonen**, b. 1970, M.Sc. (Eng), has been acting as the CEO of Robit Group since 1 May 2019. Tommi Lehtonen held 15 452 Robit shares on 31 December 2020.

### **Other Executives**

The CEO is supported by the Management Team. The composition of Management Team included the following executives besides the CEO:

**Ilkka Miettinen**, CFO, b. 1963, M.Sc (Econ), until 7 May 2020

**Jukka Pihamaa**, VP Supply Chain, b. 1966, M.Sc. (Eng), MBA, until 31 March 2020

**Jaana Rinne** Group HR Director, b. 1962, M.Sc. (Econ)

Shareholding: 13 000 Robit shares

**Arto Halonen**, CFO, b. 1981, M.Sc. (Eng), M.Sc. (Econ), since 31 March 2020

Shareholding: 18 710 Robit shares

### **Descriptions of Internal Control Procedures and the Main Features of Risk Management Systems**

***Internal Control Environment***

Control operations are embedded in the activities of Robit's organization. Controlling is executed in connection with the steering of business processes, supported by comprehensive reporting.

Robit's control environment is based on instructions, the business culture and on the way of working adopted by the company's managers and employees. The Group has established its values or guiding principles which encourage everyone at Robit to adopt an active and ethical way of working both with various stakeholders and within the Group.

The foundation of the internal control process relating to activities is built up around the Group's procedures and other directives and instructions. The responsibility structure of the Group is based on authority inherent in the positions and work descriptions, segregation of duties and the "four-eyes" and "one-over" decision making principles. Effective internal control requires that duties are properly allocated to employees and potential conflicts of interests are identified and eliminated. A satisfactory control environment is ensured through internal analyses and evaluations of key processes.

Group Finance function supports the business units in analyzing their performance and profitability and in the decision-making concerning various business choices. Group CFO, local finance heads and outsourced accounting service providers are responsible for ensuring that control procedures are in place and implemented in the units. It is the ICT function's task to ensure that the security checks of ICT systems throughout the Group companies are functioning and are conducted at a sufficient level.

***Control Activities***

The internal control activities are in place, among others, to verify that the company's financial reports provide true and fair information about the financial position of the Group. It is the duty of the Board of Directors and the CEO to organize the internal control activities. Each member of the Board of Directors receives monthly a report on the financial position of the Group.

In practice, control activities are conducted in the meetings of the Board of Directors and the management groups, where the results of the activities are reviewed. Group Finance and the company's finance network support and coordinate the financial management and control of the activities of the Group.

The internal control of Robit has been decentralized across Group functions, who monitor the compliance of the operating guidelines approved by the Board concerning their areas of responsibility. In addition to the Group-level guidance, controlling measures are taken also at business unit and plant level. Controlling measures include both general and more detailed control procedures aiming to prevent, reveal and correct errors and deviations. Issues raising in internal control are reported also to the Authorized Public Accountant firm.

In the continuing business operations several controls activities are exercised to prevent potential errors and deviations in financial reporting. Moreover, the control activities are in place to help reveal and correct the identified errors. Robit categorizes control activities into three categories. Documented instructions help the organization to standardize the monitoring of tasks. Continuous and regular reporting conveying feedback on the performance of Group functions and entities ensures that instructions and defined processes are followed. In critical processes, specific authorization matrix is applied in the workflow and segregation of duties is implemented to ensure adequate control.

The need for separate evaluations, as well as their scope and frequency, will be defined by assessing risks and the effectiveness of ongoing monitoring procedures. Information security and related control activities play a key role when the features of ICT systems are being defined and applied.

***Information and Communication***

The Group accounting manual, policies and other directives and instructions relating to financial reporting are updated and communicated on a regular basis by management to all affected employees. In addition, a standard reporting package is used by the units. Group management and business unit management conduct monthly reviews that include an analysis of performance metrics and indicators assisting management to better understand the underlying business performance.

***Follow-up***

Ongoing responsibility for follow-up rests with the business units' management and finance functions.

Regular inspections by quality auditors or customer audit personnel cover also the internal controls of supply chain processes.

The Group's Finance function monitors the operations and processes of the Group units and the accuracy of external and internal financial reporting.

***Risk Management***

Risk management is considered an integral part of running the business of Robit, and the identification and assessment of risks is an essential element of internal control. The aim is to focus on the material risks that are significant from a business perspective. Risks are categorized into business risks caused by changes in the business environment and operational risks, caused by deficiencies in Robit's processes.

Operational risks are considered to have potentially a material value in transactions with external parties. However, Group instructions, process reviews, allocation of tasks and standards set up by quality operating systems help to establish a prudent environment in which exposure to material risks can be mitigated.

Risks relating to financial reporting are evaluated and monitored by the Board, aiming to ensure that the financial reporting of the Group is reliable, supports decision-making and serves the needs of external stakeholders. The valuation of assets, liabilities and contingent liabilities based on various evaluation assumptions and criteria may constitute a risk.

Future estimates and assumptions on the reporting date involving a significant risk of causing material changes in the carrying amounts of assets and liabilities are continuously evaluated. Complex and evolving factors having an impact on business circumstances may add uncertainty to the assessment of the carrying amounts of assets. To avoid errors in stating the fair values of assets or liabilities, regular reviews are made, e.g. by comparing material flows, values, and quantity and quality data with the information in accounting. The risk of errors due to irregularities and discontinuities in information is reduced by using established and automated system-based audit trails.

***Insider Management***

Robit complies with Nasdaq Helsinki Ltd's guidelines for insiders in force at any given time. In addition, the Board of Directors of the company has confirmed specific insider guidelines for the Company to complement Nasdaq Helsinki Ltd's guidelines for insiders. Company's insider guidelines were completely renewed due to Market Abuse Regulation ((EU) N:o 596/2014, "MAR"), effective as of 3 July 2016.

As a result of the MAR regulation, Robit has decided that after 3 July 2016 it will not maintain company specific register of permanent insiders. Persons involved in potential insider projects will be entered into project specific insider lists, established as needed.

### **Directors Required to Submit Notifications**

Based on MAR Regulation, Robit is no longer obliged to maintain a public insider register. Instead, Robit maintains a list of company's directors and persons closely associated with them. Persons entered into that list have an obligation to notify Robit and Finnish Financial Supervisory Authority all transactions made with Robit's financial instruments by them or on behalf of them. Robit will disclose the notifications it has received as stock exchange releases as soon as possible. At Robit Group, the members of the Board of Directors and the CEO as well as the members of the Management Team as well as instances where these individuals have decision making power have been defined to be subject to the requirement to notify their transactions. This ruling applies also to the family members of these individuals. All individuals have been informed of this transaction notification protocol and they have instructed of the importance of insider regulation.

Disclosed stock exchange releases on the transaction notifications of directors and persons closely associated with them can be viewed at <https://www.robitegroup.com/investor/releases/>.

### **Closed Period**

Since the MAR regulation came into force, as of 3 July 2016, Robit's defined directors are subject to comply with so called closed period. The closed period is applied prior to disclosure of financial reports. It lasts 30 calendar days, including the date of disclosure of a financial report. During the closed period, defined directors of Robit may not trade with the share or another financial instrument of the company. Also core persons preparing financial reports, among others, are subject to a similar 30-day closed period. The times of the closed periods are disclosed through a stock exchange release. Persons obligated to observe the closed periods are separately informed of each oncoming period.

During a closed period, trading with Robit's financial instruments by defined directors and core persons is possible only in certain very exceptional situations. An example of such an exceptional situation could be transaction conducted by director or core person to participate a share saving scheme of Robit employees, which is a prerequisite for a director's or a core person's position. Making an exception to the 30-days-long closed period requires that the company gives approval for the transaction in question. The exception cannot be applied if a director or a core person has inside information.

### **Trading by Directors and Key Persons**

Directors and key persons, in addition to abiding by the closed period and other trade restrictions, must time their trading so that their trading does not deteriorate the general trust for the securities market. Robit recommends that directors and core persons shall make long-time investments to the company's shares and other financial instruments. Further, it is also recommendable to time the trading to a point in time when the market has as complete knowledge of the factors affecting the value of the share or the financial instrument as possible.

### **Monitoring and Control**

All the persons with a duty to report have been instructed to declare their trading to the Insider Officer, who is Robit Group's IR and Communication Manager. Insider Officer is generally responsible for the administration insider issues with the company.

Without limiting to the obligations coming from MAR, Securities Marketing Actor Nasdaq Insider Guidelines, the Company's insider administration will assume responsibility for the following:

- internal communications concerning insider issues
- training in insider issues within the company
- preparing and maintaining lists of directors and their closely associated persons

- receiving notifications, which concern the transactions of the directors' and their closely associated persons, going-through the notifications and forwarding those to the Financial Supervisory Authority (if a directors/closely associated person has authorized the company to do so) and publishing the relating stock exchange release
- preparing and maintaining project-specific insider lists
- preparing lists of personnel, who are defined as core persons
- monitoring of the insider issues
- administering the information to be published on the Internet, if needed.

### **Related Party Transactions**

The company has defined the principles and processes for related party transaction which enable the company to identify and follow-up these transactions, assess the nature of the transactions and their conditions and ensure that any conflicts of interest will be duly taken into account in the company's decision-making. The company complies with the of the Companies Act, the Corporate Governance code of the Securities Market Association and the requirements of international accounting standards in the monitoring and reporting of related activities.

The company maintains a list of related persons and entities to identify related party transactions. The company has identified its subsidiaries, Board members, CEO, members of the Management Team and their family members as a related group. It also includes companies that have control or significant influence over the aforementioned persons.

The related parties have been instructed on the importance of related party transaction monitoring and their reporting obligations. Ultimately, the identification and registration of related party transactions are carried out in connection with the payment of other financial transactions such as consultancy invoices and salaries and commissions. Supervision is carried out by the company financial management, which informs the Audit Committee and the board of related party transaction.

The contractual terms of the related party transactions shall be assessed with regard to the market practices generally accepted in the industry and, where appropriate, for example the normal commercial conditions with third parties like customers. In the event of transactions with the related party, the nature of the related action and its conditions shall be assessed in relation to the company's normal activities and normal commercial conditions. Related parties that do not belong to the company's normal activities or are made by way of deviating from normal commercial conditions require the board to decide on the implementation of the related party transaction.

If it would be necessary to make related party transactions, the basis for the transaction is carefully prepared and, where appropriate, to conduct external assessments and to ensure compliance with the provisions of the exclusion. In the preparation and implementation of related party transactions, the company also takes into account the specific reporting and disclosure obligations for related parties.

### **Auditing**

The Annual General Meeting held on 22 April 2020 re-elected Ernst & Young Oy, Authorized Public Accountant firm, as auditor of the company, with Toni Halonen, Authorized Public Accountant, as the principal auditor.

In 2020, the fees paid to Ernst & Young for the statutory auditing of the Group companies totaled EUR 278 thousand (2019: EUR 225 thousand). The auditing company and companies belonging to the same group were paid EUR 1.4 thousand for non-audit services (such as tax, IFRS and other services).