

# Corporate governance statement 2017

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This corporate governance statement has been prepared in accordance with the Finnish Corporate Governance Code 2015. The corporate governance statement has been prepared as a part of annual report and it is also available separately on the Company's website [www.etteplan.com](http://www.etteplan.com). Etteplan's Board of Directors' has reviewed this corporate governance statement. Etteplan Oyj's external auditor, KPMG Oy Ab, has checked that this statement has been issued and that the description of the main features of the internal control and risk management systems pertaining to the financial reporting process is consistent with Etteplan Oyj's financial statements.

## General governance principles

Etteplan Oyj is a Finnish public limited company that in its decision-making and governance complies with the Finnish Companies Act, other legislation concerning publicly listed companies, and the Articles of Association of Etteplan Oyj.

The Company is a publicly listed company that abides by the regulations of Nasdaq Helsinki Ltd. Etteplan complies with the Finnish Corporate Governance Code 2015 published by the Securities Market Association. Etteplan does not deviate from any single regulation of the Code. The Finnish Corporate Governance code is available on the Securities Market Association's website at [www.cgfinland.fi](http://www.cgfinland.fi).

Supervision and management of the Company is divided among the General Meeting of Shareholders, the Board of Directors, and the CEO. The CEO is assisted by the Management Group in the operative management of the Company and in coordinating its operations. The Management Group members are not members of the Board of Directors.

## Administrative bodies of Etteplan Oyj



## GENERAL MEETING

The shareholders exercise their decision-making power at the General Meeting. The Company must hold one Annual General Meeting for shareholders annually, by the end of June. If necessary, an Extraordinary Meeting of Shareholders is held. A shareholder may exercise his/her right to speak, ask questions and vote at the General Meeting. The matters to be considered at the Annual General Meeting (AGM) are specified in section 8 of Etteplan's Articles of Association and in Chapter 5, Section 3 of the Companies Act.

Resolutions of the General Meeting are published without delay after the meeting by a stock exchange release and on the Company's website [www.etteplan.com](http://www.etteplan.com).

### **Information on General Meetings to Shareholders**

The Board shall convene the Annual General Meeting or an Extraordinary General Meeting with a summons to be published on the Company's website [www.etteplan.com](http://www.etteplan.com). The summons must list the agenda for the meeting. The Board may also decide to publish the invitation to the General Meeting in one Finnish national newspaper, determined by the Board. The summons to a meeting and the Board's proposals for the meeting are also published as a stock exchange release.

The notice of the General Meeting includes a proposal for the agenda of the meeting. The notice of the General Meeting, documents to be submitted to the General Meeting and draft resolutions to the General Meeting will be available on the Company's website at the earliest two months and at the latest three weeks before the General Meeting.

The Company will disclose on its website the date by which a shareholder shall notify the Board of Directors of the Company of an issue that he or she demands to be included in the agenda of the Annual General Meeting.

The minutes of the General Meeting shall be posted on the Company's website within two weeks of the General Meeting. The documents related to the General Meeting shall be available on the Company's website at least for five years after the General Meeting.

### **Organization of the General Meeting**

According to Company's Articles of Association the General Meeting shall be held in the Company's domicile or in Lahti or in Helsinki as decided by the Board of Directors of the Company.

To be able to participate in General Meeting, a shareholder must be registered on the record date in the Etteplan Oyj's shareholder register, maintained by Euroclear Finland Ltd. A nominee registered shareholder who intends to take part in General Meeting is advised to request the necessary instructions regarding entry in the Company's shareholder register and the issuing of proxy documents from their account holder. A notification by a holder of

nominee registered shares for temporary inclusion in the Company's shareholders' register is perceived as prior notice of participation in the General Meeting.

Shareholders must register for a General Meeting in advance, within the time prescribed in the summons. A shareholder may participate in a General Meeting personally or through a duly authorized proxy. The proxy must present a power of attorney form for such authorization. Upon registration for a General Meeting, the shareholder must report to the Company any powers of attorney issued. The shareholder and proxy may have an assistant present at the meeting.

### **Attendance of the Board of Directors, Managing Director and Auditor at the General Meeting**

The Chairman of the Board of Directors and the members of the Board and its Committees as well as the CEO shall attend the General Meeting. In addition, the Auditor shall be present at the Annual General Meeting.

### **Attendance of a prospective Director at a General Meeting**

A person proposed for the first time as Director shall participate in the General Meeting that decides on his or her election unless there are well-founded reasons for absence.

## **BOARD**

The Board of Directors is responsible for the Company's management and for the due organization of the Company's operations in accordance with the relevant legislation and the Company's Articles of Association. The Board of Directors controls and monitors the Company's operational management, appoints and dismisses the CEO, and approves the major decisions affecting the Company's strategy, capital expenditures, organization, remuneration and bonus systems covering the management, and finances.

### **Charter of the Board**

As part of the Company's corporate governance, the Etteplan Oyj Board of Directors has approved written rules of procedure to control Board work. The Board's rules of procedure complement

the stipulations of the Finnish Companies Act and the Articles of Association of the Company. Charter of the Board is presented on the Company's website [www.etteplan.com](http://www.etteplan.com).

### Meetings of the Board

The Board meets as often as appropriate fulfilment of its obligations requires. In the financial year 2017, the Board held a total of 11 meetings two of which were phone meetings. The Board members participated in the meetings as follows: Patrick von Essen, Matti Huttunen, Robert Ingman and Leena Saarinen in 11 meetings, Pertti Nupponen and Teuvo Rintamäki in one meeting and Cristina Andersson and Mikko Tepponen in 10 meetings. In addition to the members of the Board, the Company's CEO attended Board meetings as the Secretary to the Board.

### Performance evaluation of the Board

On an annual basis, the Board of Directors assesses its own activities and work practices. The Board specifies the criteria to be used in the assessment, which is carried out as internal self-evaluation. The results of these activities are handled by the Board.

### Composition of the Board

The Annual General Meeting elects the members of the Board of Directors. The Nomination and Remuneration Committee of the Board of Directors of Etteplan Oyj prepares a list of proposed members of the Board of Directors for consideration by the General Meeting. The Board proposed candidates are reported upon in the summons to the meeting and on the Company's website.

According to the Articles of Association, the Board of Directors shall have a minimum of three and a maximum of seven members. The Board of Directors shall be elected for a term of one year at a time.

### Etteplan Oyj Board of Directors

	Born	Education	Occupation	Member since	Shareholding (31 Dec 2017)
Robert Ingman, Chairman	1961	M.Sc. (Eng.), M.Sc. (Economics)	Managing director, Ingman Group Oy Ab  independent of the company	2009	16,540,000 shares
Cristina Andersson	1959	Trade technician, MKT	Entrepreneur/management consultant, Devolor Productions Oy  independent of the company and of significant shareholders	2017	200 shares
Patrick von Essen	1963	M.Sc. (Eng.)	CEO, Dovre Group Plc  independent of the company and of significant shareholders	2014	no ownership
Matti Huttunen	1967	B. Sc. (Eng.)	COO Rolling Stock, PKC Group Plc  independent of the company and of significant shareholders	2015	no ownership
Leena Saarinen	1960	M.Sc. (Food Technology)	Professional board member  independent of the company and of significant shareholders	2013	38 shares
Mikko Tepponen	1979	M.Sc. (Technology) Automation Technology	Vice President, Wärtsilä Finland Oy  independent of the company and of significant shareholders	2017	no ownership

The ownerships are listed as per December 31, 2017 and include shares possibly owned by controlled entities.

The Annual General Meeting held on April 4, 2017 appointed Cristina Andersson, Patrick von Essen, Matti Huttunen, Robert Ingman, Leena Saarinen and Mikko Tepponen as members of the Board of Directors according to the proposal of the Nomination and Remuneration Committee. The Board of Directors of Etteplan Oyj elected on April 4, 2017 in its organization meeting subsequent to the AGM Robert Ingman as Chairman of the Board.

Further information on the Board members is available on the Company's website at [www.etteplan.com](http://www.etteplan.com) and partly in the Annual Report 2017.

### **Independence of the Board**

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

The Board shall evaluate the independence of its members and report which of them are independent of the Company and which are independent of significant shareholders.

Robert Ingman, Cristina Andersson, Patrick von Essen, Matti Huttunen, Leena Saarinen and Mikko Tepponen are independent of the Company.

Cristina Andersson, Patrick von Essen, Matti Huttunen, Leena Saarinen and Mikko Tepponen are independent of significant shareholders.

### **Diversity of the Board**

The Board of Directors of Etteplan has defined the principles on the diversity of the Board in compliance with the Corporate Governance Code 2015. Accordingly, the requirements on the size, market position and business industry of the Company should be duly reflected when composing the Board of Directors.

When composing the Board the objective is that the members have versatile and different know-how on various industries so that the professional profiles of the members complete each other. The composition of the Board aims to ensure that it has extensive know-how on the essential strategic focus areas of the Company. In addition, the aim is to ensure that the Board will consist of both genders.

The diversity principles defined by the Board of Directors were well fulfilled in the financial year 2017. The Company will continue to execute the principles in the financial year 2018.

## **BOARD COMMITTEES**

The Board of Directors of Etteplan Oyj has a Nomination and Remuneration Committee. The Board carries out the duties assigned for the Audit Committee since the Company does not have an Audit Committee.

### **Nomination and Remuneration Committee**

The Board of Directors of Etteplan Oyj has appointed a Nomination and Remuneration Committee among the Directors. The Board has confirmed the central duties and operating principles of the committee in a written charter. Charter of the Committee is presented on the Company's website [www.etteplan.com](http://www.etteplan.com). The Nomination and Remuneration Committee reports regularly on its work to the Board.

The task of the Nomination and Remuneration Committee is to assist the Board of Directors in matters related to the appointment and compensation of the Company's CEO, the deputy CEO and other executives. In addition, the committee prepares for the Annual General Meeting a proposal on the number of Board members, Board composition and Board member compensation. The committee also recommends, prepares and proposes to the Board the CEO's and the deputy CEO's nomination, salary and compensation, and further evaluates and provides the Board and the CEO with recommendations concerning management and employees rewards and compensation systems.

The committee consists of three members of the Board of Directors. It convenes on a regular basis at least once a year. The Committee Chairman provides the Board with the proposals made by the committee.

Since the Annual General Meeting of 2017, Leena Saarinen has acted as the Chairman of the Nomination and Remuneration Committee and Robert Ingman and Patrick von Essen as members of the Committee. All members of the Committee are independent of the Company.

The Nomination and Remuneration Committee met 4 times during 2017. The Committee members participated in the meetings as follows: Patrick von Essen, Robert Ingman and Leena Saarinen in 4 meetings.

## CEO

M.Sc. (Eng.) Juha Näkki has been the Company's President and CEO from the beginning of 2012. The CEO is responsible for managing the Group's day-to-day operations in accordance with the rules and instructions issued by the Board of Directors. The CEO may take measures that are unusual and far-reaching with regard to the scope and nature of the Company's operations, but only with authorization from the Board of Directors. The CEO is responsible for ensuring that the Company's accounting complies with the applicable legislation and that its asset management is arranged in a reliable manner. The CEO attends the Board meetings as the Secretary to the Board, but he is not a member of the Board of Directors. The parent Company's CEO furthermore acts as the Group's Chief Executive Officer.

A written CEO agreement, which has been approved by the Board, has been drawn up for the CEO. The Board of Directors appoints the CEO and terminates his or her employment, as well as monitors the CEO's activities.

Further information on CEO Juha Näkki is available on the Company's website at [www.etteplan.com](http://www.etteplan.com) and partly in the Annual Report 2017.

## OTHER EXECUTIVES

The CEO appoints members to the Management Group who are appropriate from the standpoint of line operations. The Management Group assists the CEO and also develops and monitors all matters entrusted to the Company's management, including those connected with the Group and business unit strategies, acquisi-

### Etteplan Oyj's Management Group

	<b>Position and responsibility area</b>	<b>Born</b>	<b>Education</b>	<b>Member since</b>	<b>Shareholding (31 Dec 2017)</b>
Juha Näkki	President and CEO, Chairman of the Management Group	1973	M.Sc. (Eng.)	2008	104,947 shares
Per-Anders Gådin	Chief Financial Officer	1965	M.Sc. (EP), BBA	2009	8,156 shares
Petri Ikonen	Senior Vice President, Technical documentation	1964	B.Sc. (Eng.)	2015	2,876 shares
Veikko Lamminen	Senior Vice President, Operations Finland	1960	B.Sc. (Eng.)	2012	19,266 shares
Outi-Maria Liedes	Senior Vice President, HR and Operational Development	1956	M.Sc. (Eng.), MBA	2008	10,795 shares
Kari Liuska	Senior Vice President, Embedded systems and IoT	1965	M.Sc. (telecomm.), B.Sc. (Eng.)	2016	31,200 shares
Riku Riikonen	Senior Vice President, Engineering services	1977	M.Sc. (Eng.)	2015	13,209 shares
Outi Torniainen	Senior Vice President, Communications and Marketing	1965	B.Sc. (Communications)	2016	no ownership
Mikael Vatn	Senior Vice President, Operations Central and Western Europe	1967	B.Sc. (Eng.), MBA	2012	2,000 shares

The ownerships are listed as per December 31, 2017 and include shares possibly owned by controlled entities.

tions and major capital expenditures, divestments, the Company's image, monthly reporting, interim reports, investor relations, and the main principles of the human resource policy. The Board of Directors approves the appointment of the Management Group members. The members of the Management Group report to the President and CEO.

Further information on the Management Group members is available on the Company's website at [www.etteplan.com](http://www.etteplan.com) and partly in the Annual Report 2017.

## REMUNERATION

### Principles applied to remuneration schemes

The goal of remuneration schemes is to promote competitiveness and long-term financial success of the Company and to contribute to the favourable development of shareholder value. Remuneration schemes are based on predetermined and measurable performance and result criteria.

The task of Board's Nomination and Remuneration Committee is to assist the Board of Directors in matters related to the remuneration of the Company's CEO, the deputy CEO and other executives and to prepare matters related to the reward schemes for employees.

### Decision-making process

The General Meeting shall decide on the remuneration payable for Board and Committee work as well as the basis for its determination. The Nomination and Remuneration Committee has been assigned the duty of preparing the remuneration of the Board. The Board of Directors shall decide on the remuneration of the CEO as well as other compensation payable to him or her. The compensation principles for the Management Group are determined by the CEO in cooperation with the Board of Directors.

### Remuneration of the Board of Directors

According to the resolution passed by the Annual General Meeting of 2017, the remuneration for each member of the Board of Directors is 600 euros per meeting and for the Chairman of the Board of Directors 1,200 euros per meeting. In addition, each member of the Board receives 24,400 euros per year and the Chairman of the Board of Directors 48,800 euros per year. Daily allowances and

travel expenses are paid to the Board members according to the Company's travel policy.

According to the resolution passed by the Annual General Meeting of 2017, the remuneration for each member of the Nomination and Remuneration Committee is 600 euros per meeting and for the Chairman of the Nomination and Remuneration Committee 1,200 euros per meeting. In addition daily allowances and travel expenses are paid for the meetings to the committee members according to the Company's travel policy.

Remuneration for Board and Committee work is not paid in the form of Company shares and the Board members are not in the target group of Company's share based incentive plan.

### Remuneration of the CEO

The CEO's compensation consists of a basic salary and a yearly bonus decided annually by the Board on the basis of the Group's financial result and other key targets. The maximum amount of yearly bonus is 100 per cent of the annual salary. In addition, the CEO has car and phone benefits. Statutory retirement age applies to the CEO. The term of notice for the CEO is six months. In the event of dismissal, the CEO is at the most entitled to receive compensation equivalent to 18 months' salary which includes the salary for a six-month term of notice.

### Information on the service contract of the CEO

In 2017 President and CEO Juha Näkki's basic salary was EUR 286,663.61. In 2017, his car, phone and medical expenses insurance benefits totalled to EUR 16,415.25. EUR 100,137.00 of performance based bonus accrued from year 2016 was paid to the President and CEO in 2017. In addition, the President and CEO received as nonrecurring rewards for share-based incentive plans comprising calendar years 2014-2016 a total of EUR 1,324,393.95 (including 90,634 shares and thereto related taxes and tax-related costs). Rewards were paid for two separate incentive plans, one directed at the President and CEO and one at the key personnel of the Company. More information on said incentive plans and rewards can be found under point Share-based incentive plans.

The President and CEO is included in the share-based incentive plan for the Group's key personnel. The incentive plan includes one three year earning period comprising calendar years 2017–2019.

The potential nonrecurring reward of the incentive plan will be paid after the earning period in 2020.

In 2017 no additional accrual basis pension insurance policy was paid for the President and CEO Juha Näkki.

### **Remuneration of other executives**

The system of compensation for the members of the Management Group includes a basic salary and a performance based bonus. The principles for performance based bonus are decided annually. The maximum of the yearly bonus is 33–100 per cent of the recipient's annual salary depending on the member's duties. No separate agreement has been made regarding early retirement for the members of the Management Group. The term of notice for a Management Group member is at least 4 months. In the event of dismissal, a Management Group member is at the most entitled to receive compensation equivalent to 10 months' salary which includes the salary for a four-month term of notice.

In 2017 the Management Group members' basic salary was in total EUR 1,101,198.24. In 2017, the car, phone and medical expenses insurance benefits of the Management Group members totalled to EUR 31,522.76. In total EUR 219,629.28 of performance based bonus accrued from year 2016 was paid to Management Group members in 2017. In addition, the other Management Group members received as nonrecurring reward for a share-based incentive plan comprising calendar years 2014–2016 a total of EUR 1,144,104.36 (including 80,678 shares and thereto related taxes and tax-related costs). The reward was paid for the incentive plan directed at the key personnel of the Company. More information on said incentive plan and reward can be found under point Share-based incentive plans.

### **Share-based incentive plans**

The Board of Directors of Etteplan Oyj decided on May 31, 2017, to establish a new share based incentive plan for the Group's key personnel. The incentive plan includes one earning period comprising the calendar years 2017–2019. The earnings criteria are Etteplan Group's revenue increase and the development of Total Shareholder Return (TSR). The potential reward will be paid partly in the Company's shares and partly in cash. The proportion to be paid in cash is intended to cover taxes and tax-related costs arising

from the reward to the key personnel. Approximately 20 people belong to the target group of the incentive plan. The rewards to be paid on the basis of the plan will correspond to the value of an approximate maximum total of 260,000 Etteplan Oyj shares (including also the proportion to be paid in cash). The shares to be paid out as potential rewards will be transferred from the shares held by the Company or shares acquired from the market, and therefore the incentive plan will have no diluting effect on the value of the share.

During the 2017 financial period nonrecurring rewards from previous share-based incentive plans for the Company's President and CEO as well as key personnel were paid. Rewards were paid for two separate incentive plans, one directed at the President and CEO and one at the key personnel of the Company. Both incentive plans included one three year earning period comprising calendar years 2014–2016. The President and CEO of the Company was part of both incentive plans.

On the basis of the share-based incentive plans comprising calendar years 2014–2016 the President and CEO of the Company received as nonrecurring rewards on February 28, 2017 and April 28, 2017 a total of EUR 1,324,393.95 (including 90,634 shares and thereto related taxes and tax-related costs).

On the basis of the share-based incentive plan comprising calendar years 2014–2016 the members of the Management Group of the Company received as a nonrecurring reward on April 28, 2017 a total of EUR 1,144,104.36 (including 80,678 shares and thereto related taxes and tax-related costs).

### **Remuneration Statement**

A remuneration statement is available on Company's website [www.etteplan.com](http://www.etteplan.com). The statement is updated regularly.

### **INTERNAL CONTROL, RISK MANAGEMENT AND INTERNAL AUDIT**

The objective of Etteplan Oyj's internal control and risk management is to ensure that the Company's operations are efficient and profitable, its information is reliable, and it complies with appropriate regulations and operating principles. The objectives also include identification, assessment, and monitoring of risks related



to business operations. Internal audit helps to improve the efficient fulfilment of the Board's supervision obligation.

### Operating principles of internal control

Etteplan's internal control process is controlled by the Finnish Companies Act, the Securities Markets Act and other laws and regulations applicable to the operations of the company, the rules and recommendations of the Helsinki Stock Exchange as well as Corporate Governance Code for Finnish listed companies. External control is implemented by the company's auditors and the authorities.

Internal control in Etteplan covers financial reporting and other monitoring. The function of internal control is to ensure that the company achieves the goals and objectives set for it, as well as uses its resources economically and appropriately. Internal control also aims to ensure among other things correct and reliable financial and other information, compliance with external regulations and internal guidelines and policies as well as sufficient security of operations and information. Furthermore, internal control aims to ensure the organisation of adequate and appropriate IT and manual systems to support the operations of the company.

In Etteplan internal control is executed by the Board of Directors, management and the company's entire personnel. Internal control

is divided into 1) proactive control, 2) day-to-day control and 3) subsequent control. Proactive control consists of specification of corporate values and general operational principles. Day-to-day control includes operational steering and monitoring and thereto related operational systems and work instructions. Subsequent control comprises management evaluations and inspections, comparisons and verifications with the aim of ensuring that the goals are met and the agreed operational principles are followed.

### Organization of risk management

Risk management is an integral part of Etteplan's business management and internal control framework. The function of risk management is to anticipate future risks, to ensure that targets are reached and to secure operations in changing conditions. The objective is to ensure that the company's operations are efficient and profitable, that the information produced is reliable and that it complies with the appropriate regulations and operating principles.

The key measures of Etteplan risk management are proactive measures, securing operations, limiting adverse impacts and utilizing opportunities. Etteplan risk management consists of coordinated measures aiming to identify, evaluate, manage and control all major risk areas of the Group in a systematic and proactive manner.

### Etteplan's Risk Management



Etteplan's risk management process is led by the Group President and CEO together with the Management Group member responsible for risk management. The Management Group monitors the significant risks of the business units and supervises the development of the Group's risk management system and practices.

The business managers have the primary responsibility for risk management. Managers are responsible for risk management in their business areas in compliance with the Group's risk management guidelines. Risk management ensures profit, quality and continuity.

Managers report on the major risks and overall risk status of their business area to the Management Group as part of the monthly business reporting. The Group's financial administration monitors and assesses operational and financial risks and takes measures to hedge against them in cooperation with the Board of Directors, the Management Group and operative management.

The Board of Directors supervises risk management and approves the risk management guidelines of the Group. Risk management actions and the most relevant Group level risks are reported regularly to the Board of Directors.

Risks and risk management are presented on Company's website [www.etteplan.com](http://www.etteplan.com) and in the Annual report 2017.

Reviews concerning financing risks are presented in the notes to the consolidated financial statements in the Annual Report 2017.

### **Internal audit**

Etteplan Group does not have separate internal audit function. The Board can engage external advisors to perform evaluations relating to control environment or other activities.

### **Description of the main features of the internal control and risk management systems pertaining to the financial reporting process**

Etteplan prepares consolidated financial statements and interim reports in accordance with the International Financial Reporting Standards, as adopted by EU, the Securities Markets Acts as well as the appropriate Financial Supervision Authority Standards and Nasdaq Helsinki Ltd's rules. The Report of the Board of Directors of Etteplan and parent company financial statements are prepared in accordance with Finnish Accounting Act and the opinions and

guidelines of the Finnish Accounting Board.

Etteplan Group observes Group level accounting principles and instructions, which are applied in all Group companies and according to which the Group's financial reporting is prepared. Together with reporting calendar and schedules, accounting principles and instructions form the framework for timely and correct Group reporting. Etteplan's business operations are in all material respects located in Finland, Sweden, China, the Netherlands and Poland, and all countries have local accounting and financial reporting organizations, systems and reporting to the Group. Internal control and risk management systems and practices as described below are designed to ensure that the financial reports as disclosed by the Company give essentially correct information about the Company finances.

Etteplan has a common Group consolidation system. Accounting data is transferred from the local accounting systems either automatically or manually and correctness is controlled by the Group's accounting team. Common chart of accounts forms the basis of Group reporting. The Group accounting, consolidation and published financial reports are prepared by the centralised team.

### **Internal control over financial reporting**

Proper arrangement and monitoring of internal control is the responsibility of the local management in accordance with the Group framework. Etteplan Board of Directors has approved operating principles of internal control, which have been prepared in accordance with the Finnish Corporate Governance Code 2015 recommendation 25. Operating principles include the main features of risk management process, summary of risks, control objectives and common control points for financial reporting as well as roles and responsibilities in executing and monitoring internal control in Etteplan.

Internal controls over financial reporting process at the country and Group level was a focus area in 2009. Since then the processes have been reviewed and updated annually. Etteplan's finance organization has analysed process risks and defined control objectives for external financial reporting process. Existing control points in the process have been documented. These control points include for example reconciliations, authorisations, analysis, and segregation of key accounting duties. The work has been led by the Group CFO.

According to its annual clock, the Management Group has monthly meetings where also financial performance and financial reporting are analysed. Prior to these meetings, financial reports have been analysed in the business group level to detect any irregularities or errors. Group level financial reports are prepared to the Etteplan Board on a monthly basis. The Board also reviews and approves interim financial reports, annual results report and financial statements.

Etteplan does not have separate internal audit function. The Board can engage external advisors to perform evaluations relating to control environment or other activities.

## **INSIDER ADMINISTRATION**

The Etteplan Oyj Board of Directors has approved insider regulations for the Company. The regulations are based on the Finnish Securities Markets Act as well as from the beginning of July 2016 the Market Abuse Regulation (EU N:o 596/2014, MAR), and they comply with the standards of Financial Supervision and the Guidelines issued by the Nasdaq Helsinki Ltd.

In accordance with the Market Abuse regulation Etteplan is no longer under the obligation to maintain a public insider register. However, Etteplan maintains a register of its managers and publishes stock exchange releases on the transactions the managers report to the stock exchange and the Company in compliance with the time limits and obligations defined by MAR. Due to the nature of their position, the members of the Board of Directors, the CEO, and the members of the Management Group are entered into said register of managers.

In addition, the Company maintains a permanent company specific insider register in accordance with the decision of the Board of Directors. The company specific insider register includes front-line managers for business operations, financial administration personnel, and those working for the Company on the basis of an employment or other contract who receive insider information.

A project-specific insider register is created by the decision of the Board of Directors, the CEO, or the Management Group.

The Company's insider guidelines direct insiders to restrict their trading in the Company's shares to times when the markets have as precise information as possible on the factors influencing the

value of shares in the Company. Consequently, persons included in Etteplan Oyj's insider registers are always prohibited from trading with Company securities during 30 days before the publication of interim reports and financial statement release, including the day of publication (the closed window). During other times i.e. as of the day following the publication of interim reports and financial statement release there is an open window during which insiders are allowed to trade. Even then it is provided that they do not possess insider information.

The Chief Financial Officer is responsible for the maintenance of the afore mentioned registers of Etteplan Oyj. The CFO is also responsible for compliance with insider regulations and fulfilment of duties to report. The afore mentioned registers are maintained by the Company's Vantaa office, which updates the information that, as required by law, is entered in the registers for Euroclear Finland Ltd pertaining to insiders with the duty to declare.

## **RELATED PARTY TRANSACTIONS**

Etteplan Group's related parties include such persons that have control, joint control or significant influence over the Group. Also the Group's key personnel, i.e. the members of the Board of Directors and Management Group including the CEO are included in the related parties. Companies in control or joint control of the before mentioned persons are considered as other related parties. Related party transactions are priced according to Group's normal pricing basis and sales conditions.

In 2017 Etteplan's service purchases and sales from and to other related party companies were related to administrative cooperation between the companies.

## **AUDIT**

The primary duty of statutory auditing is to verify that the financial statements give correct and sufficient information about the Group's profit and financial situation for the financial year. Etteplan Oyj's financial year is the calendar year. The auditor is responsible for auditing the Company's accounts and the correctness of its financial statements during the financial year, and for issuing an auditor's report to the Annual General Meeting.

A summary of the Group's audit report is compiled for the Board of Directors. Also, the auditors of all Group companies report separately to the management of each company within the Group. The auditor attends at least one meeting of the Board of Directors in the relevant financial year.

The Annual General Meeting elects one or two auditors to audit corporate governance and accounts. At least one of the auditors must be a firm of independent public accountants so authorized by the Central Chamber of Commerce. Until the 2017 Annual General Meeting PricewaterhouseCoopers Oy, with Lauri Kallaskari, acted as the Chief Auditor of the Company. The Annual General Meeting held on April 4, 2017 elected KPMG Oy Ab, a firm of authorized public accountants, with Ari Eskelinen, acting as Chief Auditor. In addition, Olli Wesamaa, CPA, was elected as the second Auditor of the Company. The auditor's term ends at the conclusion of the first Annual General Meeting after the election.

#### **Audit fees and services not related to auditing**

According to the resolution made by the Annual General Meeting 2017 the fees for the auditor are paid according to invoice approved by the Company.

The audit fees paid in 2017 totalled EUR 165,343 (in 2016: EUR 127,668). In addition, EUR 81,713 was paid to the firm for services not related to auditing (in 2016: EUR 158,722).

## **COMMUNICATIONS**

It is Etteplan Oyj's principle to be open, truthful and quick in all communications. The primary objective of the Company's investor information is to provide the market with information about the Group's operations and financial standing. The goal is to give all stakeholder groups correct and uniform information in a regular and balanced manner.

#### **Silent period**

Etteplan Oyj follows a so-called silent period before publication of interim reports and financial statement releases. The duration of the silent period is 30 days.

#### **Distribution of investor information**

Etteplan publishes all of its investor information on the Company's website [www.etteplan.com](http://www.etteplan.com). Financial releases will be made available immediately after publication. They will be published in Finnish and English.