

**Sievi Capital Plc**  
**Corporate Governance**  
**Statement 2020**



## Introduction

Sievi Capital Plc is a publicly listed limited liability company. Its corporate governance complies with the company's Articles of Association, the Finnish Limited Liability Companies Act and other laws and regulations governing the company. In addition, the company complies with the Corporate Governance Code of Finnish listed companies that entered into force on 1 January 2020. The Corporate Governance Code is available at the Securities Market Association's website at [www.cgfinland.fi/en](http://www.cgfinland.fi/en).

Sievi Capital's Corporate Governance Statement has been prepared as a publication that is separate from the Board of Directors' report. The statement has been discussed and approved by the company's Board of Directors.

## Annual General Meeting

The ultimate decision-making power lies with Sievi Capital's general meeting of shareholders. The Annual General Meeting (AGM) makes decisions on matters addressed to it by the Limited Liability Companies Act and the company's Articles of Association. Key matters resolved by the AGM are adopting the financial statements, discharging the Board of Directors and the CEO from liability, deciding on the distribution of profit, electing the members of the Board of Directors and the auditors and deciding on their respective remuneration.

The company's AGM is held annually by the end of June. An Extraordinary General Meeting may be held for the purpose of dealing with a specific matter when deemed necessary by the Board of Directors or when requested in writing by the auditor or by shareholders representing at least one tenth of the company's shares. The notice of the General Meeting must be delivered to the shareholders no earlier than three (3) months and no later than three (3) weeks prior to the General Meeting, and no later than nine (9) days prior to the record date of the General Meeting. The notice is delivered to the shareholders by publishing it on the company's website or in a newspaper designated by the Board of Directors or by sending it by mail to the addresses recorded in the company's shareholder register.

Sievi Capital Plc's AGM was held on 29 April 2020 and it resolved matters designated to the AGM. Due to the restrictions and special measures related to the coronavirus pandemic, the company's principal auditor was not present at the AGM but followed the meeting online, being available whenever needed. Of the members of the Board of Directors, Chair Tuomo Lähdesmäki was present and the other members of the Board of Directors followed the meeting online, being available whenever needed.

## Board of Directors

The task of the Board of Directors is to see to the governance of the company and the appropriate organisation of the company's operations in accordance with the Finnish Limited Liability Companies Act. According to Sievi Capital's Articles of Association, the Board of Directors consists of a minimum of three and a maximum of seven ordinary members. The proposals for the composition of the Board of Directors to the Annual General Meeting are made by the Board of Directors. As part of the preparation process, the Chair of the Board conducts discussions with the largest shareholders, if necessary, to take into consideration different views and the company's situation in the composition and remuneration of the Board of Directors. The Board members are elected by the Annual General Meeting. The Board of Directors elects a Chair from among its members.

## Tasks of the Board of Directors

The Board of Directors has approved rules of procedure for itself, which define the Board's key tasks, operating principles and meeting practices as well as an annual self-assessment of the Board's activities.

According to the rules of procedure, the key tasks of the Board of Directors include:

- to confirm the company's business strategy and supervise its implementation;
- to confirm the company's values and policies;
- to confirm annual key business targets and monitor the Group's result development;
- to decide on investment projects and divestments;
- to review and approve financial statements and other financial reports;
- to appoint and dismiss the CEO;
- to decide on the incentive schemes of the management and the personnel;
- to monitor the company's key business risks and their management, be responsible for the company's internal control system and confirm the policies and guidance related to them;
- to take care of the compulsory duties of the Audit Committee; and
- to prepare proposals to target company shareholders concerning the election of the members of the Board of Directors in target companies.

The Board's tasks related to financial reporting, internal control and risk management include, for instance:

- to monitor the company's financing and financial position and the financial statements reporting process;
- to supervise the financial reporting process;
- to monitor and supervise significant strategic and operational risks and the actions of the company's management to monitor, manage and report the risks;
- to monitor the transactions of the company's management and their related parties and any possible conflicts of interest related to them;
- to review the Corporate Governance Statement; and
- to prepare a proposal to the Annual General Meeting for the decision concerning the election of an auditor and to evaluate the auditor's independence.

The Board of Directors is also responsible for the following tasks, which fall under the Remuneration Committee's responsibility according to the Corporate Governance Code of Finnish listed companies:

- to decide on the remuneration and other benefits of the CEO and other management;
- to formulate and implement the process of finding successors for the CEO and other management; and
- to develop and evaluate the remuneration schemes and ensure their appropriateness.

## Composition, independence evaluation and diversity of the Board of Directors

From 1 January 2020 to 29 April 2020, the members of Sievi Capital's Board of Directors were Kati Kivimäki, Asa-Matti Lyytinen, Tuomo Lähdesmäki, Taru Narvanmaa and Klaus Renvall.

At the Annual General Meeting held on 29 April 2020, the following persons were re-elected as members of the Board of Directors: Kati Kivimäki, Asa-Matti Lyytinen, Tuomo Lähdesmäki, Taru Narvanmaa and Klaus Renvall.

According to the evaluation of independence of the Corporate Governance Code of Finnish listed companies completed by the Board, all Board members are independent of the company and significant shareholders.

The company deems it important that its Board members have diverse backgrounds; however, it should be taken into account that the members have the competencies that are essential for the company's business. The aim is that the Board members have versatile, complementary professional backgrounds, experience and know-how and that the Board consists of representatives of both genders, so that the diversity of the Board supports Sievi Capital's business and future in the best possible way. The objective of Board diversity is to ensure, for instance, a wide scope of views, open discussion and support for and challenging of the company's operational management.

## Committees

Board committees have not been established in Sievi Capital. The Board of Directors is responsible for taking care of the compulsory duties of the Audit Committee. According to the view of the Board of Directors, the Board's operating without committees is the most suitable option considering the current needs of the company's business and best supports the fulfilment of the responsibilities of the company's Board according to law and the Corporate Governance Code of Finnish listed companies.

## Board meetings

In 2020, the Board of Directors held 19 meetings. The attendance rate of the Board members at the meetings during the financial period 2020 was 98%. Information about the Board members' meeting attendance is presented in the table below.

## Information about Board members and their shareholdings

| Name              | Personal data  | Shareholding in Sievi Capital Plc on 31 December 2020 <sup>(1)</sup> | Attendance at Board meetings |
|-------------------|--|--|------------------------------|
| Tuomo Lähdesmäki  | Chair of the Board of Directors<br>Member of the Board of Directors since 2019<br>Born: 1957<br>Education: M.Sc. Eng., MBA<br>Main occupation: board professional<br>Independent of the company and its major shareholders | 15,000   | 19/19                        |
| Kati Kivimäki     | Member of the Board of Directors since 2019<br>Born: 1973<br>Education: BBA, MBA<br>Main occupation: CEO of Mall of Tripla<br>Independent of the company and its major shareholders  | 0  | 19/19                        |
| Asa-Matti Lytinen | Member of the Board of Directors since 2000<br>Born: 1950<br>Education: M.Sc. Econ.<br>Main occupation: board professional<br>Independent of the company and its major shareholders  | 0  | 17/19                        |
| Taru Narvanmaa    | Member of the Board of Directors since 2019<br>Born: 1963<br>Education: M.Sc. Econ.  | 10,000   | 19/19                        |

|               |  |   |       |
|---------------|--|---|-------|
|               | Main occupation: board professional<br>Independent of the company and its major shareholders   |   |       |
| Klaus Renvall | Member of the Board of Directors since 2017<br>Born: 1951<br>Education: M.Sc. Econ.<br>Main occupation: Managing Director of FNZ-Group Ltd, Nordics<br>Independent of the company and its major shareholders | 0 | 19/19 |

(1) Including shareholding through controlled entities

## CEO and other management

### CEO

The company's Board of Directors appoints the CEO and decides on the terms of her/his service contract and remuneration. The CEO manages and supervises the company's business operations according to the Finnish Limited Liability Companies Act and the instructions and authorisations issued by the Board of Directors. Päivi Marttila has acted as Sievi Capital's CEO since 15 March 2018.

### Other management

The company's other management includes the CFO. The CFO is responsible for the financial reporting process and supports the CEO in the management of the company's business operations.

## Information about the CEO and other management and their shareholdings

| Name           | Position | Personal data                             | Shareholding in Sievi Capital Plc on 31 December 2020 <sup>(1)</sup> |
|----------------|----------|---|--|
| Päivi Marttila | CEO      | Born: 1961<br>Education: M.Sc. Econ.      | 104,128  |
| Markus Peura   | CFO      | Born: 1983<br>Education: M.Sc. Econ., CFA | 89,888   |

(1) Including shareholding through controlled entities

## Risk management, internal control and audit

### Risk management

Risk management at Sievi Capital is based on a risk management policy approved by the Board of Directors, with the goal of a comprehensive and proactive management of risks. The company aims to detect and identify factors that may have a negative impact on the achievement of the company's goals in a long or short term and to take necessary measures to manage these factors. In risk management, a key role is played by risk management at the level of investments, which is mainly arranged by the target companies themselves. By

exercising active control over its holdings and participating in the work of the Board of Directors in target companies, Sievi Capital strives to promote risk management at the target company level. Sievi Capital also assesses the most relevant target company risks at the target company level and, in this manner, promotes the implementation of risk management in target companies.

Sievi Capital is engaged in investment activities. Sievi Capital's Board of Directors confirms the company's strategy and action plan, which defines goals related to new investments and exits, among other things. The Board of Directors makes decisions on new private equity investments and supervises the execution of investment activities. Due to the company's business, investment strategy and nature of investments, a significant portion of Sievi Capital's most material risks are associated with the company's private equity investments in target companies and the risks related to their operations.

## Internal control and audit

Internal control at Sievi Capital is an ongoing process to secure business performance and continuity. The objective of control is to minimise risks by ensuring that reporting is reliable and that laws and regulations are being followed.

Considering the structure and scope of the company's business, setting up a separate internal audit organisation has not been considered appropriate thus far. The company's management is responsible for the internal control system. Internal control is an active part of the company's management and governance.

The basis of financial control is formed by the controls included in operational processes, which enable the fast detection of deviations and fast reactions to them. A material part of the financial control is monthly reporting by management. The metrics followed in the monthly reporting have been set so that they support the company in reaching its targets and highlight issues that require controlling actions. Due to the nature of the business, budgeting in its traditional form is not used in the parent company. The interpretation and application of the accounting standards is centralised to the corporate financial administration.

## Insider management

Sievi Capital complies with the insider provisions of the EU Market Abuse Regulation, which entered into force on 3 July 2016, and the insider guidelines of Nasdaq Helsinki. In addition, Sievi Capital has its own Insider Policy, which complements Nasdaq Helsinki's insider guidelines.

Sievi Capital does not maintain a list of permanent insiders. Project-specific insider lists are maintained for each project constituting inside information, as defined in insider provisions, based on the insider guidelines of Nasdaq Helsinki and the company's own internal guidelines.

Sievi Capital maintains an internal list on its managers and persons closely associated with them (related parties). The list is not public. Sievi Capital has determined the members of the Board of Directors, the CEO and the CFO as managers defined in the Market Abuse Regulation. Each manager and their related parties are obligated to report to Sievi Capital and the Financial Supervisory Authority all transactions made with financial instruments issued by Sievi Capital. Sievi Capital publishes these transactions in a separate stock exchange release. The total shareholding of each manager is annually published as part of the Corporate Governance Statement according to the Corporate Governance Code of Finnish listed companies.

Sievi Capital's above-mentioned managers, personnel and any other persons involved in the preparation, compilation and publication of the company's financial reports may not conduct any transactions related to

Sievi Capital's financial instruments within 30 calendar days prior to the publication of the company's financial results.

## Principles regarding related party transactions

Sievi Capital evaluates and monitors the transactions with its related parties and maintains a list of its related parties. The company does not customarily enter into transactions with its related parties which would be significant for the company and deviating from the ordinary course of business or would be conducted in deviation from customary market terms. The company did not enter into such transactions in 2020. The Board of Directors decides on possible related party transactions that deviate from the ordinary course of business or customary market terms.

## Auditing

According to its Articles of Association, Sievi Capital Plc has one auditing firm as its statutory auditor with an Authorised Public Accountant as the principal auditor. The term of the auditor terminates at the end of the first Annual General Meeting following their election.

The company's current auditor is the firm of APA auditors KPMG Oy Ab, with Esa Kailiala, APA, as the principal auditor.

In 2020, the audit fees paid to the auditor amounted to EUR 48,000 and the fees related to other non-audit services totalled EUR 0.