



## Corporate Governance Statement 2013

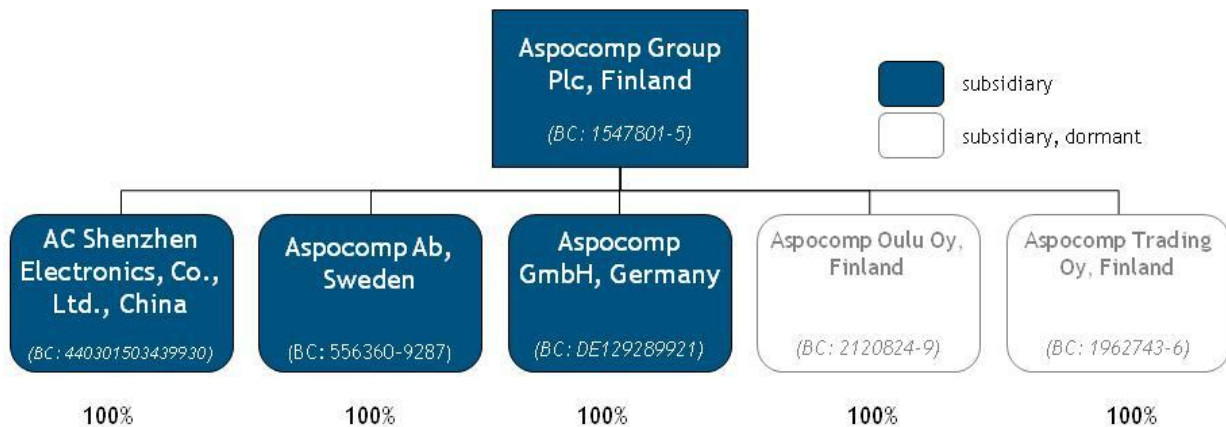
In its decision making and corporate governance, Aspocomp Group Plc. complies with the Finnish Companies Act, Securities Markets Act, as well as the instructions concerning the corporate governance of listed companies issued by the Securities Market Association (Finnish Corporate Governance Code 2010, available at [www.cgfinland.fi](http://www.cgfinland.fi)).

Aspocomp's corporate governance is described on the company's Internet site under the Governance section ([www.aspocomp.com/governance](http://www.aspocomp.com/governance)). Aspocomp's Corporate Governance Code can be downloaded as a pdf file from the front page of this section. The pages are available in both Finnish and English. The information presented below can also be found on the site and is updated on a quarterly basis.

This statement has been issued separately from the Report of the Board of Directors in accordance with Recommendation 54 of the Finnish Corporate Governance Code. The company's Board of Directors has reviewed the statement. In addition, the accounting firm PricewaterhouseCoopers Oy has verified that the statement has been issued and that the general description of the internal control and risk management systems related to the financial reporting process is consistent with the financial statements.

### STRUCTURE OF THE COMPANY AND ITS ADMINISTRATIVE BODIES

The company comprises the parent company Aspocomp Group Plc. and the subsidiaries it owns directly in Finland and abroad. The company's operations in Finland are organized directly by the parent company. The legal structure of the Group is presented below.



### General Meeting

In accordance with the Companies Act and the Articles of Association, Aspocomp's highest decision-making body is the General Meeting, where shareholders exercise their right to speak and vote.

### **General Meeting 2013**

*Aspocomp's Annual General Meeting assembled on April 23 in Espoo. 24 shareholders were present at the meeting in person or represented by proxy. They represented a total of 1,114,945 shares, or approximately 17 percent of the votes.*

*All Board members, the CEO and the auditor were present at the meeting.*

### **Board of Directors**

Aspocomp's Board of Directors has authority in matters that have not been assigned to another administrative body in either legislation or the Articles of Association. The company's Board of Directors consists of three (3) to eight (8) members elected by the AGM for one year at a time.

The Board elects the Chairman and the Vice Chairman from among its members at its organization meeting.

Aspocomp's Board of Directors complies with a Working Order that is available in its entirety on the company's Internet site ([www.aspocomp.com/governance](http://www.aspocomp.com/governance), choose Board -> Charter of the Board). As set out in the Working Order, the Board of Directors shall, among other duties:

- appoint and discharge the CEO and determine his or her remuneration
- approve the appointment of employees reporting to the CEO and decide on the terms and conditions of their employment and remuneration
- review, at least once a year, the company's major risks and issue the necessary instructions to manage those risks
- review and decide on the company's interim reports and annual financial reports
- approve the strategy of the company
- approve yearly, on the basis of the strategy, the business plan and budget and oversee their execution
- approve the investment plan and any individual investment of Aspocomp Group Plc. or its subsidiary over EUR 50,000
- decide on any credits over EUR 100,000
- resolve on the dividend policy and prepare a proposal for the AGM regarding payment of dividend
- monitor and manage any conflicts of interest between the company's management, Board members and shareholders
- assess on a yearly basis its own work, performance and competence.

The Board decides on whether to establish an Audit Committee, a Remuneration Committee and a Nomination Committee and, if so, elects their members each year after the AGM. If the scope of the company's business operations does not require it, no committees are established and the Board itself performs the tasks of the respective committees.

Specific duties have been assigned to the Audit Committee, including:

- the oversight of the reporting of the financial statements
- the oversight of the financial reporting
- the oversight of the effectiveness of the company's internal control and risk management systems
- the description, included in this corporate governance statement, regarding the main features of internal control and risk management, which are connected to the financial reporting procedure.

The tasks of the Audit Committee are specified in full on the company's Internet site ([www.aspocomp.com/governance](http://www.aspocomp.com/governance), choose Board -> Committees).

The company does not have a Supervisory Board.

### Board of Directors 2013

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#### **Tuomo Lähdesmäki, b. 1957, Chairman of the Board**

- M.Sc. (Eng.), MBA
- Board member since 2002, Chairman of the Board since 2003
- Independent of the company and its main shareholders since 2002
- Partner, Boardman Oy
- Compensation 2013: total EUR 39,000
- Aspocomp shares Dec. 31, 2013: 55,764 and holdings of related parties 50,000

#### **Johan Hammarén, b. 1969, Vice Chairman of the Board**

- LL.M., B.Sc. (Econ.)
- Board member since 2007
- Independent of the company and its main shareholders since 2007
- Director and founding member, JAM Advisors Oy
- Compensation 2013: total EUR 19,000
- Aspocomp shares Dec. 31, 2013: 84,578

#### **Päivi Marttila, s. 1961**

- M.Sc. (Econ.)
- Board member since April 23, 2013
- Independent of the company and its main shareholders since 2013
- CEO and Partner, Midagon Oy
- Compensation 2013: total EUR 18,500
- Aspocomp shares Dec. 31, 2013: 5,002

#### **Kari Vuorialho, b. 1952**

- B.Sc. in Electronics
- Board member since 2007
- Independent of the company and its main shareholders since 2007
- Compensation 2013: total EUR 19,500
- Aspocomp shares Dec. 31, 2013: 72,578

The AGM 2013 elected four members to the Board of Directors. Ms. Päivi Marttila, M.Sc. (Econ.), was elected as a new member.

The Board assembled 9 times and the overall meeting participation rate was 97%.

No committees were established. Instead, the Board attended to the duties of the Audit, Nomination and Remuneration Committees as set out in the company's Corporate Governance Code. The Board held a meeting to deal with Audit Committee matters, which was also attended by the company's auditor.

Based on the decisions of the AGM, 60% of the annual remuneration was paid in cash and 40% in company shares. The share-based proportion of the annual remuneration was paid in Aspocomp Group Plc shares acquired from the stock exchange. The shares were acquired in the two-week period following the publication of the second-quarter results for 2013 (August 8, 2013). The Chairman was granted 10,004 shares valued at EUR 12,000 and the other members 5,002 shares valued at EUR 6,000. In addition, the Chairman was paid an annual fee of EUR 18,000 and meeting fees amounting to EUR 9,000 in cash. The other members were paid an annual fee of EUR 9,000 and meeting fees of EUR 4,000 to Johan Hammaren, EUR 3,500 to Päivi Marttila and EUR 4,500 to Kari Vuorialho, in cash.

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## CEO

The President and CEO is responsible for managing and supervising the business operations of the company, and for the day-to-day management of the company in line with the Companies Act and the guidelines given by the Board of Directors. The key terms and conditions of the CEO's service are set out in a written president's contract, which the Board of Directors has approved.

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**CEO 2013**

*Sami Holopainen, Lic.Sc. (Tech.), has been the President and CEO as of June 22, 2009 (b. 1972). Salary, other remuneration, fringe benefits and bonuses paid to him in 2013 amounted to EUR 200,640. The CEO did not receive any performance-based incentives in 2013.*

*The CEO has no special retirement arrangements.*

*At the end of 2013, the President and CEO owned a total of 72,000 Aspocomp shares.*

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**Auditing**

The AGM elects one external auditor who must be a public accountant authorized by the Central Chamber of Commerce of Finland. The proposal for the election of the external auditor is prepared by the Board or by the Board's Audit Committee, if such a committee has been established, and shall be disclosed in the Notice of the AGM. The remuneration of the auditor shall be decided by the AGM.

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**Auditing 2013**

*The AGM elected PricewaterhouseCoopers Oy as the company's auditor with Authorized Public Accountant Markku Katajisto as the main auditor.*

*The fees paid to the accounting firm for the actual audit totaled EUR 60,282 (EUR 64,040 in 2012). In addition, EUR 4.825 (EUR 16,587) was paid to PWC for other services.*

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**INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS RELATED TO THE FINANCIAL REPORTING PROCESS**

The Board is responsible for the proper and effective arrangement of internal control and risk management. The objective is to ensure that:

- the Board and management receive sufficient and reliable information about the company's financial position, risks impacting on the future performance and the implementation of strategy
- the company's external reports are essentially correct, comprehensive and timely
- laws and regulations are followed.

**Risk management**

Risk management is an integral element in the Group's business strategy and operational goal setting. When deciding on the company's strategy, the Board of Directors reviews the company's major risks and sets operative goals such that these risks are eliminated or minimized cost-effectively. Risks are categorized into strategic, operative and financial risks.

As part of internal control, the achievement of the operative goals set for risk management is assessed and monitored.

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**Risk management 2013****Dependence on key customers**

*The acquisition of the Teuva plant in 2012 reduced the share of net sales accounted for by the five largest customers from over 80 percent to less than 70 percent and balanced out the net sales differences of the largest customers. However, Aspocomp does not as yet have enough medium-sized customers and still remains too dependent on four to seven key customers. This exposes the company to significant fluctuations in demand.*

**Market trends**

*Although Aspocomp is a marginal player in the global electronics market, changes in global PCB demand also have an impact on the company's business. A prolonged downturn has increased competition in quick-turn deliveries and short production series and has had a negative impact on both demand and prices. Correspondingly, overdemand for PCBs increases the need for quick-turn deliveries and decreases competition in short series, as high-volume manufacturers seek to optimize their capacity utilization ratios.*

*Aspocomp's main market area comprises Northern and Central Europe. In case Aspocomp's clients would transfer their R&D out of Europe, demand for Aspocomp's offerings might weaken significantly.*

#### *Liquidity and financial risks*

*Aspocomp's liquidity is based on the Group's cash assets, the cash flow generated by business operations, and external financing. If Aspocomp Group Plc. does not obtain financing from its operations, external providers of finance, or other sources of financing, the company may ultimately become insolvent. This could have a materially negative impact on the company's business operations, financial position and result of operations.*

## Internal control

The Board is responsible for organizing internal control. The CEO takes care of the practical arrangement of the control and reports on it to the Board. The operational principles of internal control are:

- all significant tasks, transactions and meetings, including the decisions made, are documented
- IT and other support systems are used efficiently and appropriately
- security is arranged properly.

The actual internal control materializes in management processes - in everyday work - as personnel acts based on instructions to reach operative targets. The targets determine the necessary actions and related risks. Instructions are used to steer actions.

Instructions related to the internal control are gathered into two company confidential documents, the former intended for all and the latter for finance staff. The first document, Policies, defines the company's operating policies:

- representation and approval rights
- HR policies and approval of employee benefits
- pricing, payment term and credit policies
- approval procedures for expenses
- instructions for preparation and handling of agreements
- instructions for IT usage and IT security
- principles of risk management and insurance coverage.

The second document, Finance Manual, includes:

- accounting instructions
- principles and instructions for management reporting and external reporting
- definition of internal controls in bookkeeping and reporting processes including responsibilities.

Accounting and reporting of all Group companies is centralized into one ERP system, which supports the business processes. The manufacturing execution system of plants directly under the responsibility of the parent company is integrated into ERP in real time.

Foreign subsidiaries' accounting is kept by outside accounting offices, taking into account the specific legislative features of each country. Each subsidiary provides a monthly account-level expense report, which is reviewed and approved prior to their payment.

Reports from the system are used in decision making and control in business and support processes. Several control points are defined in the different levels (subsidiaries, parent company, Group). These controls include approval procedures, reconciliations and analyses of financial information to ensure correctness of the information received from the system.

Management teams responsible for sales and manufacturing regularly follow all key performance indicators to also ensure the correctness of the financial information. The Board receives monthly a standard-format profit and loss report as well as a cash flow status report, including both actual and estimated figures. Quarterly the Board receives an IFRS-based report that includes the balance sheet, profit and loss, changes in equity, cash flow and selected financial indicators.

Due to its size, the company does not have a separate internal auditing organization or specific internal audit tasks.

#### ***Internal control 2013***

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*The principles of internal control remained unchanged in 2013. After the establishment of the subsidiary in China, monthly income statement and balance sheet reports have been added to the internal control routines.*

*Internal reporting focused on monitoring the trend in net sales and costs as well as cash flow*

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## **INSIDER ADMINISTRATION**

Aspocomp's Board of Directors has ratified the company's insider guidelines, which comply with the regulations on the administration and handling of insider information laid down in the Guidelines for Insiders published by NASDAQ OMX Helsinki Ltd.

The insider guidelines prohibit permanent insiders, any persons in their custody and any companies, organizations or foundations over which they have control from trading in shares of the company for two weeks prior to the publication of interim reports and three weeks prior to the publication of financial statements (so-called silent period). The silent period ends on the day following the publication of the results. The company supervises the trading of insiders.

According to the guidelines, the company's permanent public insiders include the members of the Board, the CEO and her/his deputy, the auditors and their deputies, the main auditor and members of the Management Team.

A non-public permanent company-specific insider register includes the Managing Directors of the subsidiaries and other persons designated by the CEO who according to their title or duties regularly receive insider information.

In addition to this the company maintains a project-specific register of insiders if the company has an ongoing project that, if realized, is likely to have an effect on the value of the company's stock price. Insiders involved in insider projects may not trade in shares until the project is disclosed in a Company Announcement or the project ceases.

Aspocomp instructs and informs its permanent and project-specific insiders to ensure that they know the company's insider guidelines and their obligations.

The CEO supervises the guidance and monitoring of the company's insider guidelines. The company's head of administration maintains the company's permanent and project-specific registers of insiders. Aspocomp's public register of insiders is maintained by Euroclear Finland Oy. Up-to-date details of public insiders' share holdings and trades are available for inspection at Euroclear Finland Oy's premises in Helsinki, Finland at the address Urho Kekkosen katu 5 C and on the company's Internet site at [www.aspocomp.com/governance](http://www.aspocomp.com/governance).

#### ***Insider administration 2013***

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*A new member of the Board, Ms. Päivi Marttila, M.Sc. (Econ.), was added to the company's register of public insiders on April 23, 2013.*

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