



ASPOCOMP'S CORPORATE GOVERNANCE STATEMENT 2019

Aspocomp Group Plc's Corporate Governance Statement 2019 has been prepared in accordance with the new Finnish Corporate Governance Code 2020, issued by the Securities Market Association and entered into force on January 1, 2020.

Aspocomp has complied with the Corporate Governance Code 2020 recommendations as written and without any deviations.

The company's Board of Directors has reviewed and approved this statement at its meeting. The statement has been issued separately from the Report of the Board of Directors. In addition to being included in the Annual Report 2019, the Corporate Governance Statement is available on the company's Internet site at www.aspocomp.com/governance. The Finnish Corporate Governance Code 2020 for Finnish listed companies is publicly available from, for instance, the Securities Market Association's website at www.cgfinland.fi/en.

ADMINISTRATIVE BODIES OF THE COMPANY AND ITS STRUCTURE

The administrative bodies of Aspocomp - the General Meeting, the Board of Directors, and the CEO - are in charge of the governance and operations of the company. Aspocomp's highest decision-making body is the General Meeting, where shareholders exercise their right to speak and vote. The Board of Directors is the highest operational decision-making body of the company. The AGM elects the Board of Directors, which in turn appoints the CEO. The CEO is responsible for the operational management of the company in accordance with the policies of the Board of Directors. Members of the Management Team assist the CEO in the company's operative management. In addition, the company has an auditor elected by the AGM, which must be a public accountant authorized by the Central Chamber of Commerce of Finland.

Management structure of Aspocomp Group Plc.



The duties and responsibilities of Aspocomp Group Plc's management bodies are defined according to Finnish legislation. The company complies with the legislation in force in Finland, Aspocomp's Articles of Association, the working orders of the Board of Directors and its committees, the company's policies and guidelines, the rules and guidelines issued by the European Securities and Markets Authority, the Finnish Financial Supervisory Authority and Nasdaq Helsinki Ltd, and the Corporate Governance Code applicable to Finnish listed companies.

The Group comprises the parent company Aspocomp Group Plc and the subsidiaries it owns directly in Finland and abroad.



ANNUAL GENERAL MEETING

Aspocomp's Annual General Meeting will be held each year on the day determined by the Board, but no later than the end of June. The Annual General Meeting decides on the matters covered by the Finnish Companies Act and the Articles of Association of the company. The most significant matters falling within the decision-making power of the General Meeting include the election of the Board members and the Auditor, the adoption of financial statements, the resolution on discharging the Board members and the CEO from liability, and the resolution on the distribution of the company's assets, such as distribution of profit. Extraordinary General Meetings are convened to handle specific matters proposed to a General Meeting.

Shareholders may exercise their decision-making power at the General Meeting, where they have the right to speak, ask questions, and vote. All Aspocomp shareholders have the right to attend General Meetings, as long as they follow the instructions given in the Notice of Meeting. Shareholders may either attend in person or authorize a representative to represent them. Each share carries one vote at a General Meeting. When votes are taken, the proposal for which more than half of the votes were given usually becomes the resolution of the General Meeting, as prescribed by the Limited Liability Companies Act.

Notice of the General Meeting and proposals for resolutions

Aspocomp will publish invitations to its General Meetings as stock exchange releases, as well as on its website. The company will publish the Notice of AGM no earlier than three months and no later than three weeks prior to the meeting. The Notice of AGM includes the agenda for the meeting, the proposals for the composition and remuneration of the Board of Directors prepared by the Board of Directors (or the Nomination Committee) and the proposal for the auditor. The Notice also includes an assessment of the independence of the Board candidates, the Remuneration Policy for the company's governing bodies as well as other items on the agenda. In addition, the biographical details of all candidates for the Board will be published on the company's website, including an assessment of their independence. The Remuneration Policy to be reviewed at the AGM will also be published on the website.

The Notice of AGM also includes any written proposals concerning the composition and remuneration of the Board of Directors and the election of the auditor submitted by shareholders representing no less than 10% of the company's shares. If the proposals are submitted to the company after the publication of the notice of the AGM, the company will publish the proposals separately. All written proposals submitted to the company before the date of the General Meeting and relating to the items on the agenda of that meeting will be published on the company's website.

Shareholders' proposals for issues to be addressed at the General Meeting

An Aspocomp shareholder has the right to have a matter falling within the competence of the General Meeting under the Limited Liability Companies Act addressed by the GM if he/she submits a demand in writing to the company's Board well in advance so that the matter can be included in the Notice of Meeting. Aspocomp shall disclose in due time on its website and the event calendar the date by which a shareholder must notify the company's Board of an issue that she or he demands to be addressed at the General Meeting and the contact information for sending such notifications. The date and contact information shall be published no later than by the end of the financial period preceding the General Meeting.

Attendance at the General Meeting

The Chairman of the Board, the members of the Board and the CEO are present at the General Meeting. The auditor is present at the Annual General Meeting. The nominees for the Board of Directors are present at the Annual General Meeting where they are elected. If one or more of these people do not attend, Aspocomp will notify the General Meeting of their non-attendance.

Archive of the General Meeting documents

The decisions of the AGM will be announced in a stock exchange release and on the company's website without undue delay after the meeting. The minutes of the General Meeting shall be made available on the company's website within two weeks of the General Meeting. General Meeting documents shall be archived on Aspocomp's website for at least five years. In addition, the annual Remuneration Report for governing bodies will be made available on the company's website for at least ten years. The remuneration report will be published at the same time as the financial statements, the annual report and the corporate governance statement.

2019

The 2019 Annual General Meeting was held on April 3, 2019 in Espoo, Finland. The AGM adopted the parent company's financial statements and the consolidated financial statements for 2018 and discharged the Board of Directors and the CEO from liability for 2018. The AGM also approved the Board of Directors' proposal regarding the distribution of the company's profit for 2018, sanctioning payment of a dividend of EUR 0.12 per share. The AGM also decided the composition of the Board of Directors and remuneration to be paid to the members of the Board of Directors and appointed the Auditor.

BOARD OF DIRECTORS

The Board is responsible for the administration and the proper organization of the operations of the company. In addition, the Board is responsible for the proper organization of accounting and financial management. The Board of Directors has general authority in matters that have not been assigned to another administrative body in either legislation or the Articles of Association. The general task of the Board is to use its powers to increase the value of the shareholders' holdings in the long run in line with the interests of the company and all of its shareholders. The Board of Directors operates in accordance with Aspocomp's Articles of Association, current legislation and the rules and regulations and guidelines of FIN-FSA and Nasdaq Helsinki.

Election and term of office of the Board of Directors

The Annual General Meeting elects annually all the members of the Board of Directors for a term of one year and decides on their remuneration. As set out in Aspocomp's Articles of Association, the company's Board of Directors consists of three to eight members. The term of office of the Board members ends at the next AGM following their election. The Board elects the Chairman and the Vice Chairman from among its members at its organization meeting, which is held after the AGM.

In the preparation of the proposal for the Board composition, Aspocomp applies a practice in which the Board of Directors or the Nomination Committee, if one has been established, prepares a proposal to the AGM concerning candidates for the Board of Directors and the remuneration of Board members. However, the procedure published by the company shall not restrict the shareholder's right to make proposals concerning the composition or remuneration of the Board of Directors.

Composition and diversity of the Board of Directors

The composition of the Board should enable the Board to perform its duties as effectively as possible. The preparation of the composition of the Board takes into consideration the requirements of the company's operations and development to ensure that the Board supports Aspocomp's current and future business in the best possible way.

In order for the Board of Directors to discharge its duties in the most effective manner, it is important that the members have sufficient and versatile competencies, mutually complementing experience and knowledge of the company and its industry. In addition, a person elected to the Board must have the possibility to devote a sufficient amount of time to the duties. Both genders shall be represented in the Board of Directors. A sufficient number of Board members contributes to the diversity of the Board and to the fulfillment of the independence requirements.

Diversity is an essential component of the achievement of Aspocomp's strategic objectives and good governance at the company. The diversity of the Board strengthens its efficient and optimal work and operations, promotes open discussions and enables decision-making based on different views and knowledge.

When preparing proposals on the composition of the Board, a range of diversity aspects, such as educational backgrounds, professional competencies and experience of national and international business, independence of the candidates as well as age and gender distribution are taken into consideration as set out in the company's principles concerning diversity. Board members need to have diverse and mutually complementary expertise, experience and capabilities that correspond effectively to the company's business and strategic requirements set by both current and emerging demands. The goal is to maintain the current balanced gender representation in the Board also in the future, so that at least 25% of Board members are always men and women.

In 2019, the Board consisted of five members. They have all worked or are working on the Boards of Directors or in the management of listed or unlisted companies. The Board members also have international work experience of different types of tasks. The Board members hold university-level degrees that are evenly distributed between economics and technology. Both genders are equally represented in the Board. At the end of 2018, 60 percent of Board members were women. During 2012-2018, the share of women in the Board varied between 25-66%. The ages of Board members are evenly distributed between 48 and 66.

During January 1-April 3, 2019, the Board consisted of five members: Ms. Päivi Marttila as Chairman of the Board, Ms. Kaarina Muurinen as Vice Chairman of the Board and Ms. Julianna Borsos, Mr. Matti Lahdenperä and Mr. Juha Putkiranta as members of the Board.

The Board of Directors prepared the proposal for the Board of Directors for consideration at the AGM held on April 3, 2019. The AGM decided to set the number of Board members at five and re-elected the current members of the Board, Ms. Päivi Marttila, Ms. Kaarina Muurinen, Ms. Julianna Borsos, Mr. Matti Lahdenperä and Mr. Juha Putkiranta. The Board re-elected Päivi Marttila as Chairman of the Board and Kaarina Muurinen as Vice Chairman. The term of office of the members of the Board ends at the end of the AGM in 2020.

Member	Born	Education	Nationality	Main occupation	Member since	Shareholdings *
Päivi Marttila Chairman	1961	M.Sc. (Econ.)	Finnish	Sievi Capital Oyj, CEO	2013	34,963 *
Kaarina Muurinen Vice Chairman	1958	M.Sc. (Econ.)	Finnish	Vaisala Plc, CFO	2015	0 *
Julianna Borsos	1971	D.Sc. (Econ.)	Finnish	Bocap Private Equity Oy Chairman of the Board and founder	2017	1,005,000 *
Matti Lahdenperä	1953	Lic. Sc. (Tech.)	Finnish	Board professional	2016	220,011 *
Juha Putkiranta	1957	M.Sc. (Eng.)	Finnish	Saafricon Oy, CEO and owner	2016	0 *
Shareholdings, total						1,259,974 *

* The shareholdings also include any shares held by the Board of Directors' related parties and controlled organizations.

Further information on the members of the Board of Directors can be found on the company's website at www.aspocomp.com/board.

Independence of directors

The majority of the directors must be independent of the company. At least two directors who are independent of the company must also be independent of the significant shareholders of the company.

Aspocomp's Board of Directors evaluates the independence of its members in accordance with the Finnish Corporate Governance Code annually and the updated evaluation is published as part of the company's Corporate Governance Statement. The evaluation also includes the criteria according to which the member is not considered independent. If factors affecting the independence of a director change during the year, an updated evaluation is published on the company's website. The independence evaluation of Board candidates is presented on the company's website. All Board members and Board candidates are obligated to provide the Board with the information necessary to evaluate their independence and to notify the changes as well as present their own evaluation of their independence.

In 2019, according to an evaluation of Board members' independence performed by the Board, all five Board members are independent of the company and four out of five members are also independent of the company's major shareholders. On the basis of the overall evaluation, the Board of Directors considered that a member of the board, Ms. Julianna Borsos, is not independent of the company's major shareholders, as a member of her family is one of the company's major shareholders, having more than 10% of the company's shares and voting rights.

Member	Independent of the company	Independent of the main shareholders
Päivi Marttila, Chairman	Yes	Yes
Kaarina Muurinen, Vice Chairman	Yes	Yes
Julianna Borsos	Yes	No
Matti Lahdenperä	Yes	Yes
Juha Putkiranta	Yes	Yes

Working order of the Board of Directors

The Board of Directors has confirmed a written charter for the Board of Directors' duties, the matters it deals with, its meeting practice and its decision-making procedure. In addition to the Articles of Association, Finnish legislation and other regulations, 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, choose Board -> Working Order). All meetings are documented.

As set out in the Working Order, the Board of Directors:

- decides on its Working Order and updates it annually, as necessary
- appoints and discharges the CEO and determines his or her salary and bonuses
- approves and maintains a successor plan for the CEO
- approves the appointment of employees reporting to the CEO and decides on the terms and conditions of their employment and remuneration
- approves the corporate structure and the company's organization
- proposes management incentive schemes to the General Meeting, as necessary
- ensures that the company has organized internal control of accounting and financial management as well as monitors the effectiveness of supervision
- determines the company's long-term objectives and monitors their implementation
- assesses the company's annual action plans
- approves the company's annual financial targets
- reviews, at least once a year, the company's major risks and issues the necessary instructions to manage those risks

- reviews and approves the company's interim reports, Financial Statements and the Board of Directors' Report as well as the Corporate Governance Statement
- has a discussion with the company's auditor at least once a year
- makes the most important business decisions such as acquisitions, divestitures, major contracts and liabilities, investments and financing arrangements
- determines the strategy of the company and oversees its implementation
- approves the business plan and budget drafted on the basis of the strategy and oversees their execution
- sets approval limits for investments and commitments, which cannot be exceeded without the Board of Directors' approval
- decides on the dividend policy and prepares a proposal to the AGM regarding payment of dividend
- monitors and manages any conflicts of interest between the company's management, Board members and shareholders
- carries out a self-evaluation of its own work, performance and competence on a yearly basis
- reviews and decides on all other matters that are the business of the Board of Directors according to the Companies Act or other legislation.

Tasks of the Chairman of the Board

The task of the Chairman is to chair the Board meetings and manage the Board's work so that the Board's responsibilities are met. The Chairman shall:

- ensure that the meetings set out in the meetings schedule are held
- call the Board to extraordinary meetings when necessary
- ensure that the proposals and the supporting material are sent to Board members before the meetings
- accept the agenda prepared by the CEO
- ensure that the minutes of the meetings are kept and that they are signed by the Chairman with a Board member appointed separately by the Board at each meeting
- be in contact with the CEO and follow up on the management of the company's business operations
- meet the other Board members between the meetings to discuss the company's business
- be in contact with the company's shareholders and other stakeholders
- be responsible for the assessment of the Board's work.

Board of Directors' right to receive information

Aspocomp's CEO, assisted by the Management Team, ensures that all Board members have access to sufficient information about the company's business operations, strategy, operating environment, and financial position, and that new members are properly introduced to the operations of the company.

Board of Directors' performance evaluation

In order to ensure and develop the efficiency and continuity of its work, Aspocomp's Board conducts an evaluation of its operations and working methods annually. The purpose of the evaluation is also to assess the composition of the Board and define qualifications for any new Board members.

In 2019, the Board carried out an internal self-assessment of its operations and working methods and used the evaluation results to develop its work. A summary of the results was reviewed at a Board meeting.

Board meetings in 2019

The Board assembled eight times and the meeting participation rate was 100%. The CEO and CFO of the company also participated in the Board meetings as needed.

Member of the Board	Number of Board meetings attended	Attendance percentage
Päivi Marttila, Chairman	8/8	100%
Kaarina Muurinen, Vice Chairman	8/8	100%
Julianna Borsos	8/8	100%
Matti Lahdenperä	8/8	100%
Juha Putkiranta	8/8	100%

COMMITTEES

Aspocomp has an Audit Committee that includes three Board members. The Board of Directors appoints the Chairman and members of the Audit Committee from amongst its number after the end of the Annual General Meeting for a term of one year. The Board of Directors has not appointed committees other than an Audit Committee.

The Board of Directors may also decide to establish a Nomination and Compensation Committee if necessary, to more effectively prepare such matters. The Board of Directors shall confirm the main duties and operating principles of each committee in a written charter. The committees have no decision-making authority of their own, and the decisions within their competence are taken collectively by the Board. Each committee must have at least three members. The members of the committee must have the expertise and experience required for the duties of the committee and the majority of the members of a committee must be independent of the company. At least one member of the Audit Committee must be an independent individual with special expertise in accounting, bookkeeping, or auditing. All meetings need to be documented and the committees must report regularly on their work to the Board. Minutes of committee meetings are to be submitted to the Board.

As an alternative to the Board's Nomination Committee, the General Meeting may establish a Shareholders' Nomination Committee to prepare Board election and remuneration. Aspocomp's General Meeting did not establish a Nomination Committee.

Audit Committee in 2019

At its organization meeting after the AGM held on April 3, 2019, the Board of Directors re-elected the following members and a chairman from amongst its members:

- **Kaarina Muurinen, Chairman of the Audit Committee**
- **Julianna Borsos, member**
- **Matti Lahdenperä, member**

All Audit Committee members are independent of the company and two members out of three are independent of the company's major shareholders. The competence requirements of Audit Committee members have been taken into account in their selection.

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

- overseeing the reporting of the financial statements
- overseeing the financial reporting
- overseeing the effectiveness of the company's internal control and risk management systems
- drafting a 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
- overseeing the statutory audit of the financial statements and consolidated financial statements
- establishment of principles concerning the monitoring and assessment of related party transactions
- assessing the independence of the statutory audit and auditing firm
- preparing the proposal for the election of the auditor
- reviewing the accounting principles and IFRS issues.

The Audit Committee's working order is available in its entirety on the company's Internet site at www.aspocomp.com/audit-committee.

In 2019, the Audit Committee assembled five times in 2019. The overall meeting participation rate was 100%.

Member of the Audit Committee	Number of Audit meetings attended	Attendance percentage
Kaarina Muurinen, Vice Chairman	5/5	100%
Julianna Borsos	5/5	100%
Matti Lahdenperä	5/5	100%

CEO AND MANAGEMENT

As of May 15, 2014, Mr. **Mikko Montonen**, M.Sc. (Tech.), (born 1965) has been the President and CEO of Aspocomp Group Plc as well as the Chairman of the Management Team. On December 31, 2019, CEO Mikko Montonen owned a total of 260,000 Aspocomp shares and 130,000 stock options.

The CEO is responsible for managing and developing the business operations of the company, and for the day-to-day management of the company in line with the guidelines given by the Board of Directors. In addition, the CEO is responsible for the legality of the company's accounting and reliable organization of the company's financial management as well as ensuring that the company has adequate management resources and that its administration is appropriate. The CEO prepares matters to be handled at Board meetings and reports to the Board.

The Board appoints the CEO and decides on the terms and conditions of the CEO's employment. The written CEO's contract, approved by the Board of Directors, specifies the terms and conditions of the CEO's employment and all financial benefits. The Board of Directors ensures that the remuneration of the CEO under the contract complies with the company's valid remuneration policy for governing bodies.

DEPUTY CEO

Aspocomp's Board of Directors appointed **Antti Ojala**, VP Business Development (b. 1979, M.Sc. engineer) as Deputy CEO on October 29, 2018. The Deputy CEO shall perform the duties of CEO if the CEO is temporarily unable to perform his or her duties or if the employment of the CEO is terminated. Mr. Ojala owned a total of 5,000 Aspocomp shares on December 31, 2019.

MANAGEMENT TEAM

The Management Team is responsible for assisting the CEO and supporting the preparation and implementation of major matters. The Board of Directors appoints the Management Team members on the proposal of the CEO and decides on their remuneration, taking into account the provisions of the Companies Act.

The Management Team holds regular meetings that are chaired by the CEO. The Management Team monitors the company's business performance and risk management, as well as reviews investment proposals, business plans and annual plans and incentive programs prior to their submission to the Board. The company's Management Team members report to the CEO and assist him by preparing important matters such as strategy and action plans as well as putting them into practice. The Management Team is not a governing body.

Management Team's composition and shareholdings as at December 31, 2019

Member	Born	Education	Position at Aspocomp	Natio- nality	Member since	Share- holdings *	Options
Mikko Montonen	1965	M.Sc. (Tech.)	President and CEO	Finnish	2014	260,000	130,000 *
Antti Ojala	1979	M.Sc. (Eng.)	VP, Business Development, deputy to CEO	Finnish	2013	5,000	
Ari Beilinson	1963	M.Sc. (Econ.)	VP, Sales and Marketing	Finnish	2019 **	None	
Jari Isoaho	1960	B. Sc. (Eng.)	COO	Finnish	2011	5,000	
Jouni Kinnunen	1960	diploma in Business & Administration	CFO	Finnish	2011	5,024	
Mitri Mattila	1973	M.Sc. (Eng.)	Chief Technology Officer	Finnish	2018	3,000	
Shareholdings and options, total						278,024 *	130,000

* The shareholdings also include any shares held by the Management Team's related parties and controlled organizations.

** Ari Beilinson's Management Team membership started on April 29, 2019.

Further information on the members of the Management Team can be found on the company's website at www.aspocomp.com/management.

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

Aspocomp's internal control and risk management model associated with its financial reporting process aims to ensure that the company's operations comply with current laws and regulations and the company's operating principles. In addition, the objective is to ensure that the financial reports published by the company give a true view of the company's performance and financial position.

In addition, the objective is to ensure that the Board and management have accurate and sufficient information about the company's financial position, risks impacting on future performance and the implementation of strategy. The Board is responsible for the proper and effective arrangement of internal control and risk management. The Board monitors that the CEO attends to the day-to-day business operations and administration of the company in accordance with the instructions and regulations issued by the Board of Directors.

Internal control

Internal control seeks to maintain the reliability of financial reporting. The objective is to ensure efficient implementation of the company's strategy and effective operations, assure compliance with internal instructions, policies and laws and regulations as well as achieve accurate financial reporting and prevent fraud and other misconduct. Internal control is an integral part of the company's administration and management systems. It is not a separate process, but as part of the company's activities it covers all the company's policies, guidelines and systems.

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. In accordance with the company's internal control principles, all significant tasks, transactions and meetings, including the decisions made, are documented, IT and other support systems are used efficiently and appropriately, and information security is arranged properly.

The Management Team, which is responsible for line operations, and the company's other teams regularly follow all key performance indicators to ensure the correctness of the financial information.

On a monthly basis, the Board receives a standard-format profit and loss report as well as a cash flow status report, including both actual and forecast figures.

The Board reviews and approves the company's interim reports, half-year reports, financial statement bulletins, financial statements and the report of the Board of Directors, as well as any significant changes in the business. The Audit Committee monitors the company's financial reporting process and internal control systems as well as reviews and appraises the audit efforts of the company's independent auditors.

The actual internal control materializes in management processes 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 and compliance with them is monitored as part of operational activity and management. In order to secure an efficient and functional internal control environment, the company seeks to ensure transparency, fairness, correctness and timeliness of internal and external communications.

The company's policies and other instructions and regulations adopted by the Board of Directors are kept up-to-date and regularly communicated to all those concerned. The company's Policies document defines representation and approval rights, HR policies and approval of employee benefits, pricing, payment term and credit policies as well as approval procedures for expenses. In addition, it defines instructions for preparing and handling agreements, instructions for IT usage and IT security and principles of risk management and insurance coverage. The Finance Manual provided to the financial staff includes accounting instructions, principles and instructions for management reporting and external reporting, as well as defines the internal controls in bookkeeping and reporting processes including responsibilities. Aspocomp's Code of Conduct defines the basic requirements of our business practices and guides our employees to act responsibly and ethically in their daily work. Treasury Policy defines the objectives of Aspocomp's financing activities, division of responsibilities, operating principles, financial risk management principles as well as monitoring and reporting principles. Privacy Policy (GDPR) and related training are designed to ensure that the company's personnel process personal data confidentially and carefully as well as in accordance with applicable Finnish law and EU Data Protection Regulation requirements. Aspocomp's Disclosure policy describes the company's key principles and information practices and other external communication practices that the company pursues in investor relations and financial reporting.

Accounting and reporting of the Group's parent company is centralized into one ERP system, which supports the business processes. Foreign subsidiaries' accounting is handled by external accounting firms, taking into account the specific legal and auditing requirements of each country. Each subsidiary submits a monthly report on account-level expenses, which is reviewed and approved prior to their payment. Reports from the system are used in decision making and control in management and support processes. Several control points are defined at different levels of reporting (subsidiaries, parent company, Group). These controls include approval procedures, reconciliations and analyses of financial information to detect errors and thereby ensure the correctness of the information received from the system.

Risk management

Risk management is an integral element in Aspocomp's business management, strategic planning and operational goal setting. The task of risk management is to identify, manage and track major risks in the company's business and business environment to enable the company to achieve its strategic and financial goals in the best possible way. Identified risks are assessed and prioritized according to their likelihood and their potential impact on the company's operations and financial performance.

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. Aspocomp's Management Team is responsible for day-to-day risk management. Risk management, processes and methods are discussed regularly at the Management Team meetings. As part of internal control, the achievement of the operative goals set for risk management is assessed and monitored.

Aspocomp's Annual Report contains an evaluation of the material risks and uncertainties. In addition, the company's regular reporting describes the material short-term risks and uncertainties related to the business operations.

OTHER INFORMATION TO BE PROVIDED IN THE CG STATEMENT

Internal audit

Due to its size, the company does not have a separate internal auditing organization or specific internal audit tasks. Aspocomp's external auditor takes this into consideration and audited the internal auditing procedures in 2019 in accordance with its audit plan.

Related-party transactions

Aspocomp's related parties include entities defined in accordance with Chapter 1, Section 12 of the Companies Act, in accordance with the International Accounting Standard IAS24 (Related Party Disclosures). The definitions of related parties in the Finnish Accounting Act and Decree correspond to the content of the standard.

According to IAS24, the related parties of a company consist of its Board of Directors, the President and CEO and the Deputy CEO of the parent company and the managing directors of the major subsidiaries as well as the other executives of the company and the company's key shareholders, who exercise control or significant influence over the decision-making process relating to the finances and business of the parent company or the significant subsidiary. Close family members of the above-mentioned persons are also considered to be related parties of the company.

An entity is a related party of a company if it is, for example, a parent or a subsidiary, an associate or joint venture or it is controlled, jointly controlled or significantly influenced by a related party.

Control means more than 50% of the holding in the company, taking into account both direct and indirect ownership and the right to appoint and/or dismiss a majority of the members of the company's Board of Directors. Significant influence is, in principle, a 20% to 50% direct or indirect shareholding in the company.

Close family members of a person are that person's children, spouse, domestic partner or dependents (meaning a financially dependent person) as well as children or dependents of that person's spouse or domestic partner. The related party subject itself should assess, on an individual basis, which persons are dependents and as such considered to be close family members.

Definition of related parties and maintenance of a list of related parties

Aspocomp keeps an up-to-date record of the natural or legal persons that are the company's related parties and the insider responsible ensures that related party instructions are issued. The CEO monitors changes in the list of related parties and reports changes to the Board of Directors.

Principles for identifying, monitoring and evaluating related party transactions and decision making

A related party transaction means an agreement or other legal act between the company and its related party. In identifying related party transactions, Aspocomp pays attention to the actual content of the action, the related party and the relationship between them and not only its legal form. In related party transactions, the transfer of resources, services or obligations between the reporting entity and its related party is essential, regardless of whether monetary or other compensation is rendered.

Aspocomp's Board of Directors has defined the principles for monitoring and evaluating the company's related party transactions. Aspocomp carries out transactions with its related parties only if they are in accordance with the purpose of the company's operations and the company's interest and have a commercial basis. When the company engages in transactions with its related parties, it will first ensure that it is appropriate for the company and its shareholders and take into account the legislation relating to the monitoring, evaluation, decision-making and publication of related party transactions. In addition, it will be ensured that no conflict of interest has affected the decision or other act.

Members of the Management Team report to the CEO if they plan or detect planned related party transactions. A member of the Management Team, as specifically designated by the CEO, taking provisions on conflicts of interest into account, prepares reports and evaluations of each planned related party transaction and the nature of its terms for the Management Team. Each related party transaction and the nature of its terms is assessed on a case-by-case basis and in relation to the company's normal operations and commercial terms as well as generally respected and accepted market practices in the industry.

If the related party transaction is clearly in the scope of the standard terms and conditions of the company's ordinary business operations, the CEO or, if necessary, the Management Team shall decide

on the implementation of the related party action, subject to the conflict of interest provisions. Related party transactions that are not part of the company's course of business or are made in deviation from customary commercial terms require a decision of the Board of Directors to carry out the related party transaction, subject to the conflict of interest provisions. In such cases, the CEO presents the reports and evaluations to the Board of Directors for consideration and decision. The Board of Directors may also, if necessary, defer the decision on the related party transaction to the general meeting, requiring a majority of the votes of shareholders who are not related parties to the matter at hand. The exceptions to the above are the actions expressly listed in the Limited Liability Companies Act that are not subject to the conflict of interest provisions relating to shareholders' related party transactions. Such transactions include, for example, transactions with fully owned subsidiaries and resolutions of the general meeting concerning the remuneration of the Board of Directors.

The CEO shall report all related transactions annually to the Board of Directors/Audit Committee. The Board of Directors shall monitor and evaluate how contracts and other legal transactions between the company and its related parties comply with the legal requirements for being part of the company's ordinary business and market conditions.

Reporting and disclosure requirements of related party transactions as well as explaining the principles

The company reports on related party transactions annually in the Annual Report and in the notes to the Financial Statements as required by the Companies Act and the regulations governing the preparation of the financial statements. The company publishes related party transactions as required by the Securities Markets Act, the stock exchange rules and the Market Abuse Regulation. Related party disclosures include the nature of the related party relationship, a description of the transaction or financial interest and its monetary value.

The principles for monitoring and evaluating related party transactions are described annually in the company's Corporate Governance Statement.

Conflict of interest

A person or entity that is a related party to Aspocomp may not participate in the preparation of an agreement or vote for an agreement or other legal act to which he or she is a related party or is a member of a related party's close family, and the legal action is not part of the company's ordinary course of business or is not executed on customary commercial terms. A majority of votes of members who are not related parties with respect to the transaction, whether themselves or through their own related parties, is always required to make a decision on a related party transaction.

Related party transactions in 2019

Aspocomp's related parties comprise the Board of Directors, the President and CEO and the Management Team, and their close family members and companies in which the aforementioned exercise control or significant influence, whether alone or jointly. Aspocomp Group's related companies include the Group's subsidiaries.

In 2019, Aspocomp did not carry out any significant transactions with related parties that would have deviated from the company's ordinary course of business or would not have been carried out under customary commercial terms (no related party transactions in 2018).

Main procedures relating to insider administration

Aspocomp complies with the Market Abuse Regulation (MAR, EU 596/2014) and the regulations and guidance given under it, such as Nasdaq Helsinki's Guidelines for Insiders. These are supplemented with Insider Rules approved by the Board of Directors, which have been drawn up in compliance with the above laws and regulations, and also include company-specific clarifications.

The company's Board of Directors, the CEO and the Management Team members are designated as persons with an obligation to disclose their transactions at Aspocomp. Persons in managerial positions and their related parties are obligated to notify both the company and the Financial Supervisory Authority of any transactions involving Aspocomp's financial instruments made on their behalf. Aspocomp discloses such transactions with stock exchange releases (www.aspocomp.com/reports).

The company also maintains a company-specific list of persons who have access to insider information and who work under contract or otherwise perform tasks that give them access to the company's insider information. Aspocomp does not maintain a permanent insider register. Instead, project- and event-

specific insider lists are kept. The company's insider lists are maintained in Euroclear Finland Oy's SIRE system.

Aspocomp's managers and any persons who have access to unpublished information on the company's financial results, such as those involved in the preparation, drafting and publication of financial reports, are not allowed to trade Aspocomp's securities for a period of 30 days prior to the publication of the company's financial statement bulletins, half-year reports and interim reports (so-called "closed window"). Project-specific insiders are not allowed to trade Aspocomp's securities before the project has been made public or discontinued.

The CEO is responsible for insider affairs, training and decisions to set up registers for insider projects. The company monitors that the insider rules are followed and ensures that all persons who have access to insider information recognize the legal and regulatory obligations related to this and are aware of applicable penalties for insider trading and illegal disclosure of insider information. Under the authorization of the Board of Directors, Aspocomp's CEO will monitor, evaluate and make decisions about the disclosure of insider information and the postponement of disclosure of insider information when MAR conditions are met.

Instructions for reporting on infringements (whistle blowing)

All persons employed by Aspocomp may report any suspected infringement of internal or external norms and regulations, such as activities in contravention of business principles or the insider guidelines, through an independent channel within the company (and anonymously if they wish). The purpose of the reporting channel is to promote good corporate governance in the company's day-to-day operations and to prevent and detect misconduct. All reports are investigated in confidence and without delay.

In 2019, no offence notifications were made.

Auditing

According to the Articles of Association, the Annual General Meeting shall elect one external auditor to inspect the administration and accounts of the company for one year at a time. The auditor must be a public accountant authorized by the Central Chamber of Commerce of Finland. The Board prepares the election process for the auditor. In the statutory audit, the auditor is responsible for auditing the company's accounting records, report of the Board of Directors, financial statements and administration. The auditor issues the auditor's report required by law to the company's shareholders in connection with the company's financial statements.

Auditor in 2019

On April 3, 2019 the AGM elected Authorized Public Accountants PricewaterhouseCoopers Oy as the company's auditor with Authorized Public Accountant Jouko Malinen as the main auditor.

Auditing fees 201

Auditing fees	2019	2018
PWC, actual audit	60,068	48,038
PWC, other services	5,693	12,395
Total	65,761	60,433