



**ELITE**  
ALFRED BERG

EAB Group Plc  
Corporate Governance  
Statement  
2020

# Corporate Governance Statement

## 1. Introduction

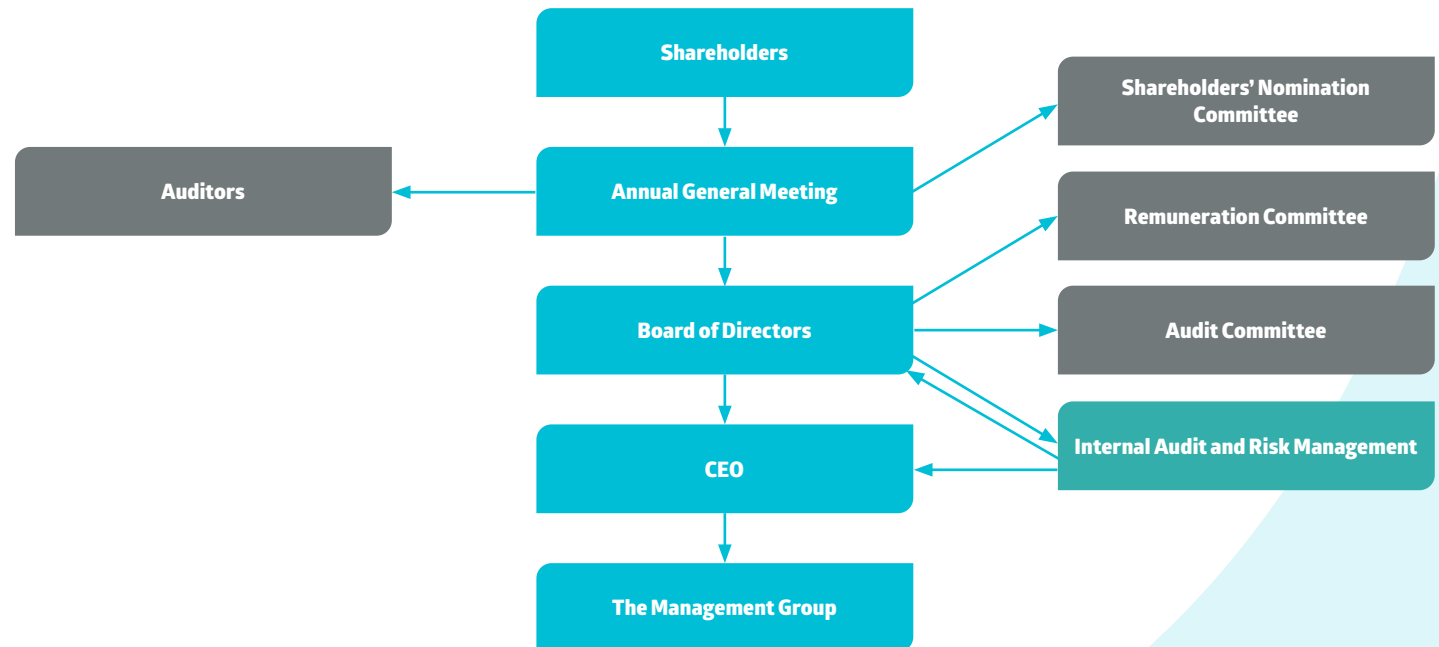
The governance of EAB Group Plc (hereinafter the 'Company' or 'Parent Company') is based on the Articles of Association, the Limited Liability Companies Act, the Securities Markets Act, the Market Abuse Regulation, guidelines issued by the European Banking Authority (EBA), guidelines and orders issued by the Financial Supervisory Authority and the current rules of Nasdaq Helsinki. EAB Group Plc is the parent company of the EAB Group. As a mixed financial holding company and the holding company of an investment service company, the company is obligated to comply with national and European regulations concerning the financial sector.

The company operates in accordance with the Corporate Governance Code of the Securities Market Association (SMA). The Corporate Governance Code is available on the SMA website at [www.cgfinland.fi](http://www.cgfinland.fi).

## 2. Descriptions concerning governance

### 2.1. Governance structure

EAB Group Plc's governance, management and control are divided between the Annual General Meeting (AGM), the Board of Directors and the CEO. The AGM elects the Board of Directors and the auditor. The Board is responsible for the strategic management of the Company, and its work is supported by the committees established by the Board. The Board appoints the CEO, who is responsible for the day-to-day operative management of the Company, with support from the Management Group. EAB Group Plc's Board is responsible for the organisation of internal control and risk management.



## 2.2. Annual General Meeting

The Annual General Meeting (AGM) is the highest decision-making body of EAB Group Plc, where shareholders exercise their rights to speak and vote. Each share in the Company entitles its holder to one vote at the AGM. The CEO, the Chair of the Board and the members of the Board are present at the AGM to ensure interaction between shareholders and the Company's governing bodies and to implement shareholders' right to request information. A person who has been proposed to be elected as a member of the Board must be present the AGM that will decide on their election.

The AGM convenes at least once a year. The notice of the AGM is published no earlier than three (3) months and no later than three (3) weeks prior to the meeting, however, at least nine (9) days prior to the record date set for the AGM. The notice is published on the Company website and in a stock exchange release. The documents to be presented at the AGM are published on the Company website no later than three weeks prior to the AGM. The minutes of the AGM are available on the Company website no later than two weeks after the meeting.

The AGM decides on the election of Board members and the auditor and on their fees, the adoption of the financial statements and consolidated financial statements, the discharge of the Board members and the CEO from liability, and the distribution of the profits shown on the balance sheet, among other matters.

The agenda may also include other matters to be discussed at the AGM in accordance with the Limited Liability Companies Act, such as increasing or decreasing the share capital, conducting a share issue, acquiring own shares and amending the Articles of Association. In addition, the AGM discusses matters that a shareholder has required to be discussed in accordance with the Limited Liability Companies Act. An extraordinary general meeting will be held when the Board deems it necessary or when an extraordinary general meeting is required by law to be held.

The AGM is usually held after the completion of the financial statements before the end of June. In 2020, EAB Group Plc's AGM was not held until 22 September 2020, as allowed under the temporary act (290/2020). No extraordinary general meetings were convened in 2020.

## 2.3. Shareholders' Nomination Committee

EAB Group Plc's Annual General Meeting (AGM) has decided to establish a permanent Shareholders' Nomination Committee. The Committee's main task is to prepare and present to the AGM – and to an extraordinary general meeting, if necessary – proposals concerning the election and remuneration of the members of the Board, as well as to identify potential successors for the members of the Board.

### 2.3.1. Election of the Nomination Committee

The Shareholders' Nomination Committee consists of five (5) members, who represent the Company's largest shareholders. The following shareholders have the right to appoint a member to the Nomination Committee: the five (5) shareholders who have the largest number of votes based on their holding in the Company in accordance with its list of shareholders maintained by Euroclear Finland Oy, or based on holding information separately provided by nominee-registered shareholders, on the last business day of August in the year immediately preceding the AGM. If a shareholder chooses not to exercise their right to appoint a member to the Nomination Committee, the right will be transferred to the next largest shareholder who would not otherwise have the right. If two shareholders have the same number of votes but only one of the proposed members can be appointed to the Nomination Committee, the member will be elected by lot.

The Chair of the Board of Directors must ask each of the five (5) largest shareholders to appoint a member to the Nomination Committee. The Chair of the Board convenes the first meeting of the Nomination Committee and serves as the Chair of the Nomination Committee until the committee has selected a Chair from among its members. The new Chair will convene the Nomination Committee after the first meeting. The Chair of the Board serves as an expert on the Nomination Committee, provided that they are not a member of the Nomination Committee.

The Nomination Committee will continue to operate until the AGM decides otherwise. The members of the Nomination Committee are appointed annually, and their term of office ends when new members have been appointed.

### 2.3.2. Duties of the Nomination Committee

The Shareholders' Nomination Committee has the following duties:

- Preparing and presenting to the AGM a proposal concerning the number of the members of the Board
- Preparing and presenting to the AGM a proposal concerning the selection of the members of the Board
- Preparing and presenting to the AGM a proposal concerning the election of the Chair of the Board
- Preparing and presenting to the AGM a proposal concerning the remuneration of the members of the Board
- Identifying potential successors for the members of the Board

The Nomination Committee's rules of procedure are available on the Company's website at [www.eabgroup.fi/sijoittajat/hallinnointi/yhtiokokous/osakkeenomistajien-nimitystoimikunta](http://www.eabgroup.fi/sijoittajat/hallinnointi/yhtiokokous/osakkeenomistajien-nimitystoimikunta).

### 2.3.3. Composition of the Nomination Committee

On 11/09/2020, EAB Group Plc's five largest shareholders – BNP Paribas Asset Management Holding, Kari Juurakko, Umo Invest Oy, Janne Nieminen and Jouni Kaaria – appointed the following representatives to the Nomination Committee:

- Vincent Trouillard-Perrot, Vice President, appointed by BNP Paribas Asset Management Holding
- Kyösti Kakkonen, CEO, appointed by Kari Juurakko
- Joonas Haakana, Portfolio Manager, appointed by Umo Invest Oy
- Janne Nieminen, CEO, appointed by Janne Nieminen
- Jouni Kaaria, General Manager, appointed by Jouni Kaaria

Joonas Haakana serves as the Chair of the Nomination Committee.

### 2.3.4. Activities of the Nomination Committee in 2020

The Shareholders' Nomination Committee met three times in 2020. Its members were present at the meetings as follows:

Member of the Nomination Committee	Meeting of the Nomination Committee
Joonas Haakana	3/3
Kari Juurakko*	1/3
Kyösti Kakkonen**	2/3
Jouni Kaaria	3/3
Janne Nieminen	3/3
Vincent Trouillard-Perrot	3/3

\*Member of the Shareholders' Nomination Committee until 10 September 2020

\*\* Member of the Shareholders' Nomination Committee from 11 September 2020

## 2.4. Board of Directors

The Board of Directors attends to the governance of the Company and the lawful organisation of its operations. The duty of the Board is to further the interests of the Company and all its shareholders. The Board operates in accordance with EAB Group Plc's Articles of Association, the Finnish Limited Liability Companies Act, other regulations binding on the Company, the rules of the Helsinki Exchange, and the Corporate Governance Code of the Securities Market Association.

### 2.4.1. Composition and election of the Board

According to its Articles of Association, the Company's Board includes at least three (3) and no more than ten (10) members. A Board member's term of office begins at the AGM during which they are elected and ends at the close of the next AGM.

The proposal for the composition of the Company's Board is prepared by the Shareholders' Nomination Committee. Board members must meet the requirements set for individual suitability, and the Board must also collectively possess sufficient knowledge, skills and experience to understand the business and its key risks. A suitability assessment is always carried out before appointing a person for the position.

In accordance with Recommendation 10 of the Finnish Corporate Governance Code, the majority of the Board members must be independent of the Company, and at least two members representing said majority must also be independent of the Company's significant shareholders. The Board assesses its members' independence annually, and at other times if necessary.

The proposal for the composition of the Board is included in the invitation to the AGM, or is published separately by means of a stock exchange release. The Company publishes basic information about the candidates on its website in connection with the invitation to the AGM. The names of candidates appointed after the invitation to the AGM will be announced separately.

#### 2.4.2. Activities of the Board

According to the Limited Liability Companies Act, the board is responsible for the company's administration and other duties noted in the Limited Liability Companies Act or elsewhere. The duty of the Board is to further the interests of the Company and all shareholders. Board members do not represent the parties that proposed them as members within the Company.

The Board guides and monitors the Company's operations and decides on key operating principles, goals and strategies. The Board approves the Board committees' rules of procedure, which determine the committees' key duties and operating principles. As well as making decisions, the Board is provided with current information about the Group's operations, financial position and risks at its meetings. The principles that the Board follows in its practical work are confirmed in its rules of procedure.

The presence of more than half the members forms a quorum. Decisions are based on a majority vote. In the event of an even vote, the opinion supported by the Chair will prevail. If there is a tie in the election of the Chair of Board, the result will be decided by drawing lots.

The Board convenes according to a previously agreed schedule, usually between 8 and 15 times a year, and if necessary, holds extraordinary meetings, which may be arranged as remote meetings. The Board met 15 times in 2020. Of the Company's active management, the following regularly attend Board meetings: the CEO, the CFO and the Company's legal council, acting as secretary at the meeting, all of whom are not members of the Board. Minutes are taken at all Board meetings. The attendance of individual members at Board meetings is presented in Table 1.

The Board reviews its operations and ways of working annually by means of self-assessment. The purpose of the self-assessment is to evaluate the Board's operations during the year and create favourable conditions for the further development of its work.

The remuneration of Board members is prepared by the Shareholders' Nomination Committee. The fees of the Board members are decided by the AGM. The remuneration of Board members is described in the annually published remuneration report.

### 2.4.3. The Board consisted of the following members in 2020

Table 1: Members of the Board of Directors of EAB Group Plc in 2020

Name	Personal details	Ownership on 31 Dec 2020		Attendance at meetings in 2020			Independence	
		Direct	Indirect	Board of Directors	Audit Committee	Remuneration Committee	Of the Company	Of the Shareholders
Therese Cedercreutz	<ul style="list-style-type: none"> <li>Chair of the Board since 2019</li> <li>b. 1969</li> <li>MSc (Econ)</li> </ul>	3,503 (0.03%)	-	15/15	10/10	5/5	yes	yes
Helge Arnesen*	<ul style="list-style-type: none"> <li>member of the Board since 2020</li> <li>b. 1963</li> <li>degree in industrial engineering and management</li> </ul>	-	-	5/15	-	-	no	no
Julianna Borsos*	<ul style="list-style-type: none"> <li>member of the Board since 2020</li> <li>b. 1971</li> <li>PhD (Econ)</li> </ul>	2,627 (0.02%)	30,000 (0.22%)	5/15	-	-	yes	no
Pasi Kohmo	<ul style="list-style-type: none"> <li>member of the Board since 2018</li> <li>b. 1968</li> <li>master's degree in agriculture and forestry</li> </ul>	14,077 (0.10%)	-	15/15	10/10	-	yes	yes
Janne Nieminen	<ul style="list-style-type: none"> <li>member of the Board since 2012</li> <li>b. 1967</li> </ul>	1,112,031 (8.03%)	-	15/15	-	5/5	no	no
Topi Piela	<ul style="list-style-type: none"> <li>member of the Board since 2019</li> <li>b. 1962</li> <li>Msc (Econ), CEFA and YVTS qualifications</li> </ul>	2,627 (0.02%)	6,000 (0.04%)	15/15	10/10	-	yes	yes
Vincent Trouillard-Perrot	<ul style="list-style-type: none"> <li>member of the Board since 2017</li> <li>b. 1966</li> <li>MBA</li> </ul>	-	-	8/15	-	-	no	no
Juha Tynkkynen	<ul style="list-style-type: none"> <li>member of the Board since 2014</li> <li>b. 1954</li> <li>Bachelor of Arts</li> </ul>	2,627 (0.02%)	78,378 (0.56%)	15/15	-	5/5	yes	yes

\*Elected as a new Board member on 22 September 2020

#### 2.4.4. Diversity of the Board

EAB Group has principles concerning the diversity of its Board. The purpose of the principles is to ensure that the members of its management constitute as diverse a group as possible. The quality and scope of the Company's business operations (principle of proportionality) have been taken into account when preparing the principles. The Board annually reviews the effectiveness and relevance of the principles and operating methods.

The Board's diversity supports the Company's business operations and their development. The diversity of the Board members' expertise, experience and views promotes the Board's open attitude towards innovative ideas, in addition to supporting and challenging the Company's operative management. Sufficient diversity also supports open discussion and independent decision-making.

In terms of the effectiveness of the Board's work, it is important that the Board has a sufficiently large number of members, as well as members of different ages with broad and varied experience and expertise. Diversity of the Board also includes having both male and female members. The company seeks to take this proactively into account when making changes to the composition of the Board.

The Board members' broad-based expertise and experience support the achievement of the company's strategic goals. In addition to sector-specific expertise, this includes the following:

- Business management
- Development and management of strategies
- Knowledge of the capital markets

At the end of 2020, six Board members held a master's degree, and one member held a bachelor's degree. These members hold degrees in economics and business administration, industrial engineering and management, agriculture and forestry, humanities, and social sciences. The Board members represent extensive expertise in the structures of the capital markets, business and society, and have broad and varied experience in entrepreneurship. Two of the eight Board members are female. The Board members' ages range from 50 to 67. The member with the longest term of office has served as a Board member for 8 years, and the members with the shortest terms of office have served as Board members for 4 months.

The Company seeks to achieve a more balanced gender composition for the Board over time.

## 2.5. Board committees

At its organisation meeting after the AGM each year, the Board appoints an Audit Committee and a Remuneration Committee. The Board appoints the members and chairpersons of the committees, taking into consideration the required expertise and experience, as well as the requirements for independence set out in the Corporate Governance Code. The Board also has the right to dismiss committee members. The members of the committees are appointed for the duration of the Board's term of office.

In addition to the committee members, the other Board members have the right to attend committee meetings if they so wish. The committees are responsible for preparing matters for the Board decide on at its meetings.

### 2.5.1. Audit Committee

The Audit Committee assists the Board by preparing matters concerning the Company's financial reporting and monitoring. The Audit Committee has no independent decision-making powers.

The duties of the Audit Committee include the following:

- Monitoring the statutory audit of the financial statements, consolidated financial statements and reporting process, as well as their accuracy
- Monitoring the financial reporting process
- Evaluating the independence and work of the statutory auditor and preparing a proposal concerning the selection of an auditor and their fee
- Monitoring the efficiency of the Compliance function, internal auditing and risk management systems
- Assessing the risk position and the sufficiency and quality of risk management
- Approving guidelines for internal auditing and examining the plans and reports of internal auditing
- Assessing compliance with laws, regulations and company practices
- Processing the Corporate Governance Statement

The members of EAB Group Plc's Audit Committee in 2020 were Therese Cedercreutz (Chair), Pasi Kohmo and Topi Pielä. The committee met ten times. The attendance of members at meetings is presented in Table 1.

## 2.5.2. Remuneration Committee

The Remuneration Committee assists the Board by preparing matters concerning the remuneration and appointment of the CEO and the Company's other management, as well as the Company's remuneration principles. The Remuneration Committee has no independent decision-making powers.

The duties of the Remuneration Committee include the following:

- Preparing the remuneration and other financial benefits of the CEO
- Preparing the remuneration and other financial benefits of the Management Group
- Preparing matters concerning the Group's remuneration systems
- Monitoring compliance in remuneration
- Preparing the appointment of the CEO and the Management Group and identifying potential successors
- Processing the remuneration report.

The members of EAB Group Plc's Remuneration Committee in 2020 were Therese Cedercreutz (Chair), Janne Nieminen and Juha Tynkkynen. The committee met five times. The attendance of members at meetings is presented in Table 1.

## 2.6. CEO

The CEO is responsible for the Group's day-to-day governance in accordance with the Limited Liability Companies Act and the guidelines and orders issued by the Company's Board of Directors. The CEO is responsible for the Group's operative management and the implementation of its strategy. The CEO guides and monitors the activities of the other members of the operative management in particular.

The Board appoints the CEO and determines their remuneration and other terms and conditions of their employment relationship. The CEO is appointed until further notice, and their notice period is six months. The terms and conditions of the CEO's employment relationship are agreed upon in writing in the CEO's agreement.

Daniel Pasternack has served as the Company's CEO since 2012. Pasternack holds a doctoral degree in economics and business administration.

Name	Personal details	Position	Ownership on 31 Dec 2020	
			Direct	Indirect
Daniel Pasternack	<ul style="list-style-type: none"> <li>• b. 1973</li> <li>• PhD (Econ)</li> </ul>	CEO since 2012	768,103 (5.55%)	-
Roman Cherkasov	<ul style="list-style-type: none"> <li>• b. 1982</li> <li>• MSc (Econ)</li> </ul>	CFO since 2017	10,000 (0.07%)	-
Raisa Friberg	<ul style="list-style-type: none"> <li>• b. 1976</li> <li>• LLB</li> </ul>	Deputy CEO since 2014	15,000 (0.11%)	-
Rami Niemi	<ul style="list-style-type: none"> <li>• b. 1970</li> <li>• university-level studies in technology</li> </ul>	Business Director, Private Customers, since 2016	487,820 (3.52%)	-
Taavi Rissanen	<ul style="list-style-type: none"> <li>• member of the Management Group until 20 March 2020</li> <li>• b. 1972</li> <li>• MSc (Econ)</li> </ul>	COO, Head of Group HR since 2018	16,000 (0.12%)	-
Kristian Warras	<ul style="list-style-type: none"> <li>• member of the Management Group until 8 September 2020</li> <li>• b. 1963</li> <li>• university-level studies in economics and business administration</li> </ul>	Business Director, Institutional Customers, 2016–2020	-	261,949 (1.89%)
Mona von Weissenberg	<ul style="list-style-type: none"> <li>• member of the Management Group since 16 November 2020</li> <li>• b. 1979</li> <li>• MSc (Econ)</li> </ul>	Business Director, Institutional Customers, since 2020	-	-



### 3. Organisation of internal control

#### 3.1. General description of internal control

Risk management and internal control within EAB Group is organised in accordance with the principles of reliable governance. Risk management and internal control are based on the principle of three lines of defence. Operative management represents the first line of defence, support and control functions (Group functions, including the Compliance function and risk management) represent the second line, and the internal auditing represents the third line.

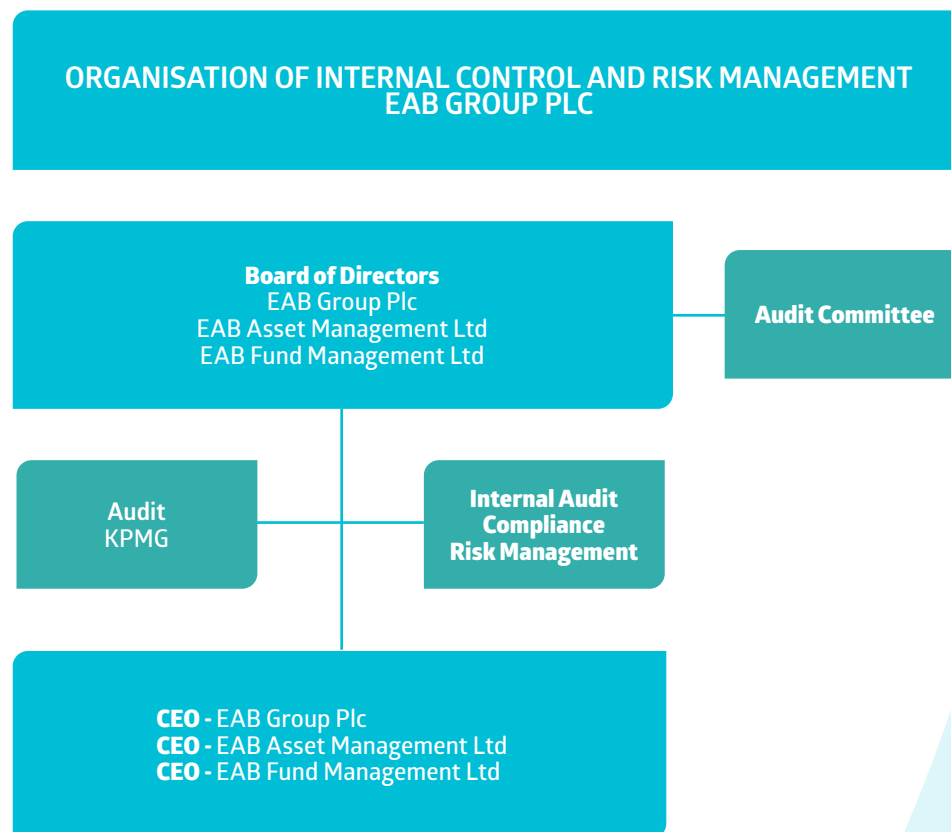
Control measures defined by the Board of the Parent Company have been determined for all levels of business operations, covering all of the Group's functions, and are therefore part of the Group's day-to-day operations. The Board has confirmed the following organisation for the Group's internal and external control and risk management. The organisation also monitors the operations of the Group's licensed subsidiaries.

#### 3.2. Compliance function

The Compliance function assists EAB Group's senior and operative management and other functions in managing the risk related to non-compliance. The Compliance function regularly monitors and assesses the adequacy and effectiveness of the measures and procedures that the Group uses to ensure compliance. The Compliance function also monitors and assesses the adequacy and effectiveness of measures implemented to address shortcomings detected in compliance.

The Boards of Directors of the Parent Company and its licensed subsidiaries have approved the principles of the Compliance function. The purpose of the principles is to ensure that the companies operate in accordance with laws and regulations and the Group's operating principles.

Group-wide Compliance is centralised in the Parent Company. However, this arrangement does not affect the responsibility of subsidiaries' Boards of Directors for the organisation of the Compliance function within the Group's licensed subsidiaries.



### 3.3. Internal auditing

Internal auditing refers to the independent and objective assessment and verification of operations. The purpose of internal auditing is to assess the relevance, functionality and effectiveness of the Parent Company's and the Group's licensed companies' internal control systems, risk management, and management and governance processes. Internal Audit cooperates closely with other control functions, particularly the Compliance function and Risk Management.

The Company's and the Group's licensed companies' Boards of Directors have determined and approved the principles of internal auditing. The internal auditor has unlimited access to information and the right to audit companies' operations. The Board of each company confirms the internal auditing plan annually.

Based on EAB Group's size, and the scope and quality of its business operations, the Parent Company's Board of Directors has deemed that the Company's internal auditor is also capable of taking care of the duties of the Internal Audit functions of the Group's licensed companies. Internal audit has been outsourced to Lauri Koponen. The internal auditor reports to the Boards and CEOs of the Company and the Group's licensed companies and to EAB Group's Management Group.

### 3.4. Audit Committee

The Audit Committee of the Board of Directors monitors to ensure that the Company's accounting, financial management, internal auditing, auditing and risk management are organised appropriately.

### 3.5. Financial reporting process

The purpose of financial reporting is to provide up-to-date financial information and ensure that decision-making is based on reliable information. The goal is to ensure that financial statements and interim reports are prepared in accordance with the applicable laws, generally accepted accounting principles and other requirements concerning listed companies.

With assistance from the Audit Committee, the Board of Directors of the Parent Company monitors to ensure that the financial reporting process produces high-quality financial information. The duties of the Audit Committee include controlling and monitoring financial reporting, monitoring internal control and internal auditing, assessing risk and solvency management on a regular basis, and monitoring the auditing of accounts, for example.

The Group's accounting and the reporting of its results have been centralised under the Group's Financial Management function. Under the supervision of the Group's CFO, Financial Management produces the financial statement information required for external calculation, and analyses and result reports for internal calculation for monitoring the profitability of business operations, special purpose entities and the Group. Performance development is reported on a monthly basis to the Management Group and the Board of Directors by means of various result reports. The goal is to detect and identify success factors and development needs in good time and to respond accordingly.

The Group's subsidiaries report their results to the Parent Company on a monthly basis. For the most part, the subsidiaries' accounting has been centralised under the Group's Financial Management. This makes it possible to ensure at Group level that financial reporting concerning the Group companies is reliable.

EAB Group complies with the International Financial Reporting Standards (IFRS) adopted by the EU. In addition to the IFRS, the Group applies regulations and guidelines concerning investment service companies to the preparation of its financial statements. Half-year reports are published in accordance with the IAS 34 standard. The interpretation and application of financial statement standards have been centralised under Financial Management.

The monitoring of budgeting and reporting processes is based on EAB Group's internal calculation guidelines. The Group's Financial Management is responsible for determining the principles and for their centralised maintenance. The principles are applied consistently across the Group.

The external auditor regularly audits financial reporting and reports directly to the Board of Directors.

### 3.6. Risk management

Risk management within EAB Group is organised in accordance with the principles of reliable governance. The Group's risk management is based on the principle of three lines of defence. Operative management represents the first line of defence, support and control functions (Group functions, including the Compliance function and risk management) represent the second line, and the internal auditing represents the third line. The Group's Risk Management function continuously cooperates with its other functions across all lines of defence. Risk Management promotes the application of more effective and safer internal processes and procedures within the Group through its operations and its active risk identification and assessment and the analysis of materialised risks.

The purpose of risk management is to ensure that key risks related to the Group's operations are identified, that risks are assessed, measured and monitored, and that measures are implemented to reduce the impacts of assessed risks when necessary. The goal of risk management is to ensure that Group companies do not take risks not covered by the risk appetite and risk level approved by the Group. Risk management actively prevents the occurrence of risks that would jeopardise the Group's solvency, liquidity, or the continuity of the Group's operations in general. The Boards of the Group's Parent Company and licensed companies have approved the principles concerning risk management. The approved risk level, risk appetite and risk-bearing capacity have been taken into account in the principles and practices of risk management.

Risk management ensures the identification, assessment, measurement and monitoring of risks that are significant in terms of the quality and nature of the Group's operations, as well as the limitation of their impacts as part of day-to-day business management. These risks may be internal or external, measurable or non-measurable, or within or beyond the Group's control, meaning that the Group cannot affect the risks directly and can only protect itself from the risks. EAB Group has determined measurement methods for measurable risks, and relevant assessment methods for the management of non-measurable risks.

As part of risk management, operating guidelines have been prepared for the Group's key functions. These guidelines describe the organisation of the function, as well as the related job descriptions, goals, reporting obligations, monitoring methods, and key processes and the related controls.

The Group's risk management is partly centralised and partly outsourced. The outsourcing of risk management does not affect the responsibility of the company's Board of Directors for the organisation of risk management. The manager responsible for risk management is supported by the Risk Management Committee, which serves as a preparatory body in matters related to risk management, and also as a decision-making body in some cases.

The Boards, CEOs and senior management of the Group companies promote the creation of a corporate and risk culture that identifies and approves risk management and internal control as an essential and necessary part of business operations. The Board has approved principles for the applied risk culture. The goal is to continuously increase risk awareness throughout the organisation and to actively manage risks identified in the Group's operations across the organisational structure.

## 4. Other governance

### 4.1. Internal auditing

Internal auditing refers to independent and objective assessment, verification and consulting operations that create added value for EAB Group and improve its operations. Internal auditing supports the organisation in achieving its goals by providing a systematic approach to the assessment and development of the organisation's risk management, monitoring and governance processes.

Internal auditing has been outsourced to Lauri Koponen. The Internal Audit function operates under the supervision of the Parent Company's Board of Directors and conducts audits across the Group or in different functions according to the situation. Internal Audit cooperates with the management, the Audit Committee and control functions, and with other functions if necessary. In addition, reports and recommendations issued by auditors and other external reports are used in audits.

Internal Audit has the right to obtain all the necessary information for audits and carry out audits in all EAB Group's companies and operations. In its operations, Internal Audit does not participate in the Group's decision-making or the preparation and execution of decisions, meaning that internal auditing is mainly advisory and supports internal control.

In all its operations, Internal Audit complies with the guidelines provided by the Parent Company's Board of Directors and the Audit Committee. In addition, the ethical principles and rules of the Institute of Internal Auditors, as well as other application guidelines, are always taken into account in audit operations. On a case-by-case basis, EAB Group may also have internal guidelines that define the duties of Internal Audit.

Audits are based on an internal audit plan approved annually by the Board of Directors. Annual objects of auditing are defined at a general level in the plan. More detailed audit-specific plans are prepared based on the annual plan. In the detailed plans, focuses may be chosen based on risks or on other grounds for each audit. Risk management, control processes and compliance with regulations are assessed during audits.

Observations made during audits are reported to the Board of Directors, the Compliance function and the Risk Management function. In reporting the results of audits, concise information is provided about observations related to various aspects, and more detailed information is provided about any suggested measures in particular. In addition to reporting the results of audits, Internal Audit provides company-specific annual reports and half-year monitoring reports on its operations. Internal Audit also reports separately based on sector-specific regulations or any individual assignments.

## 4.2. Related party transactions

A related party transaction is an agreement or other legal transaction between the Company and one of its related parties. In identifying related party transactions, attention must be paid to the actual content of the transaction and the party and the relationship between them, and not just to the legal form. The transfer of resources, services or obligations between the Company and the related party is essential, regardless of the type of consideration (cash or other consideration).

EAB Group complies with related party regulations based on several sets of norms. These regulations must be taken into account in the Group's business operations, particularly in decision-making concerning related party transactions, and when providing information about such transactions and reporting on such transactions.

Key regulations concerning the Group's business operations in terms of related parties and related party transactions are provided in the Limited Liability Companies Act, the rules of the Nasdaq Helsinki, the Corporate Governance Code of the Securities Market Association, and the orders issued by the Financial Supervisory Authority. In addition, the IFRS standard concerning the disclosure of financial statement information includes regulations pertaining to related parties. The orders issued by the Financial Supervisory Authority concern the Parent Company and the Group's investment service company. Key regulations applicable to the Group mainly arise from the Parent Company being a listed company, and to a lesser extent from the fact that the Group operates in the investment service sector.

The Parent Company's Board of Directors monitors and assesses the Group's related party transactions. The Board decides on related party transactions that are not part of the Company's normal business operations or that are not executed on ordinary commercial terms. However, the Board is not expected to assess all transactions with the Group's related parties. In addition, the Parent Company's Audit Committee monitors the Group's related party transactions, the implementation of principles concerning the Group's related party transactions, and the implementation of principles concerning the management of conflicts of interest.

It is necessary to identify related party transactions, because the Company's Board of Directors decides, in accordance with law, on such agreements or other legal transactions with related parties that are not part of the Company's normal business operations or that are not executed on ordinary commercial terms. According to the Limited Liability Companies Act, ordinary related party transactions or related party transactions executed on ordinary commercial terms do not require the Board's decision.

## 4.3. Key procedures of insider management

In its insider management, the Company complies with the Market Abuse Regulation (MAR) [Regulation (EU) No 596/2014], the orders issued by the Financial Supervisory Authority and Nasdaq Helsinki Ltd's guidelines for insiders of listed companies. The Company's Board has approved insider guidelines that are based on and supplement the regulations and guidelines mentioned above. The guidelines determine in more detail the organisation and monitoring of matters concerning insiders and the rules concerning insider trading.

The Company has appointed a person in charge of matters related to insiders, as well as their deputy, who are responsible for insider administration and monitor to ensure that insider trading complies with regulations and internal guidelines. The insider guidelines are reviewed annually and confirmed by the Company's Board of Directors.

The Company maintains project-specific insider lists according to need. Project-specific insider lists include everyone in possession of insider information. The people included in insider lists are informed about confidentiality obligations and business transaction restrictions that concern them. The Company's non-public insider lists are maintained in its insider management system. The Company does not have a permanent MAR-compliant insider list that supplements project-specific insider lists.

In its communication, the Company follows a 30-day silent period that ends with the publication of the interim report or financial statements bulletin. The silent period corresponds to the closed period, during which the Company's employees are not allowed to execute business transactions that involve securities or financial instruments related to the Company.

The MAR obligates the Company to maintain a list of its management (managers subject to the notification obligation) and their related parties. The list is not an insider list, nor is it public.

The MAR obligates the Company's management and their related parties to report trading in Company shares, host debt instruments, derivatives or other financial instruments to the Financial Supervisory Authority and the Company.

In accordance with the MAR, the Company provides information about transactions made by the Company's managers who are subject to the notification obligation, and by their related parties, with the financial instruments mentioned above by means of a stock exchange release and on its website at [www.eabgroup.fi/sijoittajat](http://www.eabgroup.fi/sijoittajat).

#### 4.4. Auditors

Auditors are responsible for ensuring that financial statements are prepared in accordance with current regulations in such a way that they provide accurate and sufficient information about the Company's and the Group's result and financial position, in addition to other necessary information, to the Group's stakeholders.

According to EAB Group Plc's Articles of Association, the Annual General Meeting elects the auditor. According to its Articles of Association, the Group has one auditor, and its auditor must be an audit firm in accordance with the Accounting Act. The auditor's term of office ends at the close of the Annual General Meeting (AGM) following the AGM during which they were elected.

On 22 September 2020, the AGM elected KPMG Oy Ab, Authorised Public Accountants, as EAB Group Plc's auditor, with APA Tuomas Ilveskoski as the principal auditor.

The auditor issues a statutory auditor's report to the Company's shareholders in connection with the Company's financial statements. The purpose of the auditing of accounts is to ensure that EAB Group's financial statements and Board of Directors' report provide accurate and sufficient information about the Company's result and financial position. In addition, the audit of EAB Group Plc's accounts includes an audit of its accounting and governance. The statutory auditor's report is submitted to the Company's shareholders in connection with the Company's financial statements. The auditors report their observations to the Audit Committee regularly.

The audit firm's fees totalled EUR 249,197.98 in 2020. Audit-related fees totalled EUR 181,989.98, and advisory fees not related to auditing totalled EUR 67,208.00. The Company occasionally purchases consulting services from the audit firm. The Board assesses this work in terms of its independence from auditing.

## HEAD OFFICE

### HELSINKI

Kluuvikatu 3 (3. krs)  
00100 HELSINKI

## OTHER OFFICES

### HÄMEENLINNA

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13100 Hämeenlinna

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80100 Joensuu

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40100 Jyväskylä

### KUOPIO

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70100 Kuopio

### LAHTI

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15110 Lahti

### LAPPEENRANTA

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53100 Lappeenranta

### OULU

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