



**Lamor Corporation Plc**  
**Corporate Governance Statement**  
**2021**

**LAMOR**

# Lamor Corporation Plc

## CORPORATE GOVERNANCE STATEMENT

### General

Pursuant to the Finnish Limited Liability Companies Act, the responsibility for Lamor's management and administration is divided between the General Meeting of Shareholders and the Board of Directors. Shareholders have the final decision-making power at the Annual General Meeting, where the members of the Board of Directors and Lamor's auditor are elected. The Board of Directors is responsible for Lamor's administration and for the proper organisation of the activities of the company. The responsibilities and obligations of the Board of Directors are primarily defined in Lamor's Articles of Association and the Limited Liability Companies Act. The policies and rules of the Lamor Board of Directors are described in the Rules of Procedure approved by the Board of Directors. Lamor's Board of Directors appoints a CEO for the company. In addition, Lamor's Management Team assists the CEO in the management of the company's operations.

### Corporate governance

In addition to legislation applicable to public limited liability companies, Lamor complies with the Finnish Corporate Governance Code maintained by the Securities Market Association. The Finnish Corporate Governance Code is issued and maintained by the Finnish Securities Market Association, and it is available on the Finnish Securities Market Association's website at [www.cgfinland.fi](http://www.cgfinland.fi).

### Deviation from Corporate Governance Code recommendations and justification for deviations

In 2021, Lamor deviated from Recommendation 10 of the Corporate Governance Code concerning the independence of the members of the Board of Directors. The matter and corrective measures have been described in more detail under Composition of the Board of Directors on 31 December 2021.

### General Meeting

The General Meeting is Lamor's highest decision-making body. At the General Meeting, all shareholders of the company may participate in the company's supervision and exercise their right to vote, speak and present questions. The Annual General Meeting is held annually on a date determined by the Board of Directors, however within six (6) months of the end of the financial year. The General Meeting resolves on matters belonging to it in accordance with the Finnish Limited Liability Companies Act and the Articles of Association. As a rule, the resolutions are taken by a simple majority of votes.

The Chairman of the Board of Directors, the members of the Board of Directors and the CEO are required to be present at the General Meeting. The auditor is present at the Annual General Meeting. A person nominated as a member of the Board of Directors is expected to be present at the General Meeting resolving on the election. If the above attendances do not occur for one or more individuals, Lamor will notify the General Meeting of the absence. Lamor's other Management Team members may participate in the General Meeting as far as possible.

To participate in the General Meeting, the shareholder must be registered in the shareholders' register of Lamor maintained by Euroclear Finland Ltd on the record date of the General Meeting. If the Board of Directors so decides, the shareholder shall, in order to participate in the General Meeting, register with the company before the end of the registration period specified in the notice of the Meeting. The registration period may be set to end no earlier than ten (10) days before the meeting.

A shareholder has the right, in accordance with the Finnish Limited Liability Companies Act, to have a matter belonging to the General Meeting on the agenda of the General Meeting, if he or she requests it in writing from the Board of Directors in sufficient time for the matter to be included in the notice of the meeting. On its website, the company announces the date by which the shareholder must present to the Board of Directors the matter required for consideration by the Annual General Meeting. The date will be announced no later than by the end of the financial year preceding the Annual General Meeting.

In accordance with Lamor's Articles of Association, the notice to the General Meeting shall be delivered to shareholders no earlier than three (3) months and at least one (1) week before the record date of the Annual General Meeting referred to in the Finnish Limited Liability Companies Act. The invitation will be delivered by publishing it on the company's website or by delivering the invitation by e-mail or otherwise in writing to the address indicated to the company by the shareholder. In addition, Lamor will publish the notice of the meeting as a stock exchange release after the Board of Directors has decided to convene the Annual General Meeting.

The agenda of the General Meeting, the decision-making proposals and the meeting materials are available on the company's website from the time the meeting was convened. The General Meeting documents are kept on the website for at least five (5) years from the General Meeting. The minutes of the General Meeting will be published on the company's website within two (2) weeks of the General Meeting.

## **Board of Directors**

According to Lamor's Articles of Association, the Board of Directors consists of at least three (3) and a maximum of eight (8) ordinary members, and the term of office of the members of the Board of Directors ends at the end of the Annual General Meeting following the election. There is a quorum when more than half of the Board members are present. Disqualified members shall not be taken into account when calculating the quorum.

In addition to the duties mentioned in the Limited Liability Companies' Act and Lamor's Articles of Association, Lamor's Board of Directors:

- directs and supervises Lamor's management and operations;
- confirms the Rules of Procedure of the Committees of the Board of Directors;
- decides on important matters relating to Lamor's operations;
- oversees Lamor's financial reporting and reviews and approves Lamor's interim reports, annual reports and financial statements;
- approves and monitors Lamor's strategic objectives, risk management principles and certain Lamor guidelines and practices as well as oversees their implementation;

- decides on the remuneration of the CEO and Management Team and Lamor's incentive schemes in accordance with Lamor's remuneration policy;
- decides on significant business acquisitions, investments and divestments; and
- defines Lamor's dividend policy.

Lamor's Board of Directors convenes in accordance with a schedule agreed in advance and as needed. At its meetings, the Board of Directors receives up-to-date information on Lamor's operations, finances and risks. In addition to the Board of Directors, the CEO and CFO attend the Board meetings, unless the meeting discusses a matter concerning them. Minutes are kept of all meetings of Lamor's Board of Directors.

### Composition of the Board of Directors on 31 December 2021

Board member	First elected	Term of office ends	Born	Education	Nationality	Main occupation	Shareholding 31 December 2021*)
Esa Ikäheimonen	2018; Chair since 2018	2022	1963	Master of Law	Finnish	Chief Financial Officer, Executive Director, Genel Energy plc	262,200
Nina Ehrnrooth	2021	2022	1962	M.Sc. (Econ.)	Finnish	CEO, Partioaitta Oy	23,000
Fred Larsen	2008	2022	1968	High school graduate	Finnish and Danish	Chairman of the Board, Larsen Family Corporation Oy	10,895,650
Kaisa Lipponen	2021	2022	1980	MA	Finnish	SVP, Communications & Sustainability, Paulig Ab	3,500
Timo Rantanen	2020	2022	1961	M.Sc. (Econ.)	Finnish	CEO, Capital Dynamics Oy	621,500
<b>Total</b>							<b>11,805,850</b>

### *Diversity of the members of the Board of Directors*

When identifying suitable candidates for the Board of Directors, the primary criteria is to assess the Board of Directors' collective competence for the Board to perform its duties in the best possible way. Lamor aims that the Board of Directors possesses versatile capabilities, expertise, and experience from various fields of business, to reflect the needs and requirements of the Company's operations and development stage. To secure diverse perspectives, other aspects such as the age and gender composition of the Board candidate are also taken into consideration alongside the professional field of competence. Currently, 2 out of 5 members of the Board of Directors are female. and the goal is to maintain a similar gender ratio.

### *Independence of the members of the Board of Directors*

In connection with the company's listing, it was stated that The Board members Esa Ikäheimonen and Timo Rantanen are not considered to be independent of Lamor, and Fred Larsen is not considered independent of the company and of Lamor's largest shareholder Larsen Family Corporation Oy. Over the past three (3) years, Esa Ikäheimonen and Timo Rantanen have received fees related to consultancy assignments from the company. Fred Larsen has been a member of the Company's Board of Directors continuously for over ten (10) years. In addition, during the previous three (3) years, he has received a fee from the company related to consultancy assignments. Nina Ehrnrooth and Kaisa Lipponen, whose election to Lamor's Board of Directors was decided on a conditional basis for listing and the completion of the share issue, are independent of Lamor and Lamor's significant shareholders.

Since in 2021 the company deviated from the recommendation of the Corporate Governance Code, according to which the majority of the members of the Board of Directors should be independent of the company, and at least two (2) of this majority should be independent of the company's significant shareholders, the consultancy agreements between Ikäheimonen and Rantanen were terminated as corrective measures before the company's listing. Therefore, their independence from the company may also be realised within one (1) year of these corrective measures.

<b>Board member</b>	<b>Participation / Numner of meetings during term office</b>	<b>Participation %</b>
Esa Ikäheimonen	13/13	100%
Nina Ehrnrooth (Board member since 7 December 2021)	1/1	100%
Fred Larsen	13/13	100%
Kaisa Lipponen (Board member since 7 December 2021)	1/1	100%
Timo Rantanen	13/13	100%

## **Board committees**

Lamor's Board of Directors may establish permanent committees to assist the Board of Directors in the preparation and performance of its tasks and duties, and may also decide on their size, composition and tasks.

### *Audit committee*

The Audit Committee is responsible for assisting the Board of Directors by preparing the tasks of the Board of Directors. The Audit Committee prepares matters related to, for example, financial reporting, risk management, monitoring and evaluation of related party transactions, auditors, internal audit and compliance with laws and regulations. The Board of Directors has confirmed the main tasks and operating principles of the Audit Committee in the Written Rules of Procedure.

The Chairman of the Audit Committee and the members of the Audit Committee are appointed by Lamor's Board of Directors. The Audit Committee consists of at least two (2) members of the Board of Directors whose term of office is one (1) year, and the term of office ends at the end of the Annual General Meeting following the election. The majority of the members of the committee shall be independent of Lamor and at least one (1) member of the committee shall be independent of Lamor's significant shareholders. A person who participates in the day-to-day management of Lamor or a company belonging to the same group, for example as a CEO, may not be accepted as a member of the Committee.

The members of the Audit Committee shall have sufficient expertise and experience, considering the Committee's area of responsibility and the mandatory audit tasks. At least one (1) member of the committee shall have expertise in accounting or auditing.

At the Board meeting on 23 November 2021, Timo Rantanen was appointed chairman of the Audit Committee and Nina Ehrnrooth and Kaisa Lipponen were appointed as members. The term of office of the Audit Committee began with the company's listing on 7 December 2021.

## **CEO and Group Management Team**

The CEO is responsible for managing, directing and overseeing Lamor's operations. In addition, the CEO is responsible for Lamor's day-to-day management in accordance with the instructions and regulations issued by the Board of Directors. The CEO is also responsible for ensuring that Lamor's accounting practice complies with applicable legislation and that the financial management of the company is organised in a reliable manner. The CEO's duties are mainly governed by the Limited Liability Companies Act. The CEO shall provide the Board of Directors and its members with the information necessary for the performance of the duties of the Board of Directors.

The Board of Directors elects and dismisses the CEO. The Board of Directors decides on the terms and conditions of the CEO's employment, which are specified in a written service agreement. In addition, the Board of Directors decides on the remuneration of the members of the Management Team.

Lamor's Management Team is responsible for supporting Lamor's CEO in planning and management of the operations. In addition, the management team's task is to prepare possible investments, acquisitions and development projects. Lamor's Management Team meets regularly.

### Composition of the Management Team 31 December 2021

Management Team member	Beginning of membership	Born	Education	Nationality	Role at Lamor	Share ownership 31 December 2021*)
Mika Pirneskoski	2019	1978	M.Sc. (Econ.)	Finnish	CEO	446,400
Johanna Grönroos	2021	1977	M.Sc. (Econ.)	Finnish	CDO	57,500
Timo Koponen	2021	1969	M.Sc. (Econ.)	Finnish	CFO	115,450
Magnus Miemois	2020	1970	M.Sc. (Tech.)	Finnish	COO	63,438
<b>Total</b>						<b>682,788</b>

\*) Shareholding includes both direct ownership of the members of the Management Team and indirect ownership of the entities controlled by them.

### Control

#### *Main features of internal control and risk management related to the financial reporting process*

Internal control aims to ensure that the company's operations comply with the laws and regulations in force, as well as with the Code of Conduct and other guidelines, and that its financial and operational reporting is reliable. In addition, it aims to safeguard the company's assets and to ensure overall operational efficiency to achieve strategic, operational and financial objectives.

Internal control operating models are aligned with the risk management process. The objective of risk management is to support the strategy and the achievement of objectives by anticipating and responding to potential business threats and opportunities. Internal control and risk management related to financial reporting seek sufficient assurance regarding the reliability of financial reporting and that the financial statements have been prepared in accordance with applicable laws and regulations, financial statement principles (IFRS) and other set requirements.

The areas of internal control are the control environment, risk assessment, control functions, communication and monitoring.

### *Control environment*

The Board of Directors is primarily responsible for the internal control of financial reporting. The Rules of Procedure adopted in writing by the Board of Directors specify the responsibilities of the Board of Directors and define the division of duties within the Board of Directors and its committees. The task of the Audit Committee appointed by the Board of Directors is to ensure that the principles defined for financial reporting, risk management and internal control are respected and to enable proper auditing. The CEO is responsible for the organisation of an efficient supervisory environment and for continuous internal control related to financial reporting. The management of financial risks is coordinated by the CFO of the company. If necessary, risks and related changes will be reported to the Board of Directors.

The purpose of internal control is to ensure that the company complies with applicable laws, regulations, ethical guidelines and other recommendations, as well as the reliability of financial and operational reporting. It aims to protect the resources of the company and its business units from abuse, to ensure the appropriateness of transactions, to support the management of IT systems, and to ensure the reliability of financial reporting. In addition, internal control aims to safeguard the company's assets and to ensure the overall effectiveness and efficiency of its operations in order to achieve strategic, operational and financial objectives.

Internal control is essential to ensure the company's operational capability, a critical part of risk management, and it enables the creation and maintenance of the value of the company.

The objective of Lamor's internal control and risk management approach to financial reporting is to provide sufficient assurance on the reliability of financial reporting and that the financial statements have been prepared in accordance with applicable laws and regulations, approved accounting principles (IFRS at Group level, local GAAP in each country) and other applicable requirements.

The most important tools for guiding financial reporting are the Code of Conduct, approval policy, disclosure policy, accounting principles and other accounting and reporting rules.

### *Risk assessment*

The objective of the financial reporting risk assessment is to systematically identify and assess the most significant threats at Group, operations and process level. As a result of the evaluation, the objectives of the control functions are defined to enable the company to ensure that the basic requirements for financial reporting are met.

### *Control functions*

The CEO is responsible for the implementation of internal control. Internal control related to the financials and business and administrative supervision have been integrated into the company's business processes. The company has defined and documented significant internal controls related to the reporting process of financial statements as part of business processes. Key internal control activities include approval mechanisms, access rights, separation of functions, authorisations, reconciliations and monitoring of financial reporting.

The financial organisation ensures that interim and half-year reporting and financial statements comply with the company's principles and guidelines and that all financial reporting is prepared according to schedule. The management monitors the achievement of targets through monthly management reporting.

The company does not have a separate internal audit function, and internal audit responsibilities are divided within the company among different bodies and functions. The Board of Directors may use external experts to separately assess the control environment or control functions.

### *Communication*

Lamor's goal is to ensure the openness, transparency, accuracy and timeliness of the company's internal and external communications. The disclosure policy defines how and when information needs to be provided, who provides it, and the accuracy and completeness of the information provided in order to fulfil the information obligations. The current Code of Conduct, disclosure policy and insider guidelines are available on the company's intranet.

### *Monitoring*

The Board of Directors, the Audit Committee and the CEO monitor the effectiveness of financial reporting control. Supervision covers monitoring of monthly financial reports, review of rolling forecasts and plans, and the auditors' reports.

### **Auditor and auditor's fees**

According to the Articles of Association, Lamor has one (1) auditor, which must be an audit firm approved by the Finnish Patent and Registration Office. The auditor's term of office begins at the General Meeting at which the auditor was elected and ends at the close of the Annual General Meeting following the election.

The General Meeting elects an auditor and decides on the auditor's fees. On 29 June 2021, the Annual General Meeting re-elected Ernst & Young Oy as the company's auditor for a one-year term of office. Juha Hilmola, APA, acts as the company's principal auditor.

### **Audit Fees**

<b>EUR thousand</b>	<b>2021</b>	<b>2020</b>
Audit fees	255	66
Other audit assignments	249	
Tax advisory services	3	4
Other fees	382	14
<b>Audit fees total</b>	<b>889</b>	<b>84</b>

## **Related party transactions**

In addition to its subsidiaries, associated companies and joint ventures, Lamor's close associates include the members of the Board of Directors, the CEO and the Management Team, as well as their spouses and children, as well as the companies in which they control. The company's financial organisation monitors related party transactions as part of the company's normal reporting and supervisory practices.

## **Insiders**

When needed, Lamor maintains project and event-specific insider lists. The managers defined by Lamor are subject to a closed period of 30 calendar days before the publication of interim reports, half-year financial reports, financial statement releases and financial statements. The closed period ends on the day following publication. A closed window also applies to persons involved in preparing those reports.

The Board of Directors, the CEO and other members of the Management Team have been defined as the persons liable to report their transactions. The Company's Chief Development Officer is responsible for insider matters, their training, the preparation and maintenance of project and event-specific registers and supervision.

The CEO, CFO and CDO, two (2) together, may decide to postpone the disclosure of inside information when the conditions set out in the Market Abuse Regulation (MAR) are met. At the same time, a list of insiders per project or event will be established. The project or event-specific insider lists to be drawn up at any given time include those who receive inside information about a particular project or event.