

# LEADER OF THE REGENERATIVE SOCIETY



**Corporate Governance  
Statement 2022**  
Lassila & Tikanoja plc

# Corporate Governance Statement 2022

This Corporate Governance Statement complies with the Securities Market Association's Finnish Corporate Governance Code, which entered into force on 1 January 2020. Lassila & Tikanoja plc ("L&T" or "the company") presents this Corporate Governance Statement separately from the Report by the Board of Directors. This statement and other information disclosed in accordance with the Corporate Governance Code are available on L&T's website at [www.lt.fi/en/investors/corporate-governance](http://www.lt.fi/en/investors/corporate-governance).

This statement has been reviewed by the Audit Committee of L&T's Board of Directors and approved by the Board. The company's auditor has verified that the descriptions of the main features of the internal control and risk management systems relating to the financial reporting process included in the statement are consistent with the descriptions included in the financial statements.

## Descriptions concerning corporate governance

### General Meeting of Shareholders

The Annual General Meeting is the supreme decision-making body of L&T. The Annual General Meeting decides on the matters stipulated in the Companies Act, such as the acceptance of the financial statements and proposed dividend, the release from liability of members of the Board of Directors and the President and CEO, the election of the members of the Board of Directors and the auditors, and the compensation paid to them. The Annual General Meeting is held by the end of April as determined by the Board of Directors. Each share of Lassila & Tikanoja plc entitles the holder to one vote.

The notice to the meeting and other Annual General Meeting documents, including the Board of Directors' proposals to the Annual General Meeting are disclosed to the share-

holders at the latest three weeks before the meeting on the company's website at [www.lt.fi/en/investors/corporate-governance/general-meeting](http://www.lt.fi/en/investors/corporate-governance/general-meeting). The notice to the meeting is also disclosed in a stock exchange release. The members of the Board of Directors, President and CEO, principal auditor and prospective directors attend the Annual General Meeting, unless there are well-founded reasons for their absence.

The minutes of the Annual General Meeting will be available on the company's website within two weeks of the Annual General Meeting. The resolutions by the Annual General Meeting will be published in a stock exchange release immediately after the meeting.

### Shareholders' Nomination Board

The Nomination Board is responsible for preparing and presenting proposals covering the remuneration and number of members of the Company's Board of Directors, as well as proposals on the members, Chairman and Vice Chairman of the Board of Directors to the Annual General Meeting and, where needed, to an Extraordinary General Meeting. The Nomination Board shall also be responsible for identifying successors to existing Board members.

The Nomination Board consist of four (4) members, three (3) of whom are appointed by the Company's three largest shareholders, who appoint one (1) member each. The Chairman of the Company's Board of Directors serves as the fourth member of the Nomination Board. The Nomination Board was established to operate until further notice. Its members are elected annually and their term of office ends when new members are elected to replace them.

The Shareholders' Nomination Board's selection process, composition and duties are described in detail in the charter, which is available at [www.lt.fi/en/investors/corporate-governance/shareholders-nomination-board](http://www.lt.fi/en/investors/corporate-governance/shareholders-nomination-board).

### Composition of the Nomination Board tasked with preparations for the Annual General Meeting 2023

The following members were appointed to the Shareholders' Nomination Board of Lassila & Tikanoja on 9 September 2022: Patrick Lapveteläinen (Chairman), representing Mandatum Life Insurance Company Limited, Miikka Maijala, representing a group of shareholders, Juhani Lassila, representing the Evald and Hilda Nissi Foundation, and Jukka Leinonen as the Chairman of the Board of Directors of Lassila & Tikanoja plc. The Nomination Board met four times during its term.

It submitted its proposals to the Annual General Meeting on 11 January 2023. The proposals were published in the form of a stock exchange release.

## Board of Directors

### Composition and election of the Board of Directors

In accordance with the Articles of Association, the Board of Directors of Lassila & Tikanoja plc comprises a minimum of three members and a maximum of seven. The members of the Board of Directors are elected by the Annual General Meeting. The term of each member of the Board of Directors expires at the end of the next Annual General Meeting of Shareholders following their election.

### Board members

The following six members were elected to the Board of Directors by the Annual General Meeting of 2022.

#### Jukka Leinonen, Chairman (born 1962)

Independent of the company and major shareholders

**Board member:** since 2021

**Board committees:** Chairman of the Personnel and Sustainability Committee

**Education:** M.Sc. (Eng.)

**Key work experience:** Telenor ASA, EVP and Head of Nordics, member of Telenor's Group Executive Management 2019–2022, DNA Oyj, CEO 2013–2021, Vice President, Corporate Business 2010–2013, TeliaSonera, various management positions in corporate business sales, marketing and product management 2002–2009, Sonera Oyj, management positions 2000–2002, Sonera Solutions Oy (Yritysverkot Oy), President and CEO 1996–1999

**Membership on other Boards:** DNA Oyj, Chairman of the Board 2021–2022, Representative Council of the Confederation of Finnish Industries 2020–2021, Altia Oyj 2020–2021, FiCom ry, Chairman of the Board 2019–2021 and Member of the board 2013–2018, Service Sector Employers PALTA ry 2013–2017

#### Sakari Lassila, Vice Chairman (born 1955)

Independent of the company and major shareholders

**Board member:** since 2011

**Board committees:** Chairman of the Audit Committee

**Education:** M.Sc. (Econ.)

**Key work experience:** Indcrea Oy, Managing Director 2008–2018, Cupori Group Oy, member of the Management Board 2008–2014, Managing Director of Cupori AB 2012–2014, Carnegie Investment Bank AB, Finland Branch, executive positions 2002–2005, Alfred Berg Finland Oyj, executive positions within investment banking 1994–2002 Citibank Oy, head of corporate bank 1991–1994, Union Bank of Finland: supervisory and executive positions 1983–1991

**Membership on other Boards:** Evald and Hilda Nissi Foundation, Vice Chairman of the Board, member 1987–, Aplagon Oy, Chairman of the Board 2009–

**Teemu Kangas-Kärki (born 1966)**

Independent of the company and major shareholders

**Board member:** since 2016

**Board committees:** Member of the Audit Committee

**Primary occupation:** Nokian Tyres Oyj, CFO

**Education:** M.Sc. (Econ.)

**Key work experience:** Fiskars Oyj, Chief Operating Officer and Deputy to the CEO 2017–2018, Interim President 2017, Chief Operating Officer and Chief Financial Officer, deputy to the CEO 2014–2017, President, Home Business Area 2012–2014 and Chief Financial Officer 2008–2012, Alma Media Corporation, CFO 2003–2008, Kesko Oyj, Vice President, Corporate Controller 2002–2003, Corporate Business Controller 2000–2001, Nestlé Finland Oy, Finance Director 1999–2000, Smith & Nephew Oy, Finance Manager 1996–1998, Unilever Oy & Gmbh, Marketing Controller & Internal Auditor 1992–1996

**Membership on other Boards:** Marimekko Oyj, Vice Chair of the Board, Chair of the Audit and Remuneration Committee 2022–

**Laura Lares (born 1966)**

Independent of the company and major shareholders

**Board member:** since 2014

**Board committees:** Member of the Audit Committee

**Primary occupation:** Ablers Oy, Managing Director and Board member

**Education:** Ph.D. (Tech.)

**Key work experience:** Woimistamo Oy, Managing Director 2012–2018, Kalevala Koru Oy & Lapponia Jewelry Oy, Managing Director 2007–2012, UPM Kymmene Corporation, Director of Wood Products Division, Director of Business Development & Human Resources 2004–2006

**Membership on other Boards:**

Ablers Oy 2018–, Lappeenranta University of Technology 2009–2017, Woikoski Oy 2012–2016

**Laura Tarkka (born 1970)**

Independent of the company and major shareholders

**Board member:** since 2017

**Board committees:** Member of the Personnel and Sustainability Committee

**Primary occupation:** Gigantti Oy, CEO

**Education:** M.Sc. (Eng.), CEFA degree

**Key work experience:** Kämp Group Oy/Kämp Collection Hotels Oy, CEO 2014–2020, Diacor Terveyspalvelut Oy, CFO and deputy CEO 2013–2014, Fazer Group, Director 2007–2012, Icecapital Securities Ltd, investment banker 2001–2007, Mandatum Stockbrokers Ltd, investment banker 1997–2001

**Membership on other Boards:** Oy Karl Fazer Ab 2021–, Caruna Oy 2019–, Central Chamber of Commerce 2021–, the Finnish Fair Corporation 2019–2021, Viking Line Oyj 2020–2021, Docrates Oy 2016–2021

**Pasi Tolppanen (born 1967)**

Independent of the company and major shareholders

**Board member:** since 2020

**Board committees:** Member of the Personnel and Sustainability Committee

**Primary occupation:** YIT Corporation, Executive Vice President, Infrastructure segment and member of the Group Management Team

**Education:** Ph.D. (Tech.)

**Key work experience:** DEN Group Oy, CEO 2020–2021, Maintpartner Group Oy, CEO 2017–2019, Pöyry Oyj, President Regional Operations Northern Europe, Managing Director of Pöyry Finland Oy and member of the Management Board 2013–2016 and various managerial positions 2007–2012

**Membership on other Boards:** Forcit Oy 2019–; Terrawise Oy 2019–2021; Maintpartner Ab, Chairman 2017–2022

In 2022, the Board of Directors also had Heikki Bergholm as a member. His membership ended at the Annual General Meeting 2022.

**Diversity of the Board of Directors**

The company considers diversity essential to achieving its strategic targets. Diversity is also viewed from several perspectives when planning the composition of the Board of Directors. In the election of Board members, the aim is to ensure that the Board of Directors as a whole supports the company's business and its development. It is important from the point of view of the effective operation of the Board of

Directors that the Board of Directors is sufficiently diverse and comprises of an adequate number of members, and that the members have diverse expertise and experience to complement each other.

In assessing the composition of the Board of Directors, it is, for example, considered whether the professional and educational background, and gender and age distribution of the Board is adequately diverse and whether it includes suitable decision-making ability, skills and experience to be able to meet the requirements set by the company's business operations and strategic targets. The company's aim is that both genders are represented in the Board of Directors. The principles regarding the diversity of the Board of Directors are taken into consideration in the successor planning of Board members. Both genders have been represented in the Board of Directors for a long time. In 2022, four of the Board members were male and two were female. The age range of the Board members was 52–67 years. The less represented gender accounted for 33 per cent of the Board of Directors.

**Independence of the members of the highest governance body**

None of the members of the Board of Directors are in an employment relationship with the company. The Board of Directors has assessed that all of its members are independent of the company. In the assessment, it was taken into consideration that Sakari Lassila has been a member of the Board of Directors for more than 10 years consecutively. The Board of Directors has not identified any reasons why Sakari Lassila should not be considered independent of the company. All of the members of the Board of Directors are also independent of the company's major shareholders.

**The areas of expertise of the Board of Directors**

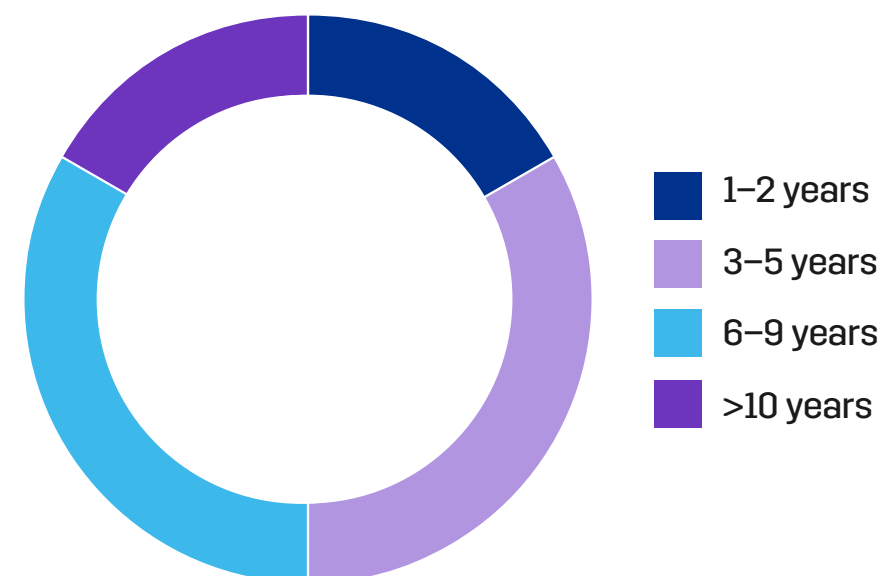
Name	Board member since	Primary areas of expertise	Independent		Committee memberships		Concurrent Board memberships in listed companies
			of the company	of significant shareholders	Audit Committee	Personnel and Sustainability Committee	
Jukka Leinonen*	2021	Customer experience, ICT and data analytics, operational management, strategy and M&A	Yes	Yes		Chairman	
Sakari Lassila	2011	Internal control and risk management, strategy and M&A, finance	Yes	Yes	Chairman		
Teemu Kangas-Kärki	2016	Governance, internal control and risk management, strategy and M&A, finance	Yes	Yes	Member		1
Laura Lares	2014	ESG and sustainability, strategy and M&A, industry expertise and technologies	Yes	Yes	Member		
Laura Tarkka	2017	Customer experience, ESG and sustainability, human resources management, operational management	Yes	Yes		Member	
Pasi Tolppanen	2020	Customer experience, international market insight, operational management, industry expertise	Yes	Yes		Member	

Yes No

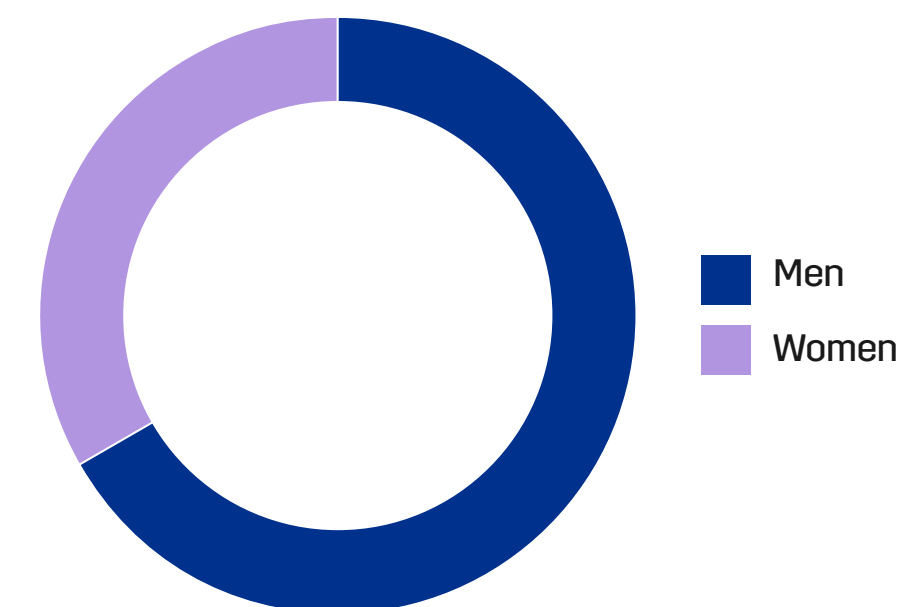
The table presents the key areas of expertise of the members of the Board of Directors on 31 December 2022. A particular area of expertise not being specifically mentioned for a Board member does not mean that the member in question lacks expertise in that area.

\* Chairman of the Board from 17 March 2022 onwards, member of the Board prior to that date.

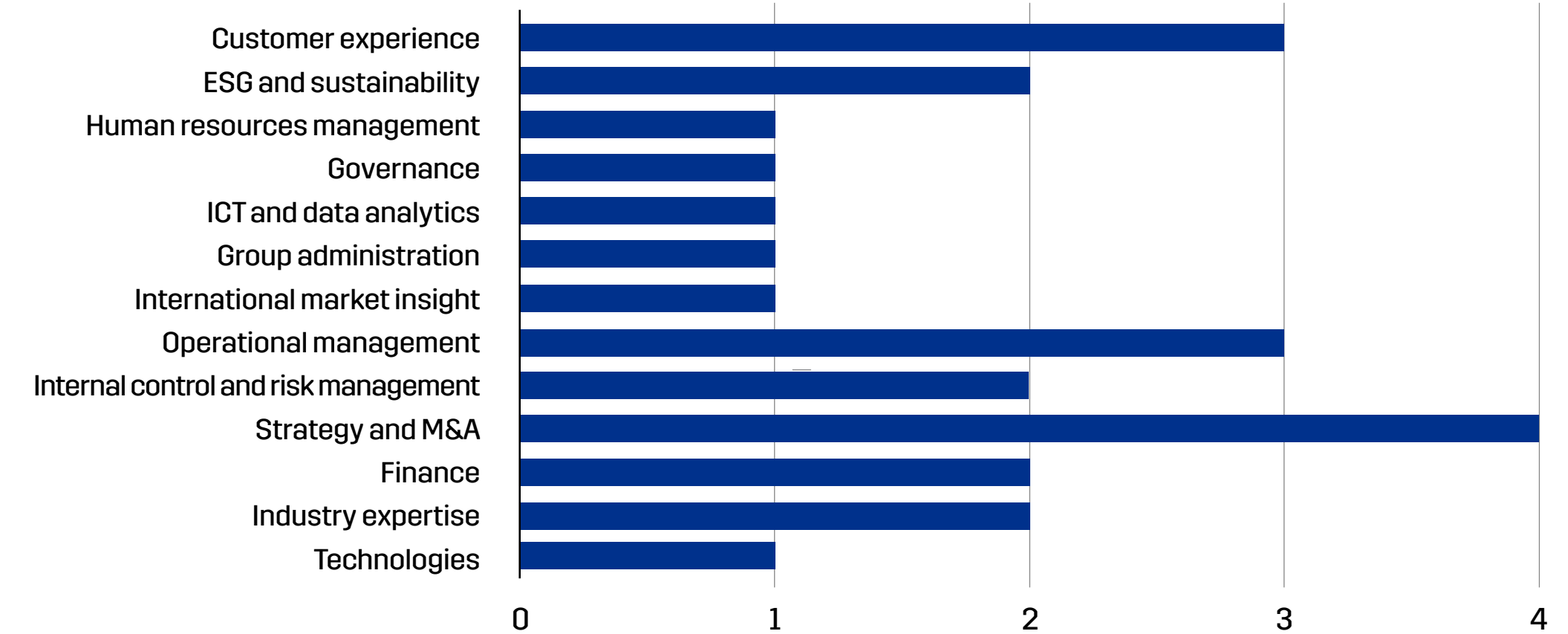
**Duration of Board membership in years (number of persons)**



**Gender distribution (number of persons)**



**Main areas of expertise**



### Board members' shareholding 31 December 2022

Shares in the company held by the Board members and any corporations over which they exercise control have been taken into account in terms of shareholding. Board members do not hold shares in any group companies other than Lassila & Tikanoja plc. Information about the Board members' remuneration is disclosed in the Remuneration report of the governing bodies, which is published in connection with the Report of the Board of Directors and is available at [lt.fi/en/investors](https://www.lassila-tikanoja.fi/en/investors).

### Board members' shareholding

31.12.2022

Jukka Leinonen	37,351
Sakari Lassila	21,427
Teemu Kangas-Kärki	5,943
Laura Lares	7,266
Laura Tarkka	5,294
Pasi Tolppanen	3,325
<b>Total</b>	<b>80,606</b>

### Duties of the Board of Directors

The Board of Directors is responsible for the management of the company, the proper arrangement of the company's operations, and the proper arrangement and supervision of the company's accounting and financial management. The Board of Directors decides upon matters that are of major importance, in view of the scope and size of the operations of the company. The Board of Directors is also responsible for the duties specified in the Companies Act and the Articles of Association, and in other regulations. The Board of Directors has drawn up a written charter for its work. It governs the Board's work in addition to the company's Articles of Association and Finnish laws and regulations.

According to the charter, the duties of the Board of Directors include, for example:

- being responsible for the development of shareholder value
- confirming the company's goals
- deciding on the corporate strategy and confirming divisional strategies
- deciding on the Group structure and organisation
- ensuring the operation of the management system
- handling and adopting interim reports, half-year financial reports, financial statements and annual reports
- confirming the Group's operating plan, budget and investment plan
- deciding on strategically or financially significant investments, corporate acquisitions, disposals or other arrangements, as well as financing arrangements and contingent liabilities
- drawing up the dividend policy
- confirming treasury, investment, disclosure, risk management and insurance policies, as well as the principles of internal control
- approving the sustainability programme
- nominating and dismissing the President and CEO and monitoring and evaluating their work
- deciding on the nomination, remuneration and other financial benefits of the President and CEO's immediate subordinates

The evaluation of the performance and working methods of the Board is conducted annually as an internal self-evaluation.

### Meetings of the Board of Directors

Board meetings are held at the company's head office in Helsinki, other group locations or other places decided on by the Board of Directors. If necessary, the Board of Directors may also hold meetings virtually and make decisions without convening.

The Board of Directors convenes as often as its tasks require. It confirms its annual, regular meetings. Meetings held annually prior to the publication of the financial state-

ments and each interim report, as well as strategy, budget and other meetings confirmed in the annual programme of the Board, are considered regular meetings. In addition to regular meetings, the Board can hold extraordinary meetings.

The company's President and CEO and CFO usually participate in Board meetings. Where necessary, such as in conjunction with discussing the strategy or budget, the meetings are also attended by other members of Lassila & Tikanoja plc's Group Executive Board. The company's General Counsel acts as the secretary of the Board of Directors.

Minutes are prepared of Board meetings, subject to the signature of members of the Board of Directors participating in the meeting, as well as the President and CEO of the company and secretary to the Board. These minutes are kept at the company's headquarters.

The President and CEO is responsible for ensuring that the Board is provided with sufficient information for assessing the operations and the financial situation of the company. He also supervises and reports to the Board on the implementation of the Board's decisions.

### Activities of the Board of Directors in 2022

The Board of Directors met 14 times during 2022. The average attendance rate of the members at the meetings was 98 per cent. Key themes in Board work included strategy and directing and supporting its implementation, monitoring strategic projects, developing the corporate structure and business portfolio and directing risk management.

### Committees of the Board of Directors

The Board has an Audit Committee and a Personnel and Sustainability Committee. The Audit Committee consists of three (3) Board members, and the Personnel and Sustainability Committee consists of three (3) Board members. At its organisational meeting after the Annual General Meeting, the Board of Directors elects chairmen and members of the Committees from among its number for a term of one year at a time. The committee members must have the expertise and experience required by the duties of the committee. The Board

of Directors confirms the charters of the committees annually. The committees have no independent decision-making authority; the Board of Directors makes the decisions based on the preparation work by the committees.

The chairman of the committee reports on the work of the committee at the Board meeting following the committee meeting. Minutes of the committees' meetings are provided to the Board members for information.

### Audit Committee

At its organisational meeting after the Annual General Meeting on 17 March 2022, the Board of Directors appointed Sakari Lassila (Chairman), Laura Lares and Teemu Kangas-Kärki as members of the Audit Committee. All of the members of the Audit Committee are independent of the company and its major shareholders. The Audit Committee will convene at least four times a year.

The duties of the Audit Committee pursuant to the charter include:

- monitoring the financial position and financing of the Group.
- monitoring the reporting process of financial statements.
- supervising the financial reporting process.
- monitoring the efficiency of the company's internal control, internal audit and risk management systems.
- reviewing the operating principles of the company's internal control.
- reviewing the plans and reports of the company's internal audit.
- reviewing the company's corporate governance statement.
- monitoring related-party transactions.
- monitoring the statutory audit of the financial statements and consolidated financial statements.
- evaluating the independence of the auditing company
- evaluating the provision of non-audit services to the company by the auditing firm.
- preparing the proposal and/or recommendation concerning the auditor of the company.

- maintaining contact with the company's auditor and reviewing the reports prepared for the committee by the auditor.
- assessing compliance with laws and provisions.

The Audit Committee met five times in 2022. The attendance rate of the members at the meetings was 100 per cent.

#### Personnel and Sustainability Committee

At its organisational meeting after the Annual General Meeting of 17 March 2022, the Board of Directors appointed Jukka Leinonen (Chairman), Laura Tarkka and Pasi Tolppanen as members of the Personnel and Sustainability Committee. All of the members of the Committee are independent of the company and its major shareholders. The Personnel and Sustainability Committee meets at least four times a year.

The duties of the Personnel and Sustainability Committee pursuant to the charter include:

- handling, evaluating and making statements on the salary structure of the Group management and personnel as well as remuneration and incentive schemes.
- monitoring the functionality of the remuneration systems to ensure that the management's incentive schemes promote the achievement of the company's targets and are based on personal performance.
- handling and preparing executive appointment issues for consideration by the Board of Directors.
- discussing and preparing matters related to the organisational structure and the development of management and human resources.
- dealing with management succession plans.
- prepare the remuneration policy of the company's governing bodies and the remuneration report.
- presenting the governing bodies' remuneration policy and reporting to the Annual General Meeting and answering related questions.
- monitoring and evaluating the development of sustainability in the Group.
- monitoring developments in the business environment and regulation

- monitoring and evaluating the development of occupational safety and work ability issues in the Group.
- monitoring the development of stakeholder support (employee and customer experience as well as other external stakeholders).
- monitoring the results of the Group's ESG assessments and analyses.
- reviewing the statement of non-financial information as part of the Board's report.
- processing the Annual Report.
- monitoring and evaluating the development of diversity in the workplace community.

The Committee met four times in 2022. The attendance rate of the members at the meetings was 100 per cent.

#### President and CEO

Lassila & Tikanoja plc's President and CEO is appointed by the Board of Directors. The President and CEO is responsible for day-to-day operations in keeping with the instructions of the Board of Directors. They are also responsible for the strategy process. Eero Hautaniemi, M.Sc. (Econ.), has served as the President and CEO since 1 January 2019. The more detailed personal and shareholding information of the President and CEO is disclosed below in connection with the personal and shareholding information of the members of the Group Executive Board.

#### Group Executive Board

The Group Executive Board assists the President and CEO in the management of the company. The Group Executive Board has no authority based on legislation or the Articles of Association. The Group Executive Board comprises of the President and CEO as the chairman and Group executives confirmed by the Board of Directors. The members of the Group Executive Board report to the President and CEO. The Group Executive Board convenes at least once a month.

On the date of this statement, the Group Executive Board comprised the following persons:

#### Eero Hautaniemi (born 1965)

##### President and CEO

**Member of the Group Executive Board since:** 1 January 2019

**Education:** M.Sc. (Econ.)

**Key work experience:** Oriola-KD Oyj, CEO 2006–2017, GE Healthcare Finland Oy, President 2004–2005, GE Healthcare IT, General Manager, Oximetry, Supplies and Accessories business area 2003–2004, Instrumentarium Corporation, specialist and executive positions 1990–2003

**Membership on other Boards:** Ilmarinen Mutual Pension Insurance Company, member of the Supervisory Board 2019–

#### Tina Hellstadius (born 1973)

**Senior Vice President,** Facility Services Sweden

**Member of the Group Executive Board since:** 19 April 2022

**Education:** M.Sc. (Technology)

**Key work experience:** SOL Sweden, CEO 2017–2022, Telia Group, Director, Supply Chain Excellence 2014–2017, LRF Samköp, CEO 2010–2014, Euromaint Rail AB, Head of Contracts 2008–2010, Bid Manager 2007–2008, Scania CV, Vice Commodity Manager 2006–2007, Sourcing Manager 2005–2006, Team Leader 2004–2005

#### Sirpa Huopalainen (born 1965)

##### General Counsel

**Member of the Group Executive Board since:** 26 February 2019

**Education:** OTK, Master of Laws (Aus.)

**Key work experience:** Lassila & Tikanoja plc, General Counsel 2012–, Atria Plc, General Counsel 2007–2012, Metso Automation Oy, Legal Counsel 2004–2007, Metso Corporation, Legal Counsel 1999–2004, Rauma Corporation, Legal Counsel 1996–1999

#### Jorma Mikkonen (born 1963)

**Senior Vice President,** Public Affairs and Sustainability

**Member of the Group Executive Board since:** 1 June 2015

**Education:** Master of Laws

**Key work experience:** Lassila & Tikanoja plc: Vice President, Environmental Services 2009–2012, Vice President, Industrial Services 2000–2009, Säkkiäline Oy, Administrative Director 1999–2000, Corporate Lawyer 1992–1999, Helsinki Finnish Saving Bank, Corporate Lawyer 1991–1992

#### Antti Niitynpää (born 1972)

**Senior Vice President,** Facility Services Finland

**Member of the Group Executive Board since:** 30 July 2021

**Education:** eMBA

**Key work experience:** Lassila & Tikanoja plc, Business Director, Cleaning Services 2019–2021, Lassila & Tikanoja plc, Business Director, Property Maintenance 2014–2018, Lassila & Tikanoja plc, Regional Director, Helsinki metropolitan area 2013–2016, ISS Finland, Regional Director, Service Director, Customer Accounts Director 2006–2013, Suomen Laatu Palvelut Oy, Project Director 1999–2006, Purkat Oy, CEO 1995–1999

**Membership on other Boards:** Kiinteistöyönantajat ry (Employers' association of property management) 2022–

#### Valter Palin (born 1973)

##### CFO

**Member of the Group Executive Board since:** 1 August 2019

**Education:** M.Sc. (Econ.)

**Key work experience:** Lassila & Tikanoja plc, CFO, responsible for controller operations, 2019, SRV Yhtiöt Oyj, CFO, 2008–2019, SRV Toimitilat Oy, business controller 2005–2008, Skanska Oy, Finance Manager, business controller and controller, 1998–2005

#### Hilppa Rautpalo (born 1974)

**Senior Vice President,** Human Resources

**Member of the Group Executive Board since:** 1 January 2020

**Education:** Master of Laws (trained at the bench)

**Key work experience:** Arctia Ltd, SVP, Legal Affairs and HR 2018–2019, Unisport-Saltex Oy, General Counsel, Group HR Director 2017–2018, Ekokem Oyj, SVP, Legal Affairs and HR 2013–2017, Amer Sports Oyj, Senior Legal Counsel 2007–2009, Metsä Group, Group Legal Counsel 2000–2007

**Membership on other Boards** Finnpiilot Pilotage Oy, 2020–

**Petri Salermo (born 1970)****Senior Vice President**, Environmental Services**Member of the Group Executive Board since:** 1 January 2013**Education:** eMBA, CBM**Key work experience:** Lassila & Tikanoja plc: Business Director, Environmental Services 2009–2012; Sales Director, Environmental Services 2003–2009; Sales Manager, Environmental Services 2001–2003, Europress Oy: Sales Director 1998–2001, managerial positions in sales 1995–1998**Antti Tervo (born 1978)****Senior Vice President**, Industrial Services**Member of the Group Executive Board since:** 14 February 2012**Education:** M.Sc. (Econ.)**Key work experience:** Lassila & Tikanoja plc: Chief Officer responsible for procurement and supply chain, 2012–2014, Siemens North West Europe: Head of Commodity Management 2009–2012; Project Manager, Procurement and Supply Chain Management 2008–2009, Siemens Oy: Director, Procurement 2005–2009; Procurement Manager 2003–2005; Supply Chain Consultant 2001–2003**Group Executive Board members' shareholding  
31 December 2022**

Eero Hautaniemi	46,827
Tina Hellstadius	0
Sirpa Huopalainen	6,744
Jorma Mikkonen	7,107
Antti Niitynpää	1,107
Valtteri Palin	1,560
Hilppa Rautpalo	1,758
Petri Salermo	19,105
Antti Tervo	10,856
<b>Total</b>	<b>95,064</b>

Shares in the company held by the Group Executive Board members and any corporations over which they exercise control have been taken into account in terms of shareholding. Group Executive Board members do not hold shares in any group companies other than Lassila & Tikanoja plc. Information on the President and CEO's remuneration is provided in the remuneration report, which has been published in connection with the Report of the Board of Directors. The remuneration report and information on the Group Executive Board's remuneration is available online at [www.lt.fi/en/investors](http://www.lt.fi/en/investors).

## Descriptions of internal control procedures and main features of risk management system

### The Group's financial reporting

The financial reporting principles represent an essential element of L&T's Integrated Management System. The financial information of the Group and its divisions is reported and analysed internally within the Group monthly and disclosed as interim reports, half-year financial reports and financial statements releases. The Group's and its divisions' budgets and long-term financial plans are updated annually.

The Group's financial reporting process includes both financial accounting and management accounting. The internal control and risk management processes and procedures pertaining to the financial reporting process are explained in more detail below. Their purpose is to ensure that the information disclosed in the financial reports published by the company is essentially correct.

### Audit Committee

The Board of Directors' Audit Committee supervises and monitors the efficiency of L&T's financial reporting process and internal control systems. The Audit Committee has reviewed L&T's internal control policy and the Board of Directors has approved it.

The Audit Committee meets at least four times a year before the publication of interim reports and the financial statements release. In its meetings, the Audit Committee reviews the financial information presented by the Chief Financial Officer, as well as interim and half-year financial reports and financial statements releases. The auditor is also invited to attend the meetings. The Audit Committee is presented in more detail in the Committees section.

### L&T's financial reporting process

L&T conducts a significant proportion of its business in Finland. Functions related to accounting, accounts payable and receivable, payments, taxation and financing in the financial reporting process in Finland are centralised. Organisation of these functions into different teams allows the separation of various finance-related tasks. To support the consistent process in Finland, L&T also runs a centralised accounting system and common operational practices.

L&T's foreign subsidiaries each have independent financial management departments operating in compliance with the accounting principles and reporting instructions issued by the Group's financial management. L&T's domestic business segments and foreign subsidiaries submit a monthly reporting package to the Group according to the Group's instructions. Controllers supervise the financial reports of domestic business segments and foreign subsidiaries. L&T's Group financial management is responsible for preparing and updating the Group accounting policies and instructions, and for preparing reporting schedules.

The financial management department consolidates subsidiaries' financial statements into consolidated financial statements, which include notes to the financial statements, and prepares interim and half-year financial reports, financial statements releases and the annual financial statements. Public financial reporting is realised with the same principles, and it is subject to the same control methods as monthly internal financial reporting. The Audit Committee reviews the interim report, half-yearly report and financial statements and proposes its recommendation on their processing to the Board of Directors. The Board of Directors approves the interim report, half-yearly report, financial statements release and financial statements prior to their publication.

### Internal control

Internal control is a material part of the Group's administration and management. The purpose of internal control is to ensure the reliability of the Group's financial reporting, efficiency and profitability of operations, and compliance with legislation and other regulations. Tools of internal control include policies and principles, guidelines, manual and IT system-based automatic controls, follow-up reports and inspections or audits.

The company's Board of Directors has ratified L&T's internal control policy. The Board of Directors and the President and CEO are responsible for the organisation of internal control.

The Audit Committee of the Board of Directors monitors the efficiency and performance of internal control and correctness of financial reporting. The financial development of the company is monitored monthly by an operational reporting system covering the whole Group.

In addition to actual data, the system provides budgets, forecasts and investment reports. L&T's operations and financial reports are monitored and compared against budgets and forecasts at different organisational levels. Group management, divisional management and area management, as well as business unit management, analyse the results and any nonconformities. Those responsible for finances at the divisions also analyse the financial reports and prepare reports for management use. Their duties also include supervision of the accuracy of financial reports and analysis of results.

### Risk management

L&T has a defined a risk management process that includes a review of financial, strategic and operational risks. Risk management at L&T aims to identify significant risk factors, prepare for them, and manage them in an optimal way so that the achievement of the company's strategic and financial objectives is not compromised. Comprehensive risk management endeavours to manage the Group's risk as a whole and not just individual risk factors.

### Responsibilities

The principles of L&T's risk management are approved by the company's Board of Directors. The Board monitors the

implementation of risk management and assesses the efficiency of the methods employed. The President and CEO is responsible for the organisation and implementation of risk management. Risk management at L&T Group is controlled by the risk management and insurance policy confirmed by L&T's Board of Directors. The policy specifies the objectives and principles, organisation and responsibilities, and procedures of the Group's risk management. The Group's financing policy confirmed by L&T's Board of Directors is followed in the management of financial risks. The principles for insurance risk management are specified in the Risk Management and Insurance Policy.

#### Identification, assessment and reporting of risks

Risks are surveyed regularly and systematically at both the division and company levels and in functions considered to be critical. The significance of risks is assessed using a risk matrix. Measures for managing and minimising the identified risks are prepared, and responsibility for these measures is allocated to specified individuals or units. The most significant risks identified, and the preparations for them are regularly reported to the President and CEO and the Board of Directors.

## Other information disclosed in the CG statement

#### Internal audit

Internal audit enhances the realisation of the monitoring responsibility of L&T's Board of Directors. It is the task of L&T's internal audit to support the company and its senior management in the achievement of strategic and financial goals by providing a systematic and independent approach to assessing and developing the effectiveness of the organisation's internal control, risk management and governance systems and performance, efficiency and appropriateness of business processes.

The Board's Audit Committee confirms the annual plan of internal audit, in which items to be audited are selected based on the Group's strategic objectives, estimated risks

and focal areas specified by the Board of Director and the President and CEO. The internal audit function reports to the Audit Committee of L&T's Board of Directors. In addition, the President and CEO, the CFO, the General Counsel and the management of each audited division are informed of the audit results. The implementation of the measures resulting from the internal audit recommendations is monitored and the monitoring results are reported to the Audit Committee.

#### Insider guidelines

The company complies with the Market Abuse Regulation (596/2014, "MAR") and the Securities Market Act and related regulations and guidelines issued by the European Securities Markets Authority, the Finnish Financial Supervisory Authority and Nasdaq Helsinki Ltd. Moreover, the Board of L&T's has also verified insider guidelines to supplement the Guidelines for Insiders issued by Nasdaq Helsinki Ltd.

Certain key aspects of the insider guidelines are described below. The insider guidelines clearly specify certain practices and decision-making procedures to ensure that the company's insider management has been arranged in a consistent and reliable way. The General Counsel is responsible for insider issues in the company. L&T maintains an internal non-public list of the persons discharging managerial duties and the persons closely associated with them who, pursuant to MAR, are under an obligation to disclose their transactions involving L&T's financial instruments.

L&T has defined the company's Board of Directors and the President and CEO as persons discharging managerial duties pursuant to the Market Abuse Regulation, and each of these persons has been instructed to inform the persons closely associated with them of the notification obligation concerning transactions. Transactions by managers and the persons closely associated with them are published as stock exchange releases via the company website.

The company maintains separate project-specific insider lists pursuant to MAR on significant projects that may have a significant impact on the value of financial instruments issued by L&T. Such lists are established and maintained following the decision to postpone the disclosure of inside information.

Persons who are entered in a project-specific insider list or other persons in possession of inside information concerning

L&T may not trade in financial instruments issued by L&T. In addition, L&T's aforementioned persons discharging managerial duties may not trade in L&T's financial instruments for a closed period of 30 days preceding the publication of the company's interim reports, half-year report and financial statements release, including the date of publication.

The closed period preceding result announcements and the restriction on carrying out transactions during the closed period also apply to the persons who participate in the preparation of interim reports and the financial statements release, or who otherwise have regular access to L&T's undisclosed financial information.

#### Transactions with related parties

The company and its Board of Directors evaluates and monitors transactions between the company and its related parties, and aims to ensure that any conflicts of interest are taken into consideration in decision-making. If the related-party transactions are material to the company and deviate from the company's ordinary business operations or are made in deviation from ordinary market terms, the company must report the decision-making procedure concerning such related-party transactions.

L&T's related-party transactions are described in Note 5.4 to the financial statements. L&T did not carry out any business transactions with related parties that were material to the company, deviated from its normal business operations or were not made on market or market equivalent terms in 2022.

#### Auditor

L&T has one auditor that must be a firm of auditors approved by the Finland Chamber of Commerce. The auditor is elected by the Annual General Meeting. PricewaterhouseCoopers Oy, Authorised Public Accountants, was elected by the Annual General Meeting of 2022 as the company's auditor, with Samuli Perälä, Authorised Public Accountant, as the principal auditor. During the financial years 2012–2021, the company's auditor was KPMG Oy Ab, Authorised Public Accountants, and auditors representing KPMG.

The Audit Committee of the Board of Directors processes the audit plan annually and reviews the audit findings with the Board of Directors. In 2022, the fees paid for the Group's statu-

tory auditing totalled EUR 364,000 (264,000). The fees paid to the auditing company and companies belonging to the same group for non-audit services totalled EUR 167,000 (23,000).





**LEADER OF THE  
REGENERATIVE  
SOCIETY**

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