



Corporate Governance Statement 2023
Lassila & Tikanoja plc

LEADER OF THE REGENERATIVE SOCIETY



Corporate Governance Statement 2023

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. The full Corporate Governance Code is available at www.cgfinland.fi. L&T has not deviated from the recommendations of the Code.

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

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 shareholders at the latest three weeks before the meeting on the company's website at 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 members of the board attend the General Meeting, unless there are well-founded reasons for their absence.

The minutes of the General Meeting will be available on the company's website

within two weeks of the General Meeting. The resolutions by the 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 is also responsible for identifying successors to existing Board members.

The Nomination Board consists of four members, three of whom are appointed by the Company's three largest shareholders, who appoint one 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.

Composition of the Nomination Board tasked with preparations for the Annual General Meeting 2024

The following members were appointed to the Shareholders' Nomination Board of Lassila & Tikanoja on 19 September 2023: Juhani Lassila (Chairman), representing the Evald and Hilda Nissi Foundation, Miikka Maijala, representing a group of shareholders, Tanja Eronen, representing Nordea Funds, and Jukka Leinonen as the Chairman of the Board of Directors of Lassila & Tikanoja plc.

The Nomination Board met five times during its term. It submitted its proposals to the Annual General Meeting on 11 January 2024. 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 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 2023.

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. (Tech.)

Key work experience: Telenor ASA, EVP and Head of Nordics, member of Telenor's Group Executive Management 2019–2022; DNA Oyj, CEO 2013–2021 and 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: Pihlajalinna Oyj, Chair of the Board 2023–; Posti Group Oyj, Deputy Chair of the Board 2022–; 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 and 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

Education: M.Sc. (Econ.)

Key work experience: Nokian Tyres Oyj, CFO 2018–2023; 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 and 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 Oy, Vice Chair of the Board 2022–

Laura Lares (born 1966)

Independent of the company and major shareholders

Board member: since 2014

Board Committees: Member of the Personnel and Sustainability 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

Anni Ronkainen (born 1966)

Independent of the company and major shareholders

Board member: since 2023

Board committees: Member of the Audit Committee

Education: M.Sc. (Econ.)

Key work experience: Kesko Oy, Executive Vice President, Chief Digital Officer 2015–2023; Google Finland, Country Manager Finland 2009–2015 and Industry Head 2008–2009; McCann Helsinki Group, CEO 2006–2008; Satama Finland (Satama Interactive), various leadership roles 1999–2006; Publicis-Törmä, Helsinki, Group Account Director and other roles 1996–1999; Consumer Compass, Helsinki, Research Director and other roles 1992–1996

Membership on other Boards: Loihde Oy, Member of the Board 2023–; Posti Group Oy, Member of the Board 2023–; Kontiotuote Oy, Member of the Board 2022–; Aallon Group Oy, Member of the Board 2022–; Fennia Mutual Insurance Company, Member of the Board 2019–; Steering committee on the Artificial Intelligence 4.0 programme nominated by the Ministry of Economic Affairs and Employment, member 2020–2023; Digital Economy Advisory Board, University of Vaasa, member 2019–; Marketing Finland, Board of Directors, member 2018–2022; DNA Oy, Member of the Board 2019–2021; The Start-up Committee at the Finland Chamber of Commerce, Chair 2018–2020; Invesdor Oy, Member of the Board 2018–2019; Asiakastiето Group Oy, Member of the Board 2015–2019; Nordic Morning Oy, Member of the Board 2015–2019; Sunduka Oy, Member of the Board 2015–2016; Amcham Finland, Member of the Board 2011–2015; Markkinointi-instituutti, Member of the Board 2010–2015

Pasi Tolppanen (born 1967)

Independent of the company and major shareholders

Board member: since 2020

Board Committees: Member of the Personnel and Sustainability Committee

Education: Ph.D. (Tech.)

Key work experience: YIT Corporation, Executive Vice President, Infrastructure segment and member of the Group Management Team 2021–2023; DEN Group Oy, CEO 2020–2021; Maintpartner Group Oy, CEO 2017–2019; Pöyry Oy, 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: Vacuum Insulation Solutions Oy, Member of the Board 2023–; Forcit Oy, Member of the Board 2019–; Terrawise Oy, Member of the Board 2019–2021; Maintpartner Ab, Chairman of the Board 2017–2022; mi Solutions & Consulting GmbH, Member of the Board 2017–2019; Service Sector Employers PALTA, Member of the Board 2017–2019; The Finnish Association of Consulting firms SKOL, Member of the Board 2013–2016

In 2023, the Board of Directors also had Laura Tarkka as a member. Her membership ended at the Annual General Meeting 2023.

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 comprised 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 2023, four of the Board members were male and two were female. The age range of the Board members was 56–68 years. Men represented 67 per cent of the members and women 33 per cent.

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.

Board members' shareholding on 31 December 2023

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 as a part of the Annual Review and is available at vuosikertomus.lt.fi/en/.

Board members' shareholding

	31.12.2023
Jukka Leinonen	39,665
Sakari Lassila	22,969
Teemu Kangas-Kärki	7,100
Laura Lares	8,423
Anni Ronkainen	1,157
Pasi Tolppanen	4,482
Total	83,796

Duties of the Board of Directors

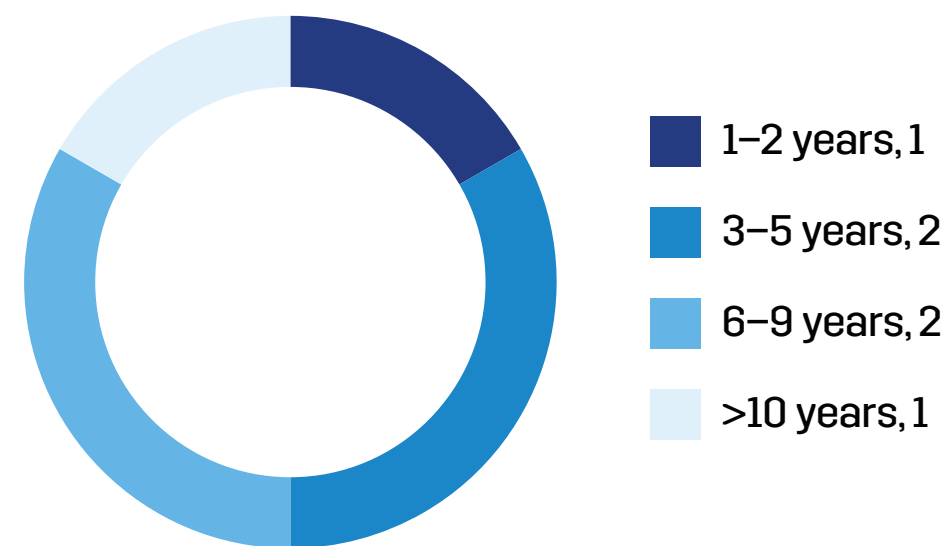
The Board of Directors is responsible for the management of the company, the proper arrangement of the company's operations, and the proper arrangement and supervision of the company's accounting and financial management. The Board of Directors decides upon matters that are of major importance, in view 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.

Name	Board member since	Primary areas of expertise	Independent of the company	Independent of significant shareholders	Audit Committee	Personnel and Sustainability Committee	Concurrent Board memberships in listed companies
Jukka Leinonen	2021	Customer experience, ICT and data analytics, operational management, strategy and M&A	◆	◆		Chairman	1
Sakari Lassila	2011	Internal control and risk management, strategy and M&A, finance	◆	◆	Chairman		
Teemu Kangas-Kärki	2016	Governance, internal control and risk management, strategy and M&A, finance	◆	◆	Member		1
Laura Lares	2014	ESG and sustainability, strategy and M&A, industry expertise and technologies	◆	◆		Member	
Anni Ronkainen	2023	Customer experience, human resources, ICT and data analytics, technologies	◆	◆	Member		2
Pasi Tolppanen	2020	Customer experience, international market insight, operational management, industry expertise	◆	◆		Member	

The table presents the key areas of expertise of the members of the Board of Directors on 31 December 2023. 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.

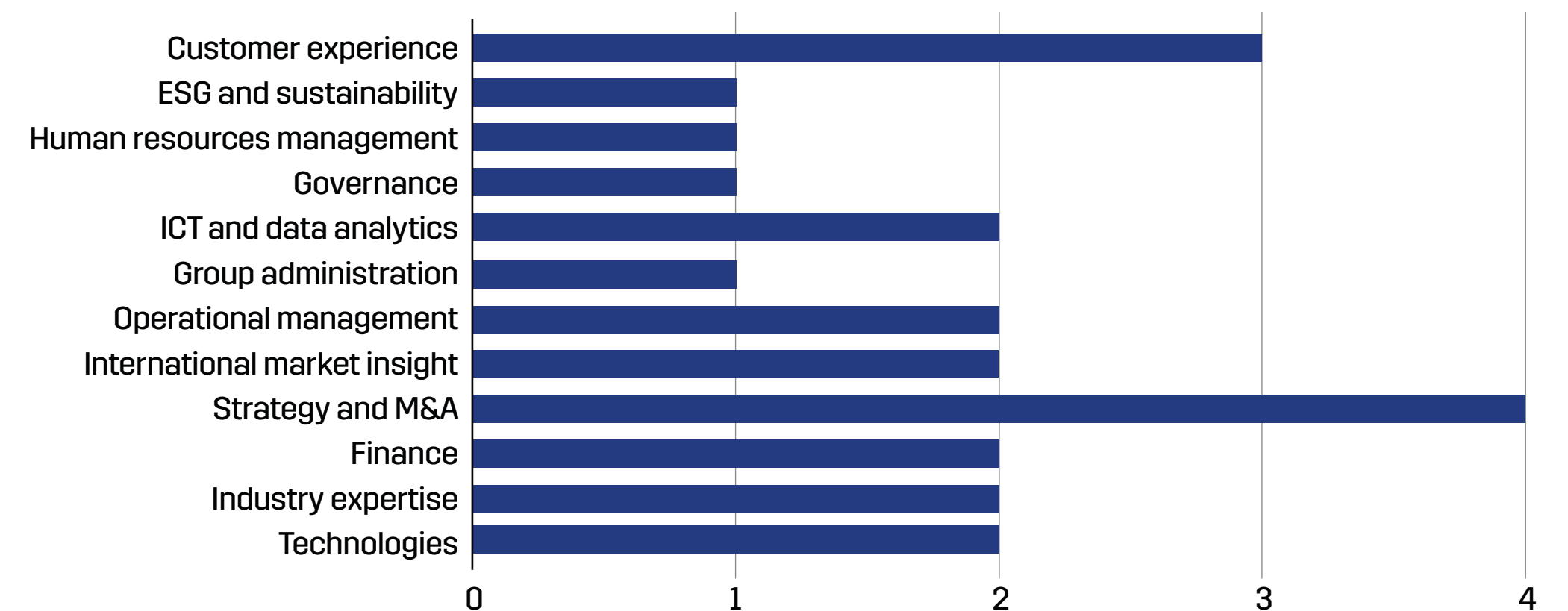
Duration of Board membership in years (number of persons)



Gender distribution (number of persons)



Primary areas of expertise



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 targets
- 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 confirming interim reports, half-year financial reports, financial statements and report by the Board of Directors
- 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 statements 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 attend 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.

The President and CEO is responsible for ensuring that the Board is provided with sufficient information to assess the operations and 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 2023

The Board of Directors met 12 times during 2023. The average attendance rate of the members at the meetings was 100 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 Board members, and the Personnel and Sustainability Committee consists of three 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

In its organisational meeting after the Annual General Meeting on 23 March 2023, the Board of Directors appointed Sakari Lassila (Chairman), Teemu Kangas-Kärki and Anni Ronkainen 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 2023. 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 23 March 2023, the Board of Directors appointed Jukka Leinonen (Chairman), Laura Lares 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 five times in 2023. 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. M.Sc. (Econ.) Eero Hautaniemi has served as 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 is comprised 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–

Sirpa Huopalainen (born 1965)

General Counsel

Member of the Group Executive Board since: 26 February 2019

Education: Master of Laws, trained at the bench

Key work experience: Lassila & Tikanoja Oyj, General Counsel 2012–, Atria Oyj, 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 Oyj, Division Manager, Environmental Services 2009–2012 and Division Manager, Industrial Services 2000–2009; Säkkipäline Oy, Administrative Director 1999–2000 and Corporate Lawyer 1992–1999; Finnish Savings Bank: Corporate Lawyer 1991–1992

Membership on other Boards: Chamber of Commerce, Member of the Economic and Climate Committee 2022–; Laania Oy, Member of the Board 2022–; Chemical Industry Federation of Finland, Member of the Board 2021–; The Recycling Industries of Finland, Member of the Board 2013–; LähiTapiola, Member of the Supervisory Board 2008–; Employers' Federation of Road Transport (ALT), Member of the Board 2001–

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 Oyj, Business Director, Cleaning Services 2019–2021, Business Director, Property Maintenance 2014–2018, Regional Director, Helsinki metropolitan area 2013–2016, ISS Finland, Regional Director, Service Director, Customer Accounts Director 2006–2013, Suomen Laatutakuu Palvelut Oy, Project Director 1999–2006, Purkat Oy, CEO 1995–1999

Membership on other Boards: Employers' association of property management, Member of the Board 2022–

Valtteri Palin (born 1973)

CFO

Member of the Group Executive Board since: 1 August 2019

Education: M.Sc. (Econ.)

Key work experience: Lassila & Tikanoja Oyj, 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 Oy, 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: Finnipilot Pilotage Oy, Member of the Board 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 Oyj: 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

Edward Skärström (born 1974)

Chief Information Officer

Member of the Group Executive Board since: 1 January 2023

Education: Bachelor of Economic Sciences, Information Systems

Key work experience: Teknos, CIO 2017–2022 and ICT Manager 2015–2017; IFS Finland, Consulting Manager 2007–2014, Application Consultant and Project Manager 1999–2006

Mikko Taipale (born 1970)

Senior Vice President, Facility Services Sweden

Member of the Group Executive Board since: 19 April 2023

Education: Master of Laws, trained at the bench

Key work experience: AIMS International Sweden AB, Partner & Executive Search and Talent Management consultant 2020–2023; Veoneer Inc., Executive Vice President, Human Resources 2018–2020; Autoliv Electronics Ab, Executive Vice President, Human Resources 2015–2018; Telia Company, Vice President Human Resources and other leadership roles 2000–2015

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 Oyj: 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

In 2023, Group Executive Board also had Tina Hellstadius as a member until 31 March 2023.

Group Executive Board members' shareholding	31.12.2023
Eero Hautaniemi	46,827
Sirpa Huopalaainen	6,744
Jorma Mikkonen	7,107
Antti Niitynpää	1,107
Valtteri Palin	1,560
Hilppa Rautpalo	1,758
Petri Salerno	19,105
Edward Skärström	0
Mikko Taipale	0
Antti Tervo	10,856
Total	95,064

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 Annual Review. The remuneration report and information on the Group Executive Board's remuneration is available online at vuosikertomus.lt.fi/en.

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 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

The internal audit is responsible for the independent evaluation and assurance function required of a listed company, which systematically examines and verifies the effectiveness of risk management, control, management and governance. On the proposal of the Audit Committee, the Board of Directors approves the operating instructions and annual plan for the internal audit. L&T's internal audit has been outsourced to the audit firm KPMG Oy Ab. L&T has designated the CFO to be in charge of coordinating the practical activities. The internal audit function reports to the Audit Committee of L&T's Board of Directors. In addition, the President and CEO, CFO, General Counsel and 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 2023.

Auditor

Auditing is carried out by an auditor elected by the Annual General Meeting. The term of the auditor expires at the end of the next Annual General Meeting of Shareholders following their election.

During the financial year 1 January–31 December 2023, PricewaterhouseCoopers Oy served as the auditor, with Samuli Perälä, Authorised Public Accountant, as the principal auditor.

The Audit Committee of the Board of Directors processes the audit plan annually and reviews the audit findings with the Board of Directors. In 2023, the fees paid for the Group's statutory auditing totalled EUR 302,000 (364,000). The fees paid to the auditing company and companies belonging to the same group for non-audit services totalled EUR 71,000 (167,000).



LEADER OF THE REGENERATIVE SOCIETY

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