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## CORPORATE GOVERNANCE STATEMENT 2015

This corporate governance statement has been prepared in accordance with recommendation 54 of the Finnish Corporate Governance Code. The corporate governance statement has been prepared as a part of annual report and it is also available separately on the Company's website [www.etteplan.com](http://www.etteplan.com). Etteplan's Board of Directors' has reviewed this corporate governance statement. Etteplan Oyj's external auditor, PricewaterhouseCoopers Oy, has checked that this statement has been issued and that the description of the main features of the internal control and risk management systems pertaining to the financial reporting process is consistent with Etteplan Oyj's financial statements.

### General governance principles

Etteplan Oyj is a Finnish public limited company that in its decision-making and governance complies with the Finnish Companies Act, other legislation concerning publicly listed companies, and the Articles of Association of Etteplan Oyj.

The Company is a publicly listed company that abides by the regulations of Nasdaq Helsinki Ltd. Etteplan complies with the Finnish Corporate Governance Code 2010 published by the Securities Market Association. The Finnish Corporate Governance code is available on the Securities Market Association's website at [www.cgfinland.fi](http://www.cgfinland.fi).

Supervision and management of the Company is divided among the General Meeting of Shareholders, the Board of Directors, and the CEO.

### GENERAL MEETING

The shareholders exercise their decision-making power at the General Meeting. The Company must hold one Annual General Meeting for shareholders annually, by the end of June. If necessary, an Extraordinary Meeting of Shareholders is held. A shareholder may exercise his/her right to speak, ask questions and vote at the General Meeting. The matters to be considered at the Annual General Meeting (AGM) are specified in section 8 of Etteplan's Articles of Association and in Chapter 5, Section 3 of the Companies Act.

Decisions by the General Meeting are published without delay after the meeting by a stock exchange release and on the Company's website [www.etteplan.com](http://www.etteplan.com).

### Information on General Meetings to Shareholders

The Board shall convene the Annual General Meeting or an Extraordinary General Meeting with a summons to be published on the Company's website [www.etteplan.com](http://www.etteplan.com). The summons must list the agenda for the meeting. The Board may also decide to publish the invitation to the General Meeting in a one Finnish national newspaper, determined by the Board. The summons to a meeting and the Board's proposals for the meeting are also published as a stock exchange release.

The notice of the General Meeting includes a proposal for the agenda of the meeting. The notice of the General Meeting, documents to be submitted to the General Meeting and draft resolutions to the General Meeting will be available on the Company's webpage at least three weeks before the General Meeting.

The Company will disclose on its webpage the date by which a shareholder shall notify the Board of Directors of the Company of an issue that he or she demands to be included in the agenda of the Annual General Meeting.

The minutes of the General Meeting shall be posted on the Company's webpage within two weeks of the General Meeting. The documents related to the General Meeting shall be available on the Company's webpage at least for three months after the General Meeting.

### **Organization of the General Meeting**

According to Company's Articles of Association the General Meeting shall be held in the Company's domicile or in Lahti or in Helsinki as decided by the Board of Directors of the Company.

To be able to participate in General Meeting, a shareholder must be registered on the record date in the Etteplan Oyj's shareholder register, maintained by Euroclear Finland Ltd. A nominee-registered shareholder who intends to take part in General Meeting is advised to request the necessary instructions regarding entry in the Company's shareholder register and the issuing of proxy documents from their account holder. A notification by a holder of nominee-registered shares for temporary inclusion in the Company's shareholders' register is perceived as prior notice of participation in the General Meeting.

Shareholders must register for a General Meeting in advance, within the time prescribed in the summons. A shareholder may participate in a General Meeting personally or through a duly authorized proxy. The proxy must present a power-of-attorney form for such authorization. Upon registration for a General Meeting, the shareholder must report to the Company any powers of attorney issued. The shareholder and proxy may have an assistant present at the meeting.

### **Attendance of the Board of Directors, Managing Director and Auditor at the General Meeting**

The Chairman of the Board of Directors and a sufficient number of members of the Board and its Committees as well as the CEO shall attend the General Meeting. In addition, the Auditor shall be present at the Annual General Meeting.

### **Attendance of a prospective Director at a General Meeting**

A person proposed for the first time as Director shall participate in the General Meeting that decides on his or her election unless there are well-founded reasons for absence.

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## Shareholder agreements

A shareholder agreement is an agreement among the shareholders of a company on the company's governance and management. A shareholder agreement can be made when a company is established or during the time of its operation. A shareholder agreement is binding between the shareholders. A shareholder agreement does not bind the company itself unless the company is included in the agreement. In general the Board of Directors approves a shareholder agreement on behalf of the Company.

Etteplan has not made a shareholder agreement nor is the Company aware of possible shareholder agreements.

## BOARD

The Board of Directors is responsible for the Company's management and for the due organization of the Company's operations in accordance with the relevant legislation and the Company's Articles of Association. The Board of Directors controls and monitors the Company's operational management; appoints and dismisses the CEO; and approves the major decisions affecting the Company's strategy, capital expenditures, organization, remuneration and bonus systems covering the management, and finances.

## Charter of the Board

As part of the Company's corporate governance, the Etteplan Oyj Board of Directors has approved written rules of procedure to control Board work. The Board's rules of procedure complement the stipulations of the Finnish Companies Act and the Articles of Association of the Company. Charter of the Board is presented on the Company's website [www.etteplan.com](http://www.etteplan.com).

## Meetings of the Board

The Board meets as often as appropriate fulfilment of its obligations requires. The Etteplan Board of Directors met 12 times in 2015. In addition to the members of the Board, the Company's CEO attended Board meetings as the Secretary to the Board. All members of the Board attended all the meetings during 2015.

## Performance evaluation of the Board

On an annual basis, the Board of Directors assesses its activities and work practices. The Board specifies the criteria to be used in the assessment, which is carried out as internal self-evaluation. The results of these activities are handled by the Board.

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## Composition of the Directors

The General Meeting elects the members of the Board of Directors. The Nomination and Remuneration Committee of the Board of Directors of Etteplan Oyj prepares a list of proposed members of the Board of Directors for consideration by the General Meeting. The Board-proposed candidates are reported upon in the summons to the meeting and on the Company's webpage.

According to the Articles of Association, the Board of Directors shall have a minimum of three and a maximum of seven members. The Board of Directors shall be elected for a term of one year at a time.

In accordance with the proposal of the Board of Directors' Nomination and Remuneration Committee the Annual General Meeting held on March 27, 2015 re-elected Robert Ingman, Patrick von Essen, Pertti Nupponen, Teuvo Rintamäki and Leena Saarinen as Board members. In addition Matti Huttunen was elected as a new member to the Board. The Board of Directors of Etteplan Oyj elected on March 27, 2015 in its organization meeting subsequent to the AGM Robert Ingman as Chairman of the Board.

## Independence of Directors

The majority of the Directors shall be independent of the Company. In addition, at least two of the Directors representing this majority shall be independent of significant shareholders of the Company.

The Board shall evaluate the independence of the Directors and report which of them are independent of the Company and which are independent of significant shareholders.

Robert Ingman, Patrick von Essen, Matti Huttunen, Pertti Nupponen, Teuvo Rintamäki and Leena Saarinen are independent of the Company.

Patrick von Essen, Matti Huttunen, Pertti Nupponen, Teuvo Rintamäki and Leena Saarinen are independent of significant shareholders.

## Information reported on Directors

Biographical details and information on the holdings of the Board of Directors are presented on the Company's website [www.etteplan.com](http://www.etteplan.com) and partly in Annual Report.

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## BOARD COMMITTEES

The Board of Directors of Etteplan Oyj has a Nomination and Remuneration Committee. The Board carries out the duties assigned for the Audit Committee since the Company does not have an Audit Committee.

### Nomination and Remuneration Committee

The Board of Directors of Etteplan Oyj has appointed a Nomination and Remuneration Committee among the Directors. The Board has confirmed the central duties and operating principles of the committee in a written charter. Charter of the Committee is presented on the Company's website [www.etteplan.com](http://www.etteplan.com). The Nomination and Remuneration Committee reports regularly on its work to the Board.

The task of the Nomination and Remuneration Committee is to assist the Board of Directors in matters related to the appointment and compensation of the Company's CEO, the deputy CEO and other executives. In addition, the committee prepares for the Annual General Meeting a proposal on the number of Board members, Board composition and Board member compensation. The committee also recommends, prepares and proposes to the Board the CEO's and the deputy CEO's nomination, salary and compensation, and further evaluates and provides the Board and the CEO with recommendations concerning management and employees rewards and compensation systems.

The committee consists of three members of the Board of Directors. It convenes on a regular basis at least once a year. The Committee Chairman provides the Board with the proposals made by the committee.

Since the Annual General Meeting of 2015, Leena Saarinen has acted as the Chairman of the Nomination and Remuneration Committee and Robert Ingman and Pertti Nupponen as members of the Committee. All members of the Committee are independent of the Company.

The Nomination and Remuneration Committee met 2 times during 2015. All members of the Nomination and Remuneration Committee attended all the meetings.

## CEO

The Board of Directors appoints the CEO and terminates this employment, as well as monitors the CEO's activities. The parent Company's CEO furthermore acts as the Group's Chief Executive Officer. The CEO is responsible for managing the Group's day-to-day operations in accordance with the rules and instructions issued by the Board of Directors. The CEO may take measures that are unusual and far-reaching with regard to the scope and nature of the Company's operations, but only with authorization from the Board of Directors. The CEO is responsible for ensuring that the Company's accounting complies with the applicable legislation and that its asset management is arranged in a reliable manner.

A written CEO agreement, which has been approved by the Board, has been drawn up for the CEO.

M. Sc. (Eng) Juha Näkki has been the Company's President and CEO from the beginning of 2012. He has not been a member of the Board of Directors, but he has attended Board meetings as the Secretary to the Board. Juha Näkki's biographical details and information on the holdings are presented on the Company's website [www.etteplan.com](http://www.etteplan.com) and partly in Annual Report 2015.

## OTHER EXECUTIVES

The CEO appoints members to the Management Group who are appropriate from the standpoint of line operations. The Management Group assists the CEO and also develops and monitors all matters entrusted to the Company's management, including those connected with the Group and business unit strategies, acquisitions and major capital expenditures, divestments, the Company's image, monthly reporting, interim reports, investor relations, and the main principles of the human resource policy. The Board of Directors approves the appointment of the Management Group members. The members of the Management Group report to the President and CEO.

In addition to President and CEO Juha Näkki Etteplan Oyj's Management Group has consisted as of January 1, 2015 of Per-Anders Gådin, Senior Vice President, Finance, Petri Ikonen, Senior Vice President, Technical Documentation Services, Veikko Lamminen, Senior Vice President, Operations Finland, Outi-Maria Liedes, Senior Vice President, HR & Communications, Riku Riikonen, Senior Vice President, Engineering Services and Mikael Vatn, Senior Vice President, Operations Sweden.

Biographical details and information on the holdings of the members of the Management Group are presented on the Company's website [www.etteplan.com](http://www.etteplan.com) and partly in Annual Report 2015.

## REMUNERATION

### Principles applied to remuneration schemes

The goal of remuneration schemes is to promote competitiveness and long-term financial success of the Company and to contribute to the favourable development of shareholder value. Remuneration schemes are based on predetermined and measurable performance and result criteria.

The task of Board's Nomination and Remuneration Committee is to assist the Board of Directors in matters related to the remuneration of the Company's CEO, the deputy CEO and other executives and to prepare matters related to the reward schemes for employees.

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## Decision-making process

The General Meeting shall decide on the remuneration payable for Board and Committee work as well as the basis for its determination. The Nomination and Remuneration Committee has been assigned the duty of preparing the remuneration of the Board. The Board of Directors shall decide on the remuneration of the CEO as well as other compensation payable to him or her. The compensation principles for the Management Group are determined by the CEO in cooperation with the Board of Directors.

## Remuneration of the Board of Directors

According to the resolution passed by the Annual General Meeting of 2015, the remuneration for each member of the Board of Directors is 600 euros per meeting and for the Chairman of the Board of Directors 1,200 euros per meeting. In addition, each member of the Board receives 24,400 euros per year and the Chairman of the Board of Directors 48,800 euros per year. Daily allowances and travel expenses are paid to the Board members according to the Company's travel policy.

According to the resolution passed by the Annual General Meeting of 2015, the remuneration for each member of the Nomination and Remuneration Committee is 600 euros per meeting and for the Chairman of the Nomination and Remuneration Committee 1,200 euros per meeting. In addition daily allowances and travel expenses are paid for the meetings to the committee members according to the Company's travel policy.

Remuneration for Board and Committee work is not paid in the form of Company shares and the Board members are not in the target group of Company's share-based incentive plan.

## Remuneration of the CEO and other executives

The CEO's compensation consists of a basic salary and a yearly bonus decided annually by the Board on the basis of the Group's financial result and other key targets. The maximum amount of yearly bonus is decided annually. In addition the CEO has car and phone benefits. The CEO has an agreement of a share-based incentive plan. Statutory retirement age applies to the CEO. In the event of dismissal, the CEO is at the most entitled to receive compensation equivalent to 18 months' salary which includes the salary for a six-month term of notice.

The system of compensation for the members of the Management Group includes a base salary and a performance based bonus. The principles for performance based bonus are decided annually. In 2015 the bonus was based on Company's operating profit, operative cash flow and strategic goals. The maximum of the yearly bonus is 50-100 percent of the recipient's annual salary depending on the member's duties. No separate agreement has been made regarding early retirement for members of the Management Group. In the event of dismissal, a Management Group member is at the most entitled to receive compensation equivalent to 10 months' salary which includes the salary for a four-month term of notice.

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## Information on the service contract of the CEO

In 2015 President and CEO Juha Näkki's basic salary was EUR 273,420.00. In 2015, his car, phone and medical expenses insurance benefits totaled to EUR 16,209.08. EUR 125,683.50 performance based bonus accrued from year 2014 was paid to President and CEO in 2015.

In 2014 a share-based incentive plan was created for the Company's President and CEO. The Restricted Stock Plan includes one three year vesting period which includes calendar years 2014-2016. The potential reward of the Plan is bound to the validity of the CEO's service and will be paid in February 2017. In addition the President and CEO is included in the share-based incentive plan for the Group key personnel. No company-held shares were disposed in 2015 for the share-based incentive plan.

In 2015 no additional accrual basis pension insurance policy was paid for the President and CEO Juha Näkki.

## Share-based incentive plans

The Board of Directors of Etteplan Oyj decided in February 2014 on a new share-based incentive plan for the Company's President and CEO. The aim of the Plan is to combine the objectives of the shareholders and the CEO in order to increase the value of the Company, to commit the CEO to the Company, and to offer him a competitive reward plan based on earning the Company shares.

The new Restricted Stock Plan includes one three year vesting period. The potential reward of the Plan is bound to the validity of the CEO's service. The reward from the vesting period will be paid partly in the Company's shares and partly in cash in February 2017. The cash proportion is intended to cover taxes and tax-related costs arising from the reward to the CEO. No reward will be paid, if the CEO terminates his service contract before the reward payment.

The reward to be paid on the basis of the Restricted Stock Plan will amount up to a maximum total of 25,000 Etteplan Oyj shares. In addition, the Company will pay taxes and tax-related costs arising from the reward to the CEO.

The Board of Directors of Etteplan Oyj decided in June 2014 to establish a new share-based incentive plan for the Group key personnel. The aim of the Plan is to combine the objectives of the shareholders and the key personnel in order to increase the value of the Company, to commit the key personnel to the Company, and to offer them a competitive reward plan based on holding the Company shares.

The Plan includes one earning period which includes calendar years 2014, 2015 and 2016. The earnings criteria are Etteplan Group's revenue increase and the development of Total Shareholder Return (TSR).



The potential reward will be paid partly in the Company's shares and partly in cash. The proportion to be paid in cash is intended to cover taxes and tax-related costs arising from the reward to the key personnel. Approximately 15 people belong to the target group of the Plan.

The rewards to be paid on the basis of the plan will correspond to the value of an approximate maximum total of 450,000 Etteplan Oyj shares (including also the proportion to be paid in cash).

### **Remuneration Statement**

A remuneration statement is available on Company's website [www.etteplan.com](http://www.etteplan.com). The statement is updated regularly.

### **INTERNAL CONTROL, RISK MANAGEMENT AND INTERNAL AUDIT**

The objective of Etteplan Oyj's internal control and risk management is to ensure that the Company's operations are efficient and profitable, its information is reliable, and it complies with appropriate regulations and operating principles. The objectives also include identification, assessment, and monitoring of risks related to business operations. Internal audit helps to improve the efficient fulfilment of the Board's supervision obligation.

#### **Operating principles of internal control**

The Board ensures that the Company has defined the operating principles of internal control and monitors the function of such control.

#### **Organization of risk management**

Management and mitigation of the impact of risks is one of the Etteplan Group's principles of operation. The Board of Directors and the Management Group monitor the development of risks and concentrations of risk. The Group's financial administration operations monitor and assess operational and financial risks and take measures to avert them in cooperation with the Board of Directors, the Management Group, and the management personnel responsible for engineering operations.

Risks and risk management are presented on Company's website [www.etteplan.com](http://www.etteplan.com) and in Annual report 2015.

Reviews concerning financing risks are presented in the notes to the consolidated financial statements in the Annual Report 2015 on pages 65-67.

#### **Internal audit**

Etteplan Group does not have separate internal audit function. The Board can engage external advisors to perform evaluations relating to control environment or other activities.

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## **Description of the main features of the internal control and risk management systems pertaining to the financial reporting process**

Etteplan prepares consolidated financial statements and interim reports in accordance with the International Financial Reporting Standards, as adopted by EU, the Securities Markets Acts as well as the appropriate Financial Supervision Authority Standards and Nasdaq Helsinki Ltd's rules. The Report of the Board of Directors of Etteplan and parent company financial statements are prepared in accordance with Finnish Accounting Act and the opinions and guidelines of the Finnish Accounting Board.

Etteplan Group observes Group level accounting principles and instructions, which are applied in all Group companies and according to which the Group's financial reporting is prepared. Together with reporting calendar and schedules, accounting principles and instructions form the framework for timely and correct Group reporting. Etteplan's business operations are in all material respects located in Finland, Sweden, China and the Netherlands and all countries have local accounting and financial reporting organizations, systems and reporting to the Group. Internal control and risk management systems and practices as described below are designed to ensure that the financial reports as disclosed by the Company give essentially correct information about the Company finances.

Etteplan has a common Group consolidation system. Accounting data is transferred from the local accounting systems either automatically or manually and correctness is controlled by the Group's accounting team. Common chart of accounts forms the basis of Group reporting. The Group accounting, consolidation and published financial reports are prepared by the centralised team.

### **Internal control over financial reporting**

Proper arrangement and monitoring of internal control is the responsibility of the local management in accordance with the Group framework. Etteplan Board of Directors has approved operating principles of internal control, which have been prepared in accordance with the Code recommendation 48. Operating principles include the main features of risk management process, summary of risks, control objectives and common control points for financial reporting as well as roles and responsibilities in executing and monitoring internal control in Etteplan.

Internal controls over financial reporting process at the country and Group level was a focus area in 2009. Since then the processes have been reviewed and updated annually. Etteplan's finance organization has analysed process risks and defined control objectives for external financial reporting process. Existing control points in the process have been documented. These control points include for example reconciliations, authorisations, analysis, and segregation of key accounting duties. The work has been led by the Group CFO.

According to its annual clock, the Management Group has monthly meetings where also financial performance and financial reporting are analysed. Prior to these meetings, financial reports have been analysed in the business group level to detect any irregularities or errors. Group level financial reports are prepared to the Etteplan Board on a monthly basis. The Board also reviews and approves interim financial reports, annual results report and financial statements.

Etteplan does not have separate internal audit function. The Board can engage external advisors to perform evaluations relating to control environment or other activities.

## INSIDER ADMINISTRATION

The Etteplan Oyj Board of Directors has approved insider regulations for the Company. The regulations are based on the Finnish Securities Markets Act, and they comply with the standards of Financial Supervision and the Guidelines issued by the Nasdaq Helsinki Ltd. In accordance with the Finnish Securities Markets Act, Etteplan Oyj's insiders are defined to consist of insiders with the duty to declare their interests, permanent company-specific insiders, and project-specific insiders.

Because of the nature of their position, also among Etteplan's statutory insiders are the members of the Board of Directors, the CEO, and the auditors. Moreover, the members of the Management Group are entered in the public insider register.

The Company maintains a permanent company-specific insider register, which includes front-line managers for business operations, financial administration personnel, and those working for the Company on the basis of an employment or other contract who receive insider information.

A project-specific insider register is created by decision of the Board of Directors, the CEO, or the Management Group.

The Company's insider guidelines direct insiders to restrict their trading in the Company's shares to times when the markets have as precise information as possible on the factors influencing the value of shares in the Company. Consequently, persons included in Etteplan's insider registers are always prohibited from trading with Company securities during 28 days before the publication of interim reports and financial statement release, including the day of publication (the closed window). During other times i.e. as of the day following the publication of interim reports and financial statement release there is an open window during which permanent insiders are allowed to trade. Even then it is provided that they do not possess insider information.

Maintenance of the public insider register of Etteplan Oyj is the responsibility of the Chief Financial Officer, who is responsible for compliance with insider regulations and fulfilment of duties to report. Etteplan Oyj's insider registers are maintained by the Company's Hollola office, which updates the information that, as required by law, is entered in the public insider register for Euroclear Finland Ltd pertaining to insiders with the duty to declare.

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## Information on insider holdings

Information about the holdings of Etteplan Oyj insiders with the duty to declare is retained at the Company's website [www.etteplan.com](http://www.etteplan.com). The insider registers of issuers are on public display at Euroclear Finland Ltd (previously Finnish Central Securities Depository), Urho Kekkosen katu 5 C, FI-00100 Helsinki, Finland.

## AUDIT

The primary duty of statutory auditing is to verify that the financial statements give correct and sufficient information about the Group's profit and financial situation for the financial year. Etteplan Oyj's financial year is the calendar year. The auditor is responsible for auditing the Company's accounts and the correctness of its financial statements during the financial year, and for issuing an auditor's report to the Annual General Meeting.

A summary of the Group's audit report is compiled for the Board of Directors. Also, the auditors of all Group companies report separately to the management of each company within the Group. The auditor attends at least one meeting of the Board of Directors in the relevant financial year.

The Annual General Meeting elects one or two auditors to audit corporate governance and accounts. At least one of the auditors must be a firm of independent public accountants so authorized by the Central Chamber of Commerce. In 2015, the Annual General Meeting elected PricewaterhouseCoopers Oy, a firm of authorized public accountants, with Kaj Wasenius, APA, acting as Chief Auditor. In addition, Olli Wesamaa, CPA, was elected as the second Auditor of the Company. The auditor's term ends at the conclusion of the first Annual General Meeting after the election.

In August 2015 PricewaterhouseCoopers Oy designated Authorized Public Accountant Lauri Kallaskari as the Main Responsible Auditor to replace Kaj Wasenius.

## Audit fees and services not related to auditing

According to the resolution made by the Annual General Meeting 2015 the fees for the auditor are paid according to invoice approved by the Company.

The audit fees paid in 2015 totalled 97,950 euros (in 2014: 83,379 euros). In addition, 61,247 euros was paid to the firm for services not related to auditing (in 2014: 39,837 euros).

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## COMMUNICATIONS

It is Etteplan Oyj's principle to be open, truthful and quick in all communications. The primary objective of the Company's investor information is to provide the market with information about the Group's operations and financial standing. The goal is to give all stakeholder groups correct and uniform information in a regular and balanced manner.

### Silent period

Etteplan Oyj follows a so-called silent period before publication of interim reports and financial statement releases. The duration of the silent period is 28 days.

### Distribution of investor information

Etteplan publishes all of its investor information on the Company's website [www.etteplan.com](http://www.etteplan.com). Financial releases will be made available immediately after publication. They will be published in Finnish and English.