

KREATE GROUP PLC CORPORATE GOVERNANCE STATEMENT 2020

1 INTRODUCTION

Kreate Group Plc ("Kreate") is a public limited company established in Finland, the shares of which were admitted to trading on the official list of Nasdaq Helsinki Oy in February 2021.

In 2020, Kreate's corporate governance system was based on Kreate's Articles of Association, the Finnish Companies Act (624/2006, as amended) and other legislation applicable to the company.

As of the listing of Kreate, Kreate has also complied with the Finnish Corporate Governance Code 2020 (the "Corporate Governance Code") published by the Finnish Securities Market Association, which entered into force on 1 January 2020, and Nasdaq Helsinki Ltd's rulebook for issuers of shares (the "Rules of the Exchange"). The Corporate Governance Code is available on the Finnish Securities Market Association's website at www.cgfinland.fi.

2 GOVERNANCE

2.1 General Meeting of shareholders

Kreate's ultimate decision-making body is the General Meeting of shareholders. At the General Meeting, shareholders participate in the administration and supervision of the company by exercising their right to speak and vote.

Kreate's General Meeting resolves on matters determined by the Finnish Companies Act and Kreate's Articles of Association. Key matters to be resolved by the General Meeting are accepting the financial statements, discharging the members of the Board of Directors and the President and CEO from liability, deciding on the distribution of profit, electing the members of the Board of Directors and the auditor and deciding on their respective remuneration. Furthermore, according to the Finnish Companies Act, shareholders have the right to require a certain issue to be dealt with at the General Meeting, provided that the issue fall within the competence of the General Meeting.

Kreate's Annual General Meeting is held annually no later than six months after the end of Kreate's financial year. The notice to the Annual General Meeting must be sent to the

shareholders by a notice published on the company's website no earlier than three months and no later than three weeks prior to the Annual General Meeting, however no later than nine days before the record date of the Annual General Meeting.

Kreate's Annual General Meeting 2020 was held in Helsinki on 5 May 2020

2.2 Board of Directors

The Board of Directors is to oversee to the governance of the company and the appropriate organisation of the company's operations in accordance with the Finnish Companies Act. According to Kreate's Articles of Association, Kreate's Annual General Meeting elects a minimum of three and a maximum of ten Board members, and the Board of Directors elects a chairman from among its members. In 2020, proposals for the composition of the Board of Directors were made by the Board of Directors.

2.2.1 Tasks and operations of the Board of Directors

In accordance with the Corporate Governance Code, Kreate's Board of Directors has prepared a written charter for its operations in connection with the listing, which sets out the Board's key tasks and operating principles. The charter of operations of the Board of Directors of Kreate entered into force on 8 February 2021 by a resolution of the Board of Directors.

The Board of Directors also annually draws up an action plan for the period between the Annual General Meetings. The Board of Directors evaluates its operations on the basis of the implementation of the action plan. Simultaneously, the Board of Directors assesses the expectations of Kreate's stakeholders regarding the Board of Directors' operations and the extent to which the Board considers that it has been able to meet them. The Board of Directors also reviews the timeliness of the Board's charter of operations.

In addition to the duties set forth in the Finnish Companies Act, Kreate's Articles of Association, the Corporate Governance Code and the Rules of the Exchange, Kreate's Board of Directors:

- directs and oversees Kreate's management and operations;

- confirms the charters of the committees of the Board of Directors;
- decides on significant matters concerning Kreate's operations;
- reviews and approves Kreate's interim financial reports, annual reports and financial statements;
- approves strategic objectives and risk management principles of Kreate and its business as well as Kreate's certain guidelines and policies and monitors their execution;
- decides on the remuneration of the President and CEO and the Management Team, as well as Kreate's incentive schemes in accordance with Kreate's remuneration policy;
- decides on significant acquisitions, investments and divestments; and
- defines Kreate's dividend policy.

Kreate's Board of Directors convenes in accordance with a pre-agreed schedule and as required. In its meetings, the Board of Directors receives current information on Kreate's operations, finances and risks. Minutes are kept of all Board meetings. Kreate's President and CEO and CFO attend meetings of the Board of Directors, unless they are the subject of discussion. However, the Board of Directors convenes at least once a year without the presence of the operational management.

The remuneration of the Board of Directors is decided by the Annual General Meeting. As of the listing, the decision on the remuneration of the members of the Board of Directors shall be based on the remuneration policy presented to the Annual General Meeting. Kreate may temporarily deviate from the remuneration policy presented to the Annual General Meeting if the deviation is necessary to ensure the long-term interests of the company. Deviations are only possible if the remuneration policy specifies which parts of it can be deviated from, as well as the procedures to be followed in the event of a deviation.

During 2020, the Board convened a total of 14 times. Information on the participation of Board members in the meetings is presented in section 2.2.2 below.

2.2.2 Composition of the Board of Directors

The members of the Board of Directors must have sufficient

qualifications and skills, as well as the opportunity to spend sufficient time on Board work. Experience and expertise that complement each other is sought for the Board, and Kreate's objective is to ensure that the age and gender distribution of Board members and educational background are taken into account in addition to experience, competence and industry knowledge in the preparation of composition of the Board of Directors. Kreate believes that the composition of its Board of Directors is appropriately diverse.

At the Annual General Meeting of 2020, Petri Rignell (Chairman), Timo Kohtamäki, Ronnie Neva-aho, Janne Näränen, and Markus Väyrynen were elected to the Board of Directors. In addition, Elina Pienimäki was elected as a new member to the Board of Directors by a unanimous resolution made by Kreate's shareholders on 16 December 2020.

The following table sets forth information about Kreate's Board members as at 31 December 2020:

2.3 Board committees

The Board of Directors may establish standing committees to assist the Board of Directors in the preparation and performance of its duties and responsibilities, and may also determine on their size, composition and duties. The Board of Directors is responsible for the tasks assigned to the committees. The committees do not have independent decision-making power, thus the Board of Directors makes decisions under its decision-making power at the meetings of the Board of Directors. The committees regularly report on their work to the Board of Directors.

The Board of Directors had no committees in 2020.

In connection with the listing, Kreate's Board of Directors established an Audit Committee and a Remuneration and Nomination Committee as of 8 February 2021.

Name	Personal information	Total number of shares as at 31 December 2020	Attendance at Board meetings during 2020
Petri Rignell	Chair of the Board of Directors Member of the Board since 2015 Born: 1962 Education: M.Sc. Technology Main occupation: CEO of PriRock Oy Not independent of Kreate but independent of its major shareholders	69,908 ⁽¹⁾	14/14
Timo Kohtamäki	Member Board of Directors Member of the Board since 2015 Born: 1963 Education: Lic.Sc. Technology Main occupation: CEO and Chair of the Board of Timo Kohtamäki Consulting Oy Independent of Kreate and its major shareholders	25,952	14/14
Ronnie Neva-aho	Member of the Board of Directors Member of the Board since 2014 Born: 1967 Education: Upper secondary school graduate Main occupation: CEO of Maxirate Oy and Rimole Oy Independent of Kreate and its major shareholders	143,599	14/14
Janne Näränen	Member of the Board of Directors Member of the Board since 2014 Born: 1975 Education: M.Sc. Technology and Economics Main occupation: Partner at Intera Partners Oy Independent of Kreate but not of its major shareholders.	0	14/14
Elina Pienimäki	Member of the Board of Directors Member of the Board since 2020 Born: 1979 Education: M.Sc. Economics Main occupation: CEO of Wulff-Group Plc. Independent of Kreate and its major shareholders	0	0/0
Markus Väyrynen	Member of the Board of Directors Member of the Board since 2019 Born: 1972 Education: M.Sc. Technology Main occupation: Chair of the Board of Directors of Insplan Oy Independent of Kreate and its major shareholders	15,075	14/14

⁽¹⁾ Indirect holding through PriRock Oy.

3 CEO AND MANAGEMENT

3.1 President and CEO

The President and CEO is responsible for managing, supervising and controlling the business operations of Kreate. Further, the President and CEO is responsible for the day-to-day executive management of Kreate in accordance with the instructions and orders given by the Board of Directors. In addition, the President and CEO ensures that the accounting practices of Kreate comply with the relevant laws and that its financials have been organised in a reliable manner. The duties of the President and CEO are governed primarily by the Finnish Companies Act. The President and CEO shall provide the Board of Directors and its members with the information necessary for the performance of the duties of the Board of Directors.

The Board of Directors appoints and dismisses the President and CEO. The Board of Directors decides on the terms and conditions of the President and CEO's employment, which are specified in the written service agreement.

As of the listing, the decision on the remuneration of the President and CEO must be based on the remuneration policy presented to the General Meeting. Kreate may temporarily deviate from the remuneration policy presented to the General Meeting if the deviation is necessary to ensure the long-term interests of the company. Deviations are only possible if the remuneration policy specifies which parts of it can be deviated from, as well as the procedures to be followed in the event of a deviation.

3.2 Management Team

The duties of The Management Team of Kreate is to assist the President and CEO in planning of the operations and operational management. In addition, the Management Team prepares potential investments, acquisitions and development projects. The Management Team convenes on a regular basis, and it comprises of the directors of key business areas and service units. The Board of Directors decides on the remuneration of the members of the Management Team.

The following table sets forth the information about the members of Kreate's Management Team as at 31 December 2020:

Name	Personal information	Total number of shares as at 31 December 2020
Timo Vikström	President & CEO Born: 1968 Education: Engineer, eMBA	83 075
Tommi Hakanen	Director, Technical office Born: 1978 Education: M.Sc. Technology, B.Sc. Engineering	14 764
Antti Heinola	CFO Born: 1973 Education: M.Sc. Economics	77 008
Jaakko Kivi	Senior Vice President, Traffic routes Born: 1971 Education: M.Sc. Engineering	40 816
Tommi Lehtola	Head of Business Area, Foundation and concrete construction Born: 1980 Education: B.Sc. Engineering	52 900
Ville Niutanen	Managing Director, KFS Finland Oy Born: 1972 Education: PhD, Master of Arts, B.Sc. Engineering	23 633
Katja Pussinen	Head of HR Born: 1975 Education: M.Sc. Economics, Bachelor of Economics	33 963
Sami Rantala	Head of Business Area, Bridge construction and repair Born: 1970 Education: M.Sc. Engineering	470 130 ⁽¹⁾
Juha Salminen	Managing Director, Kreate Rata Oy Born: 1966 Education: B.Sc. Engineering, Civil and construction engineering technician	297 709 ⁽²⁾
Petri Uitus	Technical Director Born: 1967 Education: Civil engineer	45 454

⁽¹⁾ Including indirect ownership through Beachfish Invest Oy (79,596 shares) and direct ownership (390,534 shares).

⁽²⁾ Including indirect ownership through Lynx Rave Invest Oy (68,449 shares) and direct ownership (229,260 shares).

4 RISK MANAGEMENT, INTERNAL CONTROL AND AUDIT

4.1 Risk management

Kreate's risk management is based on a risk management policy approved by the Board of Directors, which aims at comprehensive and proactive management of risks. The Board of Directors of Kreate approves the risk management policy and its targets, and directs and oversees the planning and implementation of the risk management. The objective of Kreate's risk management policy is to continuously and systematically identify the most significant risk factors and manage them optimally so that the company achieves its strategic and financial targets. The policy is based on managing the group's overall risk exposure and not merely the individual risk factors.

A risk is defined as an external or internal uncertainty that, if realised, would have a positive or negative effect on Kreate's abilities to reach strategic and financial targets in a sustainable and ethical way.

Risk management is an integrated part of the group's management, monitoring and reporting systems. Risk management covers risk identification, assessment and contingency plans for all major risk categories. Kreate divides risk factors into strategic, operational, accident and financial risks.

Risk management measures target the most significant risks through cost-effective and appropriate policy options, including:

- reducing, sharing or transferring of risk, for example by changing operations, improving controls, insuring or contracting;
- eliminating the risk, for example by giving up activities that are too risky and preparing for the risk to materialise, e.g. through recovery plans, and
- risk acceptance without specific risk management measures.

For risk management measures, persons responsible are appointed who are responsible for the planning, implementation and monitoring of the measures. The measures identified will be linked to action plans and monitoring.

The President and CEO carries the total responsibility for risk management. The President and CEO is responsible for organising and planning, developing, coordinating and monitoring the risk management strategy as well as for its implementation and communication throughout the organisation. The President and CEO reports to the Board of Directors. The Group Management team is responsible for the implementation of risk management, i.e. identification of risks, monitoring and assessing risks and risk-related actions. The group's financial management is

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responsible for identifying and assessing financial risks, and reports to Group Management.

4.2 Internal control and audit

The group's outsourced internal audit organisation supports Kreate's management in organising and developing risk management and internal control. Internal audit reports to Audit Committee of the Board of Directors and administratively to the CFO.

5 OTHER INFORMATION

5.1 Insider management

In connection with the listing, Kreate has drawn up insider policy with the purpose to establish clear operating guidelines for, among other things, management of insider information, maintenance of insider lists and disclosure of transactions by persons subject to the notification obligation. Kreate's insider policy entered into force on 8 February 2021 by a resolution of the Board of Directors.

The insider policy complements the provisions of Market Abuse Regulation (596/2014/EU) and related regulations, domestic regulation, especially Chapter 51 of the Finnish Criminal Code (39/1889) and the Finnish Securities Markets Act (746/2012), the Rules of the Exchange, the Guidelines for Insiders of Nasdaq Helsinki Ltd and the guidelines of Finnish Financial Supervisory Authority on insider matters in force at each time.

The person in charge of insider issues in Kreate is Kreate's CFO and Kreate's Group Controller shall act as his/her deputy. The person in charge of insider matters performs duties relating to Kreate's insider administration, monitors compliance with the obligations under Kreate's insider policy, is in charge of insider lists and lists maintained of persons discharging managerial responsibilities and persons closely associated with them as well as of duties related to trading restrictions and notifications of transactions.

Kreate's has set up a whistle blowing procedure in order for the persons employed by Kreate to have means of notifying cases in which there is reasonable doubt that someone employed by Kreate would have violated laws and regulations concerning securities markets.

5.2 Obligation to notify transactions

As of the listing persons discharging managerial responsibilities of Kreate and persons closely associated with them shall notify their transactions in financial instruments of Kreate to Kreate and to the Finnish Financial Supervisory Authority promptly and

no later than three business days after the date of the transaction. Kreate discloses notifications of transactions by means of a stock exchange release within two working days of receiving the notification. Kreate does not disclose notifications of transactions prior to the annual threshold of EUR 5,000 being met.

The Chairman and the deputy Chairman of the Board of Directors, members and any deputy members of the Board of Directors, the President and CEO and any deputy CEO's as well as Kreate's Management Team are deemed to be persons discharging managerial responsibilities in Kreate.

Kreate maintains a list of persons discharging managerial responsibilities and persons closely associated with them. The list is not public.

5.3 Insider lists and trading restrictions

Kreate enters all persons having de facto access to inside information and working for Kreate under a contract of employment, or otherwise performing tasks through which they have de facto access to inside information, in a project-specific insider list.

Persons entered into a project-specific insider list and other persons who are in possession of inside information regarding Kreate are prohibited from trading in Kreate's financial instruments, cancelling or amending an order to acquire or dispose of such financial instruments, recommending another person to trade in such financial instruments or inducing another person to trade in such financial instruments after being in possession of the information concerning the project.

Persons discharging managerial responsibilities are prohibited from conducting transactions, on their own account or for the account of a third party, in Kreate's financial instruments before the announcement of a quarterly financial report, half-yearly report or the financial statements release for a period of 30 days preceding the announcement of the quarterly financial report, half-yearly report or financial statements release, until the end of the day of publication of such report included (the closed window). In case the financial statements include information that has not been previously disclosed in the financial statements release and such information may have material effect, such as future outlook, the closed window applies also to the financial statements.

In addition, Kreate has decided to also apply the closed window to persons participating in the preparation and drawing-up of quarterly financial reports, half-yearly reports or the financial statements releases of Kreate (company's trading restriction).

Prior to conducting transactions in Kreate's financial instruments, persons discharging managerial responsibilities and persons to whom the company's trading restriction applies, must always confirm with the person in charge of insider issues that

there is no impediment to conducting a transaction. A transaction in Kreate's financial instrument must not be conducted before the person in charge of insider issues has approved the transaction, and the transaction must be conducted within two weeks from the approval.

5.4 Principles for related party transactions

Kreate complies with the regulations in force and, as of the listing, with the recommendations of the Corporate Governance Code on the monitoring and assessment of related party transactions. Kreate assesses and monitors transactions with its related parties and maintains a list of its related parties. As a general rule, Kreate or companies within the group do not enter into transactions with related parties that are different from the customary business and material to the company or that have been made on non-customarily commercial terms. Kreate's Board of Directors decides on significant related party transactions.

Kreate's related parties include the Kreate group's parent company, Kreate Group Plc, subsidiaries, and the joint venture KFS Finland Oy. Related parties also include key members of Kreate's management as well as their close family members or entities controlled by them. The key management personnel include the members of Kreate's Board of Directors, the President and CEO, the deputy CEO and the members of the Kreate group's Management Team. In addition, until the listing, Kreate's related parties included companies belonging to the group of companies of the major shareholder Intera Fund II Ky.

Kreate reports related party transactions annually in its consolidated financial statements and, if necessary, discloses related party transactions in accordance with the Market Abuse Regulation, the Finnish Securities Markets Act and the Rules of the Exchange.

6 AUDIT

Pursuant to the Articles of Association, the company has one auditor that shall be an auditing firm approved by the Finnish Patent and Registration Office. The auditor's term of office begins from the General Meeting deciding on the auditor's election and ends at the close of the next Annual General Meeting following the election.

Kreate's Annual General Meeting held on 2 May 2019 elected audit firm KPMG Oy Ab as Kreate's auditor, with Turo Koila, APA, as its principal auditor, which also acted as Kreate's auditor in the financial year 2020.

Fees paid to the auditor for the audit in 2020 were EUR 38 thousand and for other non-audit services EUR 111 thousand.