

# Kreate Group Plc Corporate Governance Statement 2021

## 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 Ltd in February 2021.

In 2021, Kreate’s corporate governance system was based on Kreate’s Articles of Association, the Finnish Limited Liability Companies Act (624/2006, as amended) and other legislation applicable to the company. Furthermore, Kreate complies with the Finnish Corporate Governance Code 2020 (“**Corporate Governance Code**”) published by the 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 website of the Securities Market Association at: [www.cgfinland.fi](http://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 decides on matters determined by the Limited Liability Companies Act and Kreate’s Articles of Association. Key matters resolved by the General Meeting are adoption of the financial statements, discharging the members of the Board of Directors and the President & 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 Limited Liability Companies Act, shareholders have the right to submit matters falling within the competence of the General Meeting to be decided by 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 of 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, but no later than nine days before the record date of the Annual General Meeting.

Kreate Group Plc’s Annual General Meeting for 2022 will be held on 29 March 2022.

### 2.2 Board of Directors

The Board of Directors sees to Kreate’s administration and the appropriate organisation of its operations in accordance with the Limited Liability 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 2021, the proposals for the composition of the Board of Directors were made to the General Meeting by the Board of Directors.

#### 2.2.1 Duties and operation 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 initial public offering (IPO), which sets out the Board’s key duties 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.

Furthermore, the Board of Directors 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. At the same time, the Board of Directors assesses the expectations of Kreate’s stakeholders regarding the Board of Directors’ operations and considers the extent to which the Board 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 Limited Liability 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 reports, annual reports and financial statements;
- approves the strategic objectives and risk management principles of Kreate and its business as well as certain Kreate’s guidelines and policies and monitors their implementation;
- decides on the remuneration of the President & CEO and the Management Team and on 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 & 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 IPO, the decision on the remuneration of the members of the Board of Directors must 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 and which procedures are to be followed in the event of a deviation.

During 2021, the Board convened a total of 19 times. Information on the Board members’ attendance 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 a sufficient amount of time working on the Board. Experience and competence that complement each other is sought for the Board, and Kreate’s objective is to ensure that the age and gender distribution and educational background of Board members are taken into account when preparing the composition of the Board of Directors, in addition to experience, competence and industry knowledge. Kreate believes that the composition of its Board of Directors is appropriately diverse.

Between 1 January and 5 May 2021, the Board of Directors of Kreate Group Plc comprised the following people: Petri Rignell (Chair), Timo Kohtamäki, Ronnie Neva-aho, Janne Näränen, Elina Pienimäki and Markus Väyrynen.

The General Meeting on 5 May 2021 elected seven members to Kreate's Board of Directors. Petri Rignell (Chair), Jussi Aine, Timo Kohtamäki, Janne Näränen, Timo Pekkarinen, Elina Pienimäki and Markus Väyrynen were elected to the Board.

The table on the right side presents information about Kreate's Board members as at 31 December 2021:

## 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 the Board may also decide on their size, composition and duties. The Board of Directors is responsible for the duties assigned to the committees. The committees do not have independent decision-making power; 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.

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

## 3 President & CEO and Management team

### 3.1 President & CEO

The President & CEO is responsible for managing, supervising and controlling the business operations of Kreate. Furthermore, the President & 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 & CEO ensures that the accounting practices of Kreate comply with the applicable legislation and that its financial affairs have been arranged in a reliable manner. The duties of the President & CEO are governed primarily by the Limited Liability Companies Act. The President & 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.

Name	Personal information	Total number of shares as at 31 December 2021	Attendance in Board meetings in 2021
<b>Petri Rignell</b>	Chair of the Board of Directors Serving on the Board since 2015 Born: 1962 Education: MSc Technology Main occupation: CEO of PriRock Oy Independent of Kreate and its major shareholders at the end of the financial year	71,940 <sup>(1)</sup>	19/19
<b>Jussi Aine</b>	Member of the Board Serving on the Board since 2021 Born: 1954 Education: MSc Engineering, MSc Economics Main occupation: CEO of Harjavalta Oy since 2014 and CEO of Puustelli Group Oy since 1999 Independent of Kreate but not independent of its major shareholders	1,738,689 <sup>(2)</sup>	8/8
<b>Timo Kohtamäki</b>	Member of the Board Serving on the Board since 2015 Born: 1963 Education: LicSc Technology Main occupation: CEO and Chair of the Board of Directors of Timo Kohtamäki Consulting Oy Independent of Kreate and its major shareholders	27,985	16/19
<b>Janne Näränen</b>	Member of the Board Serving on the Board since 2014 Born: 1975 Education: MSc Technology, MSc Economics Main occupation: Partner of Intera Partners Oy Independent of Kreate and its major shareholders	0	19/19
<b>Timo Pekkarinen</b>	Member of the Board Serving on the Board since 2021 Born: 1973 Education: Construction Engineer Main occupation: CEO and founder of Lapti Group since 2000 and CEO and founder of Hoivatilat Plc in 2008-2010. Independent of Kreate but not independent of its major shareholders	1,000,000 <sup>(3)</sup>	8/8
<b>Elina Pienimäki</b>	Member of the Board Serving on the Board since 2020 Born: 1979 Education: MSc Economics Main occupation: CEO of Wulff Group Plc Independent of Kreate and its major shareholders	2,000	19/19
<b>Markus Väyrynen</b>	Member of the Board Serving on the Board since 2014 Born: 1972 Education: MSc Technology Main occupation: Chair of the Board of Directors of Insplan Oy Independent of Kreate and its major shareholders	17,107	19/19

<sup>(1)</sup> Including indirect holding through Prirock Oy (69,908 shares) and direct holding (2,032 shares).

<sup>(2)</sup> Indirect holding through Harjavalta Oy

<sup>(3)</sup> Indirect holding through Tirinom Oy

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

As of the IPO, the decision on the remuneration of the President & CEO must 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 and which procedures are to be followed in the event of a deviation.

### 3.2 Management Team

Kreate's Management Team is tasked with supporting the President & CEO of Kreate in the planning of activities and operational leadership. Furthermore, the Management Team prepares potential investments, acquisitions and development projects. Kreate's Management Team convenes regularly, and it comprises the Vice Presidents of key business functions and service units. The Board of Directors decides on the remuneration of the members of the Management Team.

The table in the middle presents information about Kreate's Management Team members as at 31 December 2021:

## 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 risk management policy aims at the continuous and systematic identification of the most significant risk factors and their optimal management such that the company's strategic and financial targets are reached. The policy is based on managing the group's overall risk exposure and not just the management of individual risk factors.

Name	Personal information	Total number of shares as at 31 Dec 2021
<b>Timo Vikström</b>	President & CEO Born: 1968 Education: Engineer, eMBA	85,108
<b>Tommi Hakanen</b>	Vice President, Special Foundation Construction Born: 1978 Education: MSc Technology	16,264
<b>Antti Heinola</b>	Chief Financial Officer Born: 1973 Education: MSc Economics	79,058
<b>Jaakko Kivi</b>	Head of Technical Office Born: 1971 Education: MSc Technology	42,916
<b>Sami Laakso</b>	Vice President, Transport Infrastructure Construction Born: 1975 Education: Bachelor of Engineering	11,329
<b>Tommi Lehtola</b>	Vice President, Foundation and Rock Engineering, and Circular Economy Born: 1980 Education: Construction Engineer	61,383 <sup>(1)</sup>
<b>Timo Leppänen</b>	Vice President, Railway Construction Born: 1973 Education: Bachelor of Civil Engineering	0
<b>Katja Pussinen</b>	Vice President, HR Born: 1975 Education: MSc Economics, BBA	34,963
<b>Sami Rantala</b>	Vice President, Bridge Construction and Repair Born: 1970 Education: MSc Technology	329 330 <sup>(2)</sup>

<sup>(1)</sup> Including indirect holding through RKM-Palvelut, Lehtola Oy (6,451 shares) and direct holding (54,932 shares).

<sup>(2)</sup> Including indirect holding through Beachfish Invest Oy (55,769 shares) and direct holding (273,534 shares).

Risks are defined as external or internal uncertainties that, if realised, would have a positive or negative effect on Kreate's abilities to reach its strategic and financial targets in a sustainable and ethical way.

Risk management is integrated into the Group's management, monitoring and reporting systems. Risk management covers the identification and assessment of risks as well as contingency plans for all the main risk categories. Kreate classifies risk factors into strategic, operational, accident risks and financial risks.

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

- reducing, sharing or transferring a risk, for example through changes in operations, improved controls, insurance policies or by contractual means;
- eliminating a risk, for example by giving up activities that involve an excessive risk, or preparing for the materialisation of a risk, for example with recovery plans; and
- accepting a risk without specific risk management measures.

Responsible persons are appointed for risk management measures and tasked with the responsibility for the planning, implementation and monitoring of measures. The specified measures are linked to action plans and monitoring.

The President & CEO has the overall responsibility for risk management. The President & CEO is responsible for organising and the planning, development, coordination and monitoring of the risk management strategy as well as for its implementation and communication throughout the organisation. The President & CEO reports to the Board of Directors. The Group's Management Team is responsible for the implementation of risk management, i.e. the identification, monitoring and assessment of risks and risk-related measures. The Group's financial management is responsible for identifying and assessing financial risks, and reports to the Group's 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 the Audit Committee of the Board of Directors and, administratively, to the CFO.

## 5 Other information

### 5.1 Insider management

In connection with the IPO, Kreate has drawn up an insider policy with the purpose of establishing clear operating guidelines for, among other things, the 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, Finnish regulations, especially Chapter 51 of the Criminal Code (39/1889, as amended) and the Securities Markets Act (746/2012, as amended), the Rules of the Exchange, the Guidelines for Insiders of Nasdaq Helsinki Ltd and the valid guidelines concerning insider matters by the Finnish Financial Supervisory Authority.

The person in charge of insider matters at Kreate is Kreate's CFO, and Kreate's Group Controller acts as the CFO's deputy. The person in charge of insider matters performs duties relating to Kreate's insider management, monitors compliance with the obligations under Kreate's insider policy, is in charge of the insider list and the list of persons discharging managerial responsibilities and persons closely associated with them, and carries out the duties related to trading restrictions and notifications of transactions.

Kreate has in place a whistleblowing procedure that provides Kreate's personnel a way of making a report in case there is reason to suspect that someone employed by Kreate has violated laws and regulations concerning the securities market.

### 5.2 Obligation to notify transactions

As of the IPO, persons discharging managerial responsibilities at Kreate and persons closely associated with them have an obligation to promptly notify Kreate and the Finnish Financial Supervisory Authority of their transactions in the financial instruments of Kreate and no later than three business days after the date of the transaction. Kreate discloses the notifications of transactions by means of a stock exchange release within two working days of receiving a notification by a person discharging managerial responsibilities. Kreate does not disclose notifications of transactions while their total annual value remains below EUR 5,000.

The Chair and deputy Chair of the Board of Directors, members and any deputy members of the Board of Directors, the President & CEO and their deputies, if any, as well as the Management Team members are deemed to be persons discharging managerial responsibilities at 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 maintains a project-specific insider list of all persons who have de facto access to insider information and who work for Kreate under an employment contract or otherwise perform tasks through which they have de facto access to insider information.

The persons included on a project-specific insider list and other persons who are in possession of insider information regarding Kreate are prohibited from trading in Kreate's financial instruments, cancelling or amending an issued trade order, recommending another person to trade in such financial instruments or inducing another person to trade in such financial instruments after receiving information concerning the project.

Persons discharging managerial responsibilities are prohibited from conducting transactions in Kreate's financial instruments on their own account or for the account of a third party before the publication of Kreate's interim report, half-year report or the financial statement bulletin from 30 days before the publication of the interim report, half-year report or financial statement bulletin until the end of the day of publication (closed window). In case the financial statements include material information that has not been previously disclosed in the financial statement bulletin, such as the future prospects, the closed window also applies to the financial statements.

Furthermore, Kreate has decided to also apply the closed window to persons participating in the preparation and drawing up of the interim reports, half-year reports and financial statement bulletins of Kreate (company's trading restriction).

Prior to conducting transactions in Kreate's financial instruments, persons discharging managerial responsibilities with an obligation to notify of transactions and persons subject to the company's trading restriction must always confirm with the person in charge of insider matters that there are no impediments to the transactions. A transaction in Kreate's financial instrument must not be conducted before the person in charge of insider matters 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 IPO, follows 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 rule, Kreate or other companies within the Group and related parties do not enter into transactions that differ from customary business and are material to the company or that have been made on unconventional 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, the subsidiaries Kreate Oy and Kreate Rata Oy and the joint venture KFS Finland Oy. Related parties also include Kreate's key management personnel as well as their close family members and the entities controlled by them. Key management personnel include the members of Kreate's Board of Directors, President & CEO and the members of Kreate Group's Management Team. In addition, until the IPO, Kreate's related parties included the companies belonging to the group of companies of the major shareholder Intera Fund II Ky.

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

## 6 Audit

Pursuant to the Articles of Association, Kreate has one auditor that must be an audit firm approved by the Finnish Patent and Registration Office. The auditor's term of office begins from the General Meeting that elects the auditor and then ends at the close of the Annual General Meeting following the election.

Kreate's Annual General Meeting on 2 May 2019 elected the audit firm KPMG Oy Ab as Kreate's auditor. KPMG Oy Ab with Authorised Public Accountant KHT Turo Koila as its principal auditor also acted as Kreate's auditor in the financial year 2021.

In 2021, the fees paid to the auditor amounted to EUR 45 thousand for the audit and EUR 183 thousand for other non-audit services.