

## 1 REGULATION COMPLIED BY SPINNOVA PLC AND THE CORPORATE GOVERNANCE CODE

Spinnova Plc ("**Spinnova**" or the "**Company**") is a public limited liability company registered in Finland and its shares are listed on the Nasdaq First North Growth Market Finland marketplace maintained by Nasdaq Helsinki Ltd ("**First North**"). The administration and management of the Company is based on the Finnish Limited Liability Companies Act (624/2006, as amended, the "**Companies Act**"), Finnish Securities Markets Act (746/2012, as amended, the "**Securities Markets Act**"), the Company's Articles of Association and the rules and guidelines of First North. Spinnova complies with the Finnish Corporate Governance Code (Corporate Governance 2020) ("**Corporate Governance Code**") prepared by the Securities Market Association, with the exceptions set out below, as applicable.

This Corporate Governance Policy and the latest Corporate Governance Statement prepared in accordance with the Corporate Governance Code are available on the Company's website. The Company prepares the first Corporate Governance Statement for the financial year ending 31 December 2021. The Corporate Governance Statement is issued as a separate report and is published together with the financial statements, the report of the Board of Directors and the remuneration statement on the Company's website.

## 2 DEROGATION FROM THE RECOMMENDATIONS

The Company has not decided to deviate from the recommendations of the Corporate Governance Code.

## 3 GENERAL MEETING OF SHAREHOLDERS

The General Meeting of Shareholders is the highest decision-making body of the Company. The General Meeting of Shareholders decides on matters required by the Companies Act and the Articles of Association.

Spinnova has one series of shares and each share carries one vote at the General Meeting of Shareholders. A shareholder may attend the General Meeting by themselves or they may exercise the rights of a shareholder by way of proxy representation. At the General Meeting, all shareholders have the right to ask questions and propose resolutions on matters under consideration.

Spinnova's General Meeting of the Shareholders is held at the Company's domicile in Jyväskylä or in Helsinki, Espoo or Vantaa and is convened by the Board of Directors. The Annual General Meeting is held annually on a date determined by the Board of Directors within six (6) months of the end of the financial year. An Extraordinary General Meeting may be convened to discuss a specific matter when the Board of Directors deems it appropriate or otherwise required by law.

The Annual General Meeting decides on the approval of the financial statements and the distribution of profit, the discharge from liability of the members of the Board of Directors and the CEO, and the election of the members of the Board of Directors and the auditor, and their remuneration. The competence of the Annual General Meeting also includes amending the Articles of Association, deciding on the purchase of the Company's own shares, share issues and stock option programs, and authorizing the Board of Directors to decide on such.

The notice to the Annual General Meeting is published on the Company's website. The notice includes the agenda of the Annual General Meeting, the proposals of the Board of Directors and its committees, as well as those of the Shareholders' Nomination Board, and those of any qualifying shareholder, as applicable, for the Annual General Meeting, and instructions for registration and participation in the meeting. A shareholder has the right to participate in the Annual General Meeting if they have been entered as a shareholder in the Company's shareholder register maintained by Euroclear Finland Ltd eight (8) business days prior to the Annual General Meeting and if they have notified the Company of their participation in the manner set out in the notice. The holder of nominee-registered shares also acquires the right to participate in the Annual General Meeting by temporarily registering in the Company's shareholder register maintained by Euroclear Finland Ltd.

If possible, the Annual General Meeting will be attended by the Board of Directors as a whole and any person nominated as a member of the Board for the first time. Depending on the nature of the matter, the majority of the members of the

Board of Directors are present at any Extraordinary General Meeting, in which case the Board of Directors forms a quorum, including the Chair or Deputy Chair of the Board (if a Deputy Chair is appointed). The members of the Board of Directors may attend remotely through phone or other technical means. The Company's auditor attends the Annual General Meeting.

The Company publishes the minutes of the Annual General Meeting on the Company's website and keeps them available to shareholders for at least five (5) years after the Annual General Meeting.

## **4 BOARD OF DIRECTORS**

### **4.1 Composition**

The Company's Board of Directors comprises no fewer than three (3) and no more than 8 (eight) ordinary members. The Shareholders' Nomination Board appointed annually by the Board of Directors makes a proposal to the Annual General Meeting on the composition and remuneration of the Board of Directors. The members of the Board of Directors are elected by the Annual General Meeting for a term of office that ends at the close of the Annual General Meeting that first follows their election. Unless elected by the general meeting, the Board of Directors elects the Chair of the Board from among its members. The Board may also elect a Deputy Chair of the Board from among its members unless one has been elected by the general meeting.

The Company's Board of Directors must have sufficient expertise and as a collective must have requisite knowledge and experience in matters of the Company's industry and business. A person elected as a member of the Board of Directors must have the required qualifications for the position, and the possibility to devote sufficient amount of time to perform the assignment, as well as be of good ethical standing. The Company has defined the principles of the diversity of the Board. The diversity of the Board of Directors is supported by experience from the international operating environment and relevant industries, as well as cultural knowledge and the consideration of age and gender distribution. The Company's long-term objective is to achieve a balanced representation of both genders in the Board of Directors.

The CV information of the members of the Board of Directors is available on the Company's website. The possible shares and share-based rights in the Company, and in the companies belonging to the same group as the Company at the end of the previous financial year, held by each member of the Board of Directors and their controlled entities, are presented in the Corporate Governance Statement.

### **4.2 Duties**

Pursuant to the Companies Act and the Articles of Association, the Board of Directors is in charge of the Company's administration and the proper organization of operations, and represents the Company. The Board of Directors has drawn up a written charter, which defines its main tasks and operating principles.

The Board of Directors adopts the Company's strategy and monitors its implementation. The duties of the Board of Directors include approving the Company's financial statements and interim reports and supervising the appropriateness of the accounts and the Company's financial affairs. The Board of Directors decides on significant individual investments as well as corporate and real estate acquisitions and strategically significant business expansions and reductions, confirms the Company's long-term strategic and financial objectives and approves budgets and risk management principles. The Board of Directors also approves and confirms the charters of Board committees, as well as the Company's internal guidelines and remuneration policy, and decides on incentive schemes for the CEO and the personnel.

The Board of Directors elects the CEO of Spinnova and decides on the terms of his/her employment.

### **4.3 Self-assessment and independence assessment**

The Board of Directors evaluates its operations and working methods annually as an internal self-assessment. The Board of Directors also assesses the independence of its members from the Company and significant shareholders annually and as required.

#### 4.4 Board Committees

In order to increase the efficiency of its work, the Board of Directors has established an Audit Committee and a Remuneration Committee. The Board of Directors annually elects the members and the chair of the committees from among its members and approves the written charters of the committees.

The Audit Committee comprises of at least three (3) members of the Board of Directors. The majority of the members of the Audit Committee must be independent of the Company and at least one member must be independent of the Company's significant shareholders. As required by the Companies Act, a member of the Audit Committee may not participate in the day-to-day management of the Company or an entity or foundation that is consolidated in the Company's consolidated financial statements. At least one member of the audit committee must also have accounting or auditing expertise. The duties of the Audit Committee with respect to the Company's financial reporting and auditing include particularly monitoring and evaluating the effectiveness of the Company's financial reporting system, internal control and audit, and risk management systems.

Furthermore, the Audit Committee's duties include monitoring and evaluating the independence of the auditor and in particular the provision of non-audit services by the auditor. In addition, the Audit Committee must monitor the Company's audit and prepare the election of the Company's auditor. The committee meets at least four (4) times a year. The committee does not have an independent decision-making power, but it acts as a preparatory body on the issues of which are submitted to the Board of Directors for decision.

The Remuneration Committee prepares the remuneration and appointment matters of the CEO and other senior management of the Company, as well as the incentive schemes for other personnel. The Remuneration Committee comprises of at least three (3) members of the Board of Directors. The committee meets as necessary, but at least three (3) times a year.

#### 5 SHAREHOLDERS' NOMINATION BOARD

The Shareholder Nomination Board (the "**Nomination Board**") of Spinnova is a shareholder body responsible for preparing proposals to the General Meeting regarding the election and remuneration of the members of the Board of Directors.

The main task of the Nomination Board is to ensure that the Board of Directors and its members have sufficient knowledge and experience to meet the Company's needs, and to prepare well-founded proposals for the Annual General Meeting regarding the election and remuneration of the members of the Board of Directors. In order to ensure sufficient expertise, the Nomination Board must take into account the legislation and the recommendations of the Corporate Governance Code. In addition to the above, the Nomination Board must take into account the independence requirements in the Corporate Governance Code and the rules of First North concerning the Company.

Each shareholder of the Company may also submit their own proposal directly to the Annual General Meeting.

The General Meeting of Spinnova has approved the Charter of the Shareholders' Nomination Board, which regulates matters related to the appointment and composition of the Nomination Board and defines the Nomination Board's tasks and responsibilities. Decisions concerning significant changes to the charter, such as changes concerning the number of members of the Nomination Board and the selection criteria, are made by the General Meeting.

#### 6 THE CHIEF EXECUTIVE OFFICER

The Board of Directors appoints the CEO of Spinnova and decides on the terms of his/her employment, which are defined in a written CEO agreement. The CEO is responsible for implementing the goals, plans, policies and objectives in the Company set by the Board of Directors. According to the Companies Act, the CEO is responsible for ensuring that the Company's accounting complies with legislation and that the management of the Company's assets is arranged reliably. The Board of Directors evaluates the work of the CEO and the achievement of the goals set for them.

The CV information of the CEO is available on the Company's website. The shares and share-based rights of the CEO and their controlled entities in the Company and in companies belonging to the same group as the Company at the end of the previous financial year are presented in the Corporate Governance Statement.

## **7 MANAGEMENT TEAM**

The Company's Management Team, which supports the CEO, is responsible for the development and operational activities of the Company and the business activities in accordance with the objectives set by the Board of Directors and the CEO. The Management Team assists the CEO in preparing the strategy, operating principles and other business operations and the Company's common affairs among other things. The CEO acts as a chair of the Management Team.

The CV information of the Management Team is available on the Company's website. The shares and share-based rights of the members of the Management Team and their controlled entities in the Company and in the companies belonging to the same group as the Company at the end of the previous financial year are presented in the Corporate Governance Statement.

## **8 MARKET ABUSE REGULATION**

Spinnova complies with the provisions of the EU Market Abuse Regulation ((EU) 596/2014, as amended by the "MAR") and the lower-level regulations issued thereunder, the Securities Markets Act, guidelines issued by competent authorities and the Guidelines for Insiders issued by Nasdaq Helsinki Ltd. In addition, the Company's Board of Directors has approved the Company's internal insider guidelines based on the guidance of Nasdaq Helsinki Ltd.

### **8.1 Inside information**

The Company has appointed an insider manager, who is responsible for maintaining insider lists in the Company, handling trading restrictions and the obligation to report and disclose transactions, internal communication and training related to insider matters, and the supervision of insider matters.

The Company has internal procedures for disclosing inside information, possibly postponing the disclosure of inside information and maintaining project-specific insider lists.

### **8.2 Managers' transactions**

The Company shall publish the transaction announcements made by persons discharging managerial responsibilities (managers) and their closely associated persons in accordance with Article 19 of the MAR in a company release without delay and no later than two (2) business days after receiving the notification.

The Company has defined the following persons as managers within the meaning of Article 3 (1) (25) of the MAR Regulation:

- 1) members and deputies of the Company's Board of Directors;
- 2) the CEO of the Company and their deputy;
- 3) members of the Spinnova Management Team; and
- 4) employees or directors of the Company who are members or deputies of the Board of Directors or management team in any of the Company's joint ventures.

### **8.3 Trading restrictions**

The Company complies with the trading restriction on managers under Article 19 (11) of the MAR Regulation (closed period) of 30 days before the announcement of an interim financial report or a year-end report. In addition, the Company has separately identified certain persons who participate in the preparation of financial statements or who have access to the relevant information, and employees or directors of the Company who are members or deputies of the Board of Directors or management team in any of the Company's joint ventures subject to a trading restriction of similar length and content (closed period).

## 9 AUDIT

The statutory audit includes the audit of the Company's accounts, financial statements and administration. In addition to the annual auditor's report, the auditors regularly report to the Board of Directors on their audit findings and participate in the meetings of the Board's Audit Committee.

According to the Articles of Association, the Company must have an auditor, which is an audit firm approved by the Finnish Patent and Registration Office. The auditor's term of office ends at the end of the first Annual General Meeting following the election.

The Company's Audit Committee prepares a proposal for the election of the auditor and the auditor's fee for the General Meeting, and the General Meeting elects the Company's auditor and decides on the auditor's fee.

## 10 ORGANISATION OF INTERNAL CONTROL AND RISK MANAGEMENT

The internal control and risk management principles, instructions, practices and responsibilities related to the Company's financial reporting process are designed to ensure that the Company's financial reporting is reliable and that the financial statements have been prepared in accordance with applicable legislation, regulations and the Company's operating principles.

### 10.1 Internal control

The purpose of internal control in the Company is to ensure the efficiency and productivity of the Company's operations, the reliability of financial and operational management reporting, and compliance with applicable legislation and regulations and internal guidelines within the Company.

Internal control is an essential part of the Company's business management and in ensuring the achievement of its business objectives. The Company strives to organize internal control effectively so that deviations from the Company's targets are detected as early as possible or so that they can be prevented.

The Company's internal controls comprise of the internal control policy approved by the Board of Directors, and the decision-making and approval procedures, control points defined in a uniform manner in the various processes, as well as their monitoring and undertaking of corrective measures. Risk assessment forms the basis for effective internal control. Control functions ensure that the realization of identified risks is minimised.

The Company's Board of Directors is responsible for organizing the Group's internal control and the Audit Committee monitors the effectiveness of internal control. The Management Team is responsible for ensuring that effective control procedures are in place to manage risks. Responsibility for risks and related controls, and for implementing corrective actions related to controls, lies with operational management. Each employee of the Company contributes to the first line of defence by acting ethically, following the Company's established policies and exercising business-related supervision. The tasks of the Company's finance unit include monitoring the effectiveness of controls in connection with interim breaks in financial reporting.

### 10.2 Internal audit

As for now, the Company does not have an internal audit function. In accordance with its charter, the Board's Audit Committee evaluates the need to establish an internal audit function annually. The Audit Committee may use internal or external resources to perform separate internal audits.

### 10.3 Risk Management

Spinnova Group's risk management is guided by the risk management policy. The objective of the risk management is to create operational conditions in which business-related risks are managed comprehensively and systematically at all levels of the organisation. The principle is to identify risks, assess their magnitude and significance, define risk mitigation measures and decide on their implementation and monitor of their effects.

The Company uses a group-level risk assessment and monitoring model and conducts a comprehensive risk assessment annually, in which the most significant risks to the Company's strategy and other objectives are assessed, as well as their probability and impact on business, and risk management measures are mapped. If necessary, the risk assessments are updated, for example, for the risk assessments in the interim reports.

The Company's Board of Directors is responsible for defining the Company's risk-taking level, decides on taking strategic risks and is responsible for monitoring the results of risk management and evaluating its effectiveness. The Board's Audit Committee monitors the effectiveness of the Company's risk management system.

## **11 RELATED PARTY TRANSACTIONS**

The Company evaluates and monitors transactions with its related parties and ensures that potential conflicts of interest are properly taken into account in the Company's decision-making. The Company is responsible for defining and identifying related parties and transactions and maintains a list of related parties.

If related party transactions are relevant to the Company and differ from the Company's ordinary business or have been entered into other than under normal market conditions, the Company will report the decision-making procedure for such related party transactions.

The Company complies with the rules of First North in respect of related party transactions and ensures that the requirements set for the monitoring, evaluation, decision-making and disclosure of related party transactions are complied with.

## **12 REMUNERATION**

The Board of Directors decides on the remuneration of the CEO and the members of the Management Team and the grounds for remuneration in accordance with the Company's approved remuneration policy. The remuneration of the CEO and the members of the Management Team consists of a fixed salary and a separate variable salary component (operational bonuses) and long term stock based incentives. The Company's Board of Directors decides on the incentive bonus annually. Operational bonuses for the CEO and the Management Team are paid based on the achievement of the targets set for the financial year.

The proposal for remuneration of the members of the Board of Directors is prepared by the Shareholders' Nomination Board. The General Meeting decides on the remuneration to be paid for the Board's work and the grounds for it. The Company publishes the remuneration statement annually on its website in accordance with the Corporate Governance Code.