

SPINNOVA®

20 21
CORPORATE GOVERNANCE STATEMENT

Introduction

The administration and management of Spinnova Plc ("Spinnova" or 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 Nasdaq First North Growth Market Finland marketplace maintained by Nasdaq Helsinki Ltd.

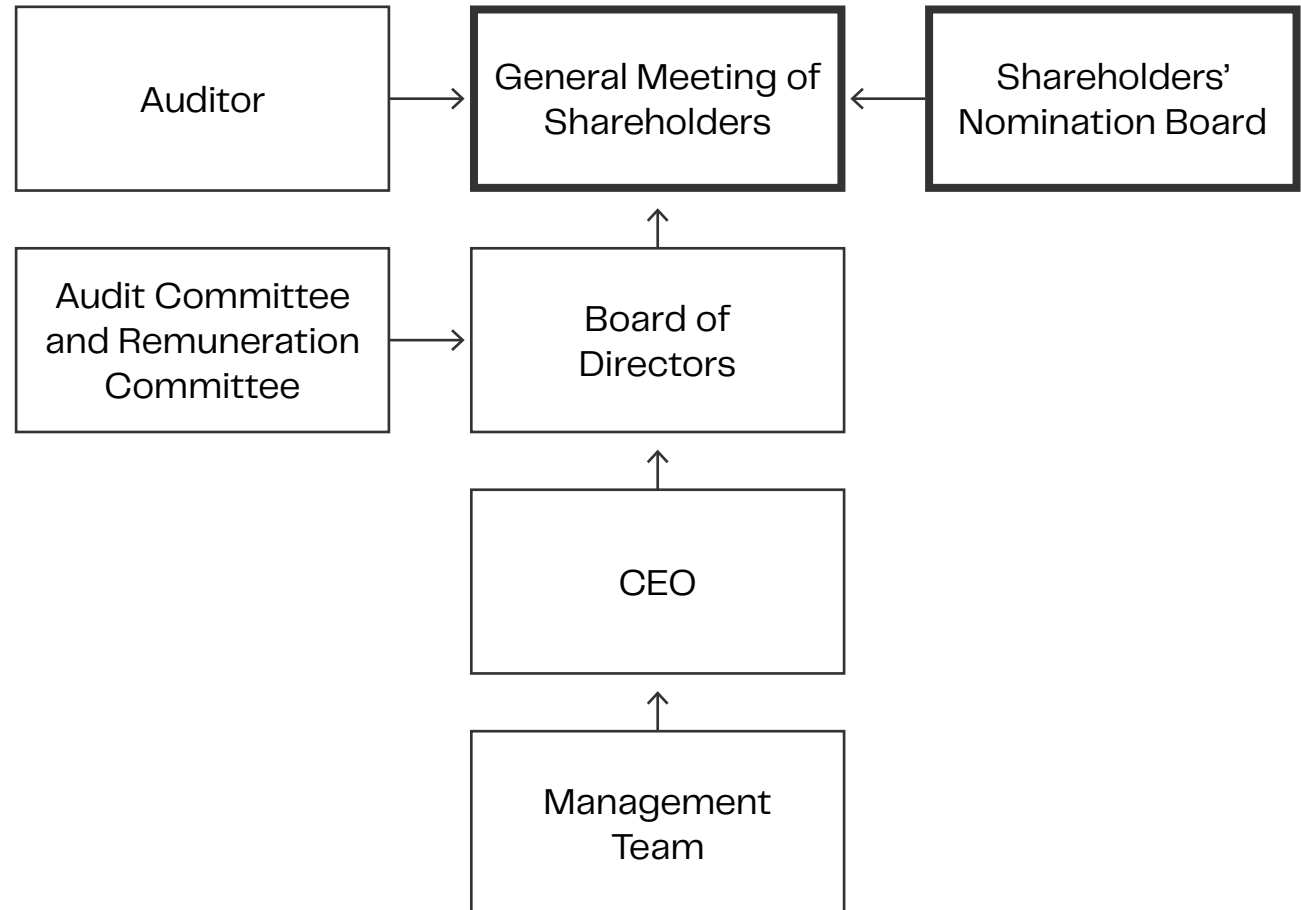
Spinnova complies with the Finnish Corporate Governance Code 2020 issued by the Finnish Securities Market Association, with no exceptions. An unofficial English translation of the Finnish Corporate Governance Code is available on the Security Market Association's website www.cgfinland.fi/en/.

The Corporate Governance Statement is issued separately from the Board of Directors' Report and is disclosed together with Spinnova's Financial statements 2021, the Board of Directors' Report and the Remuneration Report 2021 on the Company's website. This Corporate Governance Statement 2021 has been approved by the Board of Directors of Spinnova. Up-to-date information on Spinnova's governance is available on the Company's website.

Spinnova's governing bodies

The governing bodies of Spinnova are the General Meeting of Shareholders, the Shareholders' Nomination Board, the Board of Directors with its two committees: the Audit Committee and the Remuneration Committee, as well as the CEO supported by the Management Team. The highest decision-making power in Spinnova is exercised by the Company's shareholders at the General Meeting. The Board of Directors is responsible for the administration and the proper organization of the operations of the Company. The CEO, assisted by the Management Team, is responsible for the operative management of the Company.

Spinnova is a shareholder in two joint venture companies, Woodspin Oy and Respin Oy, which are established to advance the business strategy of Spinnova. The governance models of the joint venture companies are based on the joint venture agreements between Spinnova and the respective joint venture partners, the articles of association of the joint venture companies and applicable legislation. Both joint ventures have their own Board of Directors.



General Meeting of Shareholders

At a General Meeting of Shareholders, Spinnova's shareholders can participate in the supervision, decision-making and control of the Company and exercise their right to speak and vote. Spinnova has one series of shares, and each share carries one vote at the General Meeting of Shareholders.

Spinnova's General Meeting of Shareholders is held at the Company's domicile in Jyväskylä or in Helsinki, Espoo or Vantaa in Finland, 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 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 General Meeting of Shareholders decides on matters required by the Companies Act and the Articles of Association. The Annual General Meeting decides on

- the approval of the financial statements
- 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 of a General Meeting shall be delivered to the shareholders by means of a notice published on the Company's website or in at least one national daily newspaper designated by the Board of Directors. The meeting notice is also published as a company release.

The shareholders are entitled to have a matter put on the agenda of the Annual General Meeting, provided that the matter can be decided upon by the Annual General Meeting according to the Finnish Companies Act. The request must be submitted in writing to the Board of Directors early enough so that the matter can be included in the meeting notice. The date by which the shareholder must notify the Board of Directors of a matter that they demand to be addressed at the Annual General Meeting is announced on Spinnova's website.

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 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.

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

ANNUAL GENERAL MEETING IN 2021

Spinnova's Annual General Meeting was held on 10 May 2021. The Annual General Meeting resolved in addition to the matters decided pursuant to the Company's Articles of Association to incorporate the shares of the company into the book-entry securities system, to change the form of the Company into a public limited liability company and to increase the share capital to reach the required limit of EUR 80 000 from public limited companies as well as to establish a Shareholders' Nomination Board. The Annual General Meeting also resolved to authorize the Board of Directors to resolve on share issues for the purposes of a share split as well as for listing the Company's shares for trading on the First North Growth Market Finland marketplace maintained by Nasdaq Helsinki Ltd. In addition, the Annual General Meeting also resolved to authorize the Board of Directors to issue shares and special rights to shares as well as to repurchase the Company's own shares.

Board of Directors

Pursuant to the Companies Act and the Company's 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.

According to the written charter, the Board of Directors is responsible for the management of the Company and for the proper arrangement of its operations. In addition, the Board of Directors is responsible for the appropriate arrangement of the supervision of the Company's accounts and finances. The CEO has a duty to provide the Board of Directors with any information that they may need in order to see to their duties.

THE BOARD OF DIRECTORS:

- convenes the annual and extraordinary general meetings in addition to preparing and submitting proposals to the general meeting
- defines the Company's profit-sharing policy and submits a proposal concerning profit sharing to the general meeting
- decides on charitable donations within the framework provided by the Finnish Companies Act
- defines the operating principles of the Company's risk control system and internal controls
- discusses and adopts the annual report and financial statements as well as the interim reports
- decides on the establishment or disbandment of committees and confirms their charters
- defines the diversity policy of the Company's Board of Directors

In addition to the duties set out in law and in the Articles of Association, the Board of Directors discusses matters that are significant to and which have a long-term impact on the extent and quality of the operations of the Company and the group:

- the long-term vision and strategic goals and guidelines as well as the primary financial goals
- the group structure and the budgets of group companies as part of the group's budget, including capital expenditure
- the strategically or financially important investments of the group, significant expansions or reductions in business operations
- corporate transactions and business asset deals
- significant contingent liabilities and other matters with a material impact on the group's business operations

Pursuant to the Articles of Association, the Company's Board of Directors comprises no fewer than three and no more than eight ordinary members. The Shareholders' Nomination Board, appointed annually by the Company's three largest shareholders and the Board of Directors in accordance with the Charter of the Shareholders' Nomination Board, 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. 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 Board of Directors convenes in accordance with the schedule agreed upon in the annual master plan that is adopted in advance. The Board of Directors will convene not less than 10 times a year.

BOARD OF DIRECTORS IN 2021

The Board of Directors on 1 January 2021 included Timo Soininen (Chair), Fernando Bertolucci, Ilkka Kivimäki, Gert Kroner, Hanna Liiri and Juha Salmela. The shareholders decided with a unanimous decision on 11 March 2021 to elect Harri Sundvik as a new member of the Board of Directors and to elect Vinicius Nonino to replace Fernando Bertolucci as a member of the Board of Directors.

The Annual General Meeting on 10 May 2021 reappointed the members Timo Soininen, Ilkka Kivimäki, Gert Kroner, Hanna Liiri, Vinicius Nonino, Juha Salmela and Harri Sundvik to the Board of Directors.

In 2021, the work of the Board of Directors focused in particular on preparing the Company for listing its shares for trading on the First North Growth Market Finland marketplace as well as overseeing the execution of the Company's business strategy. The Board of Directors held meetings or made unanimous resolutions without convening a meeting a total of 24 times in 2021. Attendance in the meetings and decisions is reported in the table on [page 12](#).

The key CV information of the Board members as of 31 December 2021 is presented on [pages 10–12](#). The shares and share-based rights of the members of the Board members 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 this Corporate Governance Statement.

INDEPENDENCE ASSESSMENT

According to the Corporate Governance Code, a majority of the Board members shall be independent of the company, with at least two of these members also being independent of the significant shareholders of the company. The Board of Directors assesses the independence of its members from the Company and significant shareholders annually and as required.

According to the independence assessment, of the Board members at the end of 2021, all members of the Board were determined to be independent of the Company, except for Juha Salmela, who is the Chief Technology Officer of Spinnova. Of the Board members who were determined to be independent of the Company, Timo Soininen, Ilkka Kivimäki, Gert Kroner, Hanna Liiri and Harri Sundvik were determined to be independent also of significant shareholders. Vinicius Nonino was determined to be dependent due to his position as the New Business Executive Officer of Suzano S.A. According to the Corporate Governance Code, a significant shareholder is a shareholder who holds at least 10% of all company shares or the votes carried by all the shares, or who has the right or obligation to acquire the corresponding number of already issued shares.

SELF-ASSESSMENT

The Board of Directors assesses its operations on an annual basis to ascertain whether the Board of Directors is operating efficiently. The Board of Directors sets out the process used in its assessment in its annual action plan.

When assessing the operations of the Board of Directors, the extent to which it has implemented its action plan will also be reviewed. At the same time, the expectations of the Company's stakeholders vis-à-vis the operations of the Board of Directors will also be assessed. Furthermore, it will be ascertained whether the Charter of the Board of Directors is up-to-date. This assessment is carried out as an internal self-assessment.

DIVERSITY

Spinnova's Board of Directors has defined the diversity principles of the Board. The purpose of the diversity principles is to define the objectives and methods by which the appropriate diversity of the Board of Directors is achieved, which in turn furthers the effective working of the Board of Directors as a collective. Diversity also reinforces the objective that the Board of Directors' competence profile as a whole supports the development of the current and future business of the Company, and it is seen as a material part and success factor that enables the achievement of strategic objectives and the continuous improvement of customer-oriented operations.

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 diversity of Spinnova's Board of Directors is viewed from different perspectives. The material factors for the Company are the members' complementary skills, education and experience from different professions and industries, different development stages of business operations and management, and the personal attributes of the members. 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. Both genders shall always be represented in the Board of Directors, and the Board of Directors shall consider it vital to maintain representation of the under-represented gender at least one third share in the Board members.

The diversity goals defined in Spinnova's diversity principles are evaluated to be adequately realized in 2021. Both genders were represented in the Board of Directors in 2021. At the year-end 2021, one Board member was female and six male. One of the members was under 50 years old and six members 50 years or over.

Board Committees

The Board of Directors has established an Audit Committee and a Remuneration Committee to increase the efficiency of its work. 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. If needed, the Board of Directors may at a later stage establish other committees from amongst its members and working groups to prepare material decisions.

AUDIT COMMITTEE

The Audit Committee has a written charter. The Audit Committee's duties are to:

- monitor the financial statement reporting process as well as monitor and assess the financial reporting process
- monitor the financial situation and financing situation of the group
- handle the budget, forecast and assumptions related to them, and
- handle the financial statements, annual reports, interim financial reports and financial reports before the Board of Director's approval.

In addition, the Audit Committee's duties include monitoring and assessing the efficiency of the Company's

internal monitoring, possible internal audit and risk management systems, monitoring significant financial and other risks and their control measures, as well as monitoring transactions of the Company's management and their related parties and possible conflicts of interest related to them. Regarding auditing, the Audit Committee monitors the statutory audit and prepares a proposal on the election of the auditor, among other things.

The Audit Committee comprises of at least three 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 committee convenes at least four 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.

REMUNERATION COMMITTEE

The Remuneration Committee has the following duties:

- preparing matters related to the appointment of the CEO and other management and to review appropriate candidates for their successors
- preparing matters related to the salaries and other financial benefits of the CEO and other management
- preparing matters related to the Company's incentive systems
- assessing the remuneration of the CEO and other management and ensuring the appropriateness of the incentive systems
- assessing and making recommendations to the Board of Directors with regard to programmes and other incentive systems that are based on shares or special rights entitling to shares
- planning the incentivisation of other staff and the development of the organisation
- answering questions regarding the Remuneration Report at the annual general meeting; and
- recommending a remunerations advisor to the Company's Board of Directors as necessary and submitting a proposal regarding the remuneration paid to the said advisor.

The Remuneration Committee comprises of at least three members of the Board of Directors. The majority of the Remuneration Committee's members must be independent of the Company.

The committee meets as necessary, but at least three times a year. The Remuneration Committee has no independent power to make decisions.

BOARD COMMITTEES IN 2021

The Board of Directors decided to elect Harri Sundvik, Vinicius Nonino and Timo Soininen as members of the Audit Committee and Harri Sundvik as the Chair of the Audit Committee. Furthermore, the Board of Directors decided to elect Timo Soininen, Ilkka Kivimäki and Vinicius Nonino as members of the Remuneration Committee and Timo Soininen as the Chair of the Remuneration Committee.

In 2021, the Audit Committee met two times. In 2021, the work of the Audit Committee focused in particular on reviewing the first half interim report and overseeing the treasury investments of the IPO proceeds.

The meeting attendance is in the committee meetings is reported in the table on **page 12**.

BOARD OF DIRECTORS ON 31 DECEMBER 2021

TS

TIMO SOININEN

b. 1965

Master of Science (Economics)

Finnish citizen

- Chair of the Board of Directors 2018–, member of the Board of Directors 2014–
- Chair of the Remuneration Committee, member of the Audit Committee
- Independent of the Company and its major shareholders
- Spinnova's shares on 31 December, 2021: 937,860 shares. In addition, Villagecape Ventures Oy, Timo Soininen's closely associated company over which Timo Soininen does not have control, held 97,320 shares. Timo Soininen holds 6,441 pcs 2020 A Stock Options and 25,763 pcs 2020 B Stock Options.
- Main occupation: Board professional and investor; founding partner of Spinnova

IK

ILKKA KIVIMÄKI

b. 1969

Master's Degree in Science (Engineering)

and an honorary Doctorate of Science

Finnish citizen

- Member of the Board of Directors 2018–
- Member of the Remuneration Committee
- Independent of the Company and its major shareholders
- Spinnova's shares on 31 December, 2021: 3,540,300 shares (held by MAKI.VC FUND I Ky), personal ownership 2,780 shares, and 0 options
- Main occupation: Founding partner and the Chairman and CEO of MAKI Ventures Oy 2017–

GK

GERT KRONER

b. 1970

PhD

Austrian citizen

- Member of the Board of Directors 2015–
- Independent of the Company and its major shareholders
- Spinnova's shares on 31 December, 2021: 0 shares and 0 stock options
- Main occupation: Vice President of Global R&D at Lenzing AG 2018–

BOARD OF DIRECTORS ON 31 DECEMBER 2021

HL

HANNA LIIRI

b. 1970

Master of Science (Economics)

Finnish citizen

- Member of the Board of Directors 2018–
- Independent of the Company and its major shareholders
- Spinnova's shares on 31 December, 2021: 4,048,680 shares (held by Besodos Investors Oy), personal ownership 500 shares and 0 stock options
- Main occupation: Managing Partner and Portfolio Manager at Besodos Investors Oy 2005–

VN

VINICIUS NONINO

b. 1970

Master's Degree in Business Administration

Brazilian citizen

- Member of the Board of Directors 2021–
- Member of the Audit Committee and the Remuneration Committee
- Independent of the Company but dependent of its major shareholders
- Spinnova's shares on 31 December, 2021: 0 shares and 0 stock options
- Main occupation: New Business Executive Officer of Suzano S.A. 2019–

JS

JUHA SALMELA

b. 1973

Master of Science

Finnish citizen

- Member of the Board of Directors 2014–
- Member of the Management Team since 2014
- Dependent of the Company
- Spinnova's shares on 31 December, 2021: 3,382,200 shares and 8,000 pcs 2020 B Stock Options
- Main occupation: Chief Technology Officer, Co-founder of Spinnova

BOARD OF DIRECTORS ON 31 DECEMBER 2021

HS

HARRI SUNDBVIK

b. 1957

Master's Degree in Business Administration

Finnish and British citizen

- Member of the Board of Directors 2021–
- Chair of the Audit Committee
- Independent of the Company and its major shareholders
- Spinnova's shares on 31 December, 2021: 0 shares and 2,500 pcs 2020 B Stock Options (held by COBL UK Ltd, a company controlled by Sundvik)
- Main occupation: Board professional

BOARD AND COMMITTEE MEMBERS' MEETING PARTICIPATION IN 2021

MEMBER	BOARD OF DIRECTORS	AUDIT COMMITTEE
Timo Soininen	16/16	2/2
Ilkka Kivimäki	16/16	-
Gert Kroner	14/16	-
Hanna Liiri	15/16	-
Vinicius Nonino (since March 2021)	13/15	2/2
Juha Salmela	16/16	
Harri Sundvik (since March 2021)	15/15	2/2
Fernando Bertolucci (until March 2021)	0/1	-

SHAREHOLDERS' NOMINATION BOARD

Spinnova's Annual General Meeting on 10 May, 2021 decided to establish a permanent Shareholders' Nomination Board (the "Nomination Board").

The Nomination Board 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. 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 written charter of the Shareholders' Nomination Board. The Nomination Board will

- prepare and present proposals regarding the remuneration policy concerning the remuneration of the members of the Board of Directors and other matters related to the remuneration thereof to the Annual General Meeting
- prepare and present a proposal regarding the number of members of the Board of Directors to the Annual General Meeting
- prepare and present a proposal regarding who should be elected as a member of the Board of Directors to the Annual General Meeting

- seek prospective successors to replace the members of the Board of Directors; and
- prepare and present for board approval the principles concerning the diversity of the Board of Directors.

The Nomination Board will assess the performance of the Board of Directors and take the results of such assessments into account in its work as appropriate. The Nomination Board may also seek the contributions of other shareholders when preparing its proposals and retain the services of an external consultant in order to find suitable candidates.

The Nomination Board has four members. Three of those members are representatives appointed by the three largest shareholders, and one member is a Board member appointed by the Company's Board of Directors from amongst themselves.

Each year, those three shareholders that hold the largest share of the votes conferred by all shares in the Company on the first Finnish business day of the September preceding the applicable annual general meeting pursuant to the shareholders' register maintained by Euroclear Finland Ltd or, in the case of nominee registered shareholders, on the basis of separate shareholding information presented by them, will be entitled to appoint members that represent the shareholders. In the event that two or more shareholders hold an equal number of shares and votes, and the representative

or representatives nominated by either or all such shareholders cannot be appointed to serve on the Nomination Board, the right to appoint a representative to the Nomination Board will be decided by drawing lots.

The Chair of the Board of Directors will request the three largest shareholders, who will be determined as stated above, to each appoint one member to the Nomination Board. If a shareholder does not wish to exercise its right of appointment within the time frame set by the Chair of the Board of Directors, the right will be transferred to the next largest shareholder that would otherwise not have the right of appointment.

COMPOSITION OF THE NOMINATION BOARD

The following members were nominated to Spinnova's Nomination Board as of September 2, 2021:

- Vinicius Nonino, Suzano S.A.
- Hanna Liiri, Besodos Investors Oy
- Ilkka Kivimäki, Maki.vc Fund I Ky
- Timo Soininen, Chairman of the Board of Directors of Spinnova Plc

The Nomination Board submitted its proposal on the Board composition on 8 March 2021 to Spinnova's Board of Directors for the Annual General Meeting 2022 on 5 May 2021. The proposal was also published as a company release.

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.

Spinnova's CEO is Janne Poranen, Co-founder of Spinnova.

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.

In 2021, the Management Team focused in its work in particular on executing Spinnova's strategy including further developing the commercialization of the Company through brand partnerships, continued development of the Spinnova technology and materials, and preparation work for the Company's initial public offering.

The CV information of the Management Team is available on the Company's website at www.spinnovagroup.com. 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.

MANAGEMENT TEAM ON 31 DECEMBER, 2021

JP

JANNE PORANEN

Chief Executive Officer, Co-founder of Spinnova

Member of the Management Team 2014–

b. 1972, PhD

Finnish citizen

Spinnova's shares on 31 December, 2021: 3,382,500 shares and 8,000 pcs 2020 B Stock Options

LK

LOTTA KOPRA

Chief Commercial Officer

Member of the Management Team 2019–

b. 1980, Master of Science (Economics)

Finnish citizen

Spinnova's shares on 31 December, 2021: 182,700 shares and 15,000 options (of which 5,000 are 2020 B Stock Options and 10,000 pcs 2018 Stock Options)

SM

SHAHRIARE MAHMOOD

Chief Sustainability Officer

Member of the Management Team 2021–

b. 1976, Doctor of Science (Tech)

Finnish and Bangladeshi citizen

Spinnova's shares on 31 December, 2021: 0 shares and 3,000 pcs 2018 Stock Options

PP

PETRI PORANEN

Chief Operating Officer 2021–,

Member of the Management Team 2018–

Served as the Company's Chief Financial Officer in 2018–2021

b. 1973, studied accounting

Finnish citizen

Spinnova's shares on 31 December, 2021: 0 shares and 14,132 options (of which 5,000 are B Stock Options 2020 and 9,132 Stock Options 2018)

JS

JUHA SALMELA

Chief Technology Officer, Co-founder of Spinnova

Member of the Management Team 2014–

Member of the Board of Directors 2014–

b. 1973, Master of Science

Finnish citizen

Spinnova's shares on 31 December, 2021: 3,382,200 shares and 8,000 pcs 2020 B Stock Options

BS

BEN SELBY

Chief Financial Officer,

Member of the Management Team 2021–

b. 1983, Master of Arts degree

British and Finnish citizen

Spinnova's shares on 31 December, 2021: 0 shares and 10,950 options (of which 5,950 are 2020 Stock Options and 5,000 pcs 2020 B Stock Options)

INTERNAL CONTROL AND RISK MANAGEMENT OF THE FINANCIAL REPORTING PROCESS

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.

INTERNAL CONTROL

The purpose of Spinnova's internal control 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 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.

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.

In 2021, the Company uplifted its internal controls in line with the requirements of being a listed company. Additional controls were implemented around purchase and payment processes, HR and payroll processes, financial accounting, reporting, budgeting and forecasting processes, investments, and project planning. During the fourth quarter of 2021 the Company implemented an ERP system.

INTERNAL AUDIT

As for now, Spinnova 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.

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.

Financial risks are reviewed annually as part of the group-level risk assessment. Financial risks are managed primarily through following the Company's Treasury policy. Compliance with the Treasury policy is reviewed in each meeting of the Audit Committee.

The key risks identified in Spinnova's risk management process are described in the risk factors section of the Board of Directors' report for 2021.

RELATED PARTY TRANSACTIONS

Spinnova 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.

Spinnova's related parties consist of the Company's subsidiary Spinnova Holdings Oy, the Company's exclusive joint ventures with Suzano and KT Innovations, Woodspin Oy and Respin Oy, respectively; Suzano as a major shareholder, the members of the Board of Directors and Management Team and their closely related family members and the entities over which they have control or joint control. 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.

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.

Information on related party transactions in 2021 is provided in the notes to Spinnova's Financial Statements for 2021.

INSIDER MANAGEMENT

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.

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.

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).

WHISTLEBLOWING

Spinnova has a Whistleblowing Policy approved by the Board of Directors. The Whistleblowing Policy supports responsible behavior and compliance with laws, regulations and our values through establishing requirements and procedures in relation to the reporting of violations. The Whistleblowing Policy is intended to encourage and enable employees and others to raise serious concerns within Spinnova prior to seeking resolution outside the Company.

Spinnova's whistleblowing channel managed by an external service provider is an anonymous way to raise concerns of non-compliance with Spinnova's values, ethical norms, laws and regulations. Spinnova will conduct its investigations of any reported violation as discreetly as possible and in a confidential manner to the greatest extent possible commensurate with carrying out a thorough and adequate investigation. Spinnova's principle is that no one shall suffer adverse employment consequences, harassment, be discriminated against or retaliated against for making a claim in good faith of a violation of Spinnova's values, guidelines, ethical norms or applicable laws and regulations.

In 2021, there were no issues submitted through Spinnova's whistleblowing channel.

AUDITING

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 on the election of the auditor. The General Meeting elects the Company's auditor and decides on the auditor's fee.

AUDIT IN 2021

PricewaterhouseCoopers, Authorised Public Accountants, acts as the Company's Auditor with Markku Launis, Authorised Public Accountant, as the auditor with principal responsibility. Markku Launis is registered in the register of auditors referred to in Chapter 6, Section 9 of the Auditing Act (1141/2015, as amended). PricewaterhouseCoopers Oy has acted as the auditor of Spinnova since 2014.

The auditor is paid a fee according to an invoice approved by the Company. In 2021, the auditors were paid a total of EUR 17 thousand for the auditing services and a total of EUR 452 thousand for other advisory services unrelated to auditing. The other advisory services during 2021 mainly concerned preparatory work for the Company's initial public offering.

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