

SENTIEC OYJ

CORPORATE GOVERNANCE STATEMENT 2021

INDEX

1	General corporate governance principles.....	3
2	Management model	3
3	General Meeting of Sentiec Oyj.....	4
4	Board of Directors	4
4.1	Sentiec Oyj	4
4.2	Board of Directors of Sentiec Oyj’s subsidiaries.....	6
5	CEO of Sentiec Oyj	6
6	Managing Directors of Citec companies.....	6
7	Executive team	6
8	Control environment.....	7
8.1	Internal control and risk management.....	7
8.2	Internal control and risk management instruments.....	7
8.3	Description of the main features of the internal control and risk management systems related to the financial reporting process.....	8
8.4	Audit	9
9	Related party transactions	10
10	Insiders	10
11	Communications	10

1 General corporate governance principles

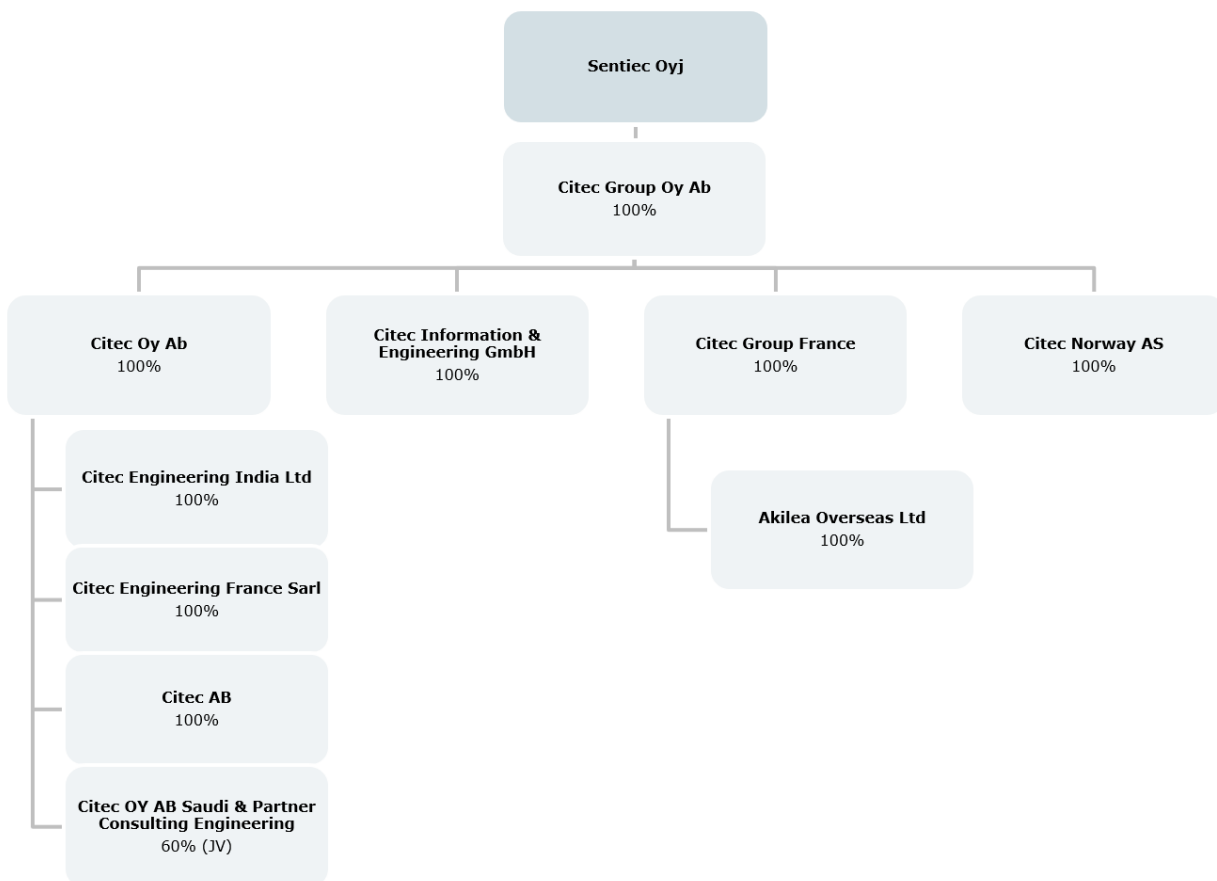
Sentiec Oyj’s and its subsidiaries’ (together “Citec”) corporate governance system is based on the current legislation, Citec companies’ Articles of Association and on compliance with ethically acceptable practices, reflected by Citec’s Code of Conduct.

Sentiec Oyj issues this corporate governance statement in accordance with the Finnish Securities Markets Act. In addition, Sentiec Oyj complies with the rules and regulations issued by Nasdaq Stockholm AB and the Finnish Financial Supervision Authority concerning issuers of bonds traded on a regulated market.

This corporate governance statement is issued separately from the Report of Board of Directors of Sentiec Oyj for 2021. The Report of Board of Directors is available on Citec’s website: www.citec.com/about-us/investors/.

2 Management model

Sentiec Oyj is the parent and holding company of Citec and the operational business activities take place in operative Citec companies below Sentiec Oyj. Citec’s legal company structure in 2021 was as follows:



Citec’s management system consists also of group-level centralised processes (“group processes”).

The Corporate Governance policy of Citec describes the responsibility for the control and management of Citec. Sentiec Oyj's Annual General Meeting, the Board of Directors of Sentiec Oyj and CEO of Sentiec Oyj, assisted by Group Management Team (GMT) and Managing Directors of each subsidiary of Sentiec Oyj are responsible for Citec's administration. The policies, processes and control mechanisms are defined in Citec's Operational Framework.

3 General Meeting of Sentiec Oyj

In General Meetings of Sentiec Oyj all shareholders of Sentiec Oyj can participate in the company's control and supervision and use their right to speak and to question. The Annual General Meeting of Sentiec Oyj is held once a year on a date determined by the Board of Directors of Sentiec Oyj. The Annual General Meeting of Sentiec Oyj decides on the matters listed in the Finnish Limited Liability Companies Act and the Articles of Association of Sentiec Oyj. Chairman of the Board of Directors of Sentiec Oyj, members of the Board of Directors of Sentiec Oyj, CEO of Sentiec Oyj, Group CFO and Group General Counsel may be present at General Meetings of Sentiec Oyj.

Participation in a General Meeting of Sentiec Oyj requires that the shareholder registers for the meeting no later than the date specified in the invitation to the meeting. According to the Finnish Limited Liability Companies Act, a shareholder has the right to bring a matter belonging to the general meeting, if the shareholder demands it in writing from the board of directors of the company so that the matter can be included in the invitation to the meeting. The date by which the shareholder must submit to the Board of Directors of Sentiec Oyj the matter required for consideration by the General Meeting of Sentiec Oyj shall be indicated in the invitation. The invitation to a General Meeting of Sentiec Oyj will be submitted in accordance with the Articles of Association of Sentiec Oyj and the Finnish Limited Liability Companies Act.

The agenda for a General Meeting of Sentiec Oyj, decision proposals and meeting materials are available to the shareholders no later than three weeks before the meeting. The documents of a General Meeting of Sentiec Oyj are held for at least five years after the respective meeting and are available at Citec legal within two weeks after each meeting.

In 2021, on 28 April 2021, exceptionally without holding a general meeting, the shareholders of Sentiec Oyj unanimously decided on matters belonging to the Annual General Meeting.

4 Board of Directors

4.1 Sentiec Oyj

Powers, composition and election of the Board of Directors of Sentiec Oyj

The Board of Directors of Sentiec Oyj ("Sentiec Oyj Board") is responsible for the supervision and control of Citec and for ensuring that Citec's administration and operations, as well as control of its accounts and finances are duly in place. The Sentiec Oyj Board acts in accordance with the Articles of Association of Sentiec Oyj and the current legislation. According to the Articles of Association of Sentiec Oyj, the Sentiec Oyj Board consists of, a minimum of three and a maximum of six members.

The Sentiec Oyj Board together with CEO of Sentiec Oyj are responsible for the preparation of Citec's consolidated financial statements and the management report in accordance with statutory requirements in Finland. The Sentiec Oyj Board together with CEO of Sentiec Oyj are responsible for assessing Sentiec Oyj's and Citec's ability to continue as going concern, and disclosing as applicable, matters relating to going concern.

The Annual General Meeting of Sentiec Oyj elects all members of Sentiec Oyj Board. The Sentiec Oyj Board elects a chairman among its members. The elected Sentiec Oyj Board members' term of office

begins at the end of the General Meeting of Sentiec Oyj that held the election and ends at the end of the next Annual General Meeting of Sentiec Oyj.

Selection criteria and independence of the Board of Directors of Sentiec Oyj

In the selection of the members of the Sentiec Oyj Board, the primary goal is to bring together the board with the most essential expertise possible for Citec, experience and ability in technologies and engineering, international relations, global business and finance as well as strategically important industries. The Sentiec Oyj Board must be seen as a whole that can handle the tasks set for it in the best possible way. The election aims to ensure that Sentiec Oyj Board supports Citec's current and future business development. During 2021, the following persons acted as Sentiec Oyj Board members: Johan Wentzel (Chairman), Antti Keränen (member), Rune Westergård (member) and Clas-Eirik Strand (member, independent from the company's significant shareholders).

Meetings, tasks and decision-making procedure of the Board of Directors of Sentiec Oyj

The Sentiec Oyj Board meets once a month and whenever necessary. The CEO of Sentiec Oyj, Group CFO and Group General Counsel also attend the meetings. Other members of the Group Management Team participate as required upon invitation by the Sentiec Oyj Board. A quorum is reached when more than half of Sentiec Oyj Board members are present. Decisions are taken by majority vote, and in the event of a tie, the Chairman shall have a casting vote.

A member of Sentiec Oyj Board shall not participate in the decision-making that concerns proceedings between him and the company or between the company and a third party from which he or she can be expected to have a material interest that may conflict with the company's interests. The members of Sentiec Oyj Board are bound by the obligations of business secrets as well as the restrictions and obligations set by the Market Abuse Regulation (EU) No 596/2014 (MAR) and Sentiec Oyj Insider Guidelines. Sentiec Oyj Board members must act in the best interests of the company and all its shareholders in their decision-making and other operations, and must observe the duty of care.

The minutes of the meetings of Sentiec Oyj Board are held annually in sequentially numbered English language versions, and when needed, in Finnish language versions.

The main duties of Sentiec Oyj Board are to:

- determine Sentiec Oyj's dividend policy and make a proposal to the Annual General Meeting of Sentiec Oyj for the distribution of profits and payment of dividend;
- evaluate and approve Citec's strategic direction, major strategic, corporate plans and financial targets and limits;
- ensure that Citec has defined the operating principles of internal control and monitor the function of such control;
- appoint and dismiss CEO of Sentiec Oyj;
- approve appointment of members of the senior management who report directly to CEO of Sentiec Oyj;
- approve Citec's main terms of employment and compensation for senior management, including salaries, incentives, bonus programs and other financial benefits;
- approve incentives and bonus programs for senior management, who report directly to CEO of Sentiec Oyj; and
- oversee the assessment and management of control and risk management processes related to the company's strategy and operations.

The CEO of Sentiec Oyj is responsible for the implementation of Sentiec Oyj Board's decisions, monitors their implementation and reports to the Sentiec Oyj Board on any deficiencies or problems identified in the implementation.

During 2021, the Sentiec Oyj Board had ten meetings, in addition to which four separate written resolutions without convening a meeting were passed.

4.2 Board of Directors of Sentiec Oyj's subsidiaries

Sentiec Oyj Board is responsible for nominating the Board of Directors to each operative subsidiary of Sentiec Oyj ("Citec company"). The Board of Directors of each Citec company will supervise and control of the Citec company in question and ensure that the administration and operations, as well as that control of its accounts and finances are duly in place in accordance with local requirements.

5 CEO of Sentiec Oyj

The Sentiec Oyj Board appoints CEO of Sentiec Oyj. The duty of CEO of Sentiec Oyj is to manage and oversee Citec's business operations according to strategy and directions given by the Sentiec Oyj Board.

The CEO of Sentiec Oyj reports to Sentiec Oyj Board on Citec's business and financial performance, and supervises the execution of Sentiec Oyj Board resolutions. The CEO of Sentiec Oyj is responsible for the arrangement of the company's day-to-day administration and with the assistance of the Group CFO, responsible for Citec's accounting legality and sound financial management. The CEO of Sentiec Oyj supervises that Citec's financial affairs have been arranged in a reliable manner, oversees the financial reporting process as well as informs the Sentiec Oyj Board about the development of Citec's business and financial situation. The CEO of Sentiec Oyj may take measures that are considered unusual or extensive in view of the scope and nature of the company's business only with the authorisation from the Sentiec Oyj Board, unless the time required to obtain such authorisation would cause substantial harm to Citec. In the latter case, the Sentiec Oyj Board shall be notified of the measures taken as soon as possible. In the operative management of Citec, the CEO of Sentiec Oyj is assisted by the Group Management Team.

In 2021, Johan Westermarck served as CEO of Sentiec Oyj and Chairman of the Group Management Team.

6 Managing Directors of Citec companies

A Managing Director is appointed to every operative Citec company, provided that the relevant local legislation recognises such a corporate office. In the case of no appointed Managing Director, a corresponding role is created to ensure the tasks appointed to a Managing Director are efficiently implemented. Managing Director of a Citec company is expected to actively support and drive the implementation of the Citec processes and policies in the country in question. Managing Director is responsible of legal compliance and implementation of Citec Code of Conduct in that country.

7 Executive team

The executive team of Citec is called Group Management Team (GMT). The CEO of Sentiec Oyj is the chairman of Group Management Team, in addition to which the team consists of business area Vice Presidents (VP's), Group Chief Financial Officer (CFO) and Group Chief Development Officer (CDO).

The Group Management Team convenes at least once a month and assists the CEO of Sentiec Oyj in Citec's strategy planning and implementation, operational management and in the preparation of matters to be dealt with by Sentiec Oyj Board.

The Group Management Team prepares annual operational and financial plans and related plans, monitors the implementation of such plans and prepares proposals for significant investments and

acquisitions for approval by Sentiec Oyj Board. Group Management Team monitors the development of Citec's business and financial situation on a monthly basis. Group Management Team is informed by each member about any operational Group-level matters in order to enable Group Management Team to monitor, among other things, the internal control and risk management.

The Group Management Team consisted of eight persons in 2021.

8 Control environment

8.1 Internal control and risk management

Citec's internal control and risk management processes are governed by the Finnish Limited Liability Companies Act, the Finnish Securities Markets Act and other laws and regulations applicable to Citec's operations, the rules and issuance orders of Nasdaq Stockholm AB and the Financial Supervisory Authority concerning issuers of bonds traded on a regulated market. The external supervision is carried out by Citec's auditors and authorities.

Citec's internal control covers financial reporting and other monitoring. Internal control aims to ensure, among other things, correct and reliable financial and other information, compliance with external regulations and with internal guidelines and policies, and adequate security of operations and information.

The aim of Citec's risk management is to ensure that Citec's operations comply with applicable regulations and policies and that strategic and financial objectives are achieved in a controlled manner. The objectives also include identifying, evaluating and monitoring business-related risks. An integral part of the risk management is to provide reasonable assurance to:

- effectiveness, efficiency and transparency of operations;
- reliability of financial and other reporting;
- compliance with applicable laws and regulations and with Operational Framework; and
- secure business integrity at all Citec operations.

8.2 Internal control and risk management instruments

Operational Framework

Operational Framework is the basis for Citec's internal control and risk management system. Operational Framework is Citec's quality system and it is ISO 9001 certified by Bureau Veritas, and is regularly monitored, developed and updated.

Mode of Operations, which is part of Operational Framework, is the main internal control tool which ensures that decision-making lines of authority and that key accountabilities are clearly defined and communicated at various levels throughout the organisation. Mode of Operations is the description of the organisational structure and its powers and responsibilities. The purpose of Mode of Operations is to provide processes, guidance and control for conducting business at Citec.

Under Operational Framework and Mode of Operations, Citec runs its processes in organisational structures defined in these instruments, and issues policies, rules, guidelines, and methodologies. This means that all Citec companies, activities and countries are managed through consistent practices set forth in the same one Citec way of working, that assist CEO of Sentiec Oyj, and ultimately Sentiec Oyj Board, in ensuring that Citec achieves the abovementioned objectives.

In all Citec companies, the Citec Approval Principles must be followed. The Approval Principles define the rights to decide on and sign sales contracts, purchasing, expenses and personnel decisions based on financial limits of each decision.

Group-level centralised processes

Citec's operational business activities take place in operative Citec companies below Sentiec Oyj. To ensure the controlled way to operate in Citec there are Group-level centralised processes ("group processes") led by process owners who develop and monitor the quality and efficiency of the processes. Group processes are:

- Leadership & Management
- Strategy & Development
- Human Resources
- Sales & Sales development, Account management
- Service & Project delivery
- Communication & Marketing
- Supplier management & purchasing
- QEHS
- IM/IT
- Finance

Group processes are responsible for harmonizing the global processes, including the financial reporting processes, in Citec and developing both processes and tools available in order to meet the requirements of the business. Group processes provide instructions and guidance to local bodies/teams, as well as standardised reporting requirements, covering also the financial reporting process. Citec companies are responsible for implementing these global processes locally and maintaining them. They are responsible for ensuring that local laws and regulations are met and in case of any conflict with the global processes, they are brought into awareness.

8.3 Description of the main features of the internal control and risk management systems related to the financial reporting process

Citec's management system and ethical principles, in particular the Code of Conduct, are the basis for the internal control environment related to financial reporting process. The financial reporting control environment includes financial management procedures, process descriptions and instructions, and a regular analysis of the result, financial situation and cash flow of Citec. The control environment also includes for example approval rights, process for manual payments, journal entries, user rights and segregation of duties as well as IT controls.

Citec prepares consolidated financial statements and interim reports in accordance with the International Financial Reporting Standards, as adopted by the EU, the Finnish Securities Markets Act and the rules and regulations issued by Nasdaq Stockholm AB and the Finnish Financial Supervision Authority concerning issuers of bonds traded on a regulated market. Sentiec Oyj's accounting, consolidation and published financial reports are prepared by the Group Finance. Interim and annual financial statements are approved by Sentiec Oyj Board.

In accordance with the Finnish Limited Liability Companies Act, the Sentiec Oyj Board is responsible for the proper organisation of accounting and financial management. The CEO of Sentiec Oyj is responsible for the legality of accounting and the reliable organisation of financial management. Group Finance as a group operation is responsible for defining financial reporting controls. Group Finance prepares monthly reports to Group Management Team on the results of operations.

Citec's business operations are in all material respects located in Finland, Sweden, Norway, Germany, France and India, and all countries have local accounting and financial reporting organisations, which report to Group Finance. Citec has a common group reporting system. Management of Citec companies have continuous access to the system and financial performance reporting for their respective area. The correctness of the data is controlled by Group Finance as a group operation.

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

8.4 Audit

The primary duty of statutory auditing is to verify that the financial statements give correct and sufficient information about Sentiec Oyj's profit and financial situation for the financial year. Sentiec Oyj's financial year is the calendar year.

The auditor is responsible for verifying the accuracy of Sentiec Oyj's financial statements during the financial year and for submitting the auditor's report to the Annual General Meeting of Sentiec Oyj. A summary of the audit findings will be prepared for Sentiec Oyj Board. The auditor of Sentiec Oyj participates in at least one meeting of Sentiec Oyj Board during that financial year.

Sentiec Oyj has one regular auditor, which is an auditor approved by the Central Chamber of Commerce, or audit firm. If another is selected to perform the audit as an audit firm, one deputy auditor should also be elected. Sentiec Oyj Board resolve annually on the authorisation for permissible non audit services (NAS). The resolution includes validity period for the authorisation as well as aggregate annual EUR limit for the authorisation. The auditor's term of office covers the current financial year and ends at the end of the next Annual General Meeting. The Annual General Meeting elects auditor and decide on the auditor's fee.

On 28 April, 2021, the Annual General Meeting of Sentiec Oyj resolved that KPMG Oy Ab is re-elected as the auditor of Sentiec Oyj for a term expiring at the end of Sentiec Oyj's Annual General Meeting 2022, and that the responsible auditor is Authorised Public Accountant Lotta Nurminen. The auditor is paid in accordance with invoices approved by Sentiec Oyj.

The fees of the audit firms were as follows:

	2021	2020
Audit		
KPMG	-155	-99
EY	-17	-18
Services under the Finnish Auditing Act		
KPMG	-10	
Tax consulting		
KPMG	-2	-6
Other services		
KPMG	-59	-3
EY		-57
Total	-243	-184

9 Related party transactions

Citec monitors and evaluates transactions between Sentiec Oyj and its related parties. Related parties include such persons that have control, joint control or significant influence over Citec, including the members of Sentiec Oyj Board and members of Group Management. In order to identify its related party transactions, Sentiec Oyj keeps record of the related party transactions. Transactions between Sentiec Oyj and its related parties are priced according to Citec's normal pricing basis and sales conditions.

10 Insiders

Sentiec Oyj Insider Guidelines include rules for public disclosure of inside information, maintaining insider registers and notification obligation of the managers' transactions. In addition, Sentiec Oyj Insider Guidelines include company rules for monitoring the compliance with the Sentiec Oyj Insider Guidelines. On the basis of the MAR definition and related regulations, Sentiec Oyj has declared which information it considers as inside information.

Sentiec Oyj maintains a permanent company-specific insider register. Sentiec Oyj also maintains a project or event-specific lists of insiders for all individuals that have access to inside information and that are employed by Citec or otherwise perform tasks that provide them access to inside information.

Inside information directly concerning Sentiec Oyj shall be disclosed to the public as soon as possible. Sentiec Oyj has adopted the needed measures to ensure provision of consistent, open, fair, active and regular investor information which the investors would be likely to use as part of the basis of his or her investment decisions.

Persons discharging managerial responsibilities ("PDMR"), as well as persons closely associated with them, shall notify Sentiec Oyj Board of every transaction conducted on their own account relating to the shares or debt instruments of Sentiec Oyj or to derivatives or other financial instruments linked thereto. Sentiec Oyj Board shall ensure that the information that is notified to it in accordance with the above, is made public.

PDMRs are subject to a prohibition on trading in securities in the company for a period of 30 days prior to the announcement of a financial reports (closed periods). The prohibition on trading also applies during the day of the announcement.

No such transactions were reported during 2021.

11 Communications

The overarching long-term objective in Sentiec Oyj communication and investor relation management is to support the correct valuation of Sentiec Oyj's financial instruments by communicating to capital markets correct, sufficient, relevant and timely information about Citec's operations, markets, strategy, targets and financial performance.

Sentiec Oyj discloses without undue delay all decisions and circumstances that may have a material impact on the value of Sentiec Oyj's shares or other financial instruments. Sentiec Oyj publishes at least the following:

- the quarterly financial reports with management commentary and the annual financial statements with Sentiec Oyj Board report;
- other regulatory reporting required by legal and regulatory provisions;
- any events relating to Citec's financial information such as the strategy, business and its focus areas that may have significant effect on the prices of Sentiec Oyj's financial instruments or on the price of related derivative financial instruments; and

- official releases on matters that have such a significant effect as referred to above, that the investors would likely to use the information as part of the basis of their investment decisions, such as new outsourcings agreements, significant new business agreements, significant new services, company acquisitions and divestments, statutory cooperation negotiations, lawsuits and their proceeding if material in nature, significant organisational changes, changes in Sentiec Oyj Board/Group Management Team/Auditor, or changes in financial performance or financial position.

Group Finance ensures compliance with the financial reporting obligations agreeing on public communication together with CEO of Sentiec Oyj and Group Communications. Financial statements bulletins and interim reports are approved by Sentiec Oyj Board and distributed by Group Marketing & Communications.

Price sensitive information is not disclosed to large employee groups before its public disclosure. Pre-disclosure employee notification is arranged through employee representatives in cases, where it is required by national regulation.