



**CORPORATE GOVERNANCE  
STATEMENT  
2022**



**CORPORATE GOVERNANCE STATEMENT**

**CONTENTS**

1	Corporate governance statement.....	2
2	Description of the composition and operations of the Board and Board committees .....	2
2.1	The board .....	2
2.2	Composition of the Board.....	2
2.3	Description of the Board's operations.....	3
2.4	Board committees Audit committee.....	3
3	Managing Director and Management team .....	4
4	Internal control and risk management in Reka Industrial Plc .....	4
4.1	Internal control and risk management framework.....	4
4.2	Internal control and risk management pertaining to the financial reporting process.....	5
4.2.1	Internal control environment .....	5
4.2.4	Information and communication .....	6
4.2.5	Monitoring.....	6
4.3	Development of internal control and risk management in financial reporting .....	6
5	Insider administration .....	6
6	Related-party and related-party events .....	7
7	Salary and incentive report for the financial year 2021 .....	7
8	Auditor and fees paid .....	8

## 1 Corporate governance statement

Corporate Governance Statement of Reka Industrial Plc has been drawn up in accordance with the recommendation 51 of the Finnish Corporate Governance Code. The statement has been issued as a separate report and the Group's Audit Committee has reviewed the statement. Furthermore, the statement is available on Reka Industrial's website at [www.rekaindustrial.fi](http://www.rekaindustrial.fi). Finnish Corporate Governance Code itself is publicly available on the website of the Securities Market Association, address [www.cgfinland.fi](http://www.cgfinland.fi).

KPMG Ltd, as the company's auditor has checked that the statement has been issued and that the description of the main features of the internal control and risk management systems in relation to the financial reporting process is consistent with the financial statements.

Reka Industrial complies with the Finnish Corporate Governance Code.

## 2 Description of the composition and operations of the Board and Board committees

### 2.1 The board

The Annual General Meeting appoints according to articles of association 3 – 7 members until the end of the next Annual General Meeting. The Annual General Meeting appoints the Chairman and the Vice Chairman. The Board has defined principles regarding the diversity of the Board, according to which the Board should, if possible, include knowledge supporting the company's development and both sexes.

The 2022 Annual General Meeting of Reka Industrial appointed following people to the Board: Markku E. Rentto (Chairman), Ari Järvelä (Vice Chairman), Matti Hyytiäinen, Olli-Heikki Kyllönen ja Leena Saarinen. No deputy members were elected.

### 2.2 Composition of the Board

The following people have served as Reka Industrial Board members in 2022:

Markku E. Rentto

- Chairman
- Born 1963
- Education: M.Sc. (Economics)
- Main occupation: Businessman

Ari Järvelä

- Vice Chairman
- Born 1969
- Education: M.Sc. (Eng.)
- Main occupation: Head of Operations, TietoEvy

Matti Hyytiäinen

- Member
- Born 1960
- M.Sc. (Econ.)
- Experienced industry and technology professional, board professional

Olli-Heikki Kyllönen

- Member
- Born 1956
- M.Sc. (Electrical Engineering)
- Experienced electrical and cable industry professional, board professional

Leena Saarinen

- Member
- Born 1960
- M.Sc. (Food Science)
- Experienced industry and trade professional, board professional

The Board will evaluate its members' independence of the company according to the Corporate Governance recommendation.

Board's evaluation from 6 April 2022 as follows: According to the Board's evaluation, the majority of the Board members Ari Järvelä, Matti Hyytiäinen, Olli-Heikki Kyllönen and Leena Saarinen are independent of the company and the company's significant shareholders.

### 2.3 Description of the Board's operations

The Board is responsible for proper organization of the administration and operations of the company and considers and decides on all major matters concerning the company's operations. The Board appoints the company's Managing Director. Moreover, the Board of Directors is responsible for the following duties:

- The Board complies with the Recommendation for Finnish Corporate Governance Codes of listed companies and regulations and recommendations for listed companies issued by the NASDAQ Helsinki and the Financial Supervisory Authority (FIN-FSA).
- The Board is responsible for submitting half year report and the annual report. The auditors are given an opportunity to comment on the reports before the Board takes its decision and the reports are published.
- The Board decides on questions that concern the level of risk-taking in the company.
- The Board appoints the audit committee and decides on its charter. The committee has no autonomous authority. Responsibility for the functions allotted to the committee remains with the Board.
- The Board can establish other committees made up of Board members or give members of the Board special commissions. Such decisions must be entered in the minutes. Neither a Board committee, nor a member of the Board with a special commission has autonomous authority. Responsibility for the functions allotted remains with the Board.
- The Board annually conducts an evaluation of its performance and working methods.

During the financial year 2022, the Board convened 13 times. The participation activity of the members was 98 %.

In 2022, the Board concentrated on development of Group strategy, financing, ensuring profit development and ESG.

### 2.4 Board committees

#### Audit committee

The Group's Audit Committee in 2022 consisted of Ari Järvelä (Chairman) and Leena Saarinen.

The Board annually appoints the chairman and members of the Audit Committee. The Audit Committee reports to the Board.

The duties of the Audit Committee are:

- to monitor the reporting process of financial statements;
- to supervise the financial reporting process;
- to monitor the efficiency of the company's internal control, internal audit, if applicable, and risk management systems;
- to evaluate compliance with laws and regulations;
- to keep in contact with the auditor;
- to review the description of the main features of the internal control and risk management systems pertaining to the financial reporting process, which is included in the company's corporate governance statement;
- to monitor the statutory audit of the financial statements and consolidated financial statements;
- to evaluate the independence of the statutory auditor or audit firm, particularly the provision of related services to the company to be audited; and
- to prepare the proposal for resolution on the election of the auditor.

In 2022, Reka Industrial Plc's Audit Committee focused on operational risks, balance values, financing and liquidity, and test calculation. In guidance to internal audit measures emphasis to securing continuity as well as process and ICT risks management played major role.

During 2022, the Audit Committee convened three times. The participation activity of the members was 100 %.

### 3 Managing Director and Management team

Jukka Poutanen, Reka Industrial Plc's Managing Director

- Born 1962
- Education: MBA and M.Sc. (Tech.)
- CEO, Reka Cables Ltd
- Versatile and long experience as manager in international industries

The Managing Director elected by the Board of Directors is responsible for the day-to-day management of the company according to instructions and orders issued by the Board. The Managing Director must ensure that the company's bookkeeping complies with the law and that financial matters are handled in a reliable manner. The Managing Director is in charge of the company's investment activities.

Reka Industrial's management team consists of Managing Director Jukka Poutanen and CFO Sari Tulander.

### 4 Internal control and risk management in Reka Industrial Plc

#### 4.1 Internal control and risk management framework

Internal control is a process effected by the Board of Directors, management and all levels of personnel. The goal of internal control is to ensure that management has reasonable assurance that the company's operations are effective, efficient, and aligned with strategy; financial reporting and management information is reliable, complete and timely; and the Group is in compliance with applicable laws and regulations.

The roles and responsibilities of Reka Industrial's internal control and risk management framework are defined in the Group's internal control and risk management principles. The principles are based on the components of the common internal control frameworks as well as models for enterprise risk management.

Reka Industrial's governance and internal control framework consists of:

- the internal control and risk management principles set by the Board of Directors,
- management overseeing the implementation and application of the internal control and risk management principles,
- enterprise risk management process identifying, assessing and mitigating risks threatening the realization of Reka Industrial's objectives,
- compliance procedures making sure that all applicable laws, regulations, internal policies and ethical values are adhered to,
- the Group's employees and external specialists as needed basis monitoring of the efficiency and effectiveness of the operations of internal control,
- effective internal control environment at all levels of the organisation, and
- shared ethical values and strong internal control culture among all employees.

Enterprise risk management in Reka Industrial is a continuous process which is integrated in the Group's monitoring operations. Risk management is designed to ensure that the most business relevant risks are identified, assessed and monitored on a continuous basis.

Reka Industrial Plc's risk management is based on Risk Management Principles set by the Board of Directors. The principles include a description of the Group's risk management framework and responsibilities regarding risk management in Reka Industrial. In addition, the Group's risk management process is described on a more detailed level. The process itself consists of risk identification, assessment, risk management actions, monitoring, and risk reporting.

## 4.2 Internal control and risk management pertaining to the financial reporting process

Internal control and risk management systems in relation to the financial reporting process are a part of Reka Industrial Group's overall internal control and risk management framework. Systems are designed to provide reasonable assurance of the reliability of financial reporting. Reliable financial reporting process ensures that the financial information to the stakeholders is accurate, timely and complete and the financial statements are prepared in accordance with applicable laws and regulations.

The accounts of the Group's subsidiaries are prepared according to the local accounting standards. The financial reporting of the subsidiaries is operating in various systems and the information is consolidated on Group level. Reka Industrial applies IFRS standards in its consolidated interim reports and financial statements and the IFRS adjustments are booked on Group level.

### 4.2.1 Internal control environment

Internal control in Reka Industrial is based on efficient control environment. It sets the tone of an organization, influencing the control consciousness of its people. Control environment factors include the integrity, ethical values and the way management assigns authority and responsibility.

Common working methods and policies form the basis for internal control in financial reporting process. The description of interim report and financial statement process guides the financial reporting in Reka Industrial. The description includes high level definitions of roles, responsibilities, and timetables of the process. In Finland, the companies have a common chart of accounts, as well as several guidelines and listings of the working methods applied in financial reporting process. In addition, the Group is in process of creating a controller's manual to further unite the working methods.

### 4.2.2 Risk management

Risk management of financial reporting process is designed to identify financial reporting risks and to determine adequate risk management methods. The risk identification and assessment is a continuous process which is designed to detect the changes occurring in Reka Industrial's business environment, as well as in the Group's operations.

Reka Industrial Plc is developing and implementing the Group's risk management process. The risk identification and assessment will be conducted annually in business units, as well as on Management Group level. The business units will be identifying risks related to the unit's operations and the results of the assessments will be reported to the Management Group. On Management Group level, the risk identification and assessment will be carried out together with strategic planning. The results of the assessment shall be used as material for Reka Industrial's risk reporting in half year financial reports and financial statements releases.

### 4.2.3 Control measures

Control activities are the policies and procedures that help Reka Industrial's management to ensure the effectiveness and reliability of the company's operations. Controls also help to ensure that the risks threatening the achievement of the company's objectives are management adequately.

Besides Finland, Reka Industrial operates in Poland, Sweden, Denmark, Estonia, Russia and Norway. The subsidiaries report to the parent company monthly, quarterly, and before closing of the accounts. The consolidated interim reports and financial statements are prepared at Group level.

Business controllers/ persons in charge of business unit finance activities as well the chief accountant of the Group review the figures of half year financial reports and financial statements before reporting them to the Group's Chief Financial Officer. CFO reviews the figures and analyses the reasons for possible deviations in order to assure the reliability of financial reporting.

After the CFO's review, the Audit Committee gives their comments on the figures and the text draft. The revised material is then commented by the Board of Directors, Managing Director, CFO and the auditors. In case the comments are incompatible, The Audit Committee gives the final statement on the matter.

Subsequent to the comment round, the final versions of the figures and the text are drafted and the Board handles them in its meeting. If changes are needed at this stage of the process, the changes will be taken into account in press releases and in printed versions of the reports. The material is published on the same day.

The Group's Audit Committee monitors the financial reporting of interim reports and financial statements by continuously evaluating the level of internal control and risk management pertaining to the reporting process. In addition, the Audit Committee analyses the reported figures and follows up the changes in IFRS standards.

#### **4.2.4 Information and communication**

In terms of internal control, external communication refers to authority reporting and financial reporting, whereas internal communication includes information provided to employees through e.g., Intranet and training.

External communication is meant to provide the market with information on Reka Industrial's business operations, finances and the changes happening of the Group's business environment.

#### **4.2.5 Monitoring**

The effectiveness of Reka Industrial's internal control is monitored with different activities. e.g., through ongoing follow-up activities, separate evaluations or internal audits.

Internal Audit is subordinated to Audit Committee. Internal Audit encompasses the examination and evaluation of the adequacy and effectiveness of the organization's systems of internal control and the quality of performance in carrying out assigned responsibilities. In practise, the Managing Director is responsible for initiating separate internal assignments. The audits are usually carried out with organization's own resources. The person performing the audit shall be independent of the audited business operation. Additionally, external specialists can be used as an internal auditor if required by the nature of the assignment.

### **4.3 Development of internal control and risk management in financial reporting**

In 2022, the emphasis of the internal audit was on management of process and ICT risks. Random tests were made to the financial process. Essential defects were not found.

## **5 Insider administration**

Reka Industrial Plc follows the insider guidelines of NASDAQ Helsinki Ltd. The company also has its own insider guidelines.

According to the Finnish Securities Market Act, the Company's permanent insiders include, according to the Finnish Securities Markets Act, the members of the Board of Directors, the President and CEO, the members of the Management Team and the auditor. The company maintains a permanent company-specific insider register in addition to the public insider register and a project-specific insider register. Persons employed by the company who regularly receive insider information on their position or duties constitute the company's permanent company-specific insider. Hearing insiders include persons who work on behalf of a work or other contract and obtain information on the project.

Permanent insiders may not trade in the company's shares between the end of the reporting period and the publication of the interim report. The trading of project-specific insiders in company shares is prohibited until the project expires or is publicized.

The maintenance of Reka Industrial's insider register is under the supervision of the President and CEO.

## 6 Related-party and related-party events

The Group's related parties include the subsidiaries and associated companies, other companies belonging to the Reka Group, Reka Pension Fund, the Group's Board of Directors and their close family members as well as management group and their close family members. Also related parties include companies, that have ownership connection through the owner who has significant decision power, or that belong to the related-party companies via the management or board members. Reka Industrial's management group consists of Managing Director and CFO.

Reka Industrial Plc, and therefore also the Reka Industrial Group, belong to the Reka Group. Reka Ltd has a 50.16 percent holding of shares and a 65.36 percent holding of votes.

The company maintains a list of related parties. The Company evaluates and monitors transactions with its related parties to ensure that applicable laws and regulations, including the Corporate Governance Code, are complied with, among other things, to ensure that potential conflicts of interest are taken into account in the Company's decision-making.

## 7 Salary and incentive report for the financial year 2022

This salary and incentive report is made according to the Finnish Corporate Governance Code.

### The remuneration of Board members

The Board members are paid an annual remuneration according to the Annual General Meeting's decision. The Board members do not have other benefits. The Board members do not have retirement agreements with the company. A part of the annual remuneration and bonus can be paid with company's shares if so decided by the Annual General Meeting. The remuneration paid with shares is always separately announced.

Due to Reka Industrial's ownership structure company's member of the Board of Directors can be member of the Board of Directors in subsidiaries and get compensation. In addition, the Board of Directors can decide of separate remuneration, when member of the Board of Directors is taking additional measures and time for implementing company's important project (financing, acquisition, contract).

The Annual General Meeting 2022:

- The AGM approved the proposed annual remuneration of EUR 25,000 for the members of the Board of Directors, EUR 32,000 for the chairman of the Board. No separate meeting fees to be paid. The AGM approved that the members of the Board are compensated for their travel expenses.
- Circa 40 per cent of the annual remuneration will be paid with the shares of the company. Conversion into the shares will be carried out based on the average share price of the company's class B-share in April 2022 and the shares will be handed over in May 2022.

The remuneration of the Board members during the financial year 2022, EUR:

Board	Remuneration in shares	Remuneration in cash	Remuneration total
Markku E. Rentto	3,391	49,022	61,822
Ari Järvelä	2,914	16,500	27,500
Matti Hyytiäinen	2,649	15,000	25,000
Olli-Heikki Kyllönen	2,649	15,000	25,000
Leena Saarinen	2,914	16,500	27,500
<b>Total</b>	<b>13,925</b>	<b>112,022</b>	<b>166,822</b>



### The remuneration of the Managing Director

The CEO of Reka Cables Ltd. is also the Managing Director of the Group. The Managing Director has a written Managing Director's agreement with Reka Cables Ltd. According to the Managing Director's agreement the salary consists of a fixed salary and a separate bonus. The pension of the Managing Director is according to the Finnish retirement legislation (TyEL). In addition, Managing Director has a separate medical expenses insurance.

According to the Managing Director's agreement the term of notice is 3 months and the dismissal pay corresponds to 9 months' salary.

During the financial year 2022 the Managing Director's annual salary and other benefits were EUR 503,117 divided as follows:

Managing Director	Fixed salary	Bonus and incentives	Total
Jukka Poutanen	299,216	203,901	503,117

### 8 Auditor and fees paid

The company's auditor is KPMG OY AB, with Jukka Rajala, Authorized Public Accountant, as the principal auditor. In 2022, KPMG Oy Ab was paid EUR 120 (98) thousand in audit fees, EUR 7 (7) thousand in assurance services, EUR 0 (11) thousand in tax services and EUR 5 (12) thousand in other services.