

## **Corporate Governance Statement 2010**

**This Corporate Governance Statement has been drawn up separately from the report by the Board of Directors. The statement is not part of the official financial statements.**

### **General**

In addition to acts and regulations applicable to listed companies, Amanda Capital Plc complies with the Finnish Corporate Governance Code published by the Securities Market Association in 2010. The entire Code is available on the website of the Securities Market Association at [www.cgfinland.fi](http://www.cgfinland.fi).

Amanda Capital Plc departs from the following recommendations of the Code: 9. Number, composition and competence of the directors, 14. Number of independent directors, and 50. Internal audit. In addition, Amanda Capital Plc has no board committees. These departures and their justifications are explained below.

### **General Meeting of Shareholders**

The General Meeting is Amanda Capital Plc's highest decision-making body, at which the shareholders participate in the supervision and control of the company. Amanda Capital Plc convenes one Annual General Meeting (AGM) during each financial period. An Extraordinary General Meeting may be convened when necessary. Shareholders exercise their right to speak and vote at the General Meeting.

The General Meeting shall be organised in a manner that permits shareholders to exercise their ownership rights effectively. Amanda Capital Plc provides shareholders with sufficient information about the agenda of the General Meeting in advance. The advance information is provided in the notice of the General Meeting, other releases and on the company website. The goal is that the CEO, Chairman of the Board, and a sufficient number of directors attend the General Meeting. A person proposed as director for the first time shall participate in the General Meeting that decides on his/her election, unless there are well-founded reasons for the absence.

Amanda Capital Plc's Annual General Meeting was held on 14 April 2010.

### **Board of Directors**

The General Meeting elects the directors. The director candidates put forward to the Board shall be mentioned in the notice of the General Meeting, if the proposal has been made by the Board or if the candidate is supported by shareholders holding at least 10 per cent of the total votes carried by all the shares of the company, provided that the candidate has given his/her consent to the election. The candidates that have been proposed after the delivery of the notice of the meeting will be disclosed separately. The company's Articles of Association do not contain any provisions on the manner of proposing prospective directors. In its Annual Report, the company states the number of Board meetings held during the financial period as well as the average attendance of the directors. The members of the Board of Directors are elected for one year at a time.

A person elected director must have the qualifications required by the work of a director and sufficient time for taking care of the duties. The company facilitates the work of the Board by providing the directors with sufficient information on the company's operations. Amanda Capital Plc's Board of Directors consists of 5 to 7 members. The Board elects the Chairman from among its members.

The company reports the following biographical details and information on the holdings of the directors: name, year of birth, education, main occupation, primary working experience, date of commencement of board membership, primary simultaneous key positions of trust and shareholding in the company.

The members of Amanda Capital Plc's Board of Directors shall provide the Board and the company with sufficient information for the evaluation of their qualifications and independence and notify of any changes in such information.

The Annual General Meeting held on 14 April 2010 elected the following persons to the Board:

Topi Piela, born 1962, member of the Board since 2004 (independent of the company). Topi Piela, Chairman of the Board, M.Sc. (Econ.), CEFA, is Managing Director and Board member of Balance Capital Oy.

Peter Fagernäs, born 1952, member of the Board since 2007 (independent of the company). Peter Fagernäs, LL.M., is Chairman of the Board of Oy Hermitage Ab and Managing Director of Hermitage & Co Oy.

Esa Karppinen, born 1952, member of the Board since 2006 (independent of the company). Esa Karppinen, LL.M., is the Group CEO of Berling Capital Ltd.

Pertti Laine, born 1941, member of the Board since 2006 (independent of the company). Pertti Laine, M.Sc. (Econ.), is the Chairman of the Board of Veikko Laine Oy.

Petri Niemisvirta, born 1970, member of the Board since 2006 (independent of the company and its major shareholders). Petri Niemisvirta, LL.M., is Managing Director of Mandatum Life Insurance Company Ltd.

Amanda Capital Plc's Board of Directors has a written charter covering its operations. Below is a list of the most important principles and duties mentioned in the charter:

- the Board shall be responsible for the administration of the company and the appropriate organisation of the company's operations
- the Board shall steer and supervise the company's operative management as well as appoint and dismiss the CEO
- the Board shall approve the company's strategic goals
- the Board shall approve the company's risk management principles and make sure that the management system functions well
- the Board shall ensure that the company confirms the values that are to be applied in its operations
- the Board shall promote the interests of the company and all its shareholders
- the members of the Board do not represent the parties who proposed them as Board members when working on the Board
- the Board shall assess its performance and working methods annually, either by means of internal self-evaluation or by using an external evaluator.

During the financial period 2010, the Board of Directors of Amanda Capital Plc convened 11 times, average attendance being 96 per cent.

The majority of the members of Amanda Capital Plc's Board of Directors are independent of the company. The Board of Directors assesses the independence of the directors and states on the company website which of the directors have been deemed independent. When evaluating independence, the circumstances of private individuals or legal entities regarded as related parties of the director, as referred to in Chapter 1, section 4 of the Finnish Limited Liability Companies Act, will be taken into consideration in all situations. Companies belonging to the same group as a company are comparable with the company.

At the Annual General Meeting 2010, the shareholders elected for Amanda Capital Plc a Board of Directors representing the best experience and expertise that the company needs in its present situation. Amanda Capital Plc has several major shareholders, compared with other listed companies, and their expertise in the sector is very strong, due to which the company departs from the Code (Recommendation 14. Number of independent directors), and there is only one person who is independent of the major shareholders among the directors. The Board of Directors and shareholders are looking for a suitable female member to the Board of the company in order to fulfil

the recommendation of the Code (Recommendation 9. Number, composition and competence of the directors) regarding the gender of the directors. There was no suitable female candidate, familiar with the company's field of operations, who could be proposed as candidate to the General Meeting of 2010. The Board and shareholders will continue to look for a female candidate and aim at proposing a female candidate who knows the company's field of operations well as director at subsequent General Meetings.

### **Board Committees**

Amanda Capital Plc does not have any committees due to the size of the company and its Board.

### **CEO**

The CEO is in charge of the day-to-day administration of the company in accordance with the regulations of the Finnish Limited Liability Companies Act and instructions and orders issued by the Board of Directors. The CEO may take measures which, considering the scope and nature of the operations of the company, are unusual or extensive, with the authorisation of the Board. The CEO ensures that the accounting practices of the company comply with the law and that financial matters are organised in a reliable manner.

Amanda Capital Plc's Board of Directors appoints the CEO.

Martin Paasi, M.Sc. (Econ.), CEFA (born 1972), acted as CEO from 1 January 2010 to 22 June 2010. Petter Hoffström, CFO, M.Sc. (Econ.) (born 1968), worked as acting CEO from 22 June 2010.

In addition, the company discloses the same biographic details and information on the holdings of the CEO as of the directors. The CEO shall not be elected Chairman of the Board.

### **Substitute for the CEO**

The substitute for the CEO is responsible for the CEO's duties in the event that the CEO is unable to attend to them. Amanda Capital Plc's Board of Directors appointed Jyrki Orpana, LL.M. (born 1962), substitute for the CEO on 13 September 2010.

The company discloses the same biographic details and information on the holdings of the substitute for the CEO as of the directors.

### **Remuneration statement**

The Annual General Meeting of Amanda Capital Plc confirmed the following remuneration for the directors in April 2010: Chairman of the Board 2 000 euros per month and the directors 1 000 euros per month. The remuneration is paid in cash. The members of Amanda Capital Plc's Board of Directors have no share-related rights, nor are they covered by any other remuneration scheme.

The terms of the CEO's employment relationship have been specified in writing in the CEO's contract of employment approved by the Board. Both parties may give notice on this contract with a period of notice of two (2) months. When notice is given by the company for whatever reason or if the contract is terminated through mutual agreement by the company and the CEO, the CEO is entitled to a compensation corresponding to his/her overall salary for the six (6) months preceding the termination of the contract, which compensation is paid on the day when the contract is terminated.

The remuneration of the CEO consists of a fixed monthly salary and an options scheme. The Board of Directors decides on the CEO's remuneration.

In 2010, the CEO was paid an overall salary of 362 125 euros. The sum comprises a compensation for the termination of employment and indirect employee costs.

The retirement age and pension of the CEO are determined in accordance with the Finnish Employees Pensions Act.

The remuneration of the substitute for the CEO consists of a fixed monthly salary. The Board of the company decides on the remuneration of the substitute for the CEO.

### **Other executives**

Due to its size, the company has no other executives, as defined in the Corporate Governance Code.

### **Main features of the internal control and risk management systems in relation to the financial reporting process**

Amanda Capital Plc's Board of Directors monitors that the CEO manages the day-to-day administration of the company in accordance with the instructions and orders given by the Board. The Board monitors the activities of the Investment Committee and its investments proposals.

Amanda Capital Plc is a private equity investment company that makes private equity fund investments mainly in Europe. In addition, Amanda Capital Plc's subsidiaries manage their clients' private equity fund investments and act as general partners in the private equity funds of funds that they have established. The investment strategy of Amanda Capital Plc specifies the limits for individual risk concentrations of investments made from the balance sheet of the parent company. The Board of Directors of the company monitors compliance with the investment strategy. Four times a year, the Board of Directors receives a report on the company's investment portfolio. The investment strategy is presented in more detail on the company website.

Amanda Capital Plc operates in such a manner that it retains the freedom to decide which investment objects to buy and sell. The company tries to avoid situations in which it is the principal shareholder in an investment object. The company exercises its rights of ownership by participating in general meetings of shareholders, unit holder meetings, and other investor events organised by the investment objects.

The risks associated with Amanda Group's business mainly consist of investment-related risks, i.e. the market risk, currency risk and liquidity risk. Amanda has tried to diversify the risks of investment operations by making investments in private equity funds that make investments in different geographic regions and sectors. Risks are managed comprehensively through an investment process and investment strategy confirmed by Amanda Capital Plc's Board of Directors.

The investment objects are selected through an investment process, in which the Investment Committee screens potential investment objects that are subjected to a Due Diligence review, in which the fund's personnel, documentation and other factors essentially related to the administration and development of the fund are examined. The final investment proposals are submitted to Amanda Capital Plc's Board of Directors for assessment and decision-making. The final investment proposals of funds managed by Amanda are submitted to the Board of the company that acts as general partner for assessment and decision-making.

The Group's liquidity is monitored continuously, and good liquidity is maintained by only investing the surplus liquidity in objects with a low risk, which can be turned into cash rapidly and at a clear market price. The exits of private equity funds from the target companies have an essential impact on liquidity. On the other hand, the management of private equity investments is characterised by long-term management agreements that produce a stable cash flow and improve the predictability of the company's liquidity.

The aim of the financial reporting process is to produce up-to-date financial information and make sure that decision-making is based on reliable information. The monthly and quarterly reports of the Amanda Group are produced with the financial reporting process. The Group draws up monthly a consolidated income statement and balance sheet report, which is checked by the CEO. Each quarter, the financial management of the Group provides the Board with calculations on the Group's result and balance sheet, cash flow, changes in shareholders' equity, Group key figures, changes in the private equity fund investments, a liquidity follow-up calculation as well as other reports needed to ensure the reliability of financial reporting. Amanda's Board monitors that the financial reporting process produces financial information of a high quality.

Due to the small size of the company and the transparency of its operations, the Board of Directors has decided that there is no need for separate internal audit (Recommendation 50. Internal audit). The CEO is responsible for the tasks of the internal audit function. The CEO may assign external evaluators to carry out audits on areas that the CEO deems necessary.

### **Insider administration**

Amanda Capital Plc complies with the Insider Guidelines of NASDAQ OMX Helsinki Ltd of 1 January 2006.

The company maintains an insider register on statutory insiders and company-specific insiders. The statutory insider register, which is public, includes the members of the company's Board of Directors, the CEO, the substitute for the CEO and the auditor with main responsibility. The company-specific insider register comprises the entire personnel of the company. The insider register is maintained by Euroclear Finland Ltd.

Those who are regarded as Amanda Capital Plc's insiders or those whose interests they protect (persons under guardianship) or corporations they control are not permitted to trade in Amanda Capital Plc's shares on a short-term basis. Investments are regarded as short-term investments when the period between the purchase and transfer or the transfer and purchase of the security is less than one (1) month.

Company insiders may not trade in securities issued by the company for 14 days prior to the publication of the company's interim report and financial statements bulletin. It is recommended that insiders schedule their trading, as far as possible, to periods during which the market has as complete information as possible on issues influencing the value of the share.

The restriction on trading is applied to the company's permanent insiders, those under their guardianship and the organisations they control, as referred to in Chapter 1, section 5 of the Securities Markets Act. The restriction on trading does not apply to auditors, nor corporations in which insiders exercise significant influence.

It is contrary to good practice and forbidden to circumvent the trading restriction by trading in shares on one's own behalf in the name of a related party or through other intermediaries, such as organisations in which the insider exercises significant influence.

The company uses a register on project-specific insiders in issues or arrangements that deviate from the company's regular business activities due to their nature or size. The company evaluates on a case by case basis whether an issue or arrangement under preparation is to be deemed a project. The purpose of the project-specific register is to clarify the moment at which a person is to be regarded as an insider and to make the processing of insider information more efficient.

Amanda Capital Plc has informed its permanent insiders of the company's Guidelines for Insiders. The company has a designated person in charge of insider issues, who carries out tasks related to the management of insider issues. The company checks the information to be declared with the permanent insiders annually. In addition, the company checks at least once a year the trading of the permanent insiders based on the register information of Euroclear Finland Ltd.

### **Audit**

The proposal for the election of an auditor prepared by the Board of Directors of the company will be disclosed in the notice of the General Meeting. If the Board has not arrived at a decision on the prospective auditor by the time the notice is sent, the candidacy will be disclosed separately.

In 2010, the auditor of Amanda Capital Ltd was Ernst & Young Oy, Authorized Public Accountants. The responsible auditor was Kunto Pekkala, APA.

### **Auditors' fees**

The independent auditors have been paid the following amounts for the services related to the audit of the financial statements 2010 and for other services:

The fees for the audit and closely related fees in 2010 were 79 232 euros (2009: 75 930 euros).  
The other services in 2010 amounted to 861 euros (2009: 2 281 euros).

#### **Disclosure of information**

The major issues concerning Amanda Capital Plc's administration are disclosed on the company's website ([www.amandacapital.fi](http://www.amandacapital.fi)). The stock exchange releases are available on the company website immediately after their publication.