



Corporate Governance Statement 2018

I. INTRODUCTION

eQ Plc (the company) is a Finnish public limited liability company the shares of which are listed on Nasdaq Helsinki Ltd (Helsinki Stock Exchange).

This Corporate Governance Statement has been drawn up separately from the report by the Board of Directors. eQ Plc's Board of Directors has reviewed this Corporate Governance Statement on 6 February 2019. This statement and other information that shall be provided in accordance with the Corporate Governance Code as well as the company's financial statements, report by the Board of Directors and auditors' report are available on eQ Plc's website (www.eQ.fi). The statement is not part of the official financial statements.

In addition to acts and regulations applicable to listed companies, eQ Plc complies with the Finnish Corporate Governance Code published by the Securities Market Association on 1 January 2016. The entire Code is available on the website of the Securities Market Association at www.cgfinland.fi.

In 2018, eQ Plc complied with the Finnish Corporate Governance Code 2015 without any departures.

II. DESCRIPTIONS CONCERNING CORPORATE GOVERNANCE

General Meeting of Shareholders

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

eQ 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 General Meeting is organised in such a way that shareholders can effectively exercise their ownership rights. 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 or her election, unless there are well-founded reasons for the absence.

The Annual General Meeting of eQ Plc was held on 28 March 2018.

Board of Directors

Composition of the Board

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 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 or her consent to the election. The candidates proposed after the delivery of the notice of the meeting will be disclosed separately. In its Corporate Governance Statement, the company states the number of Board meetings held during the financial period as well as the average attendance of the directors. The directors are elected for one year at a time.

The company's Articles of Association do not contain any provisions on the manner of proposing prospective directors. eQ Plc's major shareholders, who as a rule represent at least one half of the



number of shares and votes in the company, make a proposal on the number of directors, the directors and their remuneration to the AGM.

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. eQ Plc's Board of Directors consists of 5 to 7 members. The Board of Directors elects the Chairman from among its members. It is eQ Plc's AGM solely that ultimately elects the directors and makes preparations for the election.

The company reports the following biographical details and holdings of the directors: name, gender, year of birth, education, main occupation, primary work experience, international experience, date of inception of Board membership, key positions of trust, and shareholdings in the company.

The members of eQ'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 28 March 2018 elected the following persons to the Board:

Georg Ehrnrooth, born 1966, male, member of the Board since 2011, Chairman of the Board, studies in agriculture and forestry

Key positions of trust: Louise and Göran Ehrnrooth Foundation, Chairman of the Board, 2013-; Corbis S. A, Chairman of the Board, 2009-; Fennogens Investments S. A, Chairman of the Board, 2009-; Anders Wall Foundation, member of the Board, 2008-; Paavo Nurmi Foundation, member of the Board, 2005-.

Primary work experience: eQ Plc and eQ Bank Ltd, CEO, 2005.

Independent of the company, but not independent of its significant shareholders.

Nicolas Berner, born 1972, male, member of the Board since 2013, Master of Laws

Key positions of trust: Berner Ltd, member of the Board, 2006-.

Primary work experience: Berner Ltd, CFO, 2011-; Hannes Snellman Attorneys Ltd, 1998–2011, as partner 2006–2011.

Independent of the company and significant shareholders.

Carl Haglund, born 1979, male, member of the Board since 2017, M.Sc. (Econ)

Key positions of trust: Baltic Sea Action Group, member of the Board, 2018-; The supporting association of the Research Institute of the Finnish, Chairman of the Board; 2017-; Finnish Business and Policy Forum EVA, Chairman of the Board, 2017-; Finnish-Swedish Chamber of Commerce FINSVE, member of the Board, 2016-.

Primary work experience: Accenture Financial Services (Denmark, Finland, Norway and Sweden), Managing Director, 2018-; Sunshine Kaidi (Finland) New Energy Group, CEO, 2016-2018; Sunshine Kaidi New Energy Group, Vice President, European Functions and Strategy, 2016-2018; the Parliament of Finland, Member of the Parliament, 2015–2016; Finnish Minister of Sport, 2014–2015; Finnish Minister of Defense, 2012–2015; Member of the European Parliament, 2009–2012.

Independent of the company and significant shareholders.

Timo Kokkila, born 1979, male, member of the Board since 2016, M.Sc. (Eng.)

Key positions of trust: LAK Real Estate Oy, member of the Board, 2018-; Ilmarinen Mutual Pension Insurance Company, member of the Board, 2017-; Valmet Automotive Ltd, member of the Board, 2016-; SRV Group Plc, member of the Board, 2010-; Pontos Ltd, member of the Board, 2007-.

Primary work experience: Pontos Group, CEO, 2016-; Pontos Group, Investment Director, 2011–2015; SRV Group Plc, Manager, Project Development, 2008–2011; SRV Group Plc, Project Development Engineer, 2006–2008.

Independent of the company and significant shareholders.



Annika Poutiainen, born 1970, female, member of the Board since 2015, Master of Laws, LL.M. Key positions of trust: Swedbank AB, member of the Board, 2017-. Primary work experience: Council for Swedish Financial Reporting Supervision, Chairman, 2018-; JKL Group, Industrial Advisor, 2014-2017; NASDAQ OMX Stockholm, Head of Market Surveillance Nordics, 2009–2014; Swedish Financial Supervision Authority, Head of Unit, 2006–2009; Law firm Linklaters London, 2000–2006; Hannes Snellman Attorneys Ltd, 1999. Independent of the company and significant shareholders.

Shares and share-related rights of the Board members and entities that they control in the company at the end of the financial period on 31 December 2018:

Member of the Board	Security	Holding
Nicolas Berner	Share	60 000
Georg Ehrnrooth	Share	8 018 137
Carl Haglund		0
Timo Kokkila	Share	10 000
Annika Poutiainen	Nominee-registered share	1 100

Operations of the Board of Directors

eQ Plc's Board of Directors has drawn up a written charter covering its operations. Below is a list of the most important principles and duties presented in the charter. In order to carry out its duties, the Board of Directors:

- confirms the company values and manners of operating and monitors their implementation
- confirms the company's basic strategy and continuously monitors that it is up-to-date
- based on the strategy, approves the annual plan of operation and budget and supervises their outcome
- reviews and approves the interim reports, report by the Board of Directors and financial statements
- defines the company's dividend policy and makes a proposal on dividend distribution to the AGM
- convenes General Meetings
- makes proposals to the General Meeting, when necessary
- decides on major investments, corporate acquisitions and divestments and on investments that exceed two million euros
- confirms the organisation structure
- appoints and dismisses the CEO
- sets personal targets for the CEO annually and assesses their outcome
- appoints and dismisses the members of the Management Team, defines their areas of responsibility and decides on the terms of their employment
- decides on the incentive schemes and annual bonuses of the CEO and the personnel,
- goes through the major risks related to the company's operations and their management at least once a year and gives instructions on them to the CEO, when necessary
- meets the auditors at least once a year
- convenes at least once a year without the executive management
- assesses its own operations at least once a year
- assesses the independence of its members
- confirms its own charter, which is reviewed annually
- handles other matters that the Chairman of the Board or the CEO has proposed to the agenda of a Board meeting; the directors also have the right to put matters on the Board agenda by informing the Chairman of this.



During the financial period 2018, the Board of Directors of eQ Plc convened nine (9) times, average attendance being 98%.

Attendance at the Board meetings 2018:

Nicolas Berner	9/9
Georg Ehrnrooth	8/9
Carl Haglund	9/9
Timo Kokkila	9/9
Annika Poutiainen	9/9

The majority of the members of eQ Plc's Board of Directors are independent of the company and of the company's significant shareholders. 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 will be taken into consideration in all situations. Companies belonging to the same group as a company are comparable with that company.

Principles on the diversity of the Board of Directors

The Board's aim is to promote, for its part, the diversity of the Board's composition. When assessing diversity, the Board takes into consideration, for instance, the age and gender of the directors, their education and professional experience, personal qualities and experience that is essential with regard to the task and the company operations. Regarding the equal representation of genders on the Board, eQ Plc has defined as its goal that there should always be representatives of both genders on eQ Plc's Board of Directors. The Board aims at reaching this goal and maintaining it primarily by informing eQ Plc's owners actively about it. During the financial period 2018, eQ Plc's Board met the preconditions of diversity set by the company, including the goal of having representatives of both genders on the Board. The directors have versatile experience in sectors that are of importance to the company operations, such as the investment and financial sector and real estate sector. In addition, the work experience and education of the directors as well as their international experience complement each other. The directors are elected by eQ Plc's AGM.

The Board of Directors of the company has monitored the development of the company's diversity during the financial period 2018.

Board Committees

eQ Plc has no audit or other committees.

With regard to the composition and size of the Board, eQ Plc has found it appropriate that the Board of Directors takes care of the duties of the audit committee and other committees directly. The composition and operations of the Board have been described above.

CEO

The CEO is in charge of the day-to-day administration of the company in accordance with the rules and regulations of the Finnish Limited Liability Companies Act and instructions and orders issued by the Board of Directors. The CEO may take measures that, 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 finances are organized in a reliable manner. eQ Plc's Board of Directors appoints the CEO.

Janne Larma, M.Sc. (Econ) (born 1965) was appointed CEO on 16 March 2011. The company discloses the same biographical details and information on the holdings of the CEO as of the directors. The CEO shall not be elected Chairman of the Board.



eQ Plc does not have substitute for the CEO.

Shares and share-related rights of the CEO and entities that he controls in eQ Plc at the end of the financial period on 31 December 2018:

Name	Task in the organisation	Security	Holding
Janne Larma	CEO	2015 Option right 2018 Option subscription right Share	100 000 100 000 5 652 635

Other executives

eQ Group has a Management Team that convenes regularly every month. The status of the Management Team is not based on company law, but in practice it has a significant role in the organisation of the company management. The Management Team consists of the persons heading the company's operative business, the CFO and Group General Counsel. The main duty of the Management Team is to assist the CEO.

eQ Group's Management Team during the financial period 2018:

Janne Larma, born 1965, M.Sc. (Econ), Chairman, eQ Plc, CEO
 Staffan Jåfs, born 1974, M.Sc. (Econ), eQ Asset Management Ltd, Head of Private Equity
 Mikko Koskimies, born 1967, M.Sc. (Econ), eQ Asset Management Ltd, CEO
 Antti Lyytikäinen, born 1981, (M.Sc. (Econ), eQ Plc, CFO
 Juha Surve, born 1980, Master of Laws, M.Sc. (Econ), eQ Asset Management Ltd, Group General Counsel

Shares and share-related rights of the other executives and entities that they control in eQ Plc at the end of the financial period on 31 December 2017:

Name	Task in the organisation	Security	Holding
Staffan Jåfs	Director, Private Equity, eQ Asset Management Ltd	2010 Option right 2015 Option right 2018 Option subscription right Share	25 000 100 000 100 000 6 778
Mikko Koskimies	CEO, eQ Asset Management Ltd	2015 Option right 2018 Option subscription right Share	100 000 100 000 3 850 000
Antti Lyytikäinen	CFO, eQ Plc	2015 Option right 2018 Option subscription right	75 000 75 000
Juha Surve	Group General Counsel, eQ Asset Management Ltd	2015 Option right 2018 Option subscription right Share	75 000 75 000 40 000



III. DESCRIPTIONS OF INTERNAL CONTROL PROCEDURES AND THE MAIN FEATURES OF RISK MANAGEMENT SYSTEMS

Control and risk management related to the financial reporting process

The objective of the financial reporting process is to produce timely financial information and to ensure that decision-making is based on reliable information. The aim is to ensure that the financial statements and interim reports are prepared according to applicable laws, generally accepted accounting principles and other requirements on listed companies.

The financial reporting process produces eQ Group's monthly and quarterly reports. The Management Team of the Group reviews eQ Group's result and financial performance monthly. The Group management presents the result and financial position of the Group quarterly to the Board of Directors. The Board of Directors of eQ Plc supervises that the financial reporting process produces high-quality financial information. The CEO is responsible for eQ Group's internal risk management.

The Group's subsidiaries report their results monthly to the parent company. The financial administration of the Group takes care of the bookkeeping of the subsidiaries for the most part. At Group level, this will make it easier to ensure that the financial reporting of the subsidiaries is reliable. The Group's interim reports and financial statements are prepared in accordance with the IFRS reporting standards. The financial administration of the Group monitors the changes that take place in IFRS standards.

Based on risk assessments, the company has developed measures for controlling the risks pertaining to financial reporting, which make sure that financial reporting is reliable. The companies use various reconciliations, checks and analytical measures, for instance. The financial administration of the Group prepares monthly analyses of income statement and balance sheet items, both at company and segment level. In addition, tasks related to risk-exposed work combinations are separated, and there are appropriate approval procedures and internal guidelines. The reliability of financial reporting is also supported by various system controls in the reporting systems. Other basic principles of control are a clear division of responsibility and clear roles as well as regular reporting routines.

Risk management overview

The purpose of the Group's risk management is to make sure that the risks associated with the company's operations are identified, assessed and that measures are taken regarding them. eQ Plc's Board supervises that the CEO takes care of eQ Plc's day-to-day administration according to the instructions and orders issued by the Board. The Board also supervises that risk management and control are organised in a proper manner. The executive management is responsible for the practical implementation of the risk management process and control.

eQ Group comprises a fully owned subsidiary of eQ Plc, eQ Asset Management Ltd, which is an investment firm. A permanent risk management function is responsible for risk management at eQ Asset Management Ltd. The risk management function, which is independent of the other operations, consists of risk experts and is led by the Chief Risk Officer. eQ Asset Management has a risk management committee, which the Chief Risk Officer convenes regularly. The risk management committee reviews the follow-up reports of risk management-related operations and decides on corrective measures, for instance. It also approves new products, changes made in products and counterparties.



General description of internal control

eQ Plc's Board of Directors is responsible for arranging sufficient and well-functioning internal control. Internal control covers all functions within eQ Group, which means that eQ Plc steers and controls the operations of the subsidiaries in order to make sure that the result of its operations is reliable. The business operations are steered by the Group's operating principles, decision-making powers and company values that cover the entire Group. eQ Plc takes into account the Group structure and the nature and extent of the operations when arranging internal control.

eQ Group's internal control system covers financial and other control. Internal control is carried out by the Board, CEO and other superior management as well as the entire personnel. The aim of internal control is to make sure that the operations of the entire Group are efficient and contribute to the achievement of the goals and targets, reporting is reliable and that the Group follows laws and other regulations. In addition, the aim of internal control is to ensure that information, eQ Plc's assets and client assets are secured in a sufficient manner and that internal procedures and information systems are arranged properly and in order to support operations.

Internal control is above all based on financial reports, management reports, risk reports and reports of internal control. The company's central operations are steered according to internal operating policies and practices.

IV. OTHER INFORMATION TO BE PROVIDED IN THE CG STATEMENT

Internal audit

The Group does not have a separate internal audit organisation. The CEO is responsible for the tasks of the internal audit function. The risk management and compliance functions of the Asset Management segment are responsible for the risk management related to the business and the compliance of the operations with rules and regulations. The risk management and compliance functions also carry out sample checks of the operations. The CEO may assign external evaluators to carry out audits on areas that the CEO deems necessary. The CEO reports the observations to the Board of Directors.

Central procedures of insider administration

In its insider administration, eQ Plc complies with the applicable Finnish and EU legislation (including the Market Abuse Regulation 596/2014), rules and regulations issued by the Finnish Financial Supervisory Authority as well as the Guidelines for Insiders issued by the Helsinki Stock Exchange (insider regulations). eQ Plc has drawn up guidelines on insider issues and trading, which have been updated in 2017. The company has informed the company management, insiders and persons covered by the trading restriction of the insider guidelines.

As of 3 July 2016, managers and persons closely associated with them have been obliged to inform the company and the Financial Supervisory Authority of their trading in company shares or other financial instruments. The company discloses the information that it has received without delay with a stock exchange release. At eQ, such managers (covered by the disclosure obligation) are the CEO and directors as well as the members of the Management Team appointed by the Board. eQ maintains a list of managers and persons closely associated with them. This list is not an insider list.

The company maintains insider lists required by insider regulations of persons who have access to inside information. These lists are not public. The information on eQ Plc's managers required by regulations and the insider lists are maintained by Euroclear Finland Ltd. The information in the insider lists is available to the Financial Supervisory Authority for the supervision of the securities market.



eQ's permanent insiders are only persons who, due to their tasks or position, have permanent access to all inside information in the listed company and who have the right to make decisions on the company's future development and the arrangement of business. eQ's permanent insiders comprise the directors, CEO and the members of the Group's Management Team appointed by the Board of Directors. In addition to insider lists, eQ maintains a list of persons covered by the so-called extended trading restriction.

eQ Plc's closed period commences 30 days prior to the disclosure of an interim report (first and third quarter), half-yearly report or financial statements report and ends at the end of the day following the disclosure.

The company has informed the company management, insiders and persons covered by the extended trading restriction of the insider guidelines. The company has a designated person in charge of insider issues (Compliance Officer), who carries out tasks related to the management of insider issues, training in insider matters, maintenance of the insider lists and the supervision of trading. The knowledge of other employees about insider matters is maintained and their need of training assessed continuously.

Audit

The proposal for the election of an auditor prepared by the Board of Directors of the company is 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 2018, the company auditor was KPMG Oy Ab, a firm of authorized public accountants, with Raija-Leena Hankonen, APA, as auditor with main responsibility.

KPMG Oy Ab and Raija-Leena Hankonen as auditor with main responsibility have acted as eQ Plc's auditor since 2014. The decision on continuing with the period of the auditor with main responsibility and the auditing firm is made annually at the AGM, and the auditor with main responsibility and the auditing firm are changed at least in accordance with the valid regulations.

Auditors' fees

The independent auditors have been paid the following fees in 2018: for the audit and closely related services a total of EUR 95 310 (2017: EUR 96 712) and for other services a total of EUR 9 674 (2017: 9 898).