

# Corporate Governance Statement

## I. INTRODUCTION

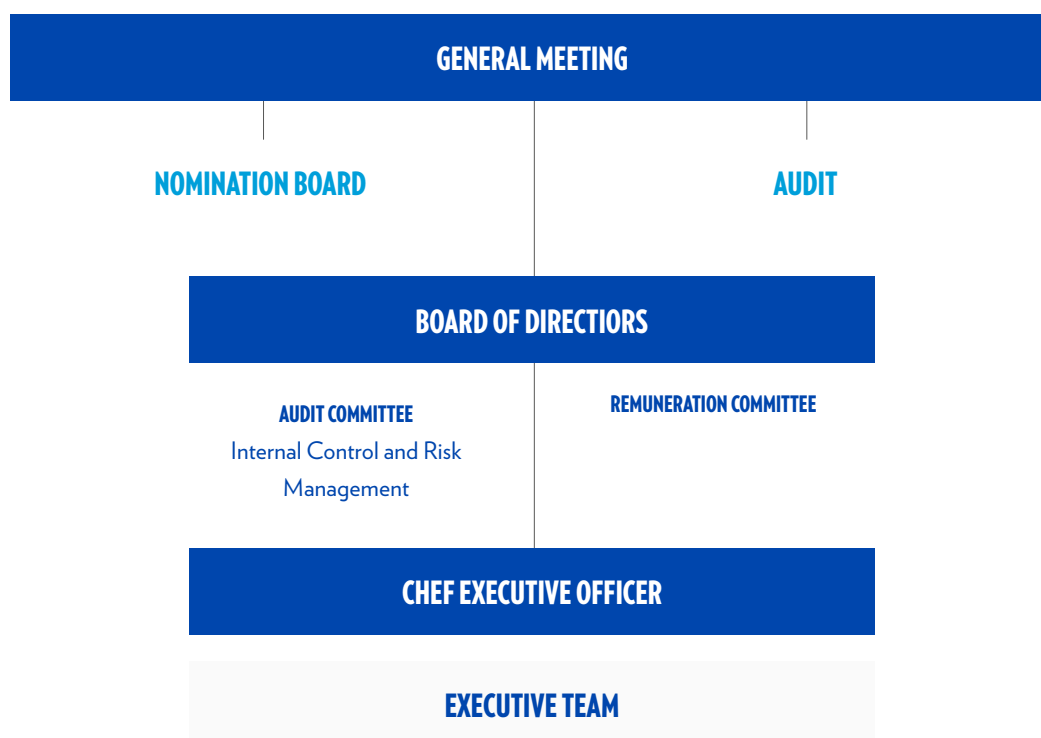
Governance at Terveystalo Plc (hereinafter referred to as “Terveystalo” or the “Company”) is based on applicable laws, the rules and recommendations of Nasdaq Helsinki Ltd (hereinafter referred to as the “Helsinki Stock Exchange”), and the Company’s Articles of Association. In addition, the Company follows the Finnish Corporate Governance Code 2020 (“Corporate Governance Code”), issued by the Securities Market Association and available on its website at [www.cgfinland.fi](http://www.cgfinland.fi). Terveystalo complies with all the recommendations in the Corporate Governance Code. Terveystalo’s Corporate Governance Statement has been prepared in accordance with the Corporate Governance Reporting section of the Corporate Governance Code.

This statement has been reviewed and approved by Terveystalo’s Audit Committee and Board of Directors, and it has been prepared separately from the Report of the Board of Directors. The statement is available on the Company website at: <https://www.terveystalo.com/en/investors/Corporate-governance/>.

## II. DESCRIPTIONS CONCERNING CORPORATE GOVERNANCE

Terveystalo Plc is a Finnish public limited liability company domiciled in Helsinki. The parent company, Terveystalo Plc, and its subsidiaries form the Terveystalo Group (hereinafter referred to as the “Group”). The responsibility for the administration and operations of Terveystalo Group lies with the governing bodies of the parent company, Terveystalo Plc. These governing bodies include the Annual General Meeting, the Board of Directors, and the CEO. The AGM elects the members of the Board of Directors on the basis of the proposal of the Shareholders’ Nomination Board consisting of the largest shareholders. The work of the Board of Directors is aided by two committees. The Board elects the committee members from amongst its members. The CEO appointed by the Board manages the operations of Terveystalo Group, assisted by the rest of the Executive Team. The work of the Board of Directors, its committees, the CEO, and the rest of the Executive Team is governed by the Company’s corporate governance principles, adopted by the Board of Directors. These principles include the Charters of the Board and its committees, the division of responsibilities between the decision-making bodies, and the principles concerning the arrangement of internal control and risk management. The Company’s governance structure is described below.

### TERVEYSTALO’S GOVERNANCE STRUCTURE



## ANNUAL GENERAL MEETING

The Annual General Meeting is Terveystalo's highest decision-making body. The Annual General Meeting is held annually on a date determined by the Board of Directors, within six (6) months of the end of the financial year.

The Annual General Meeting deals with matters falling within its competence pursuant to the Finnish Limited Liability Companies Act and Terveystalo's Articles of Association, and any possible other matters. An Extraordinary General Meeting is convened when necessary. More detailed information about the Annual General Meeting is provided in Terveystalo's Articles of Association, which can be found on the company website at: <https://www.terveystalo.com/en/investors/Corporate-governance>. The Annual General Meeting for 2020 was held on May 28, 2020. The decisions of each Annual General Meeting can be found on Terveystalo's website at: <https://www.terveystalo.com/en/investors/Corporate-governance/General-Meeting-of-Shareholders/>.

## SHAREHOLDERS' NOMINATION BOARD

In accordance with the decision of the Annual General Meeting, the Shareholders' Nomination Board (hereinafter referred to as the "Nomination Board") annually prepares proposals to the next Annual General Meeting concerning the number of the Members of the Board and their election and remuneration. It also identifies candidates for Members of the Board. The Nomination Board consists of the Chair of the Company's Board of Directors and, generally, representatives of the Company's four largest shareholders. If the ownership of the Company's fifth largest shareholder exceeds ten (10) percent of all the shares and votes in the Company, the five largest shareholders shall be represented in the Nomination Board. The composition of the Nomination Board is determined based on the shareholdings on the first bank day in September each calendar year. The Chair of the Board of Directors convenes the first meeting of the Nomination Board. The Nomination Board elects a Chair from amongst its members. Subsequent meetings of the Nomination Board are convened by the elected Chair. If more than half of the members of the Nomination Board are present, they constitute a quorum. The Nomination Board has a written Charter which includes a more detailed description of the election process and the duties of the Nomination Board members as well as the procedures of the Nomination Board's meetings. A description of the main contents of the Charter of the Nomination Board can be found on the Company website at: <https://www.terveystalo.com/en/investors/Corporate-governance/shareholders-nomination-board/>.

In accordance with shareholdings on September 1, 2020, Terveystalo's Nomination Board consists of the representatives of the Company's four largest shareholders and the Chair of the Board of Directors. In accor-

dance with the above, the following persons continued as members of Terveystalo's Nomination Board from September 6, 2020 onwards: Risto Murto (Varma Mutual Pension Insurance Company), Matts Rosenberg (Rettig Group AB), Peter Therman (Hartwall Capital), Olli Lehtilä (OP Group), and Kari Kauniskangas (Chair of the Board of Directors of Terveystalo Plc). There were no changes in the composition of the Nomination Board in 2020.

In its organization meeting held on September 6, 2020, the Nomination Board re-elected Risto Murto as its Chair. The Shareholders' Nomination Board forwarded its proposals for the Annual General Meeting to Terveystalo's Board of Directors on December 10, 2020. In 2020, the Nomination Board convened 7 times. The attendance rate of members was 100%.

Name	Meetings	Attendance rate
Risto Murto	7/7	100%
Olli Lehtilä	7/7	100%
Matts Rosenberg	7/7	100%
Peter Therman	7/7	100%
Kari Kauniskangas	7/7	100%

# BOARD OF DIRECTORS

According to Terveystalo's Articles of Association, the Board of Directors has a minimum of five (5) and a maximum of eight (8) ordinary members. The Annual General Meeting of Shareholders elects the members of the Board of Directors. The Board of Directors elects the Chair from among their members. In 2020, the Annual General Meeting elected seven members to the Board of Directors:

- Dag Andersson, born in 1961, BBA, MBA, main occupation: XVIVO Perfusion, CEO
- Lasse Heinonen, born in 1968, M. Sc. (Econ.), main occupation: Ahlström Capital, CEO
- Kari Kauniskangas (Chair), born in 1962, M. Sc. (Econ.), main occupation: Board Professional
- Åse Aulie Michelet, born in 1952, M. Sc. (Pharm.), main occupation: Board Professional
- Niko Morkkila, born in 1979, M.Sc. (Tech.), M.Sc. (Econ.) main occupation: Hartwall Capital Ltd, Managing Director
- Katri Viippola, born in 1976, Executive MBA, Master of Arts, main occupation: Varma Mutual Pension Insurance Company, SVP, HR, Communications and Corporate Social Responsibility
- Tomas von Rettig, born in 1980, BBA, CEFA, main occupation: Rettig Group Ltd, Chair of the Board

All the members of the Board are independent of the Company. Kari Kauniskangas, Dag Andersson, Lasse Heinonen, and Åse Aulie Michelet are independent of major shareholders of the Company. According to the Board of Directors' assessment, the following members of the Board are not independent of major shareholders of the Company due to their main occupation: Niko Morkkila (Managing Director of Hartwall Capital Ltd), Katri Viippola (Varma Mutual Pension Insurance Company, SVP, HR, Communications and Corporate Social Responsibility) and Tomas von Rettig (Rettig Group Ltd, Chair of the Board).

In accordance with the decision of the Annual General Meeting of 2019, Kari Kauniskangas (Chair), Dag Andersson, Paul Hartwall, Lasse Heinonen, Olli Holmström, Åse Aulie Michelet, Katri Viippola, and Tomas von Rettig were members of the Board of Directors until May 28, 2020.

## HOLDINGS OF THE BOARD MEMBERS AND THEIR CONTROLLED ENTITIES IN THE GROUP, DECEMBER 31, 2020

Kari Kauniskangas	7,990
Dag Andersson	3,467
Lasse Heinonen	13,161
Åse Aulie Michelet	27,530
Niko Morkkila	1,772
Katri Viippola	4,906
Tomas von Rettig	6,161

## DIVERSITY OF THE BOARD OF DIRECTORS

The Company's principles concerning the diversity of the Board of Directors came into effect on September 27, 2017. The Company regards the diversity of the Board of Directors as a material contributing factor in achieving the Company's strategic targets. The work of the Board of Directors requires understanding of differences in cultures, values, and business practices. Diversity is assessed from different perspectives, including age, gender, education, and professional background. Both genders shall be represented on the Board of Directors. In planning the composition of the Board of Directors, the Shareholders' Nomination Board considers the composition of the Board from the perspective of the Company's current and future business needs, taking into account the diversity of the Board. In 2020, the Company's Board of Directors met the diversity criteria. The age span of Board members is 40–68 years. Two of the Board members are women and five are men.

## DESCRIPTION OF THE WORK OF THE BOARD OF DIRECTORS

The Board of Directors has adopted a written Charter of the Board on January 23, 2018. It supplements the provisions of the Articles of Association and the applicable laws and regulations. The Charter of the Board of Directors describes the Board's composition, election process of the directors, responsibilities of the Board, meeting arrangements, and reporting to the Board of Directors. The CEO attends Board meetings. The Chief Financial Officer (CFO), General Counsel, and other members of the Executive Team attend Board meetings upon invitation by the Board of Directors. The Board of Directors has general competence to decide and to act in matters that do not fall within the competence of the Annual General Meeting or the CEO's general authority under law or the Company's Articles of Association. The Board of Directors is responsible for the Company's governance and the appropriate arrangement of its operations. In addition, the Board of Directors is responsible for ensuring appropriate supervision of the Company's accounting and asset management. The Board of Directors decides on matters of principle and on any issues that could have broad-ranging implications for the Company. It decides on major corporate plans and transactions. The Board of Directors also establishes limits for capital expenditure, investments, divestments, and financial commitments. The Board of Directors' responsibilities also include reviewing and approving the strategic objectives and strategic plans of the Company and its various business functions as well as monitoring their implementation. The Board of Directors also reviews and approves the Company's financial targets. In addition, the Board of Directors monitors and assesses the Company's financial reporting system, approves the Company's financial reports, and monitors the Company's external audit process. It also ensures that the Company has defined the operating principles of internal control, internal auditing, and risk management, and monitors compliance with these principles. In all situations, the Board of Directors shall act in the best interest of the Company and its shareholders. The Board of Directors appoints and dismisses the CEO, supervises the CEO's actions, and approves the CEO's service contract. It also approves the CEO's remuneration and other benefits upon the recommendation of the Remuneration Committee, within the framework of the Remuneration Policy presented to the Annual General Meeting. Upon the proposal of the CEO, the Board of Directors appoints the rest of the Executive Team reporting directly to the CEO and approves

their service contracts and remuneration based on the recommendation of the Remuneration Committee. In addition, the CEO shall consult the Chair of the Board of Directors on dismissal of members of the Executive Team reporting directly to the CEO. The number of terms or the age of Board members has not been limited. A description of the main contents of the Charter of the Board of Directors can be found at: <https://www.terveystalo.com/en/investors/Corporate-governance/Board-of-Directors/>.

The Board of Directors may establish committees to support the Board with the preparation and performance of its duties and responsibilities. The Board of Directors determines the size and composition of such committees and approves their charters.

In 2020, the Board of Directors convened 19 times. The average attendance rate at Board meetings was 98 percent. Attendance rate by member is shown in a separate table under Attendance of Board members at Board and Committee meetings in 2020.

## COMMITTEES OF THE BOARD OF DIRECTORS

The Company's Board of Directors has established two committees to improve the efficacy of the work of the Board: the Audit Committee and the Remuneration Committee.

### AUDIT COMMITTEE

The Audit Committee carries out its responsibilities under its Charter adopted by the Board of Directors on January 23, 2018. The Audit Committee assists the Board of Directors in performing and monitoring its supervisory duties related to the financial reporting process and auditing. In addition, the Audit Committee assists the Board of Directors in supervising matters related to financial reporting, internal control, internal auditing, and risk management. The Audit Committee monitors the financial reporting processes, the quality and integrity of the financial statements and other financial reports, and the Company's financial performance. In addition, the Audit Committee monitors the statutory audit of the financial statements, consolidated financial statements, and the annual, half-year, and interim reports. The Audit Committee also monitors the efficiency of the Company's internal control, internal auditing, and risk management systems and assesses the performance of internal auditing. Furthermore, the Audit Committee evaluates the qualifications and independence of the external auditor and, in particular, the provision of non-audit services to the Company, prepares the proposal for the election of the external auditor, and monitors compliance with laws and regulations. The Audit Committee prepares the proposal for the remuneration and election or re-election of the external auditor and submits its recommendation for the appointment of the external auditor to the Board of Directors. In addition, the Audit Committee shall ensure that the Board of Directors is aware of matters which may significantly impact the Company's financial condition or business operations. A description of the main contents of the Charter of the Audit Committee can be found at: <https://www.terveystalo.com/en/investors/Corporate-governance/Board-of-Directors/>.

The Audit Committee consists of at least three members appointed by the Board of Directors. The Audit Committee has a Chair, elected by the Board of Directors. The members of the Audit Committee must meet the expertise and independence criteria and other criteria applicable to Audit Committee members of publicly listed companies in Finland. These provide, for example, that the majority of the Audit Committee members shall be independent of the Company, and at least one member shall be independent of the major shareholders of the Company.

Lasse Heinonen served as Chair of the Audit Committee, and Paul Hartwall and Olli Holmström served as Committee members until May 28, 2020. As of May 28, 2020, Committee members comprised Niko Morkila and Tomas Von Rettig. Lasse Heinonen continued as the Chair. The Audit Committee convened 5 times in the financial year 2020. The average attendance rate of the Committee members was 100 percent. Attendance rate by member is shown in a separate table under Attendance of Board members at Board and Committee meetings in 2020.

### REMUNERATION COMMITTEE

The Remuneration Committee carries out its responsibilities under its Charter adopted by the Board of Directors. The Charter of the Remuneration Committee came into effect on January 23, 2018. The Remuneration Committee of the Board of Directors identifies individuals qualified to serve as the CEO of the Company and gives its recommendation on the appointment of the CEO to the Board of Directors. It also assists the Board of Directors with any major management reorganizations based on the preparation and proposals by the CEO. The Remuneration Committee assists the Board of Directors with the evaluation and remuneration of the CEO and the rest of the Executive Team reporting directly to the CEO, oversees the Company's remuneration policies, schemes, and plans, as well as reviews appropriate succession planning procedures for the Executive Team. A description of the main contents of the Charter of the Remuneration Committee can be found at: <https://www.terveystalo.com/en/investors/Corporate-governance/Board-of-Directors/>.

The Remuneration Committee consists of a minimum of three members elected by the Board of Directors from among its number. The members of the Remuneration Committee must meet the independence criteria applicable to such committee members of publicly listed companies in Finland, including that the majority of the members of the committee must be independent of the Company. Remuneration Committee members must possess the expertise and experience required for the performance of the duties and responsibilities of the Remuneration Committee. Desirable qualifications for members of the Remuneration Committee include experience in business management, corporate governance, human resources management, and personnel and executive remuneration.

The Remuneration Committee establishes its own schedule and meets as frequently as necessary to carry out its responsibilities under its Charter, and in any event at least twice a year.

Kari Kauniskangas is Chair of the Remuneration Committee and Dag Andersson, Åse Aulie Michelet, and Katri Viippola are Committee members. The Remuneration Committee convened 7 times during the financial year. The average attendance rate of the Committee members was 100 percent. Attendance rate by member is shown in a separate table under Attendance of Board members at Board and Committee meetings in 2020.

## ATTENDANCE OF BOARD MEMBERS AT BOARD AND COMMITTEE MEETINGS IN 2020

NAME	ATTENDANCE AT BOARD MEETINGS*	ATTENDANCE AT AUDIT COMMITTEE MEETINGS*	ATTENDANCE AT REMUNERATION COMMITTEE MEETINGS*
Kari Kauniskangas	19/19		7/7
Dag Andersson	16/19		7/7
Lasse Heinonen	19/19	5/5	
Niko Mokka	12/12	3/3	
Åse Aulie Michelet	19/19		7/7
Katri Viippola	18/19		7/7
Tomas von Rettig	19/19	3/3	
Members of the Board of Directors until May 28, 2020:			
Paul Hartwall	7/7	2/2	
Olli Holmström	7/7	2/2	

\* Attendance rates cover meetings held during each member's term of office.

## CHIEF EXECUTIVE OFFICER

The CEO is responsible for the day-to-day management of the company and for implementing the Company strategy in accordance with the instructions and orders issued by the Board of Directors. The CEO undertakes the execution of measures approved by the Board of Directors and oversees preparations for strategically important measures. The CEO ensures that the management of the Company is adequately arranged, and that the Company's accounting complies with the applicable legislation. The CEO also ensures the appropriate arrangement of the Company's administration and asset management. Ville Iho has served as the CEO for Terveystalo since late 2019. Biographical details of the CEO are provided below under Group Management.

## GROUP EXECUTIVE TEAM AND MANAGEMENT SYSTEM

The Company's CEO serves as the Chair of the Executive Team. In 2020, the Executive Team also included the Chief Medical Officer and the Officers and Senior Vice Presidents responsible for digitalization, finances, HR, legal matters, communications, marketing, and the various business lines. The share holdings of the members of the Executive Team and their controlled entities on December 31, 2020 are presented below.

Ville Iho, born in 1969, M.Sc. (engineering), CEO	0
Petri Bono, born in 1970, MD, oncologist, Adjunct Professor, Chief Medical Officer	0
Tomi Gustafsson, born in 1978, Master of Arts (Education), Interim SVP, Corporate Health since May 13, 2020	0
Juha Juosila, born in 1972, M. Sc. (Econ), Chief Digital Officer	87,435
Ilkka Laurila, born in 1977, M. Sc. (Econ), M. Sc. (Forestry), Chief Financial Officer	304,900
Siina Saksi, born in 1966, M. Sc. (Econ), EMBA, Senior Vice President, Private Customers and Clinics	50,559
Elina Saviharju, born in 1981, LL.B, LL.M (Harvard), Senior Vice President, Legal, General Counsel since May 11, 2020	0
Veera Siivonen, born in 1980, M. Sc. (Tech), Senior Vice President, Marketing and Communications since May 1, 2020	348
Minttu Sinisalo, born in 1980, M. Sc. (Econ), Senior Vice President, Human Resources since January 1, 2020	0

Mikko Tainio, born in 1979, M.Sc. (Econ), Senior Vice President, Public Partnerships since November 1, 2020	518
Pia Westman, born in 1965, PhD, Senior Vice President, Wellbeing, Diagnostics and Digital Services	23,594

The following persons have been members in the Executive Team during 2020: Susanna Laine until January 2020, Julia Ormio until January 2020, Jens Jensen until May 2020, as well as Laura Rätty until November 2020.

In addition, the following changes in the Executive Team have been published or have taken place as per the date of this review: Marja-Leena Tuomola has been appointed Senior Vice President, Corporate Health at Terveystalo and member of the Executive Team as of 1 January 2021. Petri Keksi has been appointed Senior Vice President, Growth Businesses and member of the Executive Team as of 1 January 2021. Veera Siivonen has been appointed Senior Vice President, Consumer Business as of 1 January 2021. Siina Saksi has been appointed COO of Terveystalo as of 1 January 2021. Pia Westman, who previously was responsible for Well-being, Diagnostics and Digital Services business area, was appointed to lead separate strategic growth projects as of 1.1.2021.

The current information on the Executive Team shall be found from the Company's website: <https://www.terveystalo.com/en/Company/Contact-information/Management/>.

Biographical details of the Executive Team members are provided below under Group Management.

The Executive Team meets once or twice a month or as needed. It assists the CEO with tasks such as the preparation and execution of the Company strategy, business plans, matters of principle, and any other important matters. In addition, the rest of the Executive Team assists the CEO in ensuring the flow of information and working internal cooperation. The Company's Board of Directors decides on the nomination and remuneration of Executive Team members.

## GROUP ORGANIZATION

TERVEYSTALO PLC - THE PARENT COMPANY OF THE GROUP

TERVEYSTALO HEALTHCARE HOLDING OY - FINANCING

TERVEYSTALO HEALTHCARE OY - GROUP'S CENTRALIZED PROCUREMENT

SUOMEN TERVEYSTALO OY AND OTHER OPERATIVE COMPANIES - THE OPERATIVE BUSINESS

The CEO, CFO, and General Counsel usually serve as members of the subsidiaries' Board of Directors. From the perspective of business operations, the Group subsidiaries operate in accordance with the Group's management system. The Group's operative business activities are mainly carried out by Suomen Terveystalo Oy, Terveystalo Julkiset Palvelut Oy and Terveystalo Kuntaturva Oy. Terveystalo Healthcare Oy is the Group's purchasing company.

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

### RISK MANAGEMENT

Risk management is part of Terveystalo's management system. The Company applies a risk management policy adopted by the Board of Directors. The purpose of risk management is to ensure fulfillment of the customer promise, patient and occupational safety, high quality of the operations, financial performance, business continuity, a good public image of the Company, and corporate social responsibility.

Risk management is an integral part of the planning processes as well as the monitoring and reporting routines in Terveystalo Group. It is implemented in the day-to-day management and activities at all levels of the organization. Risk management must be consistent and commensurable. It is important to understand the causes and consequences of risks and to ensure that the risk management measures are correct and properly targeted.

#### The objectives of risk management include, among others:

- Ensuring business continuity
- Ensuring the achievement of strategic and operative objectives
- Managing risks associated with financial transactions
- Supporting decision-making
- Ensuring top quality care and patient safety
- Ensuring employees' expertise and occupational safety
- Avoiding operational risks and risks of damage and minimizing damage if a risk is realized
- Ensuring data security, data protection, and environmental responsibility

- Improving risk awareness within the organization
- Identifying opportunities associated with risk-taking, improving risk tolerance
- Identifying development opportunities within the operations
- Gaining the trust of external and internal stakeholders

Terveystalo strives to proactively identify, analyze and manage major risks. Risk management is an integral part of management. It contributes to strategic development, helps managers make informed choices, puts measures in an order of priority, takes into account opportunities, uncertainties, and their effects, and distinguishes between alternative approaches.

The Board of Directors is responsible for risk management and its adequacy and adopts the risk management policy. The CEO is responsible for organizing risk management in the Group. The rest of the Executive Team support the CEO in implementing risk management, monitoring operational risks, assessing risks, and implementing measures related to risks.

### RISK MANAGEMENT PROCESS

Risks are assessed on all levels of Terveystalo Group's organization. Terveystalo identifies risks using, for example, performance indicators, market statistics, effectiveness data, customer feedback, register data, inspection reports and inquiries from the authorities, occupational safety risk surveys, incident information, results of internal audits and audits, and competitor information.

### INTERNAL CONTROL

In its operations, the Company applies a risk management and internal control policy, adopted by the Board of Directors. The objectives of internal control related to the financial reporting process are to ensure that Terveystalo's financial reporting is reliable; that interim reports and financial statements are prepared in accordance with the accounting principles and policies applied by Terveystalo and give essentially correct information of the Company's finances; and that regulations and principles are complied with. Internal control is based on Terveystalo's risk management system, business culture, and respective practices. The Company values, Code of Conduct, and Group policies and principles, such as the risk management and internal control policy, financial policy, procurement policy, credit policy, disclosure policy, and approval authorizations, guide the internal control. The purpose of compliance is to ensure compliance with corporate governance principles throughout the Company and the accuracy of financial reporting. It aims to create a uniform control environment by applying appropriate internal control principles in the various business processes. Terveystalo is using WhistleB, a whistleblower system open for everyone. This channel enables anonymous reporting of observed or suspected misconduct at: [www.report.whistleb.com/terveystalo](http://www.report.whistleb.com/terveystalo).

Generally, financial reporting-related policies are owned by the Chief Financial Officer. Internal control is carried out by the Board of Directors, Audit Committee, operational management and, in respect of the financial reporting process, the employees in financial administration. Terveystalo's Board of Directors bears overall responsibility for internal control and risk management in the Company. The Board of Directors has delegated the practical implementation of an efficient control environment and control measures related to the reliability of financial reporting to the CEO. The Chief Financial Officer is responsible for the control environment of financial reporting. The CFO acts as the owner of reporting risks, reporting to the Audit Committee and the Board of Directors on risk management and

internal control. Control involves various measures, such as the revision of financial reports, the balancing of accounts, subledgers, and system transfers, logical analyses of reported figures, and reference analyses of forecasts and realizations. Monitoring of monthly performance in relation to the specified targets is an essential factor. These control measures are carried out at different organizational levels.

## IV. OTHER INFORMATION PROVIDED IN THE STATEMENT

### INTERNAL AUDIT

The primary objective of internal audit is to support the Board of Directors, other corporate bodies, and the management in performing their control duties. The Company has outsourced internal audit to be carried out by authorized public accountants. On the basis of a report drafted by the authorized public accountants, the Company adopts a plan of appropriate measures and monitors the fulfillment of that plan. The internal audit function reports to the Audit Committee on the audits carried out in accordance with its annual audit plan. The report will be brought before the Board of Directors if deemed necessary by the Audit Committee.

The key principles applied in the Company's internal audit are the principles of independence, objectivity and confidentiality. The purpose of internal audit is to produce impartial and independent information for the Board of Directors and the management. Internal audit focuses, in particular, on issues that are important both in the long and short term from the perspective of strategy, business, and operations. When preparing the audit plan and establishing the scope and focus areas of internal audit, the following matters are typically considered: business-driven internal audit, internal audit relating to the Company's risks and strategy execution, and internal audit focusing on Corporate Governance and Compliance. The planning and risk assessment process of internal audit also includes reviewing the annual plans and work results of the other second line of defense players. In 2020, audits were conducted on a strategic development project, Core, management of the COVID-19 pandemic as well as ensuring continuity. The planned focus areas for audits in 2021 include IT and digital development processes and the payroll process. Terveystalo's quality system has been certified in accordance with the ISO 9001:2015 standard. Compliance is assessed regularly through internal audits and audits conducted by an external accredited party. The Company's internal quality function ensures that the organization complies with the quality standards in accordance with the certificate.

### RELATED PARTY TRANSACTIONS

To identify related party transactions, the Company keeps a record of the individuals and legal persons falling amongst its related parties. According to the Company's definition, related parties include the Group companies, members of the Board of Directors, the CEO and the rest of the Management Team, including close family members of the aforementioned as well as entities in which the aforementioned have control, joint control, or significant influence. In agreements and other legal acts between the Company and its related parties, the ordinary course of business of the Company and market conditions shall be followed. If a transaction with the Company's related

parties were not part of the ordinary course of business of the Company or if it deviated from arm's length terms, the decision on entering such related party transaction should be made by the Company's Board of Directors. With regard to agreements or other legal acts between the Company and its related parties, provisions on conflicts of interest shall be observed, as applicable, and the persons connected to the related party in question shall not participate in the decision-making process regarding the related party transaction.

The Company's financial administration monitors related party transactions as part of the Company's normal reporting and control procedures and submits regular reports on related party transactions to the Audit Committee. The Audit Committee monitors and evaluates transactions between the Company and its related parties to ensure that they are in the ordinary course of business and at arm's length. Material transactions between the Company and its related parties are presented annually in Notes to the Consolidated Financial Statements.

### MAIN PROCEDURES OF INSIDER MANAGEMENT

Terveystalo complies with the EU Market Abuse Regulation (MAR), the Finnish Securities Markets Act, the guidelines and regulations issued by the European Securities and Markets Authority (ESMA) and the Finnish Financial Supervisory Authority (FIVA), and the Guidelines for Insiders published by Nasdaq Helsinki Oy. The insider policy adopted by the Company's Board of Directors supplements the applicable insider regulation and specifies the procedures of the Company's insider management.

The Company has identified persons in charge of insider management tasks and their substitutes. The Company does not have a permanent, company-specific insider list. Instead, it has project-specific insider lists. In accordance with MAR, the Company has specified the members of the Board of Directors, the CEO, the CFO, and the Senior Vice President, Legal as executives until the end of 2020. The executives must specify the persons and communities closely associated with them and disclose them to Terveystalo as their related parties. Terveystalo's executives and their related parties must report to the Company and FIVA their transactions with Terveystalo's financial instruments that exceed the limit specified by FIVA for a calendar year (EUR 5,000). Terveystalo has recommended that executives and their related parties report all transactions with Terveystalo's financial instruments to the Company, regardless of whether the abovementioned threshold is met or not. Terveystalo publishes all executive transactions reported to the Company in a stock exchange release. The executives and persons involved in the preparation of the Company's financial reviews, i.e., those who participate in the preparation or publication of interim reports and annual financial statements/financial statement releases shall not, directly or indirectly, carry out transactions with the Company's financial instruments themselves or on behalf of a third party, or advise anyone to do so, during a silent period of 30 calendar days preceding the publication of the Company's each interim report and annual financial statements release and on the date of publication of such a report.

### AUDITOR

The Company's auditor in 2020 was Authorised Public Accountants KPMG Oy Ab. APA Henrik Holmbom, elected by the Annual General Meeting 2020, served as the auditor in charge starting from May 28, 2020, preceded by APA Jari Härmälä (both from KPMG Oy Ab). Auditor's fees paid in 2020 for statutory audit totaled EUR 145,500, and fees paid for other services totaled EUR 22,100. Auditor's fees are presented without VAT.