

NORVESTIA GROUP'S CORPORATE GOVERNANCE STATEMENT 2016

Norvestia Oyj is a publicly listed company, registered in Finland. The company's share is listed on Nasdaq Helsinki. Norvestia Group's decision-making and governance comply with the Finnish law and with Norvestia Oyj's Articles of Association.

In this corporate governance statement, Norvestia Oyj complies with the Finnish Corporate Governance Code. The code was issued by the Securities Market Association and came into force on 1 October 2015. The Corporate Governance Code is available at www.cgfinland.fi.

ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) is the company's highest decision-making body and normally convenes once a year. At the AGM shareholders exercise their right to vote on company affairs. The AGM decides on matters laid down in the Limited Liability Companies Act and in Norvestia's Articles of Association, e.g. approving the financial statements, discharging the Board of Directors and the Managing Director from liability, on dividend distribution and on any amendments to the Articles of Association. The most significant shareholders make a proposal for the composition of the Board of Directors to the AMG. The AGM elects the Chairman, Vice Chairman and other members of the Board of Directors and the auditors, and decides on their remuneration.

Notice to a general meeting is posted on the company website at least 21 days beforehand. In addition, the minutes of the general meeting including voting results and appendices relating to the resolutions of the general meeting are posted on the company website within two weeks of the general meeting.

BOARD OF DIRECTORS

The Board of Directors is tasked with organizing the company's management and operations appropriately, and ensuring that the company complies with all relevant laws and regulations. The Board monitors the company's bookkeeping and ensures that the company's assets are managed appropriately. The Board appoints the Managing Director and decides on the Managing Director's remuneration.

Composition

Every year the AGM elects Board members for a term lasting until the following AGM. The AGM also elects a Chairman and a Vice Chairman from among the Board members. The notice of the general meeting contains a proposal for the composition of the Board of Directors.

According to Norvestia's Articles of Association, the Board of Directors consists of 3–8 regular members and at most four vice members. The Board of Directors consisted of five regular members at year-end 2016.

The Board consists of the following persons:

Chairman:

Heikki Westerlund, b. 1966
M.Sc. (Economics)
CEO, CapMan Plc

Vice Chairman:

Hannu Syrjänen, b. 1951
B.Sc. (Economics), Master of Laws

Other members of the Board:

Georg Ehrnrooth, b. 1966
Agrologist

Niko Haavisto, b. 1972
M.Sc. (Business)
CFO, CapMan Plc

Arja Talma, b. 1962
M.Sc. (Finance), eMBA

More information about the Board members can be found on pages 52–53 in the Annual Report.

Independence of Board members

All Board members are independent of the company. Board members independent of significant shareholders of the company are Hannu Syrjänen, Georg Ehrnrooth and Arja Talma. Heikki Westerlund and Niko Haavisto represent the largest shareholder, CapMan Plc.

Diversity

The company sees diversity as an essential element in the attainment of its strategic objectives. The proposal of the most significant shareholders to the AGM regarding Board composition is always based on qualifications and competences of the candidates. The Board must comprise a sufficient number of sufficiently diverse members with mutually complementing experience and versatile expertise, and thereby qualifications to discharge Board duties efficiently.

When reviewing the composition of the Board, the most significant shareholders consider, among others, whether the Board is sufficiently diverse in terms of professional and educational backgrounds, gender and age, and whether it represents an appropriate balance of sound judgment, skills and experience to be able to address the needs of the company's business operations and strategic agenda.

Currently, Norvestia's Board comprises five members. The Board members' degrees are in three different areas of study with the majority of the degrees in economics. The target is that both genders

are sufficiently represented in the Board. Currently, women count for 20% of the Board. When it comes to age, the Board members represent different ages between 45 and 66 years.

Working procedures

Each year, at the meeting held after the AGM, the Board lays down its own working procedures, rules of procedure for the Managing Director and working procedures for the audit committee. The Board's working procedures include instructions on the form and content of Board meetings, the company's financial reporting, investments and external communications among others. The Board reviews and approves the power and authorization order and rights to sign for the company. The Board also conducts an annual internal self-evaluation of its work.

Information to the Board

The Board receives once a month the company's portfolio report which includes detailed information about the company's investments and their returns. Company performance is presented at every Board meeting. The Board also receives drafts of the interim reports, financial statements and annual reports before the Board meeting in which these matters are handled.

Meetings

In 2016, the Board met 16 times with a participation activity of 98%.

The Chairman of the Board is responsible for calling a Board meeting whenever necessary. Regular Board meetings deal with internal reports on the company's development and performance and approve external reports, such as interim reports, financial statements and annual reports. Strategic questions are discussed if necessary. An agenda is drawn up for each Board meeting and distributed to the members in advance. All meetings are minuted and the minutes are then reviewed and distributed to the members of the Board and auditors.

Audit committee

The Board selects an audit committee from among its members. The members must have the qualifications necessary to perform the responsibilities of the audit committee. The primary duty of the committee is to monitor the work of the auditors and any issues arising therein. The audit committee additionally follows the financial position of the company and monitors its financial reporting. It is further responsible for evaluating the adequacy and appropriateness of internal supervision and risk management, evaluating compliance with laws and regulations, maintaining contact with auditors, examining the auditors' reports and evaluating any advisory services supplied by the auditors. The committee reports to the Board regularly.

Members of the Audit Committee are Arja Talma (Chairman), Georg Ehrnrooth (member) and Niko Haavisto (member). All members are

independent of the company, Arja Talma and Georg Ehrnrooth are as well independent of significant shareholders of the company.

In 2016, the audit committee met 5 times with a participation activity of 100%.

The company has no other Board committees.

MANAGING DIRECTOR

Juha Kasanen, b. 1957

Master of Science (Technology), Licentiate of Science (Economics)

The Managing Director attends to the day-to-day management of the company in accordance with instructions and orders issued by the Board of Directors, ensures that the company's books are kept in compliance with the law and that its operations are in keeping with any other statutory regulations. The Managing Director is also responsible for the safety of the company's asset management arrangements. The Managing Director is not a member of the Board.

REMUNERATION

The AGM annually approves the fees paid to Board members, and the Board decides on the salary and other benefits of the Managing Director. The Board decides on any bonuses paid to the Managing Director. The Board members are remunerated only for Board work.

In accordance with the decision of the AGM on 15 March 2016, the Board members are remunerated as follows:

- the Chairman of the Board is paid an annual fee of EUR 58,000
- the Vice Chairman is paid an annual fee of EUR 32,000
- other members are paid an annual fee of EUR 32,000.

In addition, a meeting fee of EUR 350 is paid for work on Board committees. All travel and accommodation expenses of Board members are paid according to invoice. There are no given money loans, pension benefits or other collateral or liability obligations to the Board.

The pension benefits of the Managing Director are based on the Finnish Employees' Pensions Act (TyEL). In 2016 the Managing Director's pension costs amounted to EUR 135,000. The term of notice is one month and the compensation for notice corresponds to eight months' salary. The Managing Director is paid a monthly fixed salary and a bonus. The bonus is based on the company's annual Net Asset Value return after expenses and taxes. The company's Board of Directors confirms the basis of the bonus. The bonus potential is set at 90% of the yearly fixed salary.

In 2016 a total of EUR 536,000 was booked in salary, benefits and bonus to the Managing Director. The share of fixed salary was EUR 288,000 of which benefits EUR 2,000. The share of bonus was EUR 248,000.

THE MAIN FEATURES OF INTERNAL SUPERVISION AND RISK MANAGEMENT

The aim of internal supervision and risk management is to ensure that the company operates in the most efficient and profitable manner, that its financial information is reliable, and that regulations and operating principles are followed.

Internal supervision is carried out by the company's management. The Board carries the ultimate responsibility for supervision of bookkeeping and financial management. The Managing Director is responsible for the practical organization of internal supervision and risk management.

The Managing Director is responsible for ensuring that the company and its subsidiaries have appropriate internal control. The parent company reviews the financial statements of its subsidiaries. The basic idea behind the company's internal control system is that a third party always examines any completed work.

The Board of Directors and the Managing Director are responsible for the company's risk management and decide upon matters concerning risk. The main risks arising from the company's financial instruments are market risks and foreign currency risks. In addition, credit risks arise from the company's bonds and loan receivables from Growth Equity investments. The Growth Equity market is less liquid than the capital markets, which increases Norvestia's liquidity risk. One of the guiding principles of the company's investment activities is to diversify its investments and thereby reduce overall risks. Additionally the company protects its investments from time to time with options and by selling index futures.

AUDIT

According to the Articles of Association, the company has at least one regular auditor who must be a public accountant authorized by the Central Chamber of Commerce. The AGM elects the auditor, whose term extends until the end of the first AGM following the auditor's election. The proposal for auditor is presented in the notice of the general meeting.

In connection with the annual financial statements, auditors prepare an auditor's report to the company's shareholders. The purpose of

the statutory external audit is to verify that the financial statements give a true and fair view of the result and financial position of the company. The audit constitutes an independent statement to the shareholders concerning the management of bookkeeping, financial statements and administration of the company.

Auditors' expenses are compensated according to invoice. In 2016, EUR 43,000 was booked for audit work in Norvestia Group and Norvestia Oyj.

INSIDER GOVERNANCE

Norvestia follows EU's Market Abuse Regulations (MAR) that entered into force on 3 July 2016 and the guidelines for insiders issued by Nasdaq Helsinki.

The requirement to maintain public insider registers ceased as MAR entered into force. The information of Norvestia's public insider register until 2 July 2016 is available on Norvestia's website until 3 July 2017. As of 3 July 2016, Norvestia discloses the transactions in Norvestia's financial instruments of persons discharging managerial responsibilities and their closely associated persons in line with MAR to the extent the value of the transactions exceed in aggregate EUR 5,000 during a calendar year. The total shareholdings will be published as part of the Annual Report pursuant to the Finnish Corporate Governance Code. The company maintains a list of persons discharging managerial responsibilities at Norvestia and their closely associated persons. The list is not public. In accordance with MAR, Norvestia has defined this group to include members of its Board of Directors, Managing Director and Senior Investment Director.

Norvestia's managers (as described above) or employees are not permitted to execute transactions in financial instruments issued by the company for a closed period of at least 30 calendar days prior to the publication of Norvestia's financial statements or interim reports. The publication dates are announced annually over a stock exchange release.

As of 3 July 2016, Norvestia no-longer maintains a permanent insider register. All persons holding inside information are included in project-specific insider lists, which are established in accordance with MAR following a decision to suspend the disclosure of inside information.

CORPORATE GOVERNANCE ON COMPANY WEBSITE

The company's corporate governance statement is updated on the company website at www.norvestia.fi/governance.