



Corporate Governance Statement 2019

OPTO MED

Corporate Governance Statement

I. Introduction

Optomed Plc (“Optomed” or the “Company”) follows the Finnish Corporate Governance Code 2020 issued by the Finnish Securities Market Association (the “Code”). The Code is available at <http://www.cgfinland.fi/>. Additionally, the company follows, among others, the Finnish Limited Liability Companies Act and other laws and regulations applicable to publicly listed companies in Finland, the company’s Articles of Association, Board and committee charters, corporate policies and rules, as well as rules and guidelines issued by the European Securities and Markets Authority, the Finnish Financial Supervisory Authority and the Nasdaq Helsinki stock exchange.

This Corporate Governance Statement of Optomed has been prepared in accordance with recommendations of the Code. The corporate governance statement has been prepared as a separate report distinct from the Report of the Board of Directors and it is available on the Company’s website www.optomed.com. Optomed’s Board of Directors has reviewed this corporate governance statement. The Company’s external auditor has reviewed that the statement has been issued and that the description of the main features of the internal control and risk

management systems pertaining to the financial reporting process is consistent with the financial statements.

Departures from Individual Recommendations

In 2019, Optomed did not have both genders represented in the Board of Directors. However, the Company became publicly listed only in December 2019 and, therefore, the Code did not apply to the Company when the board was appointed. Optomed aims to have both genders represented in 2020.

II. Descriptions Concerning Corporate Governance

Optomed is a Finnish limited liability company with headquarters in Oulu, Finland. Optomed and its subsidiaries have in total approximately 100 employees and global operations. The group’s business is managed by the two reportable segments supported by group functions. Optomed is listed on the Nasdaq Helsinki stock exchange.

Optomed uses a single-tier governance model. The responsibility of Optomed's management lies with Shareholders' General Meeting, the Board of Directors and the CEO. Their duties are mainly defined in the Finnish Companies Act.

The General Meeting elects the Board of Directors and the Company's auditor. The Board of Directors appoints the CEO, appoints the Leadership Team members based on the CEO's proposal, and is responsible for strategic management of the Company. The CEO is responsible for the management of the Company's operations and governance in accordance with the instructions given by the Board. The CEO is assisted in his work by Optomed Leadership Team.

1. General Meeting of Shareholders

The General Meeting of Shareholders is the highest decision-making body of Optomed. The General Meeting of Shareholders handles the matters required by the Finnish Companies Act or the Articles of Association or presented to it by the Board of Directors. These matters include confirming the Company's financial statements and deciding on the distribution of profit, electing the Board of Directors and the auditor and determining their remuneration.

The Annual General Meeting of Shareholders of a company shall be held annually within six months from the end of the financial period. Additionally, extraordinary General Meetings may be held during the year, if required. Optomed publishes the meeting invitations as a stock exchange release and on its website www.optomed.com.

Shareholders have the right to place issues falling within the scope of the Annual General Meeting on the agenda of the Annual General Meeting. The request to place an issue on the agenda must be submitted to the Board of Directors in advance. Optomed publishes the details of how and when to submit the requests to the Board on its website.

General Meetings in 2019

Optomed had four general meetings in 2019. The meeting number was increased due to the IPO process. The Annual General Meeting was held 10 May 2019 at the time the Company was not publicly listed company.

2. Shareholders' Nomination Board

The Extraordinary General Meeting of Shareholders of the Company held on 14 November 2019 resolved to establish a Shareholders' Nomination Board (the "Nomination Board") in the connection of the listing of the Company.

The Nomination Board prepares the proposals for the General Meeting of Shareholders regarding the election of the Board members and their remuneration. The proposal of the Nomination Board is communicated to the market as a stock exchange release and included in the notice of the Annual General Meeting.

The Nomination Board consists of three natural persons nominated by the shareholders annually. The members of the Nomination Board shall represent the Company's three largest shareholders who (i) represent

the largest number of votes out of all shares in the Company on the first banking day of September each year (the “Assessment Day”) as determined on the basis of the shareholder register of the Company maintained by Euroclear Finland Oy, and (ii) wish to nominate a member to the Nomination Board. If two or more shareholders have the same number of shares and cannot all have the right to nominate one of the members of the Nomination Board, the right to nominate is determined by the drawing of lots among such shareholders by the Chairman of the Board of Directors. If a shareholder who would have the obligation to notify the Company of certain changes in shareholding under the Finnish Securities Markets Act (flagging obligation), presents a written request directed to the Board of Directors at the latest on the Assessment Day, the holdings of a corporation or a foundation controlled by such shareholder or such shareholder’s holdings in several funds or registers will be combined when calculating the nomination right. A holder of nominee-registered shares will be taken into account when determining the composition of the Nomination Board if the holder of nominee-registered shares presents a written request concerning the issue directed to the Board of Directors at the latest on the Assessment Day. The Nomination Board has a written charter governing its work available at www.optomed.com.

In spite the Company has a Shareholders’ Nomination Board, shareholders are entitled to make separate proposals concerning the composition or remuneration of the Board.

Nomination Board in 2019

In deviation from the Assessment Day set out above, for the purposes of the Annual General Meeting to be held in 2020, the assessment day

was the first banking day of January 2020. The 2019–2020 Optomed Nomination Board consists of the following individuals:

- Hai Wu (Managing Partner at Cenova Capital, appointed by Cenova Capital)
- Jarmo Malin (CEO at Auratum Group, appointed by Aura Capital Oy)
- Ville Talasmäki (Head of Allocation at Sampo Plc, appointed by Mandatum Life Insurance Company)

Petri Salonen (chairman of Optomed’s Board of Directors) serves as the Nomination Board’s expert member and Jarmo Malin acts as the chairman of the Nomination Board.

3. Board of Directors

The Board of Directors is vested with powers and duties to manage and supervise the operations of the Company as set forth in the Finnish Companies Act, the Articles of Association of the Company and other applicable regulations. The Board of Directors of Optomed is one-tier Board. Optomed’s Board consists of a minimum of 5 and a maximum of 8 members. The members of the Board of Directors are elected by the Annual General Meeting of Shareholders and the term of office of the members of the Board of Directors expires at the closing of the Annual General Meeting following their election.

The Board of Directors has general competence to decide and act in all matters not reserved for other corporate governing bodies by law or under the provisions of the Company’s Articles of Association. The Board of Directors is responsible for the Company’s administration and the appropriate organisation of its operations. The Board of Directors

decides on Company and Group wide significant matters of principal importance. The Board of Directors appoints and dismisses the CEO, supervises his or her actions and decides on his or her remuneration and other terms and conditions of employment. The Board of Directors also makes decisions on the strategy, key investments, organisation and financial affairs of the Company. In addition, the Board of Directors monitors and assesses the Company's financial performance and position and reviews and approves the Company's interim reports and financial statements. In all situations, the Board of Directors must act in accordance with the best interest of the Company. The Board of Directors constitutes a quorum when more than half of the elected members are present. When this proportion is calculated, disqualified members are excluded.

The Board of Directors has established and approved a written charter for its work to complement the Articles of Association and applicable laws and regulations. The charter of the Board of Directors describes the composition of the Board of Directors and the selection of directors, the responsibilities of the Board of Directors, meeting practices and division of tasks within the Board of Directors.

The Board of Directors conducts an annual evaluation of its and its Committees' performance and working methods.

The Board of Directors convenes regularly and at least six times per financial year and as required. The Board of Directors receives current information on the operations, financial situation, market and competitive situation and risks of the Group in its meetings. Meetings of the Board of Directors are attended by the CEO, the Chief Financial

Officer and the Chief Legal Officer (who acts as secretary to the Board of Directors).

Diversity Principles

The election and composition of the Board of Directors is guided by the principle of diversity to ensure that the Company has a skilled, competent, experienced and effective Board of Directors. A diverse composition of the Board of Directors supports and caters to the current and future needs in the successful development and growth of the Company.

A diverse composition of the Board of Directors includes complementary education, competence and experience of its members in different professional fields and management of business in different development phases as well as the personal qualities of each Board member, all of which add to the diversity of the Board of Directors.

The Company aims to have, where possible, representatives of both genders in the Board of Directors. As means to achieve a balanced gender distribution in the Board of Directors, the search and evaluation process for Board candidates should include representatives of both genders. The status of diversity and progress in achieving the aforesaid objective will be monitored and reported in the corporate governance statement.

In 2019, Optomed did not have both genders represented in the Board of Directors. However, the Company became publicly listed only in December 2019 and aims to have both genders represented in 2020.

Board of Directors in 2019

During 2019, the Board of Directors held 12 meetings and comprised of the following members at the end of the year:

Name	Citizenship	Independence	Appointed to the Board	Meeting Attendance 2019
Petri Salonen	Finnish	Dependent of the Company	2006	100%
Matthew Hallam	British	Dependent of a major shareholder ¹	2018	100%
Seppo Mäkinen	Finnish	Independent	2019	100%
Ingo Ramesohl	German	Dependent of a major shareholder ¹	2018	92%
Reijo Tauriainen	Finnish	Independent	2019	89%
Anders Torstensson	Swedish	Independent	2008	92%
Jens Umehag	Swedish	Dependent of a major shareholder ¹	2019	89%
Jun Wu	USA	Dependent of a major shareholder	2014	50%

¹ Independent of a major shareholder since 2019.

Petri Salonen

(born 1958) serves as the Chairman of the Board of Directors of Delfoi Ltd and as a member of the Boards of Directors of AW-Energy Oy. In addition, he serves as Sales Director at JAS Partners Oy. Previously, Mr. Salonen was the Chairman and a member of the Board of Directors of Commit; Oy (presently Optomed Software Oy), a member of the Boards of Directors of Aura Capital Oy, Chip-Man Technologies Ltd, IonPhase Ltd and Silicon Laboratories Finland Inc, the Chief Executive Officer of Atbusiness Communications Oyj and Bluegiga Technologies Inc. and the Investment Director of Aura Capital Oy. He holds a Master of Science degree in Shipbuilding Technology, Naval Architecture and Marine Engineering from Aalto University. Petri Salonen is dependent of the Company as he has had consultancy agreement with the Company and receives salary. Further, he has been a member of the Board for more than 10 years.

Matthew Hallam

(born 1972) serves as the Finance Director of Keeler Ltd. Previously, Mr. Hallam served as EMEA Divisional Finance Director, Group Financial Planning and Analysis Manager and UK & Nordics Controller at Abbott Laboratories Inc, as well as Finance Manager at Guidant Ltd. He holds a Bachelor of Arts degree in Mathematics and Economics from the University of Liverpool. In 2019, he has been dependent of a major shareholder of the Company due to his employment relationship with a major shareholder. However, on 9 December 2019 he became independent of a major shareholder as Optomed was notified that the major shareholder has sold its shares in Optomed.

Seppo Mäkinen

(born 1952) serves as a member of the Boards of Directors of Bittium Corporation, AegirBio AB and Videovisit Ltd, as a deputy member of the Board of Directors of Noribe Group Oy and Taikon Advisor Oy and as Partner at Pathena SGPS. Previously, Mr. Mäkinen was the Chairman of the Boards of Directors of Taikon Advisor Oy and ValiFinn Ltd, and a member of the Board of Directors of Neurotar Ltd, ArcDia International Oy Ltd, Coimbra Genomics SA, Evondos Ltd, Ginolis Oy, Magnasense Technologies Oy, Med Group Oy, Med Group Holding Oy and Valirx Oy. In addition, he has been Partner at Ventac Partners and Regional Partner at Mérieux Développement SAS, Founding and Managing Partner at BioFund Ventures and Director of Life Sciences at Sitra. He holds a Master of Science degree in Physical Chemistry from the University of Jyväskylä.

Ingo Ramesohl

(born 1969) serves as the Managing Director of Robert Bosch Venture Capital GmbH. Previously, Dr. Ramesohl served as Vice President of Robert Bosch GmbH, as General Manager at United Automotive Electronic Systems Co. Ltd, as Director at Korea Automotive Motor Cooperation (KAMCO), as well as other managerial positions at Robert Bosch GmbH. He holds a doctoral degree in Electrical Engineering from RWTH Aachen University. In 2019, he has been dependent of a major shareholder of the Company due to his employment relationship with a major shareholder. However, in the IPO of December 2019 the shareholder in question was diluted and became a less than 10% shareholder in Optomed and, correspondingly, Dr Ramesohl became independent of a major shareholder.

Reijo Tauriainen

(born 1956) serves as the Chairman of the Boards of Directors of Arvo Invest Nordic Oy, Meka Pro Oy, Pohjanmaan Arvo Sijoitusosuuskunta and Unipro Oy Ltd, as a member of the Boards of Directors of Champion Door Oy, Hoivatilat Plc, Lapwall Oy, Nordic Option Oy, Propria Oy, Temotek Oy and Temotek Palvelut Oy. Previously, Mr. Tauriainen was the Chairman of the Boards of Directors of Nordic Option Oy, Oulun Ydinkeskustan Parkki Oy, Sanerall Group Oy, Technopolis Kiinteistöt Pääkaupunkiseutu Oy, Technopolis Kiinteistöt Oulu Oy and Technopolis Kiinteistöt Tampere Oy, the Chief Executive Officer of Pohjanmaan Arvo Sijoitusosuuskunta, and a member of the Board of Directors and the Chief Financial Officer of Uros Ltd and as the Deputy Chief Executive Officer and Chief Financial Officer of Technopolis Plc. In addition, he has served as a member of the Board of Directors of Technopolis Kuopio Oy, as a deputy member of the Board of Directors and the Chief Executive Officer of Technopolis Hitech Oy. He holds a Master of Science degree in Economics from the University of Oulu.

Anders Torstensson

(born 1956) serves as the Chairman of the Board of Directors and the Chief Executive Officer of Mankato Management Services GmbH, and as the Chairman of the Boards of Directors of Aava Mobile Oy, Avanzia Communication Centre AG, Canoxa Capital AB, Catalonia Capital AB, Fuerte Holding AB, Kapitalio Financial Group AB, Kapitalio Financial Technologies AB, Nanjing Scandinavian Industrial Campus Limited, and Uppland Kapital AB. Furthermore, Mr. Torstensson also serves as a member of the Boards of Directors and the Chief Executive Officer of Mankato Capital Ltd and Upplandsspar AB and as a member of the

Boards of Directors of Lendlink AB, Uppland Kredit AB (publ) and Virteco AB. In addition, he serves as the Chief Executive Officer of International Card Establishment Europe AB, Manager of Apptor Holding GmbH and is self-employed via his sole proprietorship Torstensson Consulting. Previously, Mr. Torstensson was the Chairman of the Board of Directors and a member of the Board of Directors of Xeric AB, the Chairman of the Boards of Directors of ONE Media Holding AB (publ), Mankato Investments AG and Virteco AB, and a member of the Board of Directors of ONE CC AB. Furthermore, Mr. Torstensson has been the Chief Executive Officer of Brightpoint EMA Ltd, Ericsson Mobile Communication AB, Uppland Kredit AB (publ) and Lendlink AB, as well as the Executive VP and General Manager at Ericsson Inc. (North America). He holds a Master of Science degree in Industrial Engineering from Linköping University and has also completed the General Management Program at CEDEP/INSEAD, France.

Jens Umehag

(born 1974) serves as the Chief Financial Officer of Innovation at Halma Plc and as a Director of Halma Ventures Limited. Previously, Mr. Umehag was a member of the Boards of Directors of Fotech Solutions Ltd, Heliex Power Ltd and Rocket Route Ltd. In addition, he has served as the Chief Financial Officer and Head of Finance Group Technology at BP Ventures Ltd, as Finance Director of Germany & International Key accounts at BP Plc's Castrol subsidiaries in Germany and he has also held several positions ranging from analyst to finance director at BP Ventures Ltd. He holds a Bachelor of Arts degree in European Business Administration from the European Business School, London. In 2019, he has been dependent of a major shareholder of the Company due to his employment relationship with a major shareholder. However, on

9 December 2019 he became independent of a major shareholder as Optomed was notified that the major shareholder has sold its shares in Optomed.

Jun Wu

(born 1966) is the founder, Chairman and Managing Partner of Cenova Capital and serves as a member of the Boards of Directors of Aslan Pharmaceuticals Ltd, Cheng Heng Health Science and Technology Holdings Ltd, Choice Technology Inc, Etongonline Shanghai Medical Consulting Co. Ltd, HK Doctorlink Internet Tech Co. Ltd, Jing Medicine Technology (Shanghai) Ltd, Luqa Ventures Co. Ltd, Shanghai Aohua Photoelectricity Endoscope Co., Shanghai EnsurLink Ltd, Shanghai Lianji Biotechnology Co. Ltd, Shanghai Yao Shi Quan Cloud Health Technology Development Ltd, Start (Shanghai) Pharmaceutical Technology Ltd, Suzhou SceneRay Corporation Ltd, Virtuoso Therapeutics Inc and Vivace Therapeutics Inc. In addition, he serves as a Director at Alnair Investment, Cenova China Healthcare GP IV Ltd, Cenova Management Advisors Ltd, Novoasis Investment Ltd and Ruikang Investment Ltd. Furthermore, Mr. Wu is the co-founder of Shanghai Genomics, Inc. and he has previously served as the Chief Executive Officer, as a member of the Board of Directors and held various managerial positions at Shanghai Genomics, Inc., as well as various managerial positions at GNI Ltd. He holds a Doctor of Philosophy degree in Microbiology and Immunology from the University of California at San Francisco and a Bachelor of Science degree in Biology from San Jose State University. In 2019, he has been dependent of a major shareholder of the Company due to him controlling a major shareholder.

Board shareholding:

Name	Position	Own and controlled shares	Options
Petri Salonen	Chairman of the Board of Directors	490	
Matthew Hallam	Member of the Board of Directors		
Seppo Mäkinen	Member of the Board of Directors		
Ingo Ramesohl	Member of the Board of Directors		
Reijo Tauriainen	Member of the Board of Directors	1,541	
Anders Torstensson	Member of the Board of Directors	225,6971	
Jens Umehag	Member of the Board of Directors		
Jun Wu	Member of the Board of Directors	2,438,280 ²	

¹⁾ Includes shares owned by Mankato Capital Ltd, which is controlled by Anders Torstensson.

²⁾ Includes shares owned by Alnair Investments, Cenova China Healthcare Fund IV and Shanghai Cenova Innovation Venture Fund (Limited Partnership), which are controlled by Cenova Capital (China), an entity controlled by Jun Wu.

4. Committees of the Board of Directors

The Board of Directors may establish specific committees to assist the Board of Directors in the preparation and performance of the Board of Directors' duties and responsibilities and determine their sizes, compositions and tasks.

The Board of Directors has established the following two committees: the Audit Committee and the Remuneration Committee. The Board of Directors has adopted written charters for each committee setting forth the purposes, composition, operations and duties of each committee as well as the qualifications for committee membership. The Board elects the members and the chairman of the committees from among its members. In addition to the Audit Committee and Remuneration Committee, the Board of Directors may appoint ad hoc committees for the preparation of specific matters

Audit Committee

In accordance with its charter, the Audit Committee assists the Board of Directors in fulfilling its oversight responsibilities of the Company's financial reporting process and in monitoring the statutory audit of the Company and to assist the Board of Directors in its oversight of matters pertaining to financial reporting, internal control, internal audit, risk management and related party transactions, and by making proposals on such matters to the Board of Directors. In addition, the duties of the Audit Committee include, among other things, preparing the election of the auditor, the evaluation of the independence of the auditor and, in particular, the provision of non-audit services they offer to the Company and carrying out other tasks assigned to it by the Board of Directors.

Among its other duties, the Audit Committee monitors the efficiency of internal control, internal audit and risk management, and monitors the audit process.

The Audit committee consists of at least three members. The members of the Audit Committee may not take part in the daily management of the Company or the Group and a majority of the Committee members must be independent of the Company, and at least one Committee member must be independent of the Company's significant shareholders. The Audit Committee as a whole must have the expertise and experience required for the performance of the duties and responsibilities of the Audit Committee.

Without limiting the applicable requirements, desirable qualifications for Audit Committee members include appropriate understanding of accounting practices and financial reporting, gained through education or experience in performing or overseeing related functions. At least one Audit Committee member must have competence in accounting or auditing, and the Audit Committee members as a whole must have competence relevant to one or several of the sectors in which the Company operates.

Remuneration Committee

In accordance with its charter, the Remuneration Committee assists the Board of Directors with its responsibilities relating to the evaluation and monitoring of the remuneration of the CEO and other members of the Leadership Team and the preparation of the remuneration policy and remuneration report of the Company's corporate bodies as well as monitors the Company's remuneration policies, schemes and plans. It

also assists the Board of Directors in connection with possible major management reorganisations based on preparation and proposals by the CEO. The Remuneration Committee also identifies individuals qualified to serve as the CEO and other members of the Leadership Team of the Company and prepares the appointments and plans the successions related thereto.

The Remuneration Committee consists of at least three members appointed by the Board of Directors. The majority of the members of the Remuneration Committee shall be independent of the Company and the CEO or any executive director of the Company shall not be appointed to the Remuneration Committee.

Committees in 2019:

During 2019 the Audit Committee held 5 meetings and comprised of the following members at the end of the year:

Member	Attendance/ meetings	Independence
Reijo Tauriainen (chair)	100%	Independent
Petri Salonen	100%	Dependent of the Company
Jens Umehag	100%	Dependent of a major shareholder ¹⁾
Matthew Hallam	80%	Dependent of a major shareholder ¹⁾

¹⁾ Independent of a major shareholder since December 2019.

During 2019 the Remuneration Committee held 2 meetings and comprised of the following members at the end of the year:

Member	Attendance/ meetings	Independence
Petri Salonen (chair)	100%	Dependent of the Company
Ingo Ramesohl	50%	Dependent of a major shareholder ¹⁾
Anders Torstensson	100%	Independent

¹⁾ Independent of a major shareholder since December 2019.

5. CEO and his duties

The Board of Directors appoints the Chief Executive Officer ("CEO"). The CEO is responsible for the management of the Company's operations and governance in accordance with the Articles of Association, the Finnish Companies Act, other applicable legislation and in accordance with the instructions given by the Board of Directors. The CEO's service terms are specified in writing in his written service contract.

Seppo Kopsala (born 1978) has served as the CEO for Optomed since 2005.

6. Optomed Leadership Team

Optomed Leadership Team assists the CEO in his duties in the management of the group. The members of the Optomed Leadership Team are appointed by Board of Directors.

At the end of 2019 the Leadership Team comprised the following 6 members:

Name	Position	Appointed	Employed since
Seppo Kopsala	Chief Executive Officer	2005	2005
Niina Huikuri	Vice President, Marketing	2018	2018
Sakari Knuutti	Chief Legal Officer	2019	2019
Lars Lindqvist	Chief Financial Officer	2019	2019
Markku Myllylä	Vice President, Software	2018	2018 ¹⁾
Laura Piila	Vice President, Devices	2015	2010

¹⁾One of the founders of Commit; Oy (today: Optomed Software Oy) in 1989 and the CEO since 2009.



Seppo Kopsala

Kopsala (born 1978) has been the CEO of Optomed and a member of the Leadership Team since 2005. He founded Optomed in 2004. Previously, Mr. Kopsala was a member of the Board of Directors of Medigo Oy. He holds a Master of Science degree in Industrial Engineering from the University of Oulu. He is a Finnish citizen.



Niina Huikuri

(born 1977) has been the Vice President, Marketing of Optomed and a member of the Leadership Team since 2018. She joined Optomed in 2018. Previously, Ms. Huikuri has held the positions as Sales Manager (Nordic) and Account Manager and Business Development Manager Finland at Johnson & Johnson and Territory Manager at Boehringer Ingelheim Finland Ky. She holds a Master of Science degree in Business Administration with a Major in Marketing from Oulu University Business School. She is a Finnish citizen.



Sakari Knuutti

(born 1984) has been the Chief Legal Officer of Optomed and a member of the Leadership Team since 2019. He joined Optomed in 2019. Mr. Knuutti serves as a member of the Securities Market Association's Market Practice Board. Previously, Mr. Knuutti has held the positions of Senior Legal Counsel at CGI Inc, Head of Legal and IR at Affecto Plc, and various positions at Ruukki Group Plc. He holds a Master of Laws degree from the University of Helsinki. He is a Finnish citizen.



Lars Lindqvist

(born 1957) has been the Chief Financial Officer and a member of the Leadership Team since 2019. He joined Optomed in 2019. Mr. Lindqvist serves as a member of the Board of Directors of Neonode Inc. Previously, he has served as the Chief Financial Officer of Neonode Inc., Microcell Ltd and Ericsson Mobile Phones AB. He holds a Master of Science degree in Finance from Uppsala University. He is a Swedish citizen.



Markku Myllylä

(born 1961) has been the Vice President, Software of Optomed and a member of the Leadership Team since 2018. He joined Optomed in 2018 through the acquisition of Commit; Oy. Mr. Myllylä is the co-founder of Commit; Oy (presently Optomed Software Oy) and has been the Chief Executive Officer of Optomed Software Oy since 2009. He holds a Master of Science degree in Computer Sciences and Economics from the Technical University of Helsinki. He is a Finnish citizen.



Laura Piila

(born 1983) has been the Vice President, Devices of Optomed since 2019 and a member of the Leadership Team since 2015. She joined Optomed in 2010. Prior to becoming the Vice President of Devices of Optomed, Ms. Piila has held several managerial positions at Optomed, including Quality Manager and Business Development Director, as well as the position of Build Manager at Nokia Corporation. She holds a Master of Science degree in Industrial Engineering and Management from the University of Oulu. She is a Finnish citizen.

Management shareholding:

Name	Position	Own and controlled shares	Options
Seppo Kopsala	Chief Executive Officer	637,080	60,000 ¹
Niina Huikuri	Vice President, Marketing		34,000 ²
Sakari Knuutti	Chief Legal Officer		34,000 ³
Lars Lindqvist	Chief Financial Officer		100,000 ⁴
Markku Myllylä	Vice President, Software		120,000 ⁵
Laura Piila	Vice President, Devices		70,000 ⁶
Total		637,080	418,000

¹⁾ Of which 40,000 under the 2015 option program and 20,000 under the 2017 option program.

²⁾ Of which 8,000 under the 2018C option program and 26,000 under the 2019D option program.

³⁾ Of which 20,000 under the 2019C option program and 14,000 under the 2019D option program.

⁴⁾ Of which 100,000 under the 2019B option program.

⁵⁾ Of which 60,000 under the 2018C option program and 60,000 under the 2019A option program.

⁶⁾ Of which 20,000 under the 2015 option program, 10,000 under the 2017 option program, 20,000 options under the 2017B option program and 20,000 under the 2019D option program.

III. Descriptions of Internal Control Procedures and the Main Features of Risk Management Systems

Optomed prepares consolidated financial statements and interim reports in accordance with the International Financial Reporting Standards, as adopted by the EU, the Finnish Securities Markets Acts as well as the appropriate Finnish Financial Supervision Authority Standards and Nasdaq Helsinki Ltd's rules. The Report of the Board of Directors of Optomed and parent company financial statements are prepared in accordance with Finnish Accounting Act and the recommendations and guidelines of the Finnish Accounting Board.

Optomed's financial reporting process are mainly managed internally with some support from an external accounting service provider. Internal control and risk management systems and practices as described below are designed to ensure that the financial reports as disclosed by the company give correct information about the company finances in all material respect.

Optomed group has reporting manual which includes an overview of financial reporting process, key outputs, and roles and responsibilities within the process. Essential group policies are part of the guidelines. The up-to-date versions of reporting manual and other internal guidelines for financial reporting can be found at group intranet.

Optomed's subsidiaries in each country have a separate finance organization and also business activities are local. Proper arrangement and monitoring of internal control is the responsibility of the local management in accordance with the group framework.

Optomed group uses a common chart of account and consolidation and reporting application. Subsidiaries submit external financial reporting to the group finance on a monthly basis.

Optomed's Group Finance and Control function has defined the significant processes relevant to internal control over financial reporting, e.g. revenue, purchasing, payroll expenses, project management, finance, and related IT systems. Within this process framework, financial reporting risks and control objectives have been defined and group wide common control points have been designed to mitigate financial reporting risks. Common control points include for example authorizations, key accounting reconciliations, project management procedures, segregation of key financial duties and analysis of financial performance and figures in order to identify any irregularities or errors.

Group Finance and Control supports subsidiaries by regular monitoring and by providing additional guidance. The subsidiaries together with the Global Finance and Control conduct annually a self-evaluation of the internal control points, which is then presented to the Audit committee. Financial reports prepared by the subsidiaries are analyzed by Optomed group finance. Group management and operative segment management have monthly meetings including a review of business operations and financial position for which the segment management prepares a report. Group and segment-based financial reports are prepared for the Op-

tomed Board on a monthly basis. According to its charter, the Board reviews and approves quarterly interim financial reports, financial statement releases and the financial statements.

The Group Finance and Control functions and finance managers of the subsidiaries meet semi-annually to evaluate and adjust the procedures related to financial reporting and internal controls.

1. Overview of the risk management systems

Optomed has a defined risk management policy in place. The objective of Optomed's risk management policy is to ensure the implementation of Optomed's strategy and to support the achievement of the company's strategic, operational and financial targets. The objective set for risk management is achieved when Optomed has systematically identified the uncertainties, risks and opportunities related to the targets and is able to effectively assess and manage the identified risks. Therefore, risk management is an integral part of Optomed management system. In order to be able to assess its total risk exposure, Optomed upholds a comprehensive risk portfolio including all business areas and functions. Optomed recognizes that controlled risk taking can have a positive effect on achievement of the set targets.

Each segment is accountable for owning and managing its risk according to Optomed's policies. The CFO is accountable of the risks with respect to financial reporting. Risk identification is performed in all business areas and operative functions of each segment and common functions. Risk identification is conducted by gathering risk data from all business areas and functions by appropriate actions. Risks are assessed and prioritized in terms of severity, impact and probability. Overall risk score

is calculated by multiplying these two factors. Each mitigating activity must have a designated owner stated in the risk analysis summary. Risk responses (e.g. control methods, mitigation plans, continuity plans) are systematically defined for all major risks included in the risk portfolio as well as to less significant risks where the cost of measures is in a reasonable proportion to the significance of the risk. Risks are identified constantly and when appropriate necessary changes in the risk portfolio shall be made in order to ensure an up-to-date risk profile of the company.

The group level risk profile is reviewed by the Optomed Leadership team once per quarter. The risk summary prepared by the Leadership Team is then reviewed and approved by the Audit Committee and, as applicable, the Board. This is done as part of the quarterly financial reporting. The Board informs the market about the most significant risks and uncertainties in the financial statements and in the interim reports.

2. Overview of the internal control

Internal control aims to ensure that Optomed's business activities are efficient and proficient, financial reporting is reliable and that applicable laws, regulations and company's internal policies are followed.

The Board of Directors and the Audit Committee, which is appointed by the Board, supervise internal control and the risk management pertaining to the financial reporting. The Group CEO and CFO are together responsible for implementing the internal control and risk management together with the Leadership Team, subsidiary management teams and finance directors.

Optomed does not have separate internal audit function, it is an outsourced service. The function is generally coordinated by the Group Finance and Control function together with the Audit Committee. Any audit results are reported by the CFO to the Board's Audit Committee and to the CEO. If necessary, reports can also be addressed directly to the entire Board of Directors.

IV. Other Information

1. Related party transactions

The Board of Directors of the Company has defined the principles regarding the monitoring and evaluation of related party transactions. The Company keeps a list of related parties. Optomed has set related party principles and related party transaction policy.

Transactions with any related parties are entered into on market terms and relevant decisions are taken in compliance with the Company's approval policy and established decision-making limits. The Company's finance and control function monitors related party transactions as a part of the Company's normal reporting and control procedures and reports related party transactions on a quarterly basis to the Audit Committee. The Company's Board of Directors decides on related party transactions that are not part of the ordinary course of business of the Company or are not concluded on market terms. Information on transactions concluded between the Company and its related parties is disclosed annually in the notes to the Company's consolidated financial statements. In addition, the Company publishes such related party transactions to the extent required pursuant to the applicable legislation and the rules of Nasdaq Helsinki Ltd.

2. Insider administration

Optomed complies with the EU regulation (especially the Market Abuse Regulation, (MAR)) and Finnish legislation, the insider guidelines of Nasdaq Helsinki Ltd and the regulations and guidelines of the European Securities Markets Authority and the Finnish Financial Supervisory Authority. The regulation is supplemented by the Company's own insider guidelines. The compliance is monitored by the Company's own insider administration.

The Company has defined Persons Discharging Managerial Responsibility of the Company (the "PDMRs") to include the members of the Optomed Board of Directors and Optomed Leadership Team. In addition, the Company maintains a list of persons that participate in the financial reporting of the Company (the "Financial Reporting Group").

PDMR Declarations

As per the Company's insider guidelines, both the PDMRs and their related parties must report any transactions with respect to financial instruments of the Company within two business days from the transaction. The Company announces the transactions of PDMRs and their related parties through stock exchange release.

Trading Restrictions

The PDMRs and the Financial Reporting Group are not allowed to trade 30 days before the publication of the Company's financial statement bulletin and interim reports, and on the day of the publication.

Further, in case the Company assesses and resolves to delay a disclosure of a major project or other matter, the Company establishes a project specific insider list. A person entered in the project-specific insider list is not allowed conduct any trading. Optomed has no permanent insiders.

3. External Auditor

The Annual General Meeting of shareholders elects the auditor for a period of one year until the next subsequent Annual General Meeting. The auditor needs to an Authorised Public Accountants firm approved by the Finnish Patent and Registration Office. The auditor is responsible for auditing the consolidated and parent company financial statements and the administration of the parent company.

External Auditor in 2019

In 2019, Optomed's statutory auditor was KPMG Oy Ab, Authorised Public Accountants, with Authorised Public Accountant Tapio Raappana as the auditor with principal responsibility since 2016. Tapio Raappana is a member of the Finnish Association of Auditor.

The history of fees paid to the auditors is the following:

EUR, thousand	2019	2018	2017
Audit fees	61	6	5
Consulting ¹	516	119	

¹⁾ Including IPO related expenses of EUR 492 thousand in 2019 and EUR 114 thousand in 2018.