

# Corporate Governance Statement 2021

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# 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](http://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**

Optomed has not made any departures from the recommendations of the Code.

## II. Descriptions Concerning Corporate Governance

Optomed is a Finnish limited liability company with headquarters in Oulu, Finland. Optomed and its subsidiaries have in total 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](http://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 2021**

Optomed's Annual General Meeting was held in Espoo, Finland on 28 April 2021. No other general meetings were held in 2021. In order to prevent the spread of the COVID-19 pandemic, the Annual General Meeting was held without Board of directors, shareholders' or their proxy representatives' presence at the venue of the meeting.

## **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](http://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 2021**

The shareholders represented in the shareholders' Nomination Board for the purposes of Annual General Meeting 2022 are OP-Rahastoyhtiö Oy (OP funds), Aktia Rahastoyhtiö Oy (Aktia funds) and Finnish Industry Investment Ltd. These shareholders have appointed the following persons to the Nomination Board:

- Vesa Vanha-Honko, OP funds
- Markus Lindqvist, Aktia funds
- Keith Bonnici, Finnish Industry Investment Ltd

Vesa Vanha-Honko acts as the chairman of the Nomination Board and Petri Salonen, Chairman of Optomed's Board of Directors, serves as the Nomination Board's expert member.

## **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 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 different 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 different genders. The status of diversity and progress in achieving the aforesaid objective will be monitored and reported in the corporate governance statement.

In 2021, different genders were represented in the Board.

## Board of Directors in 2021

During 2021, the Board of Directors held 9 meetings and comprised of the following members at the end of the year:

Name	Citizenship	Independence	Appointed to the Board	Meeting Attendance 2021
Petri Salonen	Finnish	Dependent of the Company	2006	100%
Xisi Guo	China	Dependent of a major shareholder	2021	100%
Seppo Mäkinen	Finnish	Independent	2019	100%
Reijo Tauriainen	Finnish	Independent	2019	100%
Anna Tenstam	Swedish	Independent	2020	100%

### Petri Salonen

born 1958

serves as the Chairman of the Board of Directors of Delfoi Ltd and as a member of the Board 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 a consultancy agreement with the Company and receives salary. Further, he has been a member of the Board for more than 10 years.

### Xisi Guo

born 1982

serves as an executive director of Cenova Capital. He joined Cenova in 2020 with more than 10 years of investment experience in healthcare industry. Prior to Cenova, Xisi was the VP at CICC Jiacheng and a core member of the fund's healthcare investment team. His investments and successful exits included Shanghai MicroPort Endovascular MedTech, Beijing Chemclin Biotech, Distinct HealthCare, SonoScape Medical Corp and Beijing MD Joint Hospital etc. Prior to CICC, he was an associate with Cummins' global M&A team. In his early career, he was a senior associate with Deloitte financial advisory services. He holds BSc in Economics and Business and Master of Business Administration. He is dependent of a major shareholder of the Company due to him being employed by a major shareholder.

## **Seppo Mäkinen**

**born 1952**

serves as the Chairman of the Board in Lino Biotech AG, as a member of the Boards of Directors AegirBio AB and Videovisit Ltd. Previously, Mr. Mäkinen was the Chairman of the Boards of Directors of Taikon Advisor Oy, ValiFinn Ltd and Ginolis Oy, and a member of the Board of Directors of Bittium Corporation, Neurotar Ltd, ArcDia International Oy Ltd, Coimbra Genomics SA, Evondos Ltd, Magnasense Technologies Oy, Med Group Oy, Med Group Holding Oy and Valirx Oy. In addition, he has been Partner at Ventac Partners, partner at Pathe-na SGPS, 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. He is independent of both Optomed and its major shareholders.

## **Reijo Tauriainen**

**born 1956**

serves as the Chairman of the Boards of Directors of Arvo Invest Nordic Oy, Pohjanmaan Arvo Sijoitusosuuskunta and Temotek Oy, as a member of the Boards of Directors of, Hoivatilat Plc, Nordic Option 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, Technopolis Kiinteistöt Tampere Oy, Meka Pro Oy and Unipro Oy Ltd, 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 Propria Oy, Champion Door Oy, Lapwall Oy, 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. He is independent of both Optomed and its major shareholders.

## **Anna Tenstam**

**born 1964**

serves as the Chairman of Board of Directors of Sue Ellen Investments AB, the co-founder and Chairman of Board of Directors of Agamé Beauty AB and Estelle Medical AB, the Chairman of Board of Directors and partner of Expomind AB. Previously, Ms Tenstam has been the Chairman of the Board of Directors of Betagenon Ab, Patients Pending Ltd as well as the CEO and the Chairman of the Board of Eternogen LLC. She is independent of both Optomed and its major shareholders.

## Board shareholding at the end of 2021

Name	Position	Own and controlled shares	Options
Petri Salonen	Chairman of the Board of Directors	4,295	-
Xisi Guo	Member of the Board of Directors	410	-
Seppo Mäkinen	Member of the Board of Directors	1,901	-
Reijo Tauriainen	Member of the Board of Directors	7,067	-
Anna Tenstam	Member of the Board of Directors	1,901	-
<b>Total</b>		<b>15,574</b>	-

### 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 2021:

During 2021 the Audit Committee held 4 meetings and comprised of the following members at the end of the year:

Member	Attendance/ meetings	Independence
Reijo Tauriainen (chair)	100%	Independent
Seppo Mäkinen	100%	Independent
Anna Tenstam	100%	Independent

During 2020 the Remuneration Committee held 3 meetings and comprised of the following members at the end of the year:

Member	Attendance/ meetings	Independence
Seppo Mäkinen (chair)	100%	Independent
Reijo Tauriainen	100%	Independent
Anna Tenstam	100%	Independent



## 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 2021, the Leadership Team comprised the following 6 members:

Name	Position	Appointed	Employee 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 <sup>1)</sup>
Laura Piila	Vice President, Devices	2015	2010

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



## Seppo 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.

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## 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.

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## 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 Board member of Oy Lifa Air Ltd and 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.

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## Lars Lindqvist

(born 1957) has been the Chief Financial Officer and a member of the Leadership Team since 2019. He joined Optomed in 2019. Previously, Mr. Lindqvist was a member of the Board of Directors of Neonode Inc.. In addition, 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.

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## 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.

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## 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.

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### Management shareholding at the end of 2021:

Name	Position	Own and controlled shares	Options
Seppo Kopsala	CEO	185,080	60,000 <sup>1</sup>
Niina Huikuri	Vice President, Marketing		40,000 <sup>2</sup>
Sakari Knuutti	Chief Legal Officer		40,000 <sup>3</sup>
Lars Lindqvist	Chief Financial Officer		100,000 <sup>4</sup>
Markku Myllylä	Vice President, Software		180,000 <sup>5</sup>
Laura Piila	Vice President, Devices	2,000	68,000 <sup>6</sup>
<b>Total</b>		<b>187,080</b>	<b>488,000</b>

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

<sup>2</sup>) Of which 8,000 under the 2018C option program, 26,000 under the 2019D option program and 6,000 under option program 2020A.

<sup>3</sup>) Of which 20,000 under the 2019C option program, 14,000 under the 2019D option program and 6,000 under option program 2020A.

<sup>4</sup>) Of which 100,000 under the 2019B option program.

<sup>5</sup>) Of which 60,000 under the 2018C option program, 60,000 under the 2019A option program and 60,000 under option program 2020A.

<sup>6</sup>) Of which 18,000 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 minor 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 separate finance organization and also business activities are local. Proper arrangement and monitoring of internal control is under 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 Optomed Board on a monthly basis. According 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 risk management policy is to ensure the implementation of Optomed strategy and to support in achieving company 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 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 conduct-

ed 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 and internal audit**

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 2021

In 2021, 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:**

In EUR thousand	<b>2021</b>	<b>2020</b>	<b>2019</b>
Audit fees	120	77	61
Consulting <sup>1</sup>	19	52	516

*1) Including IPO related expenses of EUR 492 thousand in 2019.*