

# Oma Savings Bank Plc's Corporate Governance Statement **2021**



Oma Savings Bank Plc (hereinafter OmaSp or company) complies with the Finnish Corporate Governance Code approved by the Securities Market Association and valid at any given time. This Corporate Governance Statement has been drawn up in accordance with the Corporate Governance Code, which took effect on 1 January 2020. The company has also published a separate Remuneration Statement (<https://sijoittaminen.omasp.fi/en/remuneration>) in accordance with the Corporate Governance Code. The Corporate Governance Code is available in its entirety on the Securities Markets Association's website at [www.cgfinland.fi](http://www.cgfinland.fi).

This statement, which has been approved by the company's Board of Directors, is published separately from the report of the Board of Directors. This statement and other information required by the Corporate Governance Code, the company's Financial Statements, the report of the Board of Directors, and the Auditor's Report for 2021 are available on the company's website at <https://sijoittaminen.omasp.fi/>.

In its decision-making and governance, the company complies with the with existing legislation, OmaSp's Articles of Association, the charters of OmaSp's Board of Directors and its committees and the rules and guidelines of Nasdaq Helsinki Ltd.

Efficient management of insider issues of a publicly listed company requires that insider administration is arranged in a consistent and reliable manner. The obligations concerning the arrangement of insider administration are binding to publicly listed companies. OmaSp complies with the insider guidelines of Nasdaq Helsinki Ltd (Helsinki Stock Exchange). In addition, the company has internal Insider Guidelines approved by the Board of Directors based on the guidelines of Helsinki Stock Exchange. Compliance with the insider guideline, monitoring the notification obligation, and maintaining the insider registers are the responsibility of OmaSp's Chief Legal Officer.

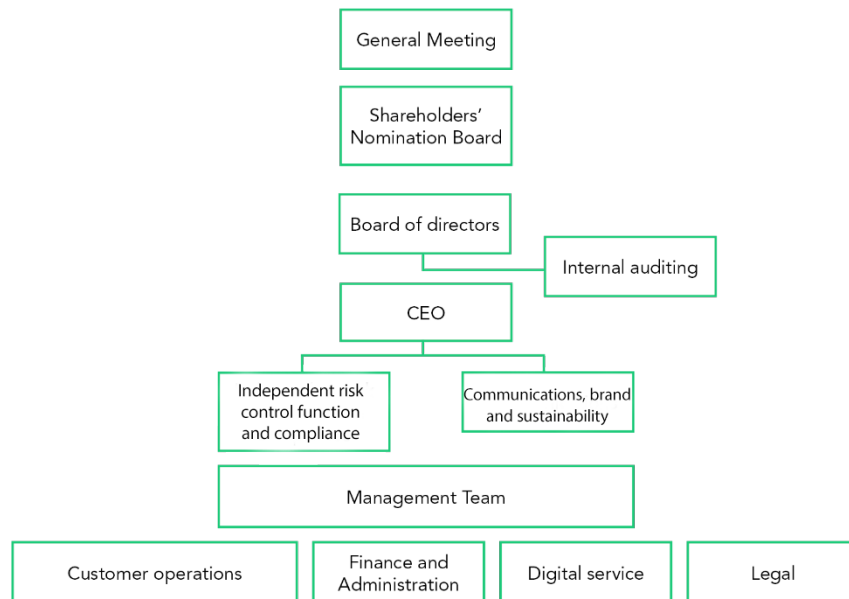
## 1 Group structure

The Group's parent company is Oma Savings Bank Plc, whose domicile is in Seinäjoki. Oma Savings Bank Group comprises the parent company Oma Savings Bank Plc, its two subsidiaries Real estate company Lappeenrannan Säästökeskus (100% holding) and SAV-Rahoitus Oyj (50.7% holding). In addition, the Group has associated companies GT Invest Oyj (48.7% holding) and City Kauppapaikat Oyj (42.1% holding) as well as joint ventures and joint operations Figure Taloushallinto Oyj (25% holding), Deleway Projects Oyj (49% holding) and Housing company Seinäjoen Oma Savings Bank house (25.5% holding). Real estate company Sofian Tupa was part of the Group until 6/2021.



## 2 Governance structure

OmaSp's administration, management and control are divided between the General Meeting, the Board of Directors, and the Chief Executive Officer (CEO). Internal audit is the responsibility of the internal audit unit, which operates under the Board of Directors. External audit is the responsibility of auditors. The CEO is in charge of the day-to-day operations with the assistance of the Management Team.



## 3 General Meeting

OmaSp's highest decision-making body is the General Meeting of Shareholders. The Annual General Meeting is held once a year before the end of June on a day specified by the Board of Directors.

The Annual General Meeting makes decisions pertaining to, among other things, the election of the Board members, the auditor and deputy auditor, remuneration paid to these, validating the financial statements and consolidated financial statements, discharging from liability the Board members and the CEO, and the use of the profit shown on the balance sheet. Other matters to be discussed at the Annual General Meeting according to the Limited Liability Companies Act or matters requested to be addressed by a shareholder in accordance with the Finnish Companies Act may also be discussed at the meeting. An Extraordinary General Meeting is held when the Board of Directors considers it necessary, or when it must be held pursuant to the law. In order to ensure interaction between shareholders and the company's governing bodies and to implement the shareholders' right to request information, the CEO, and the chairman and the members of the Board of Directors will attend the General Meetings. Board member candidate must attend the General Meeting that decides on the election. Each company share entitles to one vote at a General Meeting.

The Annual General Meeting of the Company was held on 30 March 2021. The meeting was held by exceptional meeting procedures under the Provisional Act (677/2020) to limit the spread of corona pandemic. Shareholders of the company and their agents may attend the meeting and exercise their shareholder rights only by voting in advance and by submitting counterproposals and questions in advance, and could not attend the General Meeting in person at the venue of the meeting. Shareholders enrolled at the Annual General Meeting had the opportunity to monitor the Annual General Meeting via direct remotely. Shareholders thus following the meeting were not considered to attend the General Meeting and were therefore not entitled to question or vote during the General Meeting.

88.1% of the company's shares and votes were represented at the meeting.

## 4 Board of Directors

Under the Articles of Association, the Board of Directors of OmaSp has a minimum of five and a maximum of eight regular members and a maximum of two deputy members. The General Meeting decides on the number of members on the Board of Directors, elects the Board members, and decides on their remuneration based on the proposal of the Nomination Committee, which consists of representatives of the shareholders. The term of office of the members of the Board of Directors begins at the closing of the Annual General Meeting and ends at the closing of the next Annual General Meeting. The Board elects a chairman and deputy chairman from among its members.

Composition of the Board of Directors until the General Meeting on 30 March 2021:

Name	Birth year	Education	Main occupation	Board member since	Position in the Board
Jarmo Salmi	1963	Master of Laws	Asianajotoimisto Jarmo Salmi Oy, CEO	2014	Chairman
Jyrki Mäkynen	1964	M.Sc. (Economics)	Oy HM Profiili Ab, entrepreneur	2009	Deputy Chairman
Aila Hemminki	1966	M.Sc. (Business and Administration)	Seinäjoki University of Applied Sciences, expert, RDI	2017	Member
Aki Jaskari	1961	M.Sc. (Business and Administration)	Nerkoon Höyläämö Oy, CEO	2014	Member
Timo Kokkala	1960	M.Sc. (Agriculture and Forestry)	Farmer	2014	Member
Heli Korpinen	1965	M.Soc.Sc.	Saimaa University of Applied Sciences, Lecturer	2014	Member
Jaana Sandström	1963	D.Sc. (Tech.)	Lappeenranta University, Professor of accounting	2019	Member

## Composition of the Board of Directors until the General Meeting as of 30 March 2021:

Name	Birth year	Education	Main occupation	Board member since	Position in the Board
Jarmo Salmi	1963	Master of Laws	Asianajotoimisto Jarmo Salmi Oy, CEO	2014	Chairman
Jyrki Mäkynen	1964	M.Sc. (Economics)	Oy HM Profiili Ab, entrepreneur	2009	Deputy Chairman
Aila Hemminki	1966	M.Sc. (Business and Administration)	Seinäjäki University of Applied Sciences, expert, RDI	2017	Member
Aki Jaskari	1961	M.Sc. (Business and Administration)	Nerkoon Höyläämö Oy, CEO	2014	Member
Timo Kokkala	1960	M.Sc. (Agriculture and Forestry)	Farmer	2014	Member
Jarmo Partanen	1956	MA, eMBA	Commercial counsellor, Board member	2021	Member
Jaana Sandström	1963	D.Sc. (Tech.)	Lappeenranta University, Professor of accounting	2019	Member

According to the Board of Directors, all members of the company's Board of Directors are independent of the company and all members of the Board are independent of the company's significant shareholders. None of the Board members are and have not been an employee of the company. Jarmo Partanen served as a full-time Chairman of the Board of Directors in 2014-2019.

Members of the Board of Directors of OmaSp and executive directors meet the trustworthiness and qualification requirements laid down in Chapter 7, Section 4, of the Credit Institutions Act.

## Diversity of the Board of Directors

OmaSp's Board of Directors has approved the diversity principles for the Board. OmaSp's aim is to promote the election of the most qualified members of the Board of Directors while ensuring equal opportunities for candidates of both

genders to be elected. Both genders are represented in the Board of Directors, and candidates for Board membership are appointed in accordance with this equality goal so that, in the election, attention is paid to the added value brought by the members to the composition of the Board in terms of maintaining and developing sufficient diversity, among other aspects. Diversity is maintained and developed by ensuring broad competence and experience, regional representation and sufficient representation of both genders and different age groups among the nominees.

Women make up 28.5 percent of Board members.

## Duties of the Board of Directors

The Board of Directors represents the company and takes care of the administration of the company and the trustworthy and appropriate organisation of its operations. The Board of Directors ensures that the company has business

strategies, operating principles and an appropriate organisational structure, and an authorisation system and that the executive directors of the company are competent, trustworthy and suitable to their tasks.

The Board shall see to it that the company has sufficient risk management systems and ensure that business risks are identified and evaluated. The Board of Directors shall approve risk-taking principles, establish the procedures used to mitigate risks, and oversee compliance with these. The Board shall ensure that internal control and internal audit are appropriately organised. In its activities, the Board complies with the charter it has approved. In the charter, the tasks of the Board of Directors, its chairman and members, organising the meetings, and evaluation of the Board of Directors' work are described in more detailed. The charter of the Board of Directors is accessible on the company's website at <https://sijoittaminen.omasp.fi/en/board-and-its-committees>.

## Meetings of the Board of Directors

The Board held 16 meetings during the financial year, of which 4 were e-mail meetings. Due to the COVID-19 situation, it has also been possible to attend the meetings remotely.

### Members' participation in meetings

Jarmo Salmi	16/16
Jyrki Mäkynen	16/16
Aila Hemminki	16/16
Aki Jaskari	15/16
Timo Kokkala	16/16
Heli Korpinen	5/5
Jarmo Partanen	11/11
Jaana Sandström	16/16

## Notifications by executives of the company

The company maintains a list of executives and their related parties. The company's executives shall inform the company of their related parties upon taking on their responsibilities and of any changes in their related parties immediately and no later than three days from the change.

The company executives and their related parties are subject to trading restrictions applying to company shares, and the executives' and their related parties' notification obligations concerning such transactions are described in the company's Insider Guidelines.

## Shareholdings of Board members and companies controlled by them on 31 December 2021

<u>Name</u>	<u>Shares</u>
Jarmo Salmi	3,398
Jyrki Mäkynen	13,691
Aila Hemminki	7,399
Aki Jaskari	6,886
Timo Kokkala	9,300
Jarmo Partanen	635
Jaana Sandström	1,980

## 5 Board of Directors' Committees

### Audit Committee

The company does not have an appointed audit committee. The company's Board of Directors performs the duties of the Audit Committee according to regulations.

### Remuneration Committee

The Board has a Remuneration Committee. The Remuneration Committee is composed of a minimum of three members, which are elected by the Board among its members annually. The Board specifies the Remuneration Committee's duties in its adopted charter. The duties of the Remuneration Committee include preparing matters pertaining to the remuneration and other financial benefits of the CEO and other management members, preparing matters pertaining to reward schemes, assessment of the remuneration of the CEO and other management members, attending to the appropriateness of the reward schemes, preparing matters pertaining to the appointment of the CEO and other management members and identifying their potential successors, and the development of the remuneration of other personnel and the organisation.

The members of the Remuneration Committee were until 30 March 2021: Jarmo Salmi, Jyrki Mäkynen and Heli Korpinen and as of 30 March 2021: Jarmo Salmi, Jyrki Mäkynen and Aila Hemminki. The Remuneration Committee met four times during the financial year: two times by 30 March 2021 and twice after. All members of the Committee attended the meeting.

## 6 Shareholders' Nomination Committee

The company's Extraordinary General Meeting decided in its meeting on 9 November 2018 to amend the company's Articles of Association with a provision on the Shareholders' Nomination Committee (hereinafter Nomination Committee). The Nomination Committee's duty is to prepare proposals pertaining to the appointment and remuneration of the members of the Board of Directors for the next Annual General Meeting or, when necessary, an Extraordinary General Meeting.

Each of the five largest shareholders of the company is entitled to appoint a representative to the Nomination Committee. If a shareholder does not wish to exercise its right to nominate a member, the right will be transferred to the next largest shareholder who would not otherwise have a nomination right. The company's largest shareholders are determined on the basis of the registered holdings in the company's list of shareholders on the 1st of June preceding the Annual General Meeting. The Nomination Committee shall submit its proposal concerning the members of the Board of Directors and their remuneration to the company's Board of Directors by the end of the January preceding the Annual

General Meeting. The Nomination Committee's proposals for an Extraordinary General Meeting shall be submitted in a similar manner well ahead of the General Meeting and taking into account the relevant regulations.

The Nomination Committee's meetings are convened by the chairman of the Board of Directors, who also attends the meetings in his/her role as an expert. In its work, the Nomination Committee complies with the Charter approved by the Annual General Meeting.





#### **Composition of the Shareholders' Nomination Committee**

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Raimo Härmä (Etelä-Karjalan Sp-säätiö)

Ari Lamminmäki (Parkanon Sp-säätiö)

Aino Lamminmäki (Töysän Sp-säätiö)

Jukka Sysilampi (Kuortaneen Sp-säätiö)

Jukka Kuivaniemi (Hauhon Sp-säätiö)

The Shareholders' Nomination Committee convened five times during the financial year. Jukka Kuivaniemi was absent from one meeting, otherwise all members of the Nomination Committee attended the meetings. Due to the COVID-19 situation, it has also been possible to attend the meetings remotely.

## **7 CEO and his/her responsibilities**

The CEO is appointed by the Board of Directors. Pasi Sydänlammi has been the company's CEO since 2009. The CEO manages the company, develops its business and is in charge of operative administration in accordance with the Board of Directors' instructions. The CEO presents matters to be dealt with and reports to the Board of Directors. The CEO oversees the company's day-to-day administration in line with the Board of Directors' guidelines and sees to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner. If the CEO is prevented from carrying out his/her tasks, he/she is deputised by a person appointed by the Board of Directors. The CEO's deputy is Pasi Turtio, Director of Customer Operations.

## **8 The Management Team**

The Management Team is a decision-making body, whose areas of responsibility include operative administration, financial administration, ICT functions, business development, product and service entities, communications and control issues. The Management Team shall convene approximately every two weeks as summoned by the CEO. Minutes shall be kept of the meetings. The role of the Management Team is to assist the CEO. The Management Team comprises the CEO and other members appointed by the Board of Directors.



## Composition of the Management Team 31 December 2021

Name	Birth year	Education	Duty	Member since
Pasi Sydänlammi	1974	M.Sc. (Admin), MBA	CEO	2009
Pasi Turtio	1974	Diploma in Agriculture	Deputy CEO, Customer Operations Director	2009
Helena Juutilainen	1958	Master of Laws with court training	Chief Legal Officer	2017
Sarianna Liiri	1981	M.Sc. (Business and Administration), eMBA	Chief Financial and Administrative Officer	2014
Ville Rissanen	1971	M.Sc. (Business and Administration)	Chief Information Officer	2019
Minna Sillanpää	1970	MBA, Industrie- und Aussenhandels-assistent, Gross- und Aussenhandels-kaufmann and college degree in foreign trade, CBM	Chief Communications Officer	2017
Kimmo Tapionsalo	1963	M.Sc. (Business and Administration), eMBA, CBM	Chief Risk Officer	2019

## Shareholdings of Management Team

Shareholdings of Management Team and companies controlled by them on 31 December 2021

Name	Shares
Pasi Sydänlammi	77,750
Pasi Turtio	65,400
Helena Juutilainen	16,775
Sarianna Liiri	25,000
Ville Rissanen	9,500
Minna Sillanpää	21,681
Kimmo Tapionsalo	23,600

## 9 Main features of the internal control and risk management systems connected with the financial reporting process

Internal control refers to measures that ensure the achievement of strategic objectives, the efficiency of resources, the smooth running of information and the reliability of information. Internal control ensures that risk management is continuously adequate in various areas. Compliance with regulations and risk awareness are reflected in all decision-making and are part of corporate culture and responsible operations. Internal control also extends to ensuring compliance with business principles.

The company's Board of Directors has overall responsibility for arranging internal control, and the Board regularly evaluates the effectiveness and efficiency of internal control based on the reporting of the compliance function, the

independent risk assessment function and the internal audit. The principles of internal control approved by the Board of Directors outline the totality and objectives of the control system. The control principles are supplemented by function-specific control descriptions and guidelines.

## 10 Financial reporting

In terms of financial reporting, the principles for internal control are clear roles and responsibilities within the organisation. As regards internal control, clear responsibilities between the company and service providers and efficient procedures for monitoring processes are key. OmaSp has drawn up reporting practices for the implementation of financial reporting. In order to ensure the accuracy of financial reporting, internal control processes have been established.

The unit of Financial Administration is responsible for the financial reporting of the Oma Savings Bank Group as a whole and for external and internal accounting. Financial Administration is responsible for, among other things, the Group's financial reporting, the Group's accounting principles and maintenance thereof, drawing up and updating the Group's forecasting models, and the company's internal financial reporting and its monitoring. The Group's reporting is centralised to Financial Administration.

The bookkeeping of OmaSp is handled by Figure Taloushallinto Oy, which is partly owned by the company. Purchased services include basic bookkeeping, drawing up the consolidated financial statements according to IFRS along with producing the numeric content for the notes to the financial statements, securities ledger and purchase ledger accounting, and fixed assets bookkeeping. These services are produced in accordance with service agreements, and they comply with the guidelines and regulations of the Finnish Financial Supervisory Authority and other authorities. The company holds regular meetings with the service providers to develop the collaboration and monitor their operations.

OmaSp's Management Team and the Board of Directors receive regular management reports, which cover reports for the period, forecasts, and analyses of deviations by earnings item and balance sheet item. The reporting framework also includes key figures that are to be reported.

Controllers involved in the Group's financial reporting do not participate in business activities or making business decisions. Controllers report to OmaSp's CFO, who is a member of the Management Team.

## 11 Functions independent of business operations

The company has arranged functions that are independent of business operations to ensure efficient and comprehensive internal control as follows:

- Risk control function
- Compliance function
- Internal audit function.

The company's Board of Directors has appointed the persons in charge of these functions. In this way, the Board of Directors has ensured that the risk control function, compliance function, credit risk evaluation function and internal audit function have adequate and competent personnel resources with respect to the nature, scope and diversity of the company's operations.

### Risk control

Risk control function is an essential part of internal control. The purpose of function is to ensure that risks arising from the company's business are identified, assessed and quantified, and that the risks are monitored as part of day-to-day business management.

The Board of Directors approves the operating principles of the function, and the function reports on its activities to the Board of Directors and executive

management. The company maintains and develops risk control functions to ensure that all new, previously unidentified essential risks will be covered by risk management.

## Compliance

The compliance function assists the Board of Directors and executive management in managing risks related to non-compliance. The Board of Directors has adopted the goals and responsibilities of the function by approving its operating principles and confirming its annual plan each year.

The compliance function supervises and regularly assesses the adequacy and efficiency of all business areas' activities and procedures through which the company ensures compliance with regulations. The function assesses and ensures that the procedures and instructions are appropriate with respect to legislation and the requirements arising from other regulations. The function evaluates the adequacy of the measures taken to rectify the deficiencies identified as regards compliance with regulations and the implementation of equal treatment of customers. The function works in co-operation with the internal audit and risk control functions and monitors the execution of the recommendations based on internal audit's observations.

The Compliance function reports to the Board of Directors on its observations biannually.

## Internal audit

Internal audit refers to evaluation and assurance activities that are objective and independent of business operations.

The Board of Directors decides annually on the operating principles of the internal audit and the audit plan. The internal audit reports at least annually and, if

necessary, more frequently on its most important findings, the follow-up of measures and the implementation of the audit plan directly to the Board.

## 12 Related party information

Related parties refer to key management personnel in OmaSp and their family members, subsidiaries, associates and joint ventures, joint operations, and companies in which the key management personnel have control or significant influence and entities that have significant influence in OmaSp. The key personnel are the members of the Board of Directors, the CEO and the Deputy CEO, and the rest of the Management Team. Loans and guarantees granted to related parties are granted on terms and conditions that apply to similar customer loans and guarantees. Employee benefits are respected for related parties working in OmaSp. Transactions with related parties are part of the company's normal business operations and are carried out in accordance with the agreed decision-making procedure and taking into account possible conflicts of interest. Related party transactions are reported in the notes to the financial statements (G34).

## 13 Auditors

According to the Articles of Association, at minimum one (1) and at maximum two (2) auditors shall be elected for the company. The auditors shall be Authorised Public Accountants approved by Finland Chamber of Commerce. If only one auditor is elected and this is not from an authorised public accountants firm approved by Finland Chamber of Commerce, a deputy auditor shall also be elected. The auditors are chosen for their assignment until further notice. The auditor of OmaSp is the firm of auditors KPMG Oy Ab (Business ID 1805485-9), with Fredrik Westerholm, APA, as the auditor in charge. The auditor's term of office begins at the close of the Annual General Meeting and continues until the end of the next Annual General Meeting. The company discloses the fees payable to the firm of auditors in the notes to the financial statements (G22).



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