



## CORPORATE GOVERNANCE STATEMENT 2019

### About the management

Fellow Finance Plc is a Finnish limited liability company. The responsibilities and obligations of the company's management bodies are determined according to Finnish laws. The company's registered office is in Helsinki, Finland.

According to the Limited Liability Companies Act and Articles of Association, the highest responsibility lies with the Company organs: General Meeting, Board of Directors and CEO. The highest decision-making power in the company is exercised by the shareholders in the General Meeting. The Company also has a Management Team, which is led by the CEO.

The rules of the First North Nordic or other regulations do not require compliance with the Finnish Corporate Governance Code for listed companies 2020 ("CG Code") approved by the Securities Market Association. The Company has not committed itself to complying with the CG Code, since the Company has assessed that the compliance is not justified based on the Company size and scale of the business. More information is provided on the Fellow Finance Plc's website <https://www.fellowfinance.com/company/company>.

### Annual General Meeting

Fellow Finance Plc's highest decision-making body is the General Meeting, and the shareholders can participate in the Company's management mainly through the decisions made at the General Meeting. The General Meeting usually convenes when invited by the Board of Directors. The Annual General Meeting of the Company is held on the date specified by the Board of Directors, at no later than in the end of June.

The Annual General Meeting decides on tasks assigned to it by law, such as adopting of the Financial Statements, distribution of profit, discharging the members of the Board of Directors and the CEO from liability and possible amendments to the Articles of Association. The Annual General Meeting also elects the Board of Directors members and Auditors and decides on their remuneration.

The Company must also hold an Extraordinary General Meeting if the Company's Auditor or shareholders, who represent at least one-tenth of all the shares issued by the Company that are not held by the Company, request the convening of a General Meeting in writing in order to address a particular matter.

### Invitation to the Annual General Meeting

Fellow Finance Plc publishes the Invitation to the General Meeting as a Company Release and on the Company's website. According to the Articles of Association, the invitation must be sent not earlier than three (3) months and not later than three (3) weeks before the General Meeting, but in any case, not later than nine (9) days before the record date of the General Meeting.

The shareholder wishing to attend the General Meeting must register himself or herself in advance in a manner described in the Invitation to the General Meeting on the date mentioned in the Invitation, at the latest, which is not earlier than ten (10) days before the General Meeting day.



### **Shareholder rights**

All the Fellow Finance Plc's shareholders has an equal right to participate in the General Meetings according the instructions provided in the Invitation to the General Meeting. The shareholder may participate in the General Meeting in person or by a proxy authorised by the shareholder. Each of the Fellow Finance Plc's share entitles its holder to one (1) vote. The right to participate in the General Meeting and exercise the voting right requires that the shareholder has been registered in the shareholders' register maintained by Euroclear Finland Ltd at least eight (8) days before the General Meeting (General Meeting record date).

Shareholders with nominee-registered holdings wishing to attend the General Meeting must apply for a temporary registration with the shareholders' register. A notification concerning the temporary registration with the shareholders' register must be submitted on the date defined in the Invitation to the General Meeting, at the latest, which takes place after the record date of the General Meeting according to the legislation. This kind of a notification concerning the temporary registration with the shareholders' register is deemed as a registration for the General Meeting of the shareholder with nominee-registered holdings.

The shareholders have the right to submit a matter that falls under General Meeting's authority to be handled in the General Meeting. The request concerning the matter must be presented to the Board of Directors in writing in sufficient time to it be included in the Invitation to the General Meeting. The Company shall publish a deadline on its website in sufficient time, within which the shareholders must submit their requests concerning the handling of the matter in the General Meeting. Such a request is deemed to have arrived in time when the Board of Directors has received the information concerning the request not later than four (4) weeks before the sending of the Invitation to the General Meeting.

The quorum requirement of the General Meeting shall not necessitate the presentation of a certain number of shares in the meeting, with certain exceptions defined in the Limited Liability Companies Act.

### **Board of Directors**

The Board of Directors is responsible for the Fellow Finance Plc's governance and the appropriate organisation of its operations. The Board of Directors has the general competency to decide on all matters related to the governance of the Company and other matters that do not fall under the authority of the General Meeting or CEO according to the law and Articles of Association.

The Board of Directors shall meet as often as necessary in order to fulfil its duties. A quorum shall exist at a Board of Directors meeting if more than half of its members are present. The Board of Directors is elected by the General Meeting. According to the Articles of Association, the Board of Directors compirses at least four (4) and not more than eight (8) members. The term of the Board of Directors members and substitute members ends at the closure of the first Annual General Meeting following the election.

There are five (5) members in the Company's Board of Directors. The members are Kai Myllyneva (Chairman), Teemu Nyholm, Harri Tilev, Jorma Alanne and Esa Laurila.

Kai Myllyneva (Chairman), born 1969, MBA. Occupation: Professional board member  
Teemu Nyholm, born 1975, BBA & MSc (Tech). Occupation: COO at Fellow Finance Plc



Harri Tilev, born 1975, MBA. Occupation: Investor, entrepreneur

Jorma Alanne, born 1963, MBA. Occupation: Director at Taaleri Plc

Esa Laurila, born 1966, MSc (Social Science). Occupation: Partner at Pohjoisranta BCW

More detailed information concerning the Board of Directors members is available on the Company's website: <https://www.fellowfinance.com/company/corporate-governance>.

### **Independence of the Board of Directors members**

The Board of Directors regularly assesses the independence of its members according to the Finnish Corporate Governance Code for listed companies. According to the latest independence assessment, the Board of Directors members independent of the Company and its significant shareholders are Kai Myllyneva, Harri Tilev and Esa Laurila.

According to the latest independence assessment, Teemu Nyholm and Jorma Alanne are non-independent members of the Board of Directors of the company and its significant shareholders. Teemu Nyholm is not independent of the company because he has an employment and service relationship with the company and, moreover, owns more than 10% of the total shares of the company. Jorma Alanne is not independent of the company because he is a member of the Executive Management of another company which holds more than 10% of the total shares in the company.

### **Holdings of shares of the Board of Directors members**

The table below indicates the Fellow Finance Plc's shares of the Board of Directors members and their ownership and control entities on 31 December 2019 and their proportion of the shares.

<b>Name</b>	<b>Number</b>	<b>(%)</b>
TN VENTURES OY (Teemu Nyholm)	830,843	11.58
OY T&T NORDCAP AB (Harri Tilev)	656,436	9.15
CONVESTIA OY (Kai Myllyneva)	72,000	1.00
ALANNE CAPITAL OY (Jorma Alanne)	5,750	0.08
LAURILA ESA	4,310	0.06

### **Board diversity**

The requirements related to the Company's operations, development status of the Company and diversity requirements are considered when composing the Board of Directors. The significant shareholders of Fellow Finance Plc are committed to contributing to the diverse and professional composition of the Board of Directors, and they will prepare a proposal concerning the composition of the Board of Directors for the General Meeting.

The proposals have been prepared in such a way as to consider the diversity and independence of the Board of Directors in addition to the competences of the candidates. The number of the Board of Directors members and the composition of the Board of Directors must ensure the effective accomplishment of its tasks.



At the moment, the Board of Directors of Fellow Finance Plc comprises five (5) members. All the Board of Directors members have versatile management experience and have been Board of Directors members of several companies. The Board of Directors members have experience in a wide range of sectors.

The Board of Directors assesses its operations and working methods through internal assessment annually. The Board of directors members must have sufficient competence and knowledge of the relevant industry as well as sufficient time for the Board work. The composition of the Board of Directors must be sufficiently diverse. The members must have experience and competence that complement each other. In order to ensure the diversity of the Board of Directors composition, the Company aims to also consider the gender and age composition and education background of the members in addition to the experience, competence and industry knowledge when preparing the Board of Directors composition.

As a deviation to this goal and the Finnish Corporate Governance Code Recommendation 8 (Election of Directors) for listed companies published by the Securities Market Association, both genders are not presented in the Board of Directors of Fellow Finance Plc during the current term, since a suitable candidate has not been found. The Company continues to search for a suitable candidate and aims at finding candidates of both genders for future terms of the Board of Directors. The Board of Directors fulfills the diversity requirements set by it in terms of age, educational background, experience, competence and industry knowledge.

### **The main roles and responsibilities of the Board of Directors**

The role of the Board of Directors is to ensure the appropriate governance, organisation of the Company's operations as well as ensuring appropriate accounting and financial control. The Board of Directors handles far-reaching matters and matters that are important on principle for the Company and its subsidiaries.

The Board of Directors of Fellow Finance Plc has confirmed a written procedure for the tasks, addressed matters, conduct of meeting and decision-making procedure of the Board of Directors.

Main roles of the Board of Directors include, among other things:

- decide on the strategy and confirm the business strategy;
- confirm the values complied with in the operations of the Company and its subsidiaries;
- approve the central operational policies;
- handle and approve the Financial Statements and the Interim Reports;
- define the dividend policy of the Company and prepare a proposal on the amount of the dividends payable;
- appoint the CEO of the Company and decide on the CEO's remuneration and terms and conditions of the service contract;
- confirm the nominations of the Management Team members of the Company and their remuneration;
- decide on the reward scheme of the Company's upper management and on the principles of the reward scheme of other personnel;
- decide on strategically and financially significant individual investments and acquisitions, takeovers or arrangements;
- confirm the principles of internal control and risk management as well as to process the most significant risks and uncertainties related to the Company's operations;



- be responsible for all other tasks laid down in the Limited Liability Companies Act or elsewhere.

The Board of Directors may establish, if required, committees (for example Audit Committee and Compensation Committee) to prepare tasks falling under its authority if the scope of the operations of the Company and effective accomplishment of its tasks so require. The Committees have no decision-making power, but the decisions are made by the Board of Directors based on the committees' preparations.

The need for establishing committees is assessed annually during the internal assessment. At the moment, the entire Board of Directors of Fellow Finance Plc is taking care of the tasks of the Audit Committee under the Finnish Corporate Governance Code for listed companies and it has not established any committees.

### **Board work**

The Board of Directors decides on matter falling under its authority in the Board meetings. A quorum shall exist at a Board meeting if more than half of its members are present. A Board decision shall be the proposal that is supported by more than half of the members presents, or in the event of a tie, the proposal supported by the Chair.

If a member is unable to attend the meeting, he or she must report the absence, without undue delay, to the Chair of the Board of Directors, CEO or secretary of the Board of the Directors. The Board of Directors members participate in the Board meetings.

The CEO has the right to be present at the Board meeting and use his or her speaking rights unless the Board of Directors otherwise decides in particular cases. The Board meetings are also participated by the secretary of the Board of Directors and, on case-by-case basis, other persons whose presence is necessary for the handled matter.

A Board of Directors member or the CEO may not participate in handling matters concerning the contract between them and the Company. A Board of Directors member or the CEO may also not participate in handling matters concerning the contract between the Company and a third party if the Board of Director member or the CEO can be expected to receive essential advantage from it that may be in conflict with the company's best interests. The contractual matters noted above are also correspondingly applicable to legal proceedings or other use of speaking rights. The Board of Directors member and the CEO himself or herself must report the inability to act to the Board of Directors.

### **Board meetings**

The timetable for the Board meetings is confirmed on a calendar-year basis as part of the Board of Directors' action plan. Board meetings are held on the date defined by the Board of Directors, eight times a year on average, unless the Board of Directors otherwise decides. A Board meeting may also be held outside the timetable if the Board of Directors so decides or if a Board member or the CEO so requests.

The invitation to the Board meeting, essential meeting documents and the minutes of the previous meeting must be delivered to the Board of Directors members where possible not later than five (5) days before the meeting.



In 2019, the Board of Directors met fifteen (14) times and the participation rate of the Board meetings was on average 97%.

### **Assessing the Board performance**

The Board of Directors assesses its operations and working methods through internal assessment once a year. At the same time, it will be assessed what kind of expectations the Company shareholders and significant stakeholders have concerning the Board work. It is also reviewed whether the Board of Directors' Rules of Procedure are up-to-date.

The purpose of the assessment of the Board of Directors' operations is to clarify how the Board work has been implemented during the year as well as to function as a basis for assessing the operating methods, composition and election of possible new members of the Board of Directors.

### **Committees**

#### **Shareholders' Nomination Board**

The Annual General Meeting of 2019 resolved to establish a Shareholders' Nomination Board to prepare proposals for the election and remuneration of Board Members for the Annual General Meeting and, if needed, an additional General Meeting, and to identify potential Board Member candidates.

According to the decision of the Annual General Meeting, each of the four largest shareholders of the company will nominate a member to the Shareholders' Nomination Board. The shareholders entitled to nominate a member are determined annually based on the shareholder register of the company maintained by Euroclear Finland Oy on the first working day of September.

The following members have been nominated to the Shareholders' Nomination Board:

- Karri Haaparinne, nominated by Taaleri Oyj with 1 847 163 shares
- Jyrki Vaittinen, nominated by Margin Investments Oy with 836 721 shares
- Sami Järveläinen, nominated by TN Ventures Oy with 830 843 shares
- Ella Soldan, nominated by Oy T&T Nordcap Ab with 656 436 shares

In addition, Kai Myllyneva, Chairman of Fellow Finance's Board of Directors, served as an expert on the Shareholder's Nomination Board without being a member of the committee.

The Shareholder's Nomination Board shall present and justify its proposals to the next Annual General Meeting. Proposals must be included in the notice of the next Annual General Meeting and the Nomination Board must send its proposals to the Board of Directors not later than the last working day of January preceding the Annual General Meeting.



### CEO and Management Team

The CEO is responsible for the day-to-day management of the Company in accordance with the Limited Liability Companies Act and instructions, regulations and authorisation of the Board of Directors and ensuring that the accounting of the Company complies with the law and the Company's financial management is organised appropriately. The Board of Directors elects the CEO and decides on the remuneration and other terms of service contract of the CEO. The CEO is appointed for the task for an indefinite period.

Jouni Hintikka (born 1977, BBA) has served as the Company's CEO since 2013. The Management Team assists the CEO in managing the operations.

The members of the Management Team are

Jouni Hintikka, CEO

Teemu Nyholm, COO

Niko Stark, CFO

Antoni Airikkala, Director of New Markets

More detailed information concerning the Management Team members is available on the Company's website: <https://www.fellowfinance.com/company/corporate-governance>.

### Holdings of shares of the Management Team

The table below indicates the Fellow Finance Plc's shares of the Management Team and their ownership and control entities on 31 December 2019:

Name	Number	(%)
MARGIN INVESTMENTS OY (Jouni Hintikka)	836,721	11.66
TN VENTURES OY (Teemu Nyholm)	830,843	11.58
AIRIKKALA ANTONI	56,000	0.78

### Risk management

With its risk management, Fellow Finance Plc supports the achieving of the strategic and business objectives and ensures the continuity of its operations in changing conditions. Ability to bear the risks and manage them efficiently plays a key role in the success of the business and creation of the ownership value.

The purpose of the Fellow Finance's internal control and risk management is to support the Company management by ensuring that no such significant risks are taken that will cause essential solvency or liquidity risk for the companies belonging to the Group. The Board of Directors of the Company ensures the functionality and efficiency of the risk management by regular reporting and with its control measures at all levels of the business. The Board of Directors of the Company also ensures that all the business operations have up-to-date and sufficient Business Continuity Plans.

The Board of Directors of the Company has appointed the CEO as the leader of the risk management. The CEO ensures that the Group complies with the risk management principles



and risk strategy adopted by the Board of Directors. The Compliance Function and internal control perform audits related to the business and report the audits and observations regularly to the Management Team and Board of Directors.

A risk mapping is conducted at least once a year at the Fellow Finance Group, which recognises and assesses the most significant operational risks of the Group.

The Compliance Function is responsible for the controlling that the Company complies with regulations. The aim of the Compliance Function is to ensure that external regulation and internal instructions are complied with in all Group operations.

The Compliance Officer of Fellow Finance is responsible for compliance functions

### **Internal audit**

The role of the internal audit is to audit the operationality of the risk management system. The internal audit refers to independent and objective assessment and validation activities aiming at auditing the sufficiency, functionality and efficiency of internal control. Internal audit supports the upper and operative management of the Company (Board of Directors, CEO, supervisors) in operations management and control.

The Board of Directors of the Company has confirmed the policies of the internal audit which specify the tasks, roles and responsibilities as well as operating methods of the internal audit. Audits are conducted according to the annual audit plan approved by the Board of Directors.

The internal audit is outsourced to an audit firm Oy Soinio & Co.

### **Financial reporting process**

The purpose of the internal control related to the financial reporting process is to ensure that the operations of Fellow Finance Plc are successful, decision-making is based on information and sufficient recognition of business risks and that the financial reports published by the Company provide essential information on the Company's finances.

Fellow Finance Group's financial reporting is carried out centrally by the Financial Management. Fellow Finance Plc's Group budget is approved annually by the Board of Directors. Economic development is monitored monthly in the Management Team and Board of Directors. Monthly reporting and analysis and comparisons conducted in connection with the reporting are key elements of the supervision and control carried out through financial reporting.

### **Insider management**

Fellow Finance Plc follows the applicable regulations concerning a First North Growth company as well as the Guidelines for Insiders issued by Nasdaq Helsinki and the insider instructions adopted by the Company.

### **Insider lists and managers' transactions**

Fellow Finance Plc maintains an insider list and, if necessary, project-specific insider lists according to valid insider trading regulations.

Fellow Finance Plc's managers and persons closely associated with them must report all their transactions with financial instruments to the Company and the Financial Supervisory Authority.





The Company has prepared a list of persons in managerial tasks and persons closely associated with them.

Fellow Finance Plc's managers are:

- Board of Directors
- CEO
- Members of Management Team
- Marketing Manager
- Compliance Officer

### **Closed period**

Fellow Finance Plc's managers and persons involved in the preparation, drafting and publishing of the Company's financial reports are not allowed to conduct transactions on their own account or for the account of a third party, directly or indirectly, with the Fellow Finance Plc's financial instruments during a period that starts 30 days before the announcement of each financial statement release and interim financial report and ends on the following day after their publication.

The Company shall separately inform the persons within the scope of the trading restrictions if the financial statement release does not, in exceptional cases, include all the essential information on the Company's financial situation, and the closed period will be expanded to cover the 30 days before the publication of the Financial Statements.

### **Tasks of the insider management**

The Fellow Finance Plc's insider management is in charge of the following tasks:

- internal information distribution on insider issues as well as trading restriction and notification requirement;
- training in insider issues, trading restriction and notification requirement;
- maintenance and delivery of the insider lists to the Financial Supervisory Authority, at request;
- supervision of insider issues, trading restriction and notification requirement;
- maintaining a list of managers and persons associated with them with the notification obligation;
- obtaining the required approvals of persons included in the insider lists;
- making notifications to persons discharging managerial responsibilities and instructing persons discharging managerial responsibilities on making notification to the persons closely associated with them;
- disclosure obligation of the persons discharging managerial responsibilities and persons closely associated with them; and
- thorough monitoring of changes in regulations on the insider issues, trading restriction and notification requirement.

### **Information distribution**

In its information distribution, Fellow Finance Plc follows EU's Market Abuse Regulation (MAR), the Securities Act, duty to provide information concerning companies listed on the First North Growth Finland marketplace that is governed by First North Nordic Rulebook rules and Nasdaq Helsinki Ltd's rules as well as Company's internal instructions. Board of Directors of the Company has approved the disclosure policy that defines the objectives and principles of the Fellow Finance Plc's communication.



The purpose of the Fellow Finance Plc's communication is to ensure that all market participants have immediately and at the same time access to sufficient, reliable, essential and consistent information concerning the Company and its operations, strategy, goals, financial performance and all factors influencing the value of the issued financial instrument.

The Company has committed itself to the following main principles in its communication:

- information distribution is active, equal, consistent, regular and transparent;
- published information is correct, reliable and meaningful; and
- essential information is published as soon as possible and kept easily available for investors, market participants and the Company's stakeholders.

Fellow Finance Plc publishes its financial statement release without undue delay, within three months after the end of the financial year, at the latest. Financial statement information is published internally and externally only after the financial statement release including the same information has been published as a company release. The Interim Financial Report is published without undue delay after it has been approved by the Board of Directors of the Company, within three months after the end of the review period, at the latest. The Company shall publish the actual Financial Statements at least three weeks before the Annual General Meeting.

Fellow Finance Plc publishes insider information concerning the Company as soon as possible. Inside information is unpublished information of a precise nature that relates, directly or indirectly, to the Company or Company's financial instrument, and if it were made public, would be likely to have a significant effect on the price of that instrument.

The highest decision-making power concerning external communication lies with the Board of Directors of the Company which will approve and confirm the disclosure policy. The operational responsibility of the Company's disclosure policy implementation and investors communication lies with the CEO. The Company CEO is responsible for the media relations of the Company.

The legal advisor approved by the Company revises the company releases before their publication. The Company publishes its company and press releases in Finnish and English.

### **Auditor**

Serving as the Fellow Finance Plc's auditor is Timo Helle, APA (Revico Grant Thornton Oy). The term of the Auditor ends at the closing of the first Annual General Meeting following the election. The amount of fees paid to the Auditor for auditing in 2019 is EUR 32 339,20 and for other services EUR 0,00.