



Corporate Governance Statement 2011

This Corporate Governance Statement has been drawn up separately from the report by the Board of Directors. The statement is not part of the official financial statements.

General

In addition to acts and regulations applicable to listed companies, eQ Plc complies with the Finnish Corporate Governance Code published by the Securities Market Association in June 2010. The entire Code is available on the website of the Securities Market Association at www.cgfinland.fi.

eQ Plc departs from the following recommendations of the Code: 50. Internal audit. In addition, eQ Plc has no board committees. These departures and their justifications are explained below.

General Meeting of Shareholders

The General Meeting is eQ Plc's highest decision-making body, at which the shareholders participate in the supervision and control of the company. eQ Plc convenes one Annual General Meeting (AGM) during each financial period. An Extraordinary General Meeting may be convened when necessary. Shareholders exercise their right to vote and voice their views at the General Meeting.

eQ Plc provides shareholders with sufficient information about the agenda of the General Meeting in advance. The advance information is provided in the notice of the General Meeting, other releases and on the company website. The General Meeting is organized in such a way that shareholders can effectively exercise their ownership rights. The goal is that the CEO, Chairman of the Board, and a sufficient number of directors attend the General Meeting. A person proposed as director for the first time shall participate in the General Meeting that decides on his/her election, unless there are well-founded reasons for his/her absence.

eQ Plc's Annual General Meeting was held 16 March 2011.

eQ Plc's Extraordinary General Meeting was held 22 September 2011.

Board of Directors

The General Meeting elects the directors. The director candidates put forward to the Board shall be mentioned in the notice of the General Meeting, if the proposal has been made by the Board or if the candidate is supported by shareholders holding at least 10 per cent of the total votes carried by all the shares of the company, provided that the candidate has given his/her consent to the election. The candidates proposed after the delivery of the notice of the meeting will be disclosed separately. The company's Articles of Association do not contain any provisions on the manner of proposing prospective directors. In its Annual Report, the company states the number of Board meetings held during the financial period as well as the average attendance of the directors. The members are elected for one year at a time.

A person elected director must have the qualifications required by the work of a director and sufficient time for taking care of the duties. The company facilitates the work of the Board by providing the directors with sufficient information on the company's operations. eQ Plc's Board of Directors consists of 5 to 7 members. The members elect Chairman of the Board.

The company reports the following biographic details and holdings of the directors: name, year of birth, education, main occupation, primary working experience, date of inception of Board membership, other simultaneous key positions of trust, and shareholdings in the company.



The members of eQ's Board of Directors shall provide the Board and the company with sufficient information for the evaluation of their qualifications and independence and notify of any changes in such information.

The Annual General Meeting held on 16 March 2011 elected the following persons to the Board:

Ole Johansson, Born 1951, Member of the Board since 2011, Chairman of the Board, B.Sc. (Econ.)

Outokumpu Oyj, Chairman of the Board; The Confederation of Finnish Industries, Chairman of the Board; Varma Mutual Pension Insurance Company, Deputy Chairman of the Board; Technology Industries of Finland, Member of the Board; Finnish Business and Policy Forum EVA and the Research Institute of Finnish Economy ETLA, Member of the Board.

Independent of the company and significant shareholders.

Georg Ehrnrooth, Born 1966, Member of the Board since 2011, Studies in agriculture and forestry Pöyry Oyj, Member of the Board; Norvestia Oyj, Member of the Board; Forcit Oy, Member of the Board; Paavo Nurmi Foundation, Member of the Board; Anders Wall Foundation, Member of the Board; Louise and Göran Ehrnrooth Foundation, Deputy Member of the Board; Semerca Investments S.A, Chairman of the Board; Corbis S.A, Chairman of the Board; Fennogens Investments S.A, Chairman of the Board; OE Capital Ab, Chairman of the Board.

Independent of the company, but not independent of its significant shareholders.

Eero Heliövaara, Born 1956, Member of the Board since 2011, Master of Science in Economics and Business Administration, Master of Science in Engineering

Finnish Foundation for Share Promotion, Chairman of the Board; Paulig Ltd, Deputy Chairman of the Board; Realia Group Oy, Member of the Board; The Helsinki Bourse Club, Member of the Board; Foundation of the Finnish Cancer Institute, Member of the Board; Economic Information Office, Member of the Board; Finnish Foundation of Economic Education, Member of the Board.

Independent of the company and significant shareholders

Jussi Seppälä, Born 1963, Member of the Board since 2011, M.Sc. (Econ)

2008- Minerva Group, Managing Director of Minerva Partnership Oy, Oy Cardos Ab, Member of the Board; Hoivakoti Jokilaakso Koy, Member of the Board; Hoivakoti Villa Lauriina Koy, Member of the Board; Lintuvaaran hoivakoti Koy, Member of the Board; Minerva Hoivakiinteistöt Oy, Chairman of the Board; Minerva Partnership Oy, Member of the Board, Deamia Ay, Deputy Member of the Board; Keskinäinen Koy Eiran Edelfelt, Substitute Member of the Board; Minerva Hoiva I GP Oy, Chairman of the Board.

Independent of the company and significant shareholders.

Catharina Stackelberg-Hammarén, Born 1970, Member of the Board since 2011, M.Sc (Econ)

2004- Marketing Clinic Ltd, Founder and Managing Director, Alma Media Ltd, Member of the Board; Mint of Finland Ltd., Member of the Board.

Independent of the company and significant shareholders.

eQ Plc's Board of Directors has drawn up a written charter covering its operations. Below is a list of the most important principles and duties presented in the charter:

- the Board shall be responsible for the administration of the company and the appropriate organization of the company's operations
- the Board shall steer and supervise the company's operative management as well as appoint and dismiss the CEO
- the Board shall approve the company's strategic goals



- the Board shall approve the company's risk management principles and make sure that the management system functions well
- the Board shall ensure that the company confirms the values that are to be applied in its operations
- the Board shall promote the interests of the company and all its shareholders
- the members of the Board do not represent the parties who proposed them as Board members when working on the Board
- the Board shall assess its performance and working methods annually, either by means of internal self-evaluation or by using an external evaluator.

During the financial period 2011, the Board of Directors of eQ Plc convened 11 times, average attendance being 96 per cent.

The majority of the members of eQ Plc's Board of Directors are independent of the company. The Board of Directors assesses the independence of the directors and states on the company website which of the directors have been deemed independent. When evaluating independence, the circumstances of private individuals or legal entities regarded as related parties will be taken into consideration in all situations. Companies belonging to the same group as a company are comparable with the company.

Board Committees

eQ Plc does not have any committees due to the size of the company and its Board.

CEO

The CEO is in charge of the day-to-day administration of the company in accordance with the regulations of the Finnish Limited Liability Companies Act and instructions and orders issued by the Board of Directors. The CEO may take measures that, considering the scope and nature of the operations of the company, are unusual or extensive with the authorization of the Board. The CEO ensures that the accounting practices of the company comply with the law and that financial matters are organized in a reliable manner.

eQ Plc's Board of Directors appoints the CEO.

Janne Larma, M.Sc. (Econ) (born, 1965) was appointed as CEO 16 March 2011. Petter Hoffström, CFO, M.Sc (Econ) (born 1968), acted as CEO from June 22, 2010 to 16 March 2011.

In addition, the company discloses the same biographic details and information on the holdings of the CEO as of the directors. The CEO shall not be elected Chairman of the Board.

Substitute for the CEO

The substitute for the CEO is responsible for the CEO's duties in the event that the CEO is unable to attend to them. eQ Plc's Board of Directors appointed Lauri Lundström, M.Sc. (Econ) (Born 1962), substitute for the CEO on 23 November 2011. Jyrki Orpana LL.M. (born 1962), acted as a substitute for the CEO during 1 January 2011 and 23 November 2011.

The company discloses the same biographic details and information on the holdings of the substitute for the CEO as of the directors.

Remuneration statement

The directors receive the following remuneration: Chairman of the Board 3 300 euros per month and the directors 1 800 euros per month. The remuneration is paid in cash. The members of eQ's



Board of Directors have no share-related rights, nor are they covered by any other remuneration scheme.

The terms of the CEO's employment relationship have been specified in writing in the CEO's contract of employment approved by the Board. Both parties may give notice on this contract with a period of notice of two (2) months. When notice is given by the company for whatever reason or if the contract is terminated through mutual agreement by the company and the CEO, the CEO is entitled to a compensation corresponding to his/her overall salary for the six (6) months preceding the termination of the contract, which compensation is paid on the day when the contract is terminated.

The remuneration of the CEO consists of a fixed monthly salary (monthly salary and fringe benefits), performance bonus as a short-term incentive and an options scheme. The Board of Directors decides on the CEO's remuneration. The retirement age and pension of the CEO are determined in accordance with the Finnish Employees Pensions Act. The CEO does not have a supplementary pension scheme. The remuneration of the substitute for the CEO consists of a fixed monthly salary (monthly salary and fringe benefits) and performance bonus as a short-term incentive. The substitute of the CEO does not have a supplementary pension scheme. The Board of Directors decides on remuneration of the substitute for the CEO.

In 2011, the CEO was paid an overall salary of 264 063 euros. The sum comprises indirect employee costs. CEO has been granted 450 000 options.

The Board of Directors decides on the remuneration of the management team based on the CEO's proposal. The remuneration consists of a fixed monthly salary (monthly salary and fringe benefits) and performance-linked bonus as a short-term incentive. Management team members do not receive compensation when acting as board member in the subsidiaries of eQ Plc. eQ Plc does not use share-based incentive plan. The retirement age and pension of the Management team are determined in accordance with the Finnish Employees Pensions Act. The Management team does not have a supplementary pension scheme. eQ Plc's management team was appointed in May 2011.

Management team

Management team starting from 18 May 2011

Janne Larma, Born 1965, M.Sc. (Econ), Chairman, CEO of eQ Plc

Petter Hoffström, Born 1968, M.Sc. (Econ), CFO of eQ Plc

Lauri Lundström, Born 1962, M.Sc. (Econ) CEO of eQ Asset Management Ltd

Annamaija Peltonen, Born 1964, Vocational Qualification in Business and Administration, Deputy CEO eQ Fund Management Company Ltd

Management team starting from 23 November 2011

Janne Larma, Born 1965, M.Sc. (Econ), Chairman, CEO of eQ Plc

Lauri Lundström, Born 1962, M.Sc. (Econ) CEO of eQ Asset Management Ltd

Annamaija Peltonen, Born 1964, Vocational Qualification in Business and Administration, Deputy CEO eQ Fund Management Company Ltd

Staffan Jåfs, Born 1974, M.Sc. (Econ), Director, Private Equity

Description of the main features of the internal control and risk management systems in relation to the financial reporting process

Objective of the financial reporting process is to produce timely financial information and to ensure that the decision making is based on reliable information. The aim is to ensure that the Financial Statements and Interim Reports are prepared according to all laws, generally accepted accounting principles and other requirements concerning listed companies.



Financial reporting process produces eQ group's monthly and quarterly reports. eQ group's result and financial performance is reviewed monthly in the Management Team of the group. Group's management presents result and financial position of the group quarterly to the Board of Directors. Board of Directors ensures that the financial reporting process produces high quality financial information.

Result of group's subsidiaries is reported monthly to the parent company of the group. Bookkeeping of the subsidiaries is primarily done in the financial administration of the group. At group level this ensures that financial reporting of the subsidiaries is reliable. The group's annual and interim Financial Statements are prepared in accordance with IFRS. Financial administration of the group monitors changes taking place in IFRS.

Based on risk assessments company has developed control measures related financial reporting. Various reconciliations, confirmation and analytical procedures are used in the group. Financial administration of the group prepares monthly analysis on profit and loss and balance sheet both on company and segment level. Tasks related to risk exposed work combinations are separated and there are appropriate approval procedures and internal guidelines in place. Reliability of the financial reporting is also supported by various system controls in the reporting systems. Other basic principles are clear line of accountability, precise roles and regular reporting routines.

Due to the small size of the company and the transparency of its operations, the Board of Directors has decided that there is no need for separate internal audit (Recommendation 50. Internal audit). The CEO is responsible for the tasks of the internal audit function. The CEO may assign external evaluators to carry out audits on areas that the CEO deems necessary.

Insider administration

eQ Plc complies with the Guidelines for Insiders issued by NASDAQ OMX Helsinki Ltd on 9 October 2009.

The company maintains an insider register on statutory insiders and company-specific insiders. The statutory insider register, which is public, includes the members of the company's Board of Directors, the CEO and the auditor with main responsibility. The company specific-insiders are CFO, group controller, chief accountant, chief counsel, directors of business operations and secretary of the CEO. The insider register is maintained by the Euroclear Finland Ltd.

Those who are regarded as eQ Plc's insiders or those whose interests they protect (persons under guardianship) or corporations they control are not be permitted to trade in eQ Plc's shares on a short-term basis. Investments are regarded as short-term investments when the period between the purchase and transfer or the transfer and purchase of the security is less than one (1) month.

Company insiders may not trade in securities issued by the company for 14 days prior to the publication of the company's interim report and financial statements bulletin. It is recommended that insiders schedule their trading, as far as possible, to periods during which the market has as complete information as possible on issues influencing the value of the share.

The restriction on trading is applied to the company's permanent insiders, those under their guardianship and the organizations they control, as referred to in Chapter 1, section 5 of the Securities Markets Act. The restriction on trading does not apply to auditors, nor corporations in which insiders exercise significant influence.



It is contrary to good practice and forbidden to circumvent the trading restriction by trading in shares on one's own behalf in the name of a related party or through other intermediaries, such as organizations in which the insider exercises significant influence.

The company uses a register on project-specific insiders in issues or arrangements that deviate from the company's regular business activities due to their nature or size. The company evaluates on a case by case basis whether an issue or arrangement under preparation is to be deemed a project. The purpose of the project-specific register is to clarify the moment at which a person is to be regarded as an insider and to make the processing of insider information more efficient.

eQ Plc has informed its permanent insiders of the company's Guidelines for Insiders. The company has a designated person in charge of insider issues, who carries out tasks related to the management of insider issues. The company checks the information to be declared with the permanent insiders annually. In addition, the company checks at least once a year the trading of the permanent insiders based on the register information of the Euroclear Finland Ltd.

Audit

The proposal for the election of an auditor prepared by the Board of Directors of the company will be disclosed in the notice of the General Meeting. If the Board has not arrived at a decision on the prospective auditor by the time the notice is sent, the candidacy will be disclosed separately.

Ernst & Young Oy, Authorized Public Accountants acted as an Auditor of eQ Plc in 2011. The responsible auditor is Ulla Nykky, APA.

Auditors' fees

The independent auditors have been paid the following amounts for the services related to the audit of the financial statements 2011 and for other services:

The fees for the audit and closely related fees in 2011 were 149 956 euros (2010: 79 232 euros). The other services in 2011 amounted to 81 743 euros (2010: 861 euros).

Disclosure of information

The major issues concerning eQ Plc's administration are disclosed on company's website (www.eq.fi). The stock exchange releases are available on the company website immediately after their publication.