

Corporate Governance Statement 2022

Corporate Governance Statement 2022

This Corporate Governance Statement of Purmo Group Plc (“Purmo Group” or the “Company”, and together with its subsidiaries, the “Group”) is issued for the financial year 2022. The duties and responsibilities of Purmo Group's governing bodies are determined by Finnish law as well as Purmo Group’s Articles of Association approved by the General Meeting of Shareholders and Purmo Group’s Corporate Governance Principles approved by Purmo Group’s Board of Directors.

Purmo Group’s shares are listed on the Official List of Nasdaq Helsinki Ltd. The Company is the parent company of the Group and registered in Helsinki, Finland as a public limited liability company operating under Finnish law. Purmo Group’s corporate headquarters are located in Helsinki, Finland.

This Corporate Governance Statement has been prepared in accordance with the Finnish Corporate Governance Code 2020 (the "Governance Code"). This statement is presented as a separate report from the Board of Directors’ Report. The Audit Committee of Purmo Group's Board of Directors has reviewed this Corporate Governance Statement.

Purmo Group complied with all recommendations of the Governance Code in 2022.

The Governance Code is available on the website of the Securities Market Association’s website at www.cgfinland.fi/en/.

1 Governing Bodies

The General Meeting of Shareholders, the Board of Directors and the Chief Executive Officer (the “CEO”) are responsible for the management, control and supervision of the Company, and their duties are primarily determined in accordance with the Finnish Companies Act. The management and governance

of the Company are also based on decisions made by the General Meeting of Shareholders and the Board of Directors.

1.1 General Meeting of Shareholders

The General Meeting of Shareholders is the ultimate decision-making authority of the Company. At the General Meeting of Shareholders, shareholders exercise their decision-making power. The matters to be dealt with in the General Meeting of Shareholders are defined in the Finnish Companies Act and Purmo Group’s Articles of Association. The Annual General Meeting is convened by the Board of Directors annually within six months from the end of the previous financial year. An Extraordinary Meeting of Shareholders may be convened if the Board of Directors deems it necessary, or if one is legally required. The Annual General Meeting of Shareholders decides on the distribution of profits, adopts the financial statements and discharges the members of the Board of Directors and the CEO from liability. It elects the members of the Board of Directors, as well as decides on their remuneration. The Annual General Meeting also elects the auditor of the Company and decides on its remuneration. The General Meeting of Shareholders adopts the Company’s remuneration policy and remuneration report in accordance with the provisions of the Finnish Companies Act. Decisions to amend the

Articles of Association are also taken by a General Meeting of Shareholders.

1.2 The Board of Directors

The Board of Directors is responsible for the administration of the Company and the appropriate organisation of its operations. The Board of Directors is also responsible for the appropriate arrangement of the supervision of the Company’s accounts and finances. 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 their actions, and decides on their remuneration and other terms and conditions of service. The Board of Directors also makes decisions on the significant matters related to strategy, investments, organisation and financial affairs of the Company.

The Board of Directors deals with all matters pertaining to its area of responsibility in accordance with Finnish law, the Articles of Association, the Corporate Governance Code, the rules of Nasdaq Helsinki, as amended from time to time, as well as other rules and regulations applicable to publicly listed companies in Finland. The Board of Directors also ensures that good corporate governance is complied with throughout the Group. The Board of Directors has approved the Corporate Governance Principles of the Group.

According to the Company’s Articles of Association, the Board of Directors comprises of a minimum of three and a maximum of ten ordinary members. The Annual General Meeting elects the members of the Board of Directors, including the Chair and the Vice Chair. The term of the members of the Board of Directors expires at the closing of the Annual General Meeting following the election. The Shareholders’ Nomination Board prepares a proposal on the composition of the Board of Directors to the General Meeting for its decision.

The Board of Directors convenes in accordance with a schedule agreed in advance and as otherwise required. The Board of Directors also receives in its meetings current information on the operations, finances and risks of the Group. Board meetings are attended by the CEO, the CFO, and the person acting as secretary to the Board. Other representatives of the Company attend Board meetings at the invitation of the Chair of the Board of Directors. Minutes are kept of all meetings. An evaluation of the Board of Directors’ performance and working methods shall be conducted annually.

The Annual General Meeting of the Company held on 25 April 2022 elected the following seven members to the Board of Directors of Purmo Group, and who were in the Board on 31 December 2022:

- Tomas von Rettig, Chair of the Board, b. 1980, BBA, CEFA,
- Matts Rosenberg, Vice Chair of the Board, b. 1977, Ph.D. (Econ.),
- Alexander Ehrnrooth, member of the Board, b. 1974, M.Sc. (Econ.) and MBA, Kellogg Executive Scholar,
- Carina Edblad, member of the Board, b. 1963, M.Sc. (Eng.),
- Carlo Grossi, member of the Board, b. 1956, Master in Engineering, Advanced Management Programme INSEAD,
- Jyri Luomakoski, member of the Board, b. 1967, MBA,
- Catharina Stackelberg, member of the Board, b. 1970, M.Sc. (Econ.).

The Board of Directors has assessed the independence of the Board members and concluded that all members of the Board of Directors are independent of the Company. Carina Edblad, Carlo Grossi, Jyri Luomakoski and Catharina Stackelberg are also independent of the significant shareholders of the Company. Alexander Ehrnrooth is not independent of a significant shareholder of the Company, Virala Corporation and Tomas von Rettig and Matts Rosenberg are not independent of a significant shareholder of the Company, Rettig Group Ltd.

1.3 Number of Board meetings and attendance rates in 2022

	Number of meetings	% of meetings
Alexander Ehrnrooth	18/18	100
Tomas von Rettig	18/18	100
Matts Rosenberg	18/18	100
Carina Edblad	17/18	94,4
Carlo Grossi	18/18	100
Jyri Luomakoski	18/18	100
Catharina Stackelberg	18/18	100

1.4 Diversity of the Board of Directors

In Purmo Group, 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. Diversity is an essential quality of a well-functioning Board of Directors. The Board of Directors must at all times be able to react to the requirements of the Company’s business and strategic objectives and support and challenge management in a proactive and constructive manner. A diverse composition of the Board of Directors supports and caters to the current and future needs in the successful development of the Company. A diverse composition of the Board of Directors includes complimentary education, competence, personal

networks 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. Diversity is also supported by relevant experience in fields and markets that are strategically significant for the Company, now and in the future, by strong and relevant acumen in international environments and businesses, and by a diverse age, term of office and gender distribution.

Both genders shall be represented in the Board of Directors, and the aim of the Company is to maintain a balanced gender distribution. As means to maintain a balanced gender distribution in the Board of Directors, the Shareholders’ Nomination Board seeks to include representatives of both genders in the Board candidates search and evaluation process. The status of diversity and progress in achieving the aforesaid objectives will be monitored by the Shareholders’ Nomination Board in its assessment discussions.

The members of the Board of Directors have international work experience in different managerial positions or have worked or are working in the Boards of Directors or in the management of listed or unlisted companies. In terms of gender distribution, the Board of Directors

consists of two women and five men and in terms of age, the members of the Board of Directors are between 42 and 67 years of age. The members of the Board represent three different nationalities. All members of the Board hold a university-level degree and one member holds a doctoral degree.

1.5 Board Committees

The Board of Directors of Purmo Group has the following three Committees: the Audit Committee, the Remuneration Committee and the Mergers and Acquisition Committee. The Board committees do not have independent decision-making authority in matters within the authority of the Board of Directors, but they assist the Board of Directors by preparing such matters. The Board committees shall regularly report on their work to the Board of Directors. Minutes are kept of Committee meetings. The Board of Directors has approved the charters of the Board committees. In its constitutive meeting, the Board of Directors appoints annually, from among its members, the members and the chair of the Audit Committee, the Remuneration Committee and the Mergers and Acquisitions Committee.

In addition to the abovementioned committees, the Board of Directors may appoint ad hoc committees for the preparation of specific matters. Such ad hoc committees do not normally have Board-approved charters and the Board of Directors does not release

information on their term, composition, the number of meetings or the members' attendance rates.

1.5.1 Audit Committee

The Audit Committee shall have a minimum of three members. The majority of the Committee members must be independent of the Company, and at least one 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 committee.

The primary duties of the Audit Committee are to assist 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 as well as 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. The Audit Committee's duties include monitoring the financial affairs and financial reporting of the Company, monitoring the quality and integrity of and reviewing the interim and half-yearly reports and the financial statements, and presenting them to the Board of Directors for approval, and monitoring and reviewing the financial reporting processes. The

Audit Committee also assists the Board of Directors by monitoring and evaluating the nature of related party transactions and how agreements and other transactions between the Company and its related parties meet the requirements of ordinary course of business and customary terms. In addition, the duties of the Audit Committee include preparation of the decision on electing the auditor, the evaluation of the independence of the auditor, particularly the provision of non-audit services to the Company and carrying out other tasks assigned to it by the Board of Directors. The Audit Committee also monitors the efficiency of internal control, internal audit and risk management, and evaluates the auditor's work.

On 31 December 2022, the members of the Audit Committee were Jyri Luomakoski (Chair of the Audit Committee), Matts Rosenberg and Alexander Ehrnrooth.

Number of Audit Committee meetings in 2022

	Number of Audit Committee meetings	% of meetings
Jyri Luomakoski	9/9	100
Matts Rosenberg	9/9	100
Alexander Ehrnrooth	9/9	100

1.5.2 Remuneration Committee

The Remuneration Committee shall have a minimum of three members. The majority of the Committee members must be independent of the Company. The Company's CEO or any other executive director may not be a member of the Committee. The Committee members shall have the expertise and experience required for the performance of the duties and responsibilities of the Committee.

The Remuneration Committee assists the Board of Directors by preparing the remuneration policy and remuneration report of the Company's governing bodies and by preparing the matters pertaining to the remuneration of the CEO and other members of the Management Team, appointment of the CEO as well as the remuneration principles observed by the Company. The Remuneration Committee's main duties also include monitoring and evaluating the remuneration of the CEO and other members of the Management Team and ensuring that that the remuneration schemes are appropriate; monitoring the application of the Company's remuneration policy as well as the current remuneration structures and levels in the Company; assisting the Board in connection with major management reorganisations based on preparation and proposals by the CEO; and monitoring the Company's remuneration policies, schemes and plans. The Remuneration Committee shall also review the procedures and

development strategies for senior level positions and succession plans for the CEO and other members of the Management Team and report to the Board of Directors on such matters.

On 31 December 2022, the members of the Remuneration Committee were Tomas von Rettig (Chair of the Remuneration Committee), Catharina Stackelberg and Carina Edbläd.

Number of Remuneration Committee meetings in 2022

	Number of Remuneration Committee meetings	% of meetings
Tomas von Rettig	5/5	100
Catharina Stackelberg	5/5	100
Carina Edbläd	5/5	100

1.5.3 Mergers and Acquisitions Committee

The Mergers and Acquisitions Committee shall have a minimum of three members. The Committee members shall have the expertise and experience required for the performance of the Committee duties and responsibilities.

Pursuant to its charter, the Mergers and Acquisitions Committee reviews with management and the Board of Directors the role of M&A within the Company’ growth strategy, provides advice to

management regarding the Company’s various strategic alternatives and funding structures for relevant acquisitions, and reviews material mergers, acquisitions, dispositions or other potential transactions (“Strategic Transactions”).

The duties of the Mergers and Acquisitions Committee also include maintaining familiarity with the status of the Company’s acquisition pipeline as a whole; providing support and guidance to management with respect to the presentation of Strategic Transactions to the Board of Directors; assisting management and the Board of Directors with identification of acquisition, strategic investment and divestiture opportunities; ensuring management accountability for Strategic Transactions, and from time to time as appropriate, review with management whether the investment thesis for a specific Strategic Transaction was successfully achieved; overseeing management and the Board of Directors’ due diligence process with respect to proposed Strategic Transactions. The Mergers and Acquisitions Committee is able to use expertise of the employees of the Company to carry out its responsibilities. Committee’s activities are reported to the Board of Directors on a regular basis.

On 31 December 2022, the members of the Mergers and Acquisitions Committee were Matts Rosenberg (Chair of the Mergers and Acquisitions Committee), Alexander Ehrnrooth and Carlo Grossi.

Number of Mergers and Acquisitions Committee meetings in 2022

	Number of Mergers and Acquisitions Committee meetings	% of meetings
Matts Rosenberg	6/6	100
Alexander Ehrnrooth	6/6	100
Carlo Grossi	6/6	100

1.6 Shareholders’ Nomination Board

The Shareholders’ Nomination Board (the “Nomination Board”) prepares, annually and otherwise when appropriate, proposals concerning the composition, election and the remuneration of the members of the Board of Directors to the following Annual General Meeting. The Nomination Board shall operate until abolished by the decision of the General Meeting of Shareholders of the Company.

Pursuant to the charter of the Nomination Board, the Nomination Board consists of three members nominated by the shareholders. The members shall represent the Company’s three largest shareholders who represent the largest number of votes out of all shares in the Company on 30 May each year as determined on the basis of the shareholder register of the Company maintained by Euroclear Finland Oy.

The Chair of the Board of Directors acts as an expert member in the Nomination Board (the Chair

of the Board of Directors is not an official member of the Nomination Board and does not have any voting right, but he/she has the right to attend the meetings of the Nomination Board and receive the relevant material for such meetings).

The term of the members of the Nomination Board shall end upon the appointment of the following Nomination Board. The members of the Nomination Board shall not be entitled to remuneration from the Company on the basis of their membership unless otherwise decided by the General Meeting of Shareholders.

The main purpose of the Nomination Board is to ensure that the Board of Directors and its members represent a sufficient level of expertise, knowledge and competence for the needs of the Company and have the possibility to devote sufficient amount of time to attending their duties as members of the Board of Directors. The Nomination Board shall pay attention to achieving a good and balanced gender distribution and diversity balance on the Board considering the competence of the Board as a whole. The Nomination Board shall in its work consider the diversity principles of the Company.

The Nomination Board has the power and authority to prepare and to present a proposal to the General Meeting of Shareholders concerning the number of members and composition of the Board of

Directors; and the remuneration of the members of the Board of Directors and the Board committees as well as seek prospective successor candidates for the members of the Board of Directors.

The Nomination Board shall submit its proposals to the Board of Directors at the latest on 31 January each year. The Proposals of the Nomination Board will be published through a release by the Company and included in the notice to the General Meeting of Shareholders.

Temporary deviation was made in 2021 from the Charter of the Shareholders' Nomination Board to the effect that, for the purposes of the next Annual General Meeting following the effective date of the merger of Purmo Group Oy Ab to Virala Acquisition Company Plc (on 31 December 2021), the members of the Nomination Board were based on the three largest shareholders in Purmo Group Plc on the 10th business day following the merger (7 January 2022).

The Company's three largest shareholders have been Rettig Group Ltd, Virala Corporation and Ahlström Invest B.V. both on 7 January and on 30 May 2022 and each have nominated one member to the Nomination Board.

On 31 December 2022, the members of the Shareholders Nomination Board were Matts Rosenberg (Chair of the Nomination Board)

nominated by Rettig Group Ltd, Alexander Ehrnrooth nominated by Virala Corporation and Peter Seligson nominated by Ahlström Invest B.V.

Number of Shareholders Nomination Board meetings in 2022

	Number of Shareholders Nomination Board meetings	% of meetings
Matts Rosenberg	2/2	100
Alexander Ehrnrooth	2/2	100
Peter Seligson	2/2	100

1.7 Chief Executive Officer

The Board of Directors of Purmo Group appoints and dismisses the CEO and decides on the financial benefits within the framework of the valid Remuneration Policy presented to the General Meeting of the Shareholders. Board approved terms and conditions of the CEO's position are specified in a written service contract. The CEO of the Company is responsible for managing, supervising and controlling the business operations of the Company.

The CEO is responsible for the day-to-day executive management of the Company in accordance with the instructions and orders given by the Board of Directors. In addition, the CEO ensures that the accounting practices of the Company comply with Finnish law and that its financial affairs have been arranged in a reliable manner. The duties of the CEO

are governed primarily by the Finnish Companies Act. The CEO shall provide the Board of Directors and its members with the information necessary for the performance of the duties of the Board of Directors.

The CEO prepares matters for decision by the Board of Directors, develops the Company in line with the targets approved by the Board of Directors and ensures the proper implementation of the decisions of the Board of Directors. The CEO is also responsible for ensuring that the Company is managed in compliance with applicable laws and regulations. The CEO is not a member of the Board of Directors but attends the meetings of the Board of Directors and has the right to speak at the meetings.

On 31 December 2022, John Peter Leesi (b. 1961, BBA with advanced studies in international finance) served as the CEO of Purmo Group.

1.8 Group Management Team

The Company's Board appoints the members of the Management Team. The Management Team comprises the CEO and the CFO as well as other members appointed by the Board. The Management Team meets regularly to address matters concerning the entire Group. The Management Team is not a decision-making body of the Company, but it assists the CEO in the implementation of the Group's strategy and in operational management. The Management Team is responsible for managing the Company's

core business operations as a whole, which requires planning of various development processes, Group principles and Group practices, as well as monitoring the development of financial matters and Group's business plans. Board members are free to join the meetings of the Management Team in order to ensure a smooth cooperation between the Board of Directors and the Management Team. The Management Team convenes regularly at a schedule agreed in advance and also as required and minutes are kept of all meetings.

On 31 December 2022, the Management Team of Purmo Group comprised the following members:

- John Peter Leesi, CEO, (b. 1961, BBA with advanced studies in international finance)
- Erik Hedin, Chief Financial Officer, b. 1977, M.Sc. (Ind. Eng.), B.Sc. (Econ.)
- Mike Conlon, Senior Vice President, Indoor Climate Systems Division, b. 1966, BA (Hons)
- Linda Currie, Chief People Officer, b. 1973, BA (Hons) Business & Human Resource Management, CIPD
- Barry Lynch, Senior Vice President, Radiators Division, b. 1975, MBA, Post Graduate Diploma (Business Administration), BA Hons (Business Studies) from 4 July 2022.¹

¹ Tomasz Tarabura acted as Senior Vice President, Radiators and a member of the Management team until 4 July 2022.

1.9 Shareholdings of Board of Directors' and Management Team

The shareholdings of the members of the Board of Directors, the CEO, and the members of the Management Team as well as their controlled entities as on 31 December 2022 are presented in the following tables.

Board of Directors' shareholdings on 31 December 2022

	Class C shares	Class F shares
Tomas von Rettig ¹	0	0
Matts Rosenberg ¹	2,496	0
Alexander Ehrnrooth ²	5,560	0
Carina Edblad	1,784	0
Carlo Grossi	1,784	0
Jyri Luomakoski	1,970	0
Catharina Stackelberg	2,476	0

¹ Influence in Rettig Group Ltd which held 26,373,971 class C shares in Purmo Group on 31 December 2022.

² Influence in Virala Corporation which held 4,895,000 class C shares and 1,565,217 class F shares in Purmo Group on 31 December 2022.

Management Team shareholdings on 31 December 2022

	Class C shares	Class F shares
John Peter Leesi	408,927	0
Erik Hedin	245,356	0
Mike Conlon	31,770	0
Linda Currie	23,582	0
Barry Lynch	31,718	0

The CEO and Management Team have future share-based rights in Purmo Group through participation in long-term incentive plan launched in 2022, more information available in Remuneration Report 2022 and Company's [website](#).

2 Control

2.1 Internal Audit

Purmo Group's internal audit assists the Company in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organisation's governance, risk management and internal control. Internal Audit also assists the Board of Directors and senior management of the Company in creating an effective and reliable control environment.

The Chief Audit Executive (or otherwise titled highest level practicing Internal Auditor) will report functionally to the Audit Committee and

administratively (i.e. day to day operations) to the CFO. The internal audit report may include management's response and corrective actions taken or to be taken in regard to the specific findings and recommendations. The internal audit activity will be responsible for appropriate follow-up on engagement findings and recommendations.

The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the organisation's governance, risk management, and internal controls as well as the quality of performance in carrying out assigned responsibilities to achieve the organisation's stated goals and objectives. The internal audit plan will be developed based on a prioritisation of the audit universe using a risk-based methodology, including input of senior management and the Audit Committee. The audit plan of the internal audit is adopted by the Audit Committee.

2.2 External Audit

Pursuant to the Articles of Association, the Company has one auditor, which shall be an Authorised Public Accountant company. The auditor is elected annually by the Annual General Meeting for a term that expires at the end of the next Annual General Meeting following the election. The task of the auditor is to audit the consolidated financial statements, the financial statements of the parent

company, the accounting of the Group and the parent company and the administration of the parent company. The Company's auditor submits the auditors' report to the shareholders in connection with the annual financial statements, as required by law, and submits regular reports on its findings to the Audit Committee of the Board of Directors.

3 Related Party Transactions

The Board of Directors has defined the principles for monitoring and evaluating related party transactions.

The Company evaluates and monitors transactions concluded between the Company and its related parties and ensures that any conflicts of interest are taken into account appropriately in the decision-making process of the Company. The Company keeps a list of parties that are related to the Company.

Purmo Group can conduct with its related parties business transactions that constitute part of Purmo Group's ordinary course of business and are implemented on arm's length terms and abiding Purmo Group's internal decision-making guidelines. The Board of Directors decides, taking into consideration conflict of interest rules, on transactions with related parties that are not part of Purmo Group's ordinary course of business or that are not implemented under arm's length terms.

Purmo Group's Finance organisation monitors related party transactions through accounting, Board documentation and other available sources, and regularly conducts inquiries about related party transactions to managers and key management persons. In connection with quarterly reporting, the financial process ensures that related party transactions are properly reported to the related party transaction watch list compiled for financial reporting purposes. The watch list is regularly submitted to the Audit Committee for information.

In principle, all related party transactions must be reported in the notes to the financial statements and material related party transactions also in the interim reports. In addition, the Company publishes such related party transactions to the extent required pursuant to the applicable legislation and the rules of Nasdaq Helsinki.

4 Internal control procedures and main features of risk management systems

4.1 Internal control

Internal control ensures that the Company's business objectives can be achieved. Through efficient control, deviations from objectives can be prevented or detected as early as possible, so that corrective measures can be taken.

The purpose of internal control is to ensure the profitability, efficiency, continuity and freedom from disruptions of operations and that the Group's financial and operating reporting both externally and internally is reliable and compliant, and that internal principles, policies and guidelines are followed. Further, internal control ensures compliance with laws and regulations. Internal control measures cover all Group levels and functions. Information systems are of vital importance for effective internal control.

The planning of the control measures begins with the definition of business objectives and the identification and assessment of the risks that threaten the objectives. Control measures are targeted based on risks, and control measures are selected as appropriate so as to keep the risks under control.

The Board of Directors and the CEO are responsible for organising internal control. The CEO sets the ground for the internal control environment ("tone at the top") by providing leadership and direction to the executive management, and by reviewing the way they manage and control the business. The CEO is responsible for managing the business and administration in accordance with the applicable laws and regulations, and the direction of the Board of Directors.

The CEO is accountable for establishing sufficient internal control processes in the organisation. The CEO is assisted by the CFO and Purmo Group operative management in these duties. The business functions and the Group finance organisation are responsible for the financial reporting processes. The Audit Committee and the Board of Directors assess the financial reporting processes and monitor the financial situation of the Group. The Audit Committee and the Board review the interim and half-year reports and financial statements before their approval and publication.

4.2 Risk management

The primary objective of risk management in Purmo Group is to support the Company's strategy execution, continuity of operations and realisation of business objectives by anticipating any risks involved in the Company's operations and managing them in a proactive manner. Enterprise risk management emphasises the role of corporate culture and is an integrated part of operations, planning, and decision-making in Purmo Group. Risk is defined as an uncertain event, caused by external or internal factors, which may be either a threat or an opportunity. The Board of Directors has approved the Enterprise Risk Management Policy, which defines the framework, processes, governance and responsibilities of risk management in Purmo Group.

The Board of Directors and the Audit Committee monitor and are responsible for ensuring that Purmo Group's risk management process functions are comprehensive. The Board defines the risk appetite and tolerance, according to the current conditions. The Company's operative management is responsible for achieving the set objectives and controlling, managing and mitigating risks that threaten them. The operative management is also responsible for the risk management work, and for ensuring the performance of the risk management process and the availability of sufficient resources. The CFO is responsible for instructions and advice to the operations and functions concerning enterprise risk management, and for monitoring the practical implementation of the process. Risk management assessments are coordinated by the CFO together with Chief Risk Officer, who supports the management, operative business functions and other supportive functions in the risk management work. CFO reports key risks to the Board of Directors on an annual basis. The Board discusses Purmo Group's most significant risks and uncertainties and reports them to the market annually in the Board's Report. In addition, the Company describes the material short-term risks and uncertainties in half-yearly reports and interim reports. In Purmo Group, the business functions are responsible for risks related to their operations and their identification, assessment and mitigation means. The Company's

internal audit is responsible for developing risk-based audit plan and conducting the audit procedures based on the plan and reports, as an independent function, directly to the Board and Audit Committee.

5 Insider Administration

In its insider administration, the Company follows the Market Abuse Regulation (EU No 596/2014) and the rules of Nasdaq Helsinki complemented by the Company's own Insider Policy. The Company maintains its own insider registers. The Company does not have permanent insiders.

Persons in managerial positions are prohibited to carry out transactions (on their own account or for the account of a third party), directly or indirectly, in the financial instruments of the Company during a closed period of 30 calendar days before the announcement of each of the interim reports or the year-end report (financial statement release). The Company applies the closed period of 30 calendar days immediately preceding the announcement of the interim report or financial statement release, as the case may be, including the date of publication of such report (the "Closed Window"). The prohibition is in force during the Closed Window regardless of whether or not such

a person holds any inside information at that time. A project-specific insider list is maintained when required by law or regulations. Project-specific insiders are prohibited from trading in the Company's financial instruments until the termination of the project.

Persons in managerial positions (and their closely associated persons) are obligated to report transactions in the Company's financial instruments in line with applicable EU and domestic laws and regulations. The members of the Board and the Management team are the managers of the Company with an obligation to disclose their transactions.

6 External Audit in 2022

KPMG Oy Ab, Authorised Public Accountants, is Purmo Group's auditor. In 2022 Kim Järvi, Authorised Public Accountant, acted as the auditor with principal responsibility.

The audit fees paid to the auditor in 2022 totalled EUR 629 thousand. In addition, EUR 353 thousand was paid to KPMG for non-audit services.

BOARD OF DIRECTORS



Tomas von Rettig

Chair of the Board of Directors, Chair of the Remuneration Committee

b. 1980
BBA, CEFA

Independent of the Company.
Dependent of its significant shareholder Rettig Group Ltd.



Matts Rosenberg

Vice Chair of the Board, Chair of the M&A Committee, Member of the Audit Committee

b. 1977
Ph.D. (Econ.)
CEO of Rettig Group Ltd

Independent of the Company and dependent of its significant shareholder Rettig Group.



Alexander Ehrnrooth

Member of the Board of Directors, Member of the Audit and M&A Committees

b. 1974
M.Sc. (Econ.), MBA
President and CEO of Virala Corporation

Independent of the Company and dependent of its significant shareholder Virala Oy Ab.



Carina Edblad

Member of the Board of Directors, Member of the Remuneration Committee

b. 1963
M.Sc. (Eng.)
CEO of Thomas Betong

Independent of the Company and its significant shareholders.



Carlo Grossi

Member of the Board of Directors, Member of the M&A Committee

b. 1956
Master in Engineering, Advanced Management Program INSEAD

Independent of the Company and its significant shareholders.



Jyri Luomakoski

Member of the Board of Directors, Chair of the Audit Committee

b. 1967
MBA

Independent of the Company and its significant shareholders.



Catharina Stackelberg

Member of the Board of Directors, Member of the Remuneration Committee

b. 1970
M.Sc. (Econ.)

Senior Advisor, member of the board, Marketing Clinic Group

Independent of the Company and its significant shareholders.

More information on the Board of Directors is available at investors.purmogroup.com.

MANAGEMENT TEAM



John Peter Leesi

Chief Executive Officer

b. 1961

BBA with advanced studies in international finance

Member of Purmo Group Leadership Team since 2020



Erik Hedin

Chief Financial Officer

b. 1977

M.Sc. (Ind. Eng.),
B.Sc. (Econ.)

Member of Purmo Group Leadership Team since 2020



Linda Currie

Chief People Officer

b. 1973

BA (Hons) Business & Human Resource Management, CIPD

Member of Purmo Group Leadership Team since 2013



Mike Conlon

Senior Vice President, Indoor Climate Systems

b. 1966

BA (Hons)

Member of Purmo Group Leadership Team since 2015



Barry Lynch

Senior Vice President, Radiators Division

b. 1975

MBA, Post Graduate Diploma (Business Administration), BA Hons (Business Studies)

Member of Purmo Group Leadership Team since 2022

On 5 October 2022, Purmo Group Plc announced a new organisational structure which has been effective from 1 January 2023.

Purmo Group's management team within the new organisational structure is as follows:

- John Peter Leesi, Chief Executive Officer
- Erik Hedin, Chief Operating Officer; leading also the strategy acceleration programme
- Mike Conlon, President, Climate Solutions Division
- Barry Lynch, President, Products & System Division
- Linda Currie, Chief People Officer
- Matts Rosenberg, interim CFO, from 1 January 2023 until 22 June 2023, at the latest
- Jan-Elof Cavander, CFO, from 22 June 2023, at the latest

More information on the Management team is available at investors.purmogroup.com.