

Scanfil plc is a publicly listed company, managed in accordance with the company's Articles of Association, the Finnish Companies Act and other legislation relating to the company. In addition, the company follows the Finnish Corporate Governance Code (2015) issued by the Securities Market Association.

The Board of Directors has evaluated the independence of its members according to which the majority of members are independent of the company (Jarkko Takanen, Bengt Engström and Christina Lindstedt) and independent of the significant shareholders of the company (Christer Härkönen, Bengt Engström and Christina Lindstedt). The majority of the members of Board's two committees are independent of the company and one member of the Audit Committee is independent of the significant shareholders of the company.

This statement has been reviewed by Scanfil plc's Board of Directors. Scanfil plc's auditing firm has verified that the summary description of the internal control and risk management associated with the financial reporting process is consistent with the financial statements.

This Corporate Governance Statement is available on the company website at www.scanfil.com under Investors. The Finnish Corporate Governance Code is available to the public at www.cgfinland.fi.

BOARD OF DIRECTORS

Under the Companies Act, the Board of Directors is responsible for the management of the company and the proper organization of operations. The members of the Board of Directors are elected by the Annual General Meeting. According to the Articles of Association, Scanfil plc's Board of Directors shall include a minimum of three and a maximum of seven regular members. The Board of Directors elects a Chairman from among its members. The Board of Directors is responsible for deciding on the business strategy, significant matters related to investments, organization and finance, as well as supervising the company's management and operations. The Board of Directors shall also ensure that supervision of the company's accounts and asset management is properly organized.

Composition of the Board of Directors

The following Board members were elected by the Annual General Meeting held on April 25, 2018:

Harri Takanen

Chairman of the Board of Directors. Born 1968, M.Sc. (Tech.). Member of the Board of Directors of Scanfil plc since April 18, 2013. Professional board member. Not independent of the company and its major shareholders. Holds 9,776,664 shares in Scanfil plc.

Jarkko Takanen

Member of the Board since January 1, 2012. Born 1967, B.Sc. (Prod.Eng.), Commercial College Diploma in Management Accountancy. CEO of Jussi Capital Oy. Independent of the company, not independent of major shareholders. Holds 8,511,169 shares in Scanfil plc.

Christer Härkönen

Member of the Board since April 8, 2014. Born 1957, M.Sc. (Tech.). CEO of DimWei Group Oy. Not independent of the company, independent of its major shareholders. Does not hold Scanfil plc shares. Christer Härkönen has been involved in the Scanfil and PartnerTech integration process between 1 January and 30 April 2017 on Group level project tasks.

Bengt Engström

Member of the Board since August 20, 2015. Born 1953, M.Sc. (Eng.). Has held several management-level positions in Sweden and internationally, including Whirlpool, Bofors AB, Duni AB and Fujitsu. Independent of the company and major shareholders. Holds 12,829 shares in Scanfil plc.

Christina Lindstedt

Member of the Board since April 12, 2016. Born 1968, holds a Master's Degree of Business Administration and Commercial law. Managing Director of XploreBiz AB. Background from several international business leadership roles at AB Electrolux and Sony, based in Sweden and internationally. Independent of the company and major shareholders. Holds 6,000 shares in Scanfil plc.

The entities over which the Board members exercise control do not own Scanfil shares.

The term of office of the Board members expires at the close of the first Annual General Meeting following the one in which they were elected.

Activity of the Board

The Board of Directors had a total of 18 meetings in 2018, some of which were telephone meetings. The members' average attendance rate for meetings was 94%.

The duties and responsibilities of the Board of Directors of Scanfil plc are based on the Finnish Limited Liability Companies Act, other applicable legislation, the Articles of Association, good governance recommendations and the Board's charter. The Board carries out an annual review of its operations and regular reviews of the work of the CEO and the Management Team. The Scanfil Board of Directors has confirmed the charter, which lists the following key duties for the Board:

- confirming the company's business strategy and monitoring its implementation
- confirming the annual key business targets and monitoring Scanfil Group's performance
- deciding on strategically significant investments in the Group
- discussing and approving financial statements and interim reports
- appointing and dismissing the CEO and determining their terms of employment and remuneration
- deciding on incentive systems for managers and employees
- monitoring the company's key operational risks and their management
- confirming the company's values and operating principles.

Diversity Principles for the Board of Directors

Scanfil plc operates in the international contract manufacturing market and its customers include global companies in various industries. For the Board to be effective, its members must possess experience from several different industries, be well versed in international business and have insight into the global trends that affect the development of the contract manufacturing market. The Nomination Committee should consider the education and professional and international experience of the candidates, as well as their individual characteristics, when preparing the proposal for the Board's composition. The aim is to form a diverse Board with a sufficient number of members, who are able to take responsibility for developing the company's operations and strategy in its line of business, and who are competent to manage the duties and responsibilities of the Board. Scanfil plc aims to have a sufficiently diverse gender and age distribution of the Board of Directors.

Board Committees

The Board of Directors has established two committees: a Nomination and Compensation Committee and an Audit Committee.

The task of the Nomination and Compensation Committee is to prepare matters related to the appointment and remuneration of the members of the Board of Directors and, when necessary, find suitable members for it. The Committee has three members: Harri Takanen (Chairman), Jarkko Takanen and Bengt Engström. The committee convened three times in 2018. The attendance rate of its members was 100%.

The Audit Committee is responsible for monitoring the financial reporting process and the reporting of financial statements and interim reports, as well as monitoring the functionality of internal control and risk management in the company. It also evaluates the appropriateness of auditing and prepares the proposal for the appointment of an auditor. The committee has three members: Jarkko Takanen (chairman), Harri Takanen and Christina Lindstedt. The committee convened four times in 2018. The attendance rate of its members was 100%.

CEO

The Board of Directors decides on the appointment and dismissal of the CEO and the terms and conditions of his employment. The CEO is covered by the performance and profit bonus systems decided upon separately by the Board of Directors. Petteri Jokitalo, M.Sc. (Eng.), has been the CEO of the company between 1 January and 31 December 2018. Petteri Jokitalo holds 242,000 shares in Scanfil plc and he has the following option rights: option program 2013(C) for 70,000 shares, 2016(A) for 110,000 shares and 2016(B) for 110,000 shares.

The CEO's duties are determined in accordance with the Companies Act. The CEO is in charge of the company's operative management in accordance with the guidelines and orders given by the Board of Directors. The CEO shall ensure that the company's accounting practices comply with legislation and that asset management is organized in a reliable manner. The CEO is the chairman of the company's Management Team.

The CEO has a separate service contract that is valid until further notice with a mutual notice period of six months. Should the company terminate the service contract made with the CEO, an amount equivalent to the monetary salary of 12 months will be paid to the CEO as a severance package in accordance with the terms and conditions of his service contract. The CEO's retirement age is the statutory retirement age.

OTHER MANAGEMENT

The principal duty of the Management Team is to assist the CEO in the company's operative management. The Team's other duties include matters relating to long-term planning, the planning and monitoring of investments and the allocation of resources to key operations.

Timo Sonninen, Vice President, Sales

Timo Sonninen (b. 1966), BSc (Eng.), is responsible for the company's global customers and business development.

Timo Sonninen holds 93,000 shares in Scanfil plc and he has the following option rights: option program 2016(A) for 20,000 shares and 2016(B) for 20,000 shares.

Kristoffer Asklöv, Vice President, Strategy and Business Development as of 1.12.2018

Kristoffer Asklöv (b. 1977), M.Sc. (Mech.Eng.) is responsible for Strategic Initiatives and Development Services. Earlier he acted in GMT as Vice President responsible for the operation of the Sievi, Åtvidaberg, Vellinge, Atlanta and Hamburg plants.

Kristoffer Asklöv holds 23,000 shares in Scanfil plc and he has the following option rights: option program 2016(A) for 20,000 shares and 2016(B) for 20,000.

Tomi Takanen, Vice President, Operations until 30.11.2018

Tomi Takanen (b. 1972), B.Sc. (Production Economics), was responsible for the operation of the Pärnu and Sieradz plants.

Tomi Takanen holds 70,113 shares (30.11.2018) in Scanfil plc and he has the following option rights: option program 2016(A) for 20,000 shares and 2016(B) for 20,000 shares.

Markku Kosunen, CTO as of 1.12.2018

Markku Kosunen (b. 1967), technology undergraduate, is responsible for ICT and ERP, Quality processes and systems, production technology and investments. Earlier he acted in GMT as Vice President responsible for the operation of Myslowice plant. He holds 27,861 shares in Scanfil plc and has the following option rights: option program 2013(C) for 20,000 shares, 2016(A) for 20,000 shares and 2016(B) for 20,000 shares.

Mats Lundin, Vice President, Supply Chain until 30.11.2018

Mats Lundin (b. 1959), MSc (Eng.), was responsible for the company's Supply Chain activities.

He holds 14,554 shares in Scanfil plc. His option rights from option programs 2016(A) for 20,000 shares and 2016(B) for 20,000 shares were restored to company on 14 December 2018.

Kai Valo, CFO

Kai Valo (b. 1965), MSc (Economics), Group's Chief Financial Officer. He holds no Scanfil plc shares, but has the following option rights: 2016(A) for 20,000 shares and 2016(B) for 20,000 shares.

Riku Hynninen, COO, as of 1.2.2018

Riku Hynninen (1972) is responsible for factories financial and operational performance and development, global sourcing and supply chain and strategic HR. He holds 1,150 shares in Scanfil plc and has the following option rights: option program 2016(B) for 20,000 shares.

DESCRIPTIONS OF INTERNAL CONTROL PROCEDURES AND THE MAIN FEATURES OF RISK MANAGEMENT SYSTEMS RELATED TO THE FINANCIAL REPORTING PROCESS

Risk Management

The Board of Directors of Scanfil plc is responsible for ensuring the appropriate organization of the Group's risk management and internal control and audit.

Risk management is based on a risk management policy approved by the Board, aimed at managing risks in a comprehensive and proactive manner. The assessment of risks is part of the annual strategy and business planning process. There is no separate risk management organisation; risk management is incorporated into the business processes and the management system. Risk management aims to observe and analyse factors that might have a negative impact on the achievement of the company's goals and to take measures to mitigate or completely eliminate the risks. The operative units report on business risks in accordance with the management and reporting system.

Internal Control

Scanfil plc's internal control is a continuous process used to ensure

profitable and uninterrupted operation. The control function aims to minimize risks by ensuring the reliability of reporting and compliance with laws and regulations.

Internal control is based on the Group's shared values, ethical guidelines and industry legislation, from which the operating principles and guidelines are derived. The guidelines cover procedures for core operations. Group and unit management hold the responsibility for the company's internal control system. Internal control forms an active part of the company's management and administration. The Group's operational management holds the responsibility for developing the harmonized business processes included in the control system. The Group's financial administration co-ordinates the financial management of the Group.

The controls included in Scanfil's operating processes form the basis of the company's financial control. They enable the company to swiftly identify and react to any deviations. The management's monthly reporting is a fundamental part of financial control. It includes producing a rolling forecast, the result of business operations carried out and an analysis of the differences between the forecast and the actual result. The indicators monitored in monthly reporting have been set so as to support the achievement of shared Group-level and unit-specific targets, and to identify issues that require control measures. An auditing firm supports the performance of financial control.

The interpretation and application of accounting standards are carried out centrally by the Group's financial administration. These standards form the basis for the Group's shared recognition principles and reporting and accounting standards. In order to ensure reliable financial reporting, core functions are conducted using a globally harmonized ERP system and shared reporting tools. The use of standardized tools enables continuous control and successful change management.

Internal Audit

The company uses internal auditing that, in co-operation with other Group functions, handles internal auditing duties and makes regular reports to the CEO and the Board.

Description of the Internal Control at Scanfil plc



Scanfil plc groups structure in 2018

On December 31, 2018, the Scanfil Group comprised the parent company, Scanfil plc, and two wholly-owned sub-groups, Scanfil EMS Oy (Finland) and Scanfil Sweden AB (Sweden). The Scanfil EMS sub-group comprises the parent company, Scanfil EMS Oy, and five wholly-owned subsidiaries operating in four different countries. The Scanfil Sweden AB sub-group comprises the parent company, Scanfil Sweden AB, four wholly-owned subsidiaries operating in three different countries, as well as three inactive subsidiaries that were not engaged in any production activities at the end of 2018.

During the financial period, Scanfil Kft, Scanfil EMS Oy's subsidiary in Hungary, merged with its parent company Scanfil EMS Oy by means of a transboundary subsidiary merger. In addition, the dissolution of four discontinued companies was completed through a voluntary liquidation procedure.

OTHER INFORMATION TO BE PROVIDED IN THE STATEMENT

Company Insiders and Insider Administration

Scanfil plc will abide by the current Nasdaq Helsinki Ltd Guidelines for Insiders. In addition, the Scanfil plc Board of Directors has confirmed company insider guidelines that are based on the Nasdaq Helsinki Ltd. guidelines.

In accordance with the Market Abuse Regulation (EU/No 596/2014 (MAR)), Scanfil plc has determined the company's Board of Directors and the members of the company's Management

Team to be its managerial employees. Managerial employees of the company bound by the reporting obligation may not trade in Scanfil plc shares or other financial instruments for 30 days before financial statements are released (= the MAR closed period).

Persons and parties with access to insider information will be specified in the insider list for each project. Any party on the insider list may not trade while they are still listed.

The Scanfil plc insider administration will ensure that the insider guidelines are followed and organize training in insider matters. The insider administration will maintain a list of managerial company employees who have a reporting obligation and their related parties, as well as the insider lists.

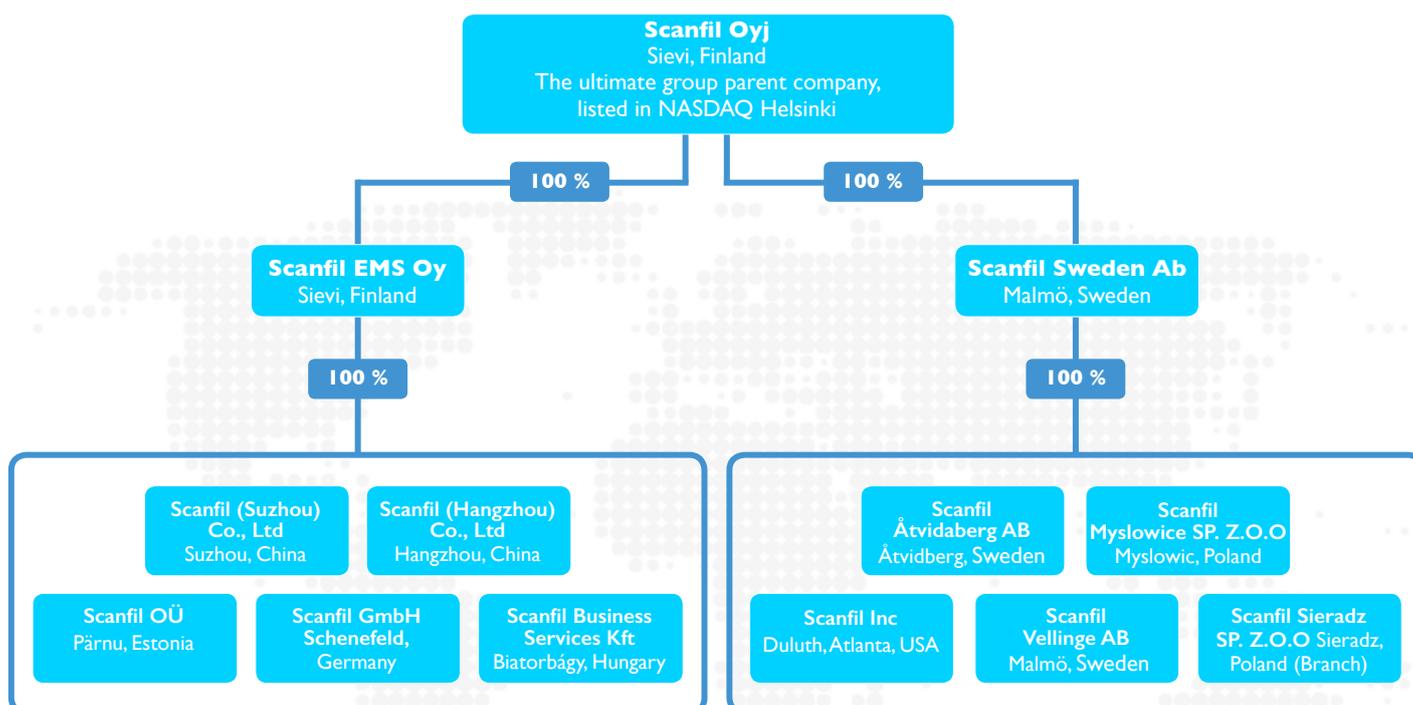
Transactions with related parties

Company has stated that related party transactions that are material to the company or deviate from the company's normal business or are not made on market equivalent terms have not been done.

Auditors

The Annual General Meeting held on April 25, 2018 selected the Chartered Accountants KPMG Oy Ab to be the company's auditor, and they named Authorized Public Accountant Kirsi Jantunen as the main auditor. The audit fees for the Finnish companies of the Group for the 2018 accounting year were EUR 60,000 in total, and the parent company's share was EUR 35,000. The audit fees for the foreign companies of the Group were EUR 248,041 in total. For services unrelated to auditing, the auditing company was paid EUR 101,684.

Scanfil plc groups structure in 2018



In addition to companies listed above Scanfil Sweden owns 100 % of the following companies which did not have operational activities in the end of 2018: Scanfil Limited (UK), PartnerTech China Ltd. (HongKong) and PartnerTech AS (Norway).