

Scanfil Oyj

Corporate Governance Statement

31.12.2023

CORPORATE GOVERNANCE STATEMENT 2023

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 complies with the Finnish Corporate Governance Code (2020) published by the Securities Market Association and entered into force on January 1, 2020.

The Board of Directors has evaluated the independence of its members according to which the majority of members (Thomas Dekorsy, Bengt Engström, Christina Lindstedt, Juha Räisänen and Minna Yrjönmäki) are independent of the company and independent of the significant shareholders of the company. All three members of the Audit committee are independent of the company and its significant shareholders. One of the two members of the Nomination and Remuneration Committee is independent of significant shareholders and the Company (Engström). When the Company deviates from the Corporate Governance Code with regard to the Nomination and Remuneration Committee (a) the recommendation regarding the minimum number of Committee members (3 members) (Recommendation 15) and (b) the recommendation regarding the minimum number of members independent of the Company (Recommendation 17-18): The Company's Board of Directors has estimated that two members are sufficient to handle the tasks assigned to the Nomination and Remuneration Committee. If necessary, other members of the Company's Board of Directors can be involved in the Committee's work. The Company's Board of Directors has proposed to the 2024 Annual General Meeting (AGM) to decide on establishing a Shareholders' Nomination Board. If AGM decides, it will replace the Nomination and Remuneration Committee. 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 scanfil.com under Investors. The Finnish Corporate Governance Code is available to the public at 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 27, 2023:

Harri Takanen

Harri Takanen (born 1968, a Finnish citizen), Member of the Board since April 18, 2013, Professional Board Member, and Managing Director of Jussi Capital Oy and Jussi Invest Oy. Harri Takanen has worked at Sievi Capital plc as CEO 2007-2011 and as the CEO of Scanfil plc and Scanfil EMS Ltd. 2012-2013. He has served Scanfil Group since 1994, e.g. as Director of operations in China, Scanfil (Hangzhou) Co., Ltd's Managing Director, Technology Director, Director of Customer Relations, Customer Service Manager and Plant Manager of Sievi mechanics. Harri Takanen holds a Master's degree in Engineering. Not independent of the company and major shareholders.



— Held 9,913,146 shares in Scanfil plc on December 31, 2023

— Chair of the Board of Directors: WellO2 Oy
— Member of the Board of Directors: Jussi Capital Oy

Bengt Engström

Bengt Engström (born 1953, a Swedish citizen), Member of the Board since August 20, 2015. Bengt Engström has held a number of executive positions at several companies, both in Sweden and globally, for example at Whirlpool, Bofors AB, Duni AB and Fujitsu. Bengt Engström holds a Mechanical Engineer's degree. Independent of the company and major shareholders.



— Held 12,929 shares in Scanfil plc on December 31, 2023

— Chair of the Board of Directors: Nordic Flanges, QleanAir AB, Qlosr AB, BEngström AB and BEngström Förvaltning AB

— Member of the Board of Directors: KTH Executive School, Real Fastigheter AB, Polygiene AB and Scandinavian Chemotech AB

Christina Lindstedt

Christina Lindstedt (born 1968, a Swedish citizen), Member of the Board since April 12, 2016. Partner at STOAF since 2014. She was the Senior Advisor, CEO and COO at QleanAir Scandinavia 2020-2023. Christina Lindstedt has held a number of executive positions at AB Electrolux, Sony Ericsson and Sony, both in Sweden and globally. Primarily she has served as a Business/Product area head for businesses such as e.g. smartphones, washing machines, automatic lawn mowing and New Business Areas. In addition, she has been responsible for establishing global sourcing operations in China. Christina has also held a number of board positions in listed and non-listed companies. Christina Lindstedt holds a Master's Degree of Business Administration and Commercial law. Independent of the company and major shareholders.



— Held 7,312 shares in Scanfil plc on December 31, 2023

— Member of the Board of Directors: Xplorebiz AB

Juha Räisänen

Juha Räisänen (born 1958, a Finnish citizen), Member of the Board since 23 April 2020. Managing Partner at Valuenode GmbH. Juha Räisänen has held a number of executive positions globally at ICL-Fujitsu, Nokia, SanDisk, KONE and Aliaxis. He has been responsible for sales, manufacturing, supply chain, sourcing & procurement, quality and safety. Juha Räisänen holds a Master's Degree of Industrial Engineering & Management. Independent of the company and major shareholders.



— Did not hold any shares in Scanfil plc on December 31, 2023

— Member of the Board of Directors: Bluefors Oy and Valuenode GmbH

Dr. Thomas Dekorsy

Dr. Thomas Dekorsy (born 1963, a German citizen) has been elected as a board member in the Annual General Meeting on 27 April 2023. He is the CEO of saniXTREME GmbH as of June 2023. He was the Global Head Business Unit Automotive (ad. interim) of Amann & Sähne GmbH & Co. KG. He has served in various leadership roles e.g as the Managing Director of Prettl Management Services GmbH 2021–2022, the Chief Operating Officer of Lakesight Technologies Holding GmbH 2019–2021, the Chief Sales Officer of Escatec Sdn. Bhd. 2018–2019 and many others since 1989. He holds a Ph.D. in Engineering. Independent of the company and its major shareholders.



Did not hold any shares in Scanfil plc on December 31, 2023

Minna Yrjönmäki

Minna Yrjönmäki (born 1967, a Finnish citizen) has been elected as a board member in the Annual General Meeting on 27 April 2023. She is the Chief Financial Officer of Wihuri Group as of October 2023. She was the CFO (ad int.) of Raute Corporation May 2022–April 2023. She has served as the CFO of Uponor Corporation 2019–2021, SVP Group Financial Controlling 2016–2019 and SVP Financial Services and Reporting 2014–2016 at Outokumpu Oyj. Prior to that, she worked at Ahlstrom Oyj 2004–2014 e.g. as Group and Business Area Controller and as Group Controller and other financial roles at Huhtamäki Oyj 1991–2004. She holds a Master of Science (Econ.). Independent of the company and its major shareholders.



Did not hold any shares in Scanfil plc on December 31, 2023

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

Board had 17 meetings in 2023 of which four (4) were written resolutions without convening a meeting. The members' average attendance rate for meetings was 100%.

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 and Remuneration Committee (or Shareholders' Nomination Board) 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 on the Board of Directors.

The Annual General Meeting held on April 27, 2023, elected six (6) members to the Board, four of whom are men and two women. Board members have either technical or business degree. In addition, the above-mentioned factors and characteristics relevant to the diversity of the Board were represented in the composition of the Board in 2023.

Board Committees

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

The task of the Nomination and Remuneration 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 two members: Harri Takanen (chair) and Bengt Engström. The committee convened four (4) times in 2023. The attendance rate of its members was 100%. The Board of Directors has proposed to the Annual Meeting 2024 to establish a permanent Shareholders' Nomination Board which would replace the Nomination and Remuneration Committee.

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: Juha Räisänen (chair), Christina Lindstedt and Minna Yrjönmäki. The committee convened eight (8) times in 2023. 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 was the CEO of the company since April 1, 2013 until August 31, 2023. Christophe Sut was nominated as the CEO as of September 1, 2023.

Christophe Sut, CEO (as of Septemeber 1, 2023)

Christophe Sut (1973), a French and Swedish citizen. He was previously the President of the Manufacturing Solution at Sandvik AB 2021–2023, Executive Vice President of Global Solutions 2016–2021 and Vice President of Business development 2014–2016 at ASSA ABLOY AB, and the Development Director, EMEA at CLIQ 2012–2014, Global Strategic Marketing Manager at Niscayah Group 2010–2012, and various marketing and development roles at ASSA ABLOY AB in Sweden and France 2001–2010. Various marketing roles at ITW Group and SAM Outillage 1997–2001. He holds a Master's degree in Marketing and Sales, and a Bachelor's degree in Languages and Mathematics.



December 31, 2023, Christophe Sut held 5,000 shares in Scanfil plc and he has option rights 2022(BI) for 120,000 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, the amount is subject to the duration of the service term and at the maximum equivalent to the monetary salary of 12 months can be paid to the CEO as a severance package under 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.

Riku Hynninen, Chief Development Officer

Riku Hynninen (1972) is responsible for operational performance development, combining the power of manufacturing and information technologies, people and culture, sustainability, and quality & lean management. During the years 2018 – 2021, he was leading the Scanfil operations as COO. Riku Hynninen has previously worked at Nokia Corporation, where he was responsible for manufacturing technology, new product introduction and lifecycle management for Mobile Networks product portfolio. He holds a Master's degree in Engineering.



He held (31 Dec 2023) 56,150 shares in Scanfil plc.

Markku Kosunen, Chief Procurement Officer

Markku Kosunen (1967) is responsible for Global Sourcing and Supply Chain, including inventory management. Before joining Scanfil Group he worked at Mecanova Oy as Vice President of Business Development 2005–2007, Director of Operations during 2008–2010 and in different management positions at mechanics plants of Flextronics and Ojala-yhtymä in Finland during 1993–2005. He is an undergraduate of technology.



He held (31 Dec. 2023) 37,763 shares in Scanfil plc.

Timo Sonninen, Chief Operating Officer

Timo Sonninen (1966) is responsible for the factories' operational and financial performance. He has previously worked for Efore Oyj as Vice President, Operations, in Suzhou, China 2006–2013. Prior to that he has worked at Incap Oyj among others as Vice President, Manufacturing Services and the Plant Director of Vuokatti factory. He holds a Bachelor's degree of Science.



He held (31 Dec. 2023) 143,500 shares in Scanfil plc.

Kai Valo, Chief Financial Officer

Kai Valo (1965) is responsible for finance, accounting and risk management. Group's Chief Financial Officer. During 2015–2016 Kai was the CFO at Norpe Group. Prior to that he was at Lite-On Mobile Group Director of Finance and Control in Beijing, China 2009–2015. Before that (during 1999–2008) he had several finance related management positions in Perlos. He holds Master's degree in Economics.



He held (31 Dec. 2023) 20,000 shares in Scanfil plc.

Christina Wiklund, Chief Commercial Officer

Christina Wiklund (1971) is responsible for sales and marketing activities and customer relations as of January 17, 2022. Christina Wiklund comes from GE Additive, where she held the Vice President/Head of Sales EMEA position. Prior to that she has worked at Flex as Vice President of sales and account management. Before that she worked at Solectron and Ericsson in business development and account management roles. She holds a Bachelor's degree of Social Science and has attended Stanford Graduate School of Business Executive Program.



She held (31 Dec. 2023) 2,000 shares in Scanfil plc.

Petteri Jokitalo, CEO (Apr 1, 2013 - August 31, 2023)

Before starting as the CEO of Scanfil, Petteri Jokitalo worked at Scanfil EMS Oy as Director of Sales and Marketing 2012–2013, at Meka Pro Oy as Managing Director during 2007–2011, at Scanfil Oyj in management tasks of sales and business development during 2003–2007 and in international tasks at Nokia Networks during 1998–2003. Petteri Jokitalo holds a Master's degree in Engineering.

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 and it is coordinated by the Group's CFO.

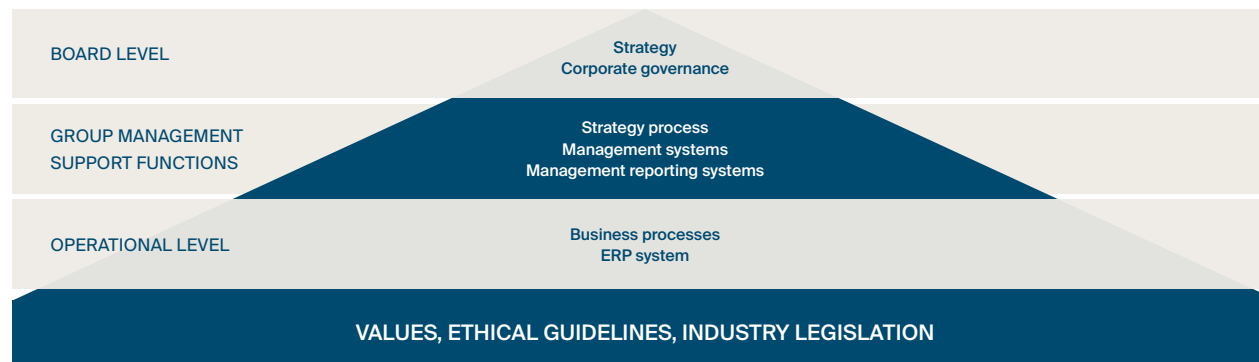
Risk management aims to observe and analyse factors that might have a negative impact on the achievement of the company's goals and to take measures to mitigate or completely eliminate the risks. The operative units report on business risks in accordance with the management and reporting system.

Internal Control

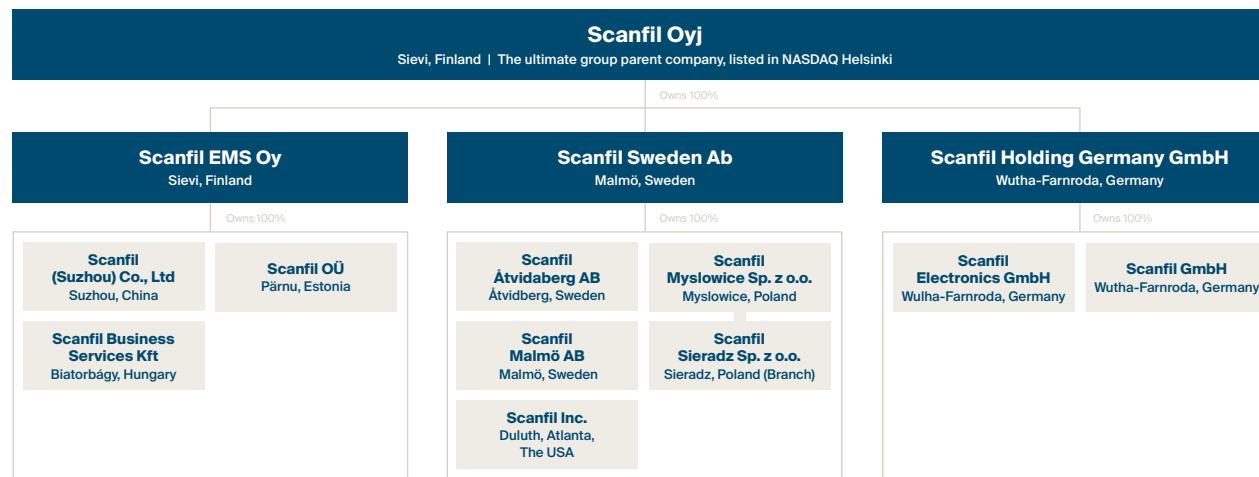
Scanfil plc's internal control is a continuous process used to ensure profitable and uninterrupted operation. The control function aims to minimize risks by ensuring the reliability of reporting and compliance with laws and regulations.

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 coordinates the financial management of the Group.

DESCRIPTION OF THE INTERNAL CONTROL AT SCANFIL PLC



SCANFIL PLC GROUPS STRUCTURE IN 2023



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.

Changes in Group's structure in 2023

Scanfil plc did not have any changes in the group structure in 2023.

OTHER INFORMATION TO BE PROVIDED IN THE STATEMENT

Company insiders and insider administration

In its operations, the company complies with regulation EU No. 596/2014 on market abuse (MAR) and the Finnish Securities Markets Act, as well as related regulations and guidelines issued by the European Securities and Markets Authority (ESMA), the Finnish Financial Supervisory Authority and Nasdaq Helsinki.

The company's Board of Directors has confirmed the company's insider guidelines based on Nasdaq Helsinki's guidelines for insiders. The insider guidelines define certain practices and decision-making procedures to ensure that the company's insider administration is organized consistently and reliably.

The company divides insiders into two categories: a) managers with a reporting obligation; and b) project-specific insiders. Managers with a reporting obligation include members of the Board of Directors, the CEO and members of the group's Management Team. Managers with a reporting obligation cannot trade in the company's financial instruments during a period before the publication of the company's interim reports and financial statements releases, starting 30 days before the publication of the interim reports and financial statements releases ("closed window"). Project-specific insiders cannot trade in the company's financial instruments before the project in question has ended.

In addition, the company has decided that persons who are party to the preparation and drawing up of the company's interim reports and financial statements releases cannot trade in the company's financial instruments during a period before the publication of the company's interim reports and financial statements releases, starting 30 days before the publication of the interim reports and financial statements releases ("expanded closed window"). The expanded closed window also applies to persons who, as a result of their work-related tasks, have access to the group's sales figures or to sales figures of a business unit that is significant for the total results of Scanfil Group as a whole.

As a result of the entry into force of MAR, the company no longer has any public insiders. From July 3, 2016, the company will publish, in a stock exchange release, all transactions with company shares carried out by managers ("PDMR", person discharging managerial responsibilities) with a reporting obligation and their related parties in the company's financial instruments in accordance with MAR.

Related party transactions

Principles of monitoring and assessing Scanfil plc's related party transactions

The principles of Scanfil plc's related party transactions define the principles and processes by which the company identifies its related parties and monitors related party transactions, assesses the nature and terms of business transactions, and ensures that any conflicts of interest are addressed appropriately in the company's decision-making processes. The Board of Directors monitors and assesses related party transactions continuously and regularly.

The company's related parties

The company's related parties cover individuals and entities close to the Group's companies as defined in the International Financial Reporting Standards (IFRS), approved in accordance with the IAS Regulation referred to in Chapter 1, Section 4 d of the Finnish Accounting Act.

The company's related parties include its subsidiaries and the company's key management employees, consisting of the Board of Directors, the CEO and the Group's Management Team, as well as their family members. Related parties also include companies in which the aforementioned individuals hold control.

List of related parties

The company maintains a list of individuals and entities regarded as its related parties to identify related party transactions. The company ensures that the company's management is provided with sufficient related party guidelines.

The company's internal related parties are identified by maintaining and updating the list of related parties. Each individual and entity identified as a related party is entered in the list of related parties, including details of their connection to the company as a related party, such as shareholdings in other entities. Each related party is required to report or otherwise bring, on their own initiative, potential conflicts of interests to the attention of the executive management.

Identifying related party transactions

Related party transactions are identified, and a register of agreed activities is maintained. The following procedures apply to the identification of related party transactions:

- The company maintains a list of entities regarded as related parties.
- The person who approves related party transactions on the company's behalf verifies that assessments and decision-making processes regarding related party transactions are in compliance with defined criteria.
- If it becomes apparent in connection with the preparation of a related party transaction that the related party transaction is not related to the company's ordinary course of business or it is not carried out on arm's-length terms, the preparation of the transaction is handled by the Group Administration.
- In addition to the identification procedures followed by the company, individuals and entities regarded as related parties must ensure that related party transactions are entered in the register of related party transactions and carried out following the appropriate decision-making process.

Monitoring related party transactions

The company monitors and assesses how agreements and other legal transactions between the company and its related parties comply with the requirements set for the ordinary activities and for arms-length terms. Information on related party transactions will be requested regularly from related parties, at least in conjunction with regular reporting.

Assessing related party transactions and decision making

The company's main criterion for related party transactions is that it is sufficiently ensured that related party transactions comply with market terms and are favorable for the company's business operations.

When preparing decisions on related party transactions, it must be considered that (a) decisions are based on particularly careful preparations and appropriate clarifications and assessments; (b) preparations, decision-making and the assessment and approval of individual transactions are arranged considering provisions of conflicts of interests regulations and the appropriate decision-making body; and/or (c) the identification, reporting and control related to transactions have been arranged appropriately, for example, so that the company's related party transactions are monitored in accordance with the reporting practices followed by the company.

Related party transactions are assessed according to the categories to which each transaction belongs. These include:

(1) ORDINARY RELATED PARTY TRANSACTIONS

As a rule, ordinary related party transactions must be part of the company's regular business operations, and they must be carried out following arms-length terms. Related party transactions are entered in the register of related party transactions so that the company can report its related party transactions as required in IFRS.

The ordinality and arm's-length terms of the transaction shall be assessed and documented for such ordinary related party transactions that are not performed on standard terms or at a standard pricing, or for transactions with value exceeding EUR 5,000. Ordinary commercial terms may vary in different situations.

The ordinary nature of related party transactions in relation to Scanfil Group's business operations are assessed on the basis of the company's purpose, and the industry and other provisions listed in the company's Articles of Association, and the company's actual operations.

Related party transactions that are associated with the company's standard agreements or agreements provided generally for customers within the framework of standard pricing, and related party transactions that have a value of less than EUR 5,000 can be approved following the one-over-one principle. Other ordinary related party transactions must be approved by the CEO unless they are significant related party transactions, or unusual or far-reaching considering the scope and quality of the activities. However, any events involving the CEO's related parties must always be approved by the chairman of the company's Board of Directors.

(2) SIGNIFICANT RELATED PARTY TRANSACTIONS

Related party transactions that are not part of the company's ordinary business operations or that are not carried out in accordance with arms-length terms are regarded as significant related party transactions.

The company's Board of Directors decides on significant related party transactions, including agreements or other legal transactions that the company is engaged in with related parties, are not part of the company's ordinary business operations, and do not follow arms-length terms.

Members of the Board of Directors or the company's shareholders cannot participate in the approval of a decision or voting regarding a decision if they or their related parties are party to significant related party transactions.

Reporting related party transactions

When preparing and carrying out related party transactions, the company complies with specific reporting and disclosure obligations regarding related party transactions.

Auditors

The Annual General Meeting held on April 27, 2023 selected the auditing firm KPMG Oy Ab to be the company's auditor, and they named Authorized Public Accountant Janna Kivimäki as the main auditor. The audit fees for the Finnish companies of the Group for the 2023 accounting year were EUR 102,863 in total, and the parent company's share was EUR 66,465. The audit fees for the foreign companies of the Group were EUR 282,734 in total. For other services, the auditing company was paid EUR 36,555.