

Corporate Governance Statement

1. Introduction

Kempower Corporation (the “**Company**” or “**Kempower**”) is a Finnish public limited liability Company. The duties and responsibilities of Kempower’s governing bodies are determined in accordance with Finnish law. The Company is domiciled in Lahti. This Corporate Governance Statement has been prepared on the basis of the Finnish Corporate Governance Code 2020 and applicable legislation and regulations.

In accordance with the decision of the Board of Directors, the Company has complied with all recommendations of the Finnish Corporate Governance Code 2020 (the “Corporate Governance Code”). The Corporate Governance Code is available on the Securities Market Association’s website at www.cgfinland.fi.

This report describes the key principles of Kempower Corporation’s Corporate Governance. The Corporate Governance Statement is issued separately from the Board of Directors’ report for the financial period 1 January to 31 December 2022. The Corporate Governance Statement and the report of the Board of Directors are available on Kempower’s website at www.kempower.com.

This report has been reviewed by the Board’s Audit Committee and approved by the Board.

2. Kempower’s administrative and governing bodies

Kempower’s administrative and governing bodies are the Annual General Meeting, the Board of Directors and the CEO. Kempower’s highest

decision-making power is exercised by the shareholders at the Annual General Meeting. The Board of Directors and the CEO are responsible for management. The Board’s work is supported by its two committees, the Audit Committee and the Remuneration and Nomination Committee. The Management Team assists the CEO in managing the company and the Group. Further information on the administration is available on Kempower Corporation’s website www.kempower.com.

3. Annual General Meeting

The Annual General Meeting is Kempower Corporation’s highest decision-making body. The Annual General Meeting is to be held annually by the end of June and it deals with matters falling within its competence under the Articles

of Association, as well as proposals made to it. If necessary, an Extraordinary General Meeting is convened.

The Board of Directors is also obliged to convene a General Meeting if the auditor or shareholders holding a total of at least 10% of the Company’s shares so request in writing, to deal with a particular matter.

The decision-making power of Kempower’s Annual General Meeting includes inter alia:

- approving the financial statements and deciding on the distribution of profits;
- the number, election and remuneration of Board members;
- discharging the members of the Board of Directors and the CEO from liability;

- amending the Articles of Association;
- share issues or authorizing the Board of Directors to decide on share issues; and
- the increase or decrease of share capital.

The notice to the Annual General Meeting shall be delivered to shareholders by publishing the notice on the Company's website or in one or more widely circulated daily newspapers designated by the Board no earlier than three months and no later than three weeks before the reconciliation date, however always at least nine (9) days before the record date.

The notice to the meeting and the Board's proposals to the Annual General Meeting are also published in a stock exchange release. Correspondingly, the proposal of the shareholders holding at least 10 percent of the voting rights of the Company's shares is announced in a stock exchange including the composition and remuneration of the Board of Directors and the election of the auditor.

The agenda of the Annual General Meeting, proposed resolutions and meeting documents in accordance with the Companies Act, including the remuneration report and the remuneration policy, if scheduled to be discussed at the meeting, will be posted on the Company's website at least three weeks before the Annual General Meeting.

If a shareholder wishes to participate in the Annual General Meeting, he or she must register in advance in the manner specified in the notice convening the meeting and no later than on the date specified in the notice, which may not be earlier than ten (10) days before the date.

Annual General Meeting 2022

The Annual General Meeting 2022 was held on April 13, 2022.

4. Board of Directors

The Board of Directors is responsible for the administration of Kempower Corporation and the proper organization of its operations. The Board of Directors has the general authority to decide on all matters related to the Company's administration and other matters which, according to law or the Articles of Association, do not belong to the Annual General Meeting or the CEO.

The Board is elected by the Annual General Meeting. The Remuneration and Nomination Committee prepares the appointments of the members of the Board of Directors for the Annual General Meeting. According to the Articles of Association, the Company's Board of Directors may consist of a minimum of four (4) and a maximum of eight (8) ordinary members.

The term of office of a member of the Board of Directors begins at the end of the Annual General Meeting at which he or she is elected, and ends at the end of the Annual General Meeting following his or her election. The Annual General Meeting elects the Chairman and Vice Chairman of the Board, whose term of office is the same as that of a members of the Board.

Key responsibilities of the Board of Directors

The Board of Directors is responsible for the Company's administration and the proper organization of operations, and for ensuring that the Company's accounting and financial management are properly supervised.

The Board of Directors deals with matters that are far-reaching and fundamentally important for the operations of the Company and its subsidiaries. The Board of Directors must manage the Company in a professional manner and in accordance with sound and prudent business principles. The Board's task is to promote the interests of the Company and its all shareholders.

Kempower Corporation's Board of Directors has approved written rules of procedure for the Board's duties, matters to be discussed, meeting procedures and decision-making procedures.

According to the Board of Director's Charter, the Board duties include, inter alia:

- ensuring that the Company's accounting and financial management are properly supervised
- appointing and dismissing the CEO and decide on the terms of his/her service contract and the amount of his/her annual remuneration
- approving and confirming the Company's strategic objectives and risk management principles;
- ensuring the functioning and control of the management system;
- ensuring that the Company has the values to be observed in the Company's operations;
- promoting the interests of the Company and all its shareholders;
- taking care of the development of shareholder value;
- adopting an annual plan/rules of procedure;
- preparing proposals for the Annual General Meeting and convening the Annual General Meetings;
- preparing and approving management reports, financial statements and interim reports;
- making a proposal to the Annual General Meeting on dividend distribution, amount of dividend and the time of payment;
- confirming the Company's objectives and strategy and approving the business plan presented by the CEO;
- adopting annual budgets and action plans;

- monitoring and guiding the implementation of the Company's business strategy;
- approving a business and performance plan based on the business plan;
- monitoring the Company's earnings development and the achievement of set objectives;
- directing and supervising the CEO;
- confirming the composition of the management team on the proposal of the CEO;
- monitoring, directing and controlling the operational management of the business;
- authorizing the persons designated by it, if necessary, to write the name of the Company, either alone or together, or per procuram, as the case may be;
- monitoring funding options and the implementation of funding decisions;
- separately approving drawdowns of loans within the agreed financing terms;
- adopting key policies, such as remuneration and financial policies;
- making major business decisions, such as acquisitions, significant contracts, investments and financing arrangements;
- deciding on the company structure;
- approving the organizational structure and deciding on its application;
- approving the annual internal audit program and reviewing the internal audit reports;
- cooperating with the external auditor as necessary and monitoring the implementation of the audit program

- considering the reports submitted by the auditor to the Board;
- dealing with other matters raised by the Chairman of the Board, a member of the Board and the CEO; and
- deciding on other matters pertaining to the Board in accordance with the law.

The Board complies with Nasdaq Helsinki Oy's insider guidelines and is committed to complying with them and the Company's own insider guidelines. In addition, each member of the Board has a duty of confidentiality with respect to all information he or she receives about the Company or any other matter in his or her capacity as a member of the Board.

Once a year, the Board evaluates its own operations and working methods as a self-assessment. A self-assessment was also carried out in 2022.

The Board shall meet as often as necessary to carry out its duties. A quorum is reached when more than half of the Board's members are present. The decision of the Board of Directors shall be the opinion supported by more than half of those present, or, in case of an equal number of votes, the Chairman has the casting vote. The CEO and CFO regularly attend the Board's meetings. The CEO presents a CEO's review at all Board meetings. Other persons whose presence is necessary due to

the matter under discussion shall also attend the Board meeting. The Company's General Counsel shall act as the Secretary of the Board of Directors.

Board of Directors year 2022

Prior to the Annual General Meeting held on April 13, 2022, the Board had the following seven members: Chairman of the Board Antti Kemppe, Vice Chairman of the Board Teresa Kemppe-Vasama, Juha-Pekka Helminen, Tero Era, Kimmo Kemppe, Vesa Laisi and Eriikka Söderström. The members were re-elected in the Annual General Meeting 2022. According to Article 6 of the Articles of Association of the company, Antti Kemppe was elected as the Chairman of the Board of Directors, and Vesa Laisi as the Vice Chairman of the board.

Board of Directors as per 31 December 2022

The company's Board of Directors comprised seven members as of December 31, 2022:



Antti Kemppi

Chairman of the Board

Master of Science (Economics and Business Administration)

b. 1978

Finnish citizen

Chairman of the Board since 2018

Independent of the Company, not independent of the Company's major shareholder.

Holding on December 31, 2022: 17,501 shares.

Indirect ownership on December 31, 2022: Minority owner of Kempinvest Oy. Kempinvest Oy owns 348,432 shares. Voting majority in Facultas Oy. Facultas Oy owns 17,501 shares. Voting majority in Potestas Oy. Potestas Oy owns 17,501 shares.



Teresa Kemppi-Vasama

Member of the Board

Master of Social Sciences and MBA

b. 1970

Finnish citizen

Member of the Board since 2018

Independent of the Company, not independent of the Company's major shareholder.

Holding on December 31, 2022: 17,501 shares.

Indirect ownership on December 31, 2022: Majority owner of Bellator Oy and Montia Oy. Bellator Oy owns 24,390 shares and Montia Oy 24,390 shares. Auro Invest Oy was split to Bellator Oy and Montia Oy on December 31, 2022.



Tero Era

Member of the Board

Master of Science (Economics and Business Administration), MBA

b. 1977

Finnish citizen

Member of the Board since 2020

Independent of the Company and the Company's major shareholder.

Holding on December 31, 2022: 8,710 shares



Juha-Pekka Helminen

Member of the Board

Master of Science in Technology, EMBA.

b. 1971

Finnish citizen

Member of the Board since 2020

Independent of the Company and the Company's major shareholder.

Holding on December 31, 2022: 17,501 shares

More detailed information on the members of the Board of Directors is available on the company's website: <https://investors.kempower.com/governance/>.



Kimmo Kemppe

Member of the Board

Bachelor of Business Administration, BBA.

b. 1972

Finnish citizen

Member of the Board since 2021

Independent of the Company, not independent of the Company's major shareholder.

Holding on December 31, 2022: 56,620 shares

Indirect ownership on December 31, 2022: Owns Kimmo Oy. Kimmo Oy owns 25,261 shares. Owns Kemppitalli Oy through Kimmo Oy. Kemppitalli Oy owns 25,261 shares.



Vesa Laisi

Member of the Board

Master of Science in Technology and Master of Science (Economics and Business Administration)

b. 1957

Finnish citizen

Member of the Board since 2021.

Independent of the Company and the Company's major shareholder.

Holding on December 31, 2022: 31,097 shares.



Eriikka Söderström

Member of the Board

Master of Science (Economics and Business Administration)

b. 1968

Finnish citizen

Member of the Board since 2021.

Independent of the Company and the Company's major shareholder.

Holding on December 31, 2022: 29,181 shares.

In 2022, the Board held a total of 20 meetings.

The average attendance rate at Board meetings was 99.3 percent.

In 2022, the members of the Board were present at the meetings as follows:

Board Member	Presence	Attendance rate
Antti Kemppi	20/20	100%
Tero Era	20/20	100%
Juha-Pekka Helminen	20/20	100%
Kimmo Kemppi	19/20	95%
Teresa Kemppi-Vasama	20/20	100%
Vesa Laisi	20/20	100%
Eriikka Söderström	20/20	100%

Independence of the members of the Board

According to the Corporate Governance Code, the majority of the members of the Board of Directors must be independent of the Company. At least two members of the Board of Directors who are independent of the Company must also be independent of the Company's significant shareholders.

The Board annually assesses the independence of its members in relation to the Company and its significant shareholders.

Based on the independence assessment in accordance with the Corporate Governance Code in 2022, the members of the Board of Directors Antti Kemppi, Teresa Kemppi-Vasama, Juha-Pekka Helminen, Kimmo Kemppi, Eriikka Söderström, Vesa laisi and Tero Era were considered independent of the Company.

Based on the independence assessment, the members of the Board of Directors have also been considered independent of significant shareholders, except for Antti Kemppi, Teresa Kemppi-Vasama and Kimmo Kemppi.

Diversity of the Board of Directors

The composition of the Board of Directors takes into account the requirements set by the Company's operations and the Company's development phase. The person elected to the Board of Directors must have the qualifications required for the position and be able to devote sufficient time to the position. The number of members of the Board of Directors and the composition of the Board of Directors must enable the Board to perform its duties effectively.

Kempower takes into account diversity in the selection of Board members in relation to the members' gender, age, educational background and nationality, so that the Board has a broad and diverse representation of the education and skills that support Kempower's operations. There must be persons of both genders in the Board.

5. Committees

The Board confirms the key tasks and operating principles of the committees in the rules of procedure. The Board elects the members and the chairman of the committee. The committee must have at least three members with the expertise required for the duties. The task of the committee is to assist the Board in preparing matters pertaining to the Board. The committees do not have independent decision-making power and report on their work to the Board.

Audit Committee

The scope of the Company's business also requires the preparation of matters concerning financial reporting and control in a smaller Audit Committee than the entire Board. The members of the Audit Committee shall have sufficient expertise and experience, taking into account the Committee's remit and the statutory audit responsibilities.

The Audit Committee assists the Board in preparing matters concerning financial reporting and control. The duties of the Audit Committee include the following:

- monitoring and evaluating the financial reporting system;
- monitoring and evaluating the effectiveness of internal control and audit and risk management systems;
- monitoring and evaluating the extent to which agreements and other legal transactions entered into between the Company and its related parties meet the requirements for normal operations and market conditions;
- monitoring and evaluating the independence of auditors, and in particular the provision of non-audit services;
- monitoring the Company's audit;
- preparing the election of the Company's auditor;
- approving the annual internal audit plan; and
- reviewing internal audit reports and monitoring the handling of key audit findings.

The Audit Committee may also oversee the financial reporting and risk management process, assess compliance with laws and regulations, monitor and evaluate the definition of related party policies, monitor financial and tax risks, monitor IT security-related processes and risks and to identify and monitor specific issues identified by the Board and appropriate to the activities of the Audit Committee.

In 2022, the Audit Committee consisted of Chairman Eriikka Söderström, Antti Kemppei, Teresa Kemppei-Vasama and Juha-Pekka Helminen. All members are independent of the Company. All members are independent of significant shareholders except for Antti Kemppei and Teresa Kemppei-Vasama.

In 2022, the Audit Committee convened 6 times. The attendance percentage was 100%.

Remuneration and Nomination Committee

The task of the Remuneration and Nomination Committee is to prepare the appointments and remuneration of the members of the Board of Directors and to prepare the appointments and remuneration of both the CEO and the members of the Management Team. The task of the committee is to promote and develop the transparency and systematic nature of the selection processes and the remuneration system, and to comply with the principles of good corporate governance. The committee prepares the remuneration policy and the remuneration report and presents it at the Annual General Meeting and promotes the development of know-how and ability, as well as succession planning.

The duties of the Committee include the following:

- preparation for the Annual General Meeting related to the composition of the Board of Directors, the number of members and persons;
- preparing proposals for the remuneration of the members of the Board of Directors for the Annual General Meeting;
- preparation of government diversity principles;
- succession planning for Board members
- preparing the preparation of matters related to the hiring, remuneration and other financial benefits of the CEO and the members of the Management Team;
- evaluating the remuneration of the company's CEO and other management;
- matters related to the management succession plan and its development; and
- answering questions related to the remuneration report at the Annual General Meeting.

In 2022, the Remuneration and Nomination Committee consisted of Chairman Vesa Laisi, Tero Era, Antti Kemppei, Kimmo Kemppei and Teresa Kemppei-Vasama.

In 2022 the Remuneration and Nomination Committee convened 6 times. The attendance percentage was 100%.

6. CEO and the Management Team

The CEO is responsible for managing Kempower's operations in accordance with the instructions and regulations issued by the Company's Board of Directors and for keeping the Board informed of the development of Kempower's business and financial situation. The CEO is responsible for the day-to-day administration and day-to-day management of the Company in accordance with the Limited Liability Companies Act and the instructions and regulations issued by the Board of Directors. The Board of Directors appoints and dismisses the CEO, decides on the financial benefits and other terms of the contractual relationship within the framework of the valid remuneration policy presented to the Annual General Meeting, and supervises the CEO's operations. The CEO is also the President of the Kempower Group.

The terms and conditions of the CEO's contract are based on a written agreement approved by the Board. The CEO cannot serve as the Chairman of the Board of Directors of the Company. The CEO will be elected until further notice.

Tomi Ristimäki has been the CEO of Kempower Corporation since February 2019.

Company's Management Team is chaired by the CEO, and it assists the CEO in the operative management and development of Kempower. The CEO proposes the appointment of the Management Team members, and the Board of Directors approves the appointment, as well as approves the remuneration for the members of the Management Team.

Kempower Corporation's extended management team operated in the following composition at the end of 2022:

CEO and the Management Team as per 31 December 2022



Tomi Ristimäki

CEO

Member of the Management Team since 2019

b. 1975, Master of Science in Electrical Engineering

Finnish citizen

Holding on December 31, 2022: 24,479 shares



Sanna Otava

Chief Operating Officer

Member of the Management Team since 2019

b.1975, Master of Science in Energy Engineering

Finnish citizen

Holding on December 31, 2022: 9,234 shares



Jukka Kainulainen

Chief Financial Officer

Member of the Management Team since 2021

b. 1982, Master of Science (Economics and Business Administration)

Finnish citizen

Holding on December 31, 2022: 18,916 shares



Jussi Vanhanen

Marketing Director

Member of the Management Team since 2021

b. 1972, Master of Science in Electrical Engineering

Finnish citizen

Holding on December 31, 2022: 2,000 shares



Mikko Veikkolainen

Chief Technology Officer

Member of the Management Team since 2019

b. 1970, Master of Science in Mechanical Engineering; Welding engineer

Finnish citizen

Holding on December 31, 2022: 18,594 shares



Tommi Liuska

Chief Sales Officer

Member of the Management Team since 2019

b. 1977, Master of Science in Industrial Engineering

Finnish citizen

Holding on December 31, 2022: 18,840 shares



Juha-Pekka Suomela

Chief Service Business Officer

Member of the management team since 2022

b.1974, Master of Science, Economics and Business Administration

Bachelor of Science, Electrical Engineering

Finnish Citizen

Holding on December 31, 2022: 3,059 shares



Paula Savonen

Vice President, Communications

Member of the Extended Management Team since 2021

b. 1976, Master of Agricultural and Forestry Sciences

Finnish citizen

Holding on December 31, 2022: 7,566 shares



Petri Korhonen

Chief Engineer

Member of the Extended Management Team since 2021

b. 1967, Master of Science in Electrical Engineering

Finnish citizen

Holding on December 31, 2022: 9,230 shares



Sanna Lehti

General Counsel

Member of the Extended Management Team since 2022

b. 1972, Master of Laws

Finnish citizen

Holding on December 31, 2022: 0 shares

7. Risk management, audit, internal control and internal audit

Overview of risk management

Risk management is part of the Company's strategic and operational planning, and it is also linked to internal control.

Risk means an event or circumstance that may hinder or prevent the achievement of Kempower Corporation's objectives or due to which business opportunities may not be utilized.

The company proactively and systematically aims to identify, analyze, evaluate and manage the most significant risks, which are divided into the following main groups: strategic, operational, hazard, compliance and financial risks. Non-financial effects are also taken into account when assessing risks.

Through risk management, Kempower Corporation supports the achievement of its strategic and business objectives and ensures the continuity of its operations in changing circumstances. The ability to bear risks and manage them effectively is central to business success and the creation of shareholder value.

The objectives of risk management are achieved by providing the Group with information on the uncertainties, risks and opportunities facing the objectives and operations, as well as uniform and effective methods for identifying, assessing and managing risks and their consequences. The willingness to take risks must be proportionate to the risk-bearing capacity and the risk-taking must be in balance with the intended benefits. Risk reporting is available to management as part of other reporting.

Kempower Corporation has a risk management policy approved by the Board of Directors. The purpose of the company's risk management is to ensure the comprehensive and appropriate identification, assessment, management and control of risks throughout the Kempower Group. It is an integral part of the company's planning and management process, decision-making, day-to-day management and operations, and control and reporting procedures.

Audit

According to Kempower's Articles of Association, the Company has one ordinary auditor that shall be an auditing firm approved by the Finnish Patent and Registration Office.

The board's audit committee prepares the selection process for auditors. The auditor is elected by the Annual General Meeting for one

year's term of service. The auditor reports to the Board of Directors at least once a year and participates in Audit Committee meetings.

Kempower has a written pre-approval policy for non-audit services, in which the Audit Committee has been specified to govern this topic.

Internal control and Internal audit

The objective of internal control and internal auditing is to ensure that the Company's operations are efficient and effective, that information is reliable and that regulations and operating principles are complied with. Internal control covers all measures and procedures to ensure that objectives are met. The subjects of internal control are the organization's internal operating environment, goal setting, risk management, control measures, information flow, communication, and monitoring.

Kempower Corporation's internal audit evaluates the appropriateness and effectiveness of the internal control system and risk management in order to improve the operating methods, processes and controls of risk management, supervision and administration systems and thus promote the achievement of the organization's objectives.

The Company's Internal Audit assesses, among other things, the Company's internal control and risk management.

The company has an independent external internal auditor who is responsible for internal audit tasks with the help of, if necessary, external service providers. The internal Auditor reports regularly to the Board's Audit Committee.

The Audit Committee approves the annual internal audit plan on the proposal of the Audit Committee.

The purpose of internal control is to protect the value of assets, ensure the appropriateness and efficiency of operations - including the reliability of financial and operational reporting - compliance with regulations and operating principles, and compliance with the objectives of operations.

Kempower's values, group-level operational guidelines and policies help the management and ultimately the board to ensure that the goals set by the company are met, Kempower Corporation's business is managed ethically and in accordance with all applicable laws and regulations as well as internal operating guidelines, and that financial reporting is carried out appropriately.

Every employee of the company has the right and obligation to make a report, if necessary, anonymously, through a "whistleblower system" for activities contrary to laws or internal guidelines.

8. Related party administration

Kempower's Board of Directors has defined the principles for monitoring and evaluating related party activities and maintains a list of its related parties. Related parties are defined in accordance with the IAS 24 standard. Transactions between the Company and its related parties are acceptable when they are in accordance with the purpose of the Company's operations and the Company's interests, and have a business basis and are made in accordance with the regulations in force. The company's related party transactions are always market-based and the company's financial organization monitors compliance with the company's related party principles. The Board shall make decisions regarding unusual transactions between the Company and its related parties.

The Company will ensure that it has identification, decision-making, approval, reporting and oversight policies that take due account of the above principles and conflicts of interest. The Audit Committee monitors and evaluates the Company's related party activities.

The Company did not enter into any transactions with its related parties that are material to the Company and deviate from the Company's normal business operations or carried outside of ordinary and arm's length conditions in 2022. Kempower's related party transactions relate to certain lease agreements, management and support services and material purchases from Kemppi Group companies.

9. Insider administration

Kempower has an insider policy approved by the Board of Directors which is based on the market abuse regulation, NASDAQ Helsinki Oy's insider guidelines and other relevant regulations and guidelines.

The Company's CFO is responsible for supervising insider matters. He is responsible for e.g., that persons who are required to process inside information are aware of the insider regulations and that they comply with trading restrictions.

The company maintains project-specific insider lists in accordance with applicable insider regulations.

Kempower Corporation's directors and their related parties must notify the Company and the Financial Supervisory Authority of their transactions with Kempower Corporation's financial instruments. The Company has a register of all persons in management positions and their related parties.

In addition to the members of the Kempower Board of Directors and Management Team, Kempower Corporation's directors include members of the Board of Directors of Kempower Corporation's parent company Kemppi Group Oy: Hannu Kemppi, Jouko Kemppi, Eija Vartiainen, Petri Vartiainen, Anna Maria Kemppi, Olli Ryyänen and Aaro Vasama, vice member of the Board.

10. Auditor

The Company's auditor is Ernst & Young Oy. Authorized Public Accountant Toni Halonen acted as the principal auditor as of 31st of December 2022. The auditor's term of office ends at the end of the Annual General Meeting following the election.

The following fees have been paid to the auditor in the financial year 2022:

Auditor's fees	Kempower Group (EUR)	Kempower Corporation (EUR)
Audit	101,787	101,787
Tax consulting	39,421	39,421
Other services	66,988	66,988
Total	208,196	208,196