

Corporate Governance

INTRODUCTION

Valoe Corporation and its subsidiaries are governed in accordance with the law, the company's Articles of Association, and the Finnish Corporate Governance Code effective as of 1 January 2020. The company also complies with the applicable standards issued by the Financial Supervisory Authority, and the rules and regulations of Nasdaq Helsinki Ltd.

Valoe's Corporate Governance Statement has been prepared in accordance with Recommendations of the Finnish Corporate Governance Code approved by the Securities Market Association. An unofficial English translation of the Finnish Corporate Governance Code is available on the website of the Securities Market Association at www.cgfinland.fi.

Valoe's Corporate Governance Statement is presented as a report separate from the Report of the Board of Directors. The Board of Directors handled the Corporate Governance Statement in its meeting in April 2022.

Valoe abides by the Finnish Corporate Governance Code with the following exceptions:

- Recommendation 9 - The composition of Valoe's Board of Directors does not comply with the recommendation of having both genders represented at the Board of Directors. The 2022 annual general meeting did not elect any woman to the Board of Directors.
- Recommendation 10 – The composition of Valoe's Board of Directors does not comply with the recommendation concerning the independence of directors specified in the Finnish Corporate Governance Code, according to which the majority of the directors shall be independent of the company and, in addition, at least two of the directors representing this majority shall be independent of significant shareholders of the company. The annual general meeting held on 25 May 2022 elected four members to the Board out of whom two directors were independent of the company and significant shareholders. The non-compliance is justified by the fact that major part of Valoe's shares are owned by the Savisalo family or Companies owned by the Savisalo family. Therefore, the General Meeting of Valoe has deemed it appropriate to ensure strong owner representation in its Board composition.

DESCRIPTIONS CONCERNING CORPORATE GOVERNANCE

GROUP STRUCTURE

Valoe's head office is located in Mikkeli. Responsibility for Valoe Group's corporate governance and operations is divided between the Board of Directors, which is appointed by the General Meeting, and the President and CEO.

GENERAL MEETING

The Annual General Meeting shall be held each year on a day decided by the Board of Directors, by the end of June. An Extraordinary General Meeting shall be held when deemed necessary by the Board of Directors or when legally required. The General Meeting shall be held at the Company's domicile, Mikkeli, or when the Board of Directors so decides, in Helsinki.

The invitation to the General Meeting shall be published, through a stock exchange release and on the Company's website, at the earliest three calendar months prior to the record date of the General Meeting and at the latest three weeks prior to the General Meeting, however, always at least nine days prior to the record date of the General Meeting. The Board of Directors may also decide to publish the invitation to the meeting in a national newspaper.

At the Annual General Meeting, the following shall be presented:

- Financial Statements
- Auditor's Report

At the Annual General Meeting, the following shall be decided upon:

- the approval and adoption of the Financial Statements
- the measures to be taken on the basis of the profit shown in the approved balance sheet,
- the discharge from liability of the members of the Board of Directors and the President and CEO
- the number of members on the Board of Directors
- the remuneration payable to the members of the Board of Directors and the principles for indemnifying travel expenses

At the Annual General Meeting, the following shall be elected:

- the members of the Board of Directors and, when necessary, deputy members
- the auditor and, when necessary, deputy auditor

BOARD OF DIRECTORS

The Board of Directors is responsible for the company's governance and the appropriate organisation of the company's operations. The Board comprises at least three and up to seven members. The Board members are elected by the General Meeting for one year at a time. The Board elects a chairman from among its members. The Board of the parent company of Valoe Group determines the composition of the Boards of its subsidiaries.

The composition of the Board of Directors reflects the requirements set by the company's operations and development stage and the resulting basis for considering the diversity. The number of Directors and the composition of the Board of Directors shall be such that they enable the Board of Directors to see to its duties efficiently considering the company's development stage. Diversity of the Board of Directors supports the development of the company's business operations. The diversity principles set for Valoe's Board of Directors take into account, e.g., experience and diverse educational background, qualifications and representation of both genders.

MAIN TASKS OF THE BOARD

Under the Limited Liability Companies Act, the Board of Directors is responsible for the administration of the company and the appropriate organization of its operations. The Board of Directors is responsible for the appropriate arrangement of the control of the company accounts and finances. The Board is responsible for controlling and supervising the company's management; appointing and dismissing the President and CEO; approving the company's strategic goals, budget, total investments and their allocation, and bonus schemes; deciding on long-term contracts and the principles of risk management; ensuring the operation of the management system; approving the company's vision, values and organization model; approving and publishing interim reports, stock exchange releases, annual report and financial statements; determining the company's dividend policy; and summoning the General Meeting. It is the Board's duty to promote the best interest of the company and all its shareholders.

The Board of Directors convened 44 times in 2022. The attendance rate of the Board members was 100 percent. The attendance rate of each Board member is mentioned below in the item Composition of the Board of Directors.

BOARD COMMITTEES

In 2008, the Company's Board of Directors decided to discontinue the nomination and remuneration committee, as the addressing of these issues does not require preparation of matters by a group smaller than the entire Board of Directors. The same procedure was followed in 2022.

The company's Board of Directors has not set up a separate audit committee because the scope of the company's business does not require matters related to financial reporting and supervision to be prepared by a group smaller than the entire Board of Directors. The Board of Directors handles the tasks of the audit committee.

EVALUATION OF THE INDEPENDENCE OF BOARD MEMBERS

The Board of Directors evaluates its members' independence of the company and major shareholders. Based on the evaluation of independence carried out in 2022, the composition of Valoe's Board of Directors does not comply with the recommendation concerning the independence of directors specified in the Finnish Corporate Governance Code.

- The Board members independent of the company and major shareholders were Ville Parpola and Tuomas Honkamäki.
- Iikka Savisalo and Hannu Savisalo exercise control in the Savcor companies and act in their governing bodies.

The non-compliance is justified by the fact that major part of Valoe's shares are owned by the Savisalo Family members or companies owned by the Savisalo family. Thus, the General Meeting of Valoe has deemed it appropriate to ensure strong owner representation in its Board composition.

PRESIDENT AND CEO

Under the Limited Liability Companies Act, the President and CEO shall attend to the company's day-to-day management in compliance with the instructions and orders given by the Board of Directors. The President and CEO shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner. The President and CEO shall supply the Board of Directors and its members with the information necessary for the performance of the duties of the Board of Directors. The President and CEO may undertake measures that are unusual or extensive in view of the scope and nature of the activities of the company only if so authorized by the Board of Directors or if it is not possible to wait for a decision of the Board of Directors without causing essential harm to the business operations of the company. In the latter case, the Board of Directors shall be notified of the measures as soon as possible. The President and CEO is responsible for the day-to-day operations, budget compliance, the performance of Valoe Group, and the performance of those reporting directly to the President and CEO.

MANAGEMENT TEAM

The Group's Management Team assists the President and CEO in the operative management of the company, prepares matters to be dealt with by the Board of Directors and the President and CEO and plans and oversees the operations of the business units. The Group's Management Team convenes when needed, however, at least twice a month. The Management Team is chaired by the President and CEO.

COMPOSITION OF THE BOARD OF DIRECTORS 31.12.2022

Board Member	Board Member since	Independence	Year of Birth	Education	Shareholding 31.12.2022	Attendance Rate	Main Occupation
Hannu Savisalo	2009, Chairman		1946	DI	Owens directly 12,021,735 shares in Valoe and 37,204,789 shares in Valoe through Savcor Technologies Oy and SCI-	100%	Valoe Oyj, Chairman of the Board
Ville Parpola	2015, Vice Chairman	Independent Board Member	1972	OTM	Owens directly 244,160 shares in Valoe and 23,518 shares in Valoe through Oy Marville Ab.	100%	Oy Parpola Ab, lawyer
Tuomas Honkamäki	2020, Board Member	Independent Board Member	1972	KTT, KTH		100%	Aurinkolahden tilintarkastus, auditor; University of Eastern Finland, University Teacher
Iikka Savisalo	2009, Board Member		1972	BBA	Owens directly 17,811,158 shares in Valoe and 37,204,789 shares in Valoe through Savcor Technologies Oy and SCI-Finance Oy.	100%	Valoe Oyj, CEO

COMPOSITION OF THE MANAGEMENT TEAM 31.12.2022

	Main Responsibilities	Member since	Year of Birth	Education	Shareholding 31.12.2022
Iikka Savisalo	CEO, Management Team Member	2009	1972	BBA	Owens directly 17,811,158 shares in Valoe and 37,204,789 shares in Valoe through Savcor Technologies Oy and SCI-Finance Oy.
Seija Kurki	CFO, Management Team Member	2012	1963	BBA	Owens 66,666 shares in Valoe.
Sami Lindfors	Manufacturing partners, Management Team Member	2010	1975	MBA	Owens 88,888 shares in Valoe.
Jose Basso	Business operations of Valoe Cells in Lithuania, Management Team Member	2019	1965	MBA	

DESCRIPTION OF THE MAIN FEATURES OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS PERTAINING TO THE FINANCIAL REPORTING PROCESS

CONTROL ENVIRONMENT

DESCRIPTION OF CONTROL ENVIRONMENT

Valoe's business idea

Valoe Corporation specializes in the clean energy, especially in photovoltaic solutions. Valoe provides automated production technology for solar modules based on the company's own technology; production lines for modules; solar modules and special components for solar modules.

Environmental Policy

The company complies with the environmental legislation in force. The company aims to take environmental issues into consideration in management systems and decision-making.

Planning and monitoring processes

The Group's operations are planned and reviewed annually using a strategic planning process and a budgeting process. The implementation of plans and the development of the business environment are monitoring in connection with monthly reports, quarterly reports and financial statements. At Valoe Group, risk analysis and risk management are part of the annual strategic planning process and day-to-day operations. The purpose of internal control and risk management is to ensure the effective and profitable operations of the company, reliable information and compliance with the relevant regulations and operating principles.

Internal Control Activities

Authority and responsibility are assigned to persons responsible for budget compliance and to line organization supervisors, in accordance with their roles and duties. Compliance with laws and regulations is ensured using internal guidelines. The objectives of internal control include operational targets, financial reporting and compliance with laws and regulations.

BOARD OF DIRECTORS

- Defining the operating principles of internal control
- Monitoring the performance of internal control
- Approving the company's risk management principles
- Reviewing auditors' reports
- Determining the company's bonus scheme

PRESIDENT AND CEO

- Monitoring the existence and performance of internal control in practice
- Ensuring that operations are in compliance with the company's values
- Adjusting operating principles and policies
- Ensuring the appropriate and efficient use of resources
- Determining control mechanisms (approval processes, balancing and reporting)
- Determining risk management principles and methods

CHIEF FINANCIAL OFFICER

- Management accounting: monitoring and analysis of performance
- Financial accounting and reporting
- Maintenance and development of planning processes
- Ensuring liquidity

AUDITOR

- Statutory audit
- Expanded audit at the Board's separate request
- Reporting to the Board

INTERNAL CONTROL AND RISK MANAGEMENT

Valoe's Board of Directors is responsible for the control of the Company's accounts and finances. The Board is responsible for internal control, while the President and CEO handles the practical arrangement and monitors the efficiency of internal control.

Business management and control are taken care of using a Group-wide reporting and forecasting system. Due to the small size of the company and the limited scope of its business operations, Valoe

does not have an internal auditing organization or an audit committee. The Board aims to evaluate and continuously develop the company's risk management, internal control and management processes, also by using the interim audits and internal control reports prepared by external auditors in connection with interim reports.

The purpose of risk management is to ensure that any significant business risks are identified and monitored appropriately. The Company's business and financial risks are managed centrally by the Group's financial department, and reports on risks are presented to the Board of Directors as necessary

REPORTING SYSTEM

Valoe prepares its consolidated financial statements and interim reports in compliance with the International Financial Reporting Standards (IFRS) adopted in the EU. The report of the Board of Directors and the parent company's financial statements have been prepared in accordance with the Accounting Act and the guidelines and published opinions of the Accounting Board.

In accordance with the reporting system, the CEO reports to the Board of Directors monthly on the operations, performance and deviations from the budget and adjusted forecasts (monthly report) of the Group and its business units; quarterly on the operating result based on the interim report/financial statements; and immediately on any significant changes in the business environment. The President and CEO reports to the Board of Directors regularly on the implementation of the company's strategy and long-term plans.

The CFO is responsible for Group reporting. Accounting for the Finnish Group companies and consolidated financial statements is carried out in the financial department of Valoe. Accounting and reporting for foreign subsidiaries are carried out using local, qualified accounting firms or other external experts.

The accuracy of reporting is ensured by using financial reporting guidelines, maintaining the professional skills of employees, ensuring the reliability of information systems, using normal internal control mechanisms and an expanded audit. Any deviations from the budget or plans detected in reports are investigated.

The CFO and external auditors are responsible for verifying the accuracy of the financial reporting.

COMMUNICATIONS

The Board of Directors and the President and CEO are together responsible for the Group's communications. The President and CEO is responsible for communications within the company.

MONITORING

The performance of internal control is evaluated regularly in connection with management and control measures, and separately upon the completion of audit reports. Monitoring measures carried out continuously include comparing the actual and targeted figures in financial reports, various balancing measures, and the monitoring of the regularity of operational reports. The Board's annual plan includes planning and monitoring meetings. Information systems are, for the most part, established, and their reliability is regularly assessed by an external expert.

OTHER INFORMATION TO BE PROVIDED IN THE CG STATEMENT

INTERNAL AUDIT

The purpose of the internal audit is to evaluate the appropriateness and success of the company's internal control system and risk management as well as the management and corporate governance processes. The internal audit supports the development of the organisation and improves the efficient fulfilment of the supervision obligation of the Board of Directors.

The Board of Directors decides the main principles applied in the internal audit. Due to the small size of the company and the limited scope of its business operations, Valoe does not have an internal auditing organization or an audit committee. The internal audit is executed by the Board of Directors.

PRINCIPLES FOR RELATED PARTY TRANSACTIONS

Valoe complies with the Finnish Companies Act and International Financial Reporting Standards (IAS 24) obligations for monitoring of related party transactions. The Group's related parties include parent company Valoe Oyj and Group subsidiaries. Key members of the Board of Directors and Management Team, also CEO and the persons, who have a significant influence over the Group, are included with their families to the related parties. Also those communities which are controlled or influenced by, or is under common control or influence over the persons, who are included to the related parties, are included to the related parties. The Group's related parties also include those companies that have a significant control over the Group.

The Group has sold and purchased goods and services from companies in which the majority holding and/or power of decision granting control of the company is held by members of the Group's related parties. Sales of goods and services carried out with related parties are based on market prices.

Valoe reports its related party transactions in the notes to the consolidated financial statements. Additionally, the company evaluates and controls the related party transactions and takes care that possible conflicts of interest are taken into account.

INSIDERS AND INSIDER ADMINISTRATION

Valoe has in place insider rules complying with the guidelines for insiders approved by Nasdaq Helsinki Ltd. According to the insider rules, insiders, persons under their guardianship and corporations under their control are not permitted to trade in the Company's shares and options during a period of 30 days prior to the publication of its financial results (closed window period).

The Company's statutory insiders include the members of the Board of Directors, the President and CEO, the auditors and the accounting firm's auditor with principal responsibility. In addition, the Company's permanent insiders include, as specified insiders, the members of the Management team and specified persons from the Group's financial and other administration. Persons involved in corporate transactions or other projects that affect the value of the Company's shares are included in the Company's project-specific insiders and are subject to a temporary prohibition of trading.

AUDITING

The auditor is elected for one term at a time by the Annual General Meeting. The term ends at the end of the following Annual General Meeting. In the annual general meeting held on 25 May 2022 Auditus Tilintarkastus Oy was elected as the company's auditor and KHT auditor Mikko Riihenmäki as the responsible auditor. In 2022 the fees to the auditors totalled EUR 64,043.60.

Corporate Directory

VALOE OYJ

Business Identity Number 0749606-1
 Corporated in Mikkeli, Finland
 www.valoe.com

CONTACT

Insinöörinkatu 8 FI-50150 Mikkeli
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BOARD OF DIRECTORS

Hannu Savisalo (Chairman)
 Ville Parpola (Vice Chairman and Independent Board Member)
 Tuomas Honkamäki (Independent Board Member)
 Iikka Savisalo (Board Member)

CEO

Iikka Savisalo

SECURITIES EXCHANGE LISTING

Nasdaq Helsinki Oy
 Listing Identity VALOE

AUDITOR

Auditus Tilintarkastus Oy
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 FI-11100 RIIHIMÄKI
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