

## Corporate Governance Statement 2011

In its decision making and corporate governance, Aspocomp Group Plc. complies with the Finnish Companies Act, Securities Markets Act, as well as the instructions concerning the corporate governance of listed companies issued by the Securities Market Association (Finnish Corporate Governance Code 2010, available at [www.cgfinland.fi](http://www.cgfinland.fi)).

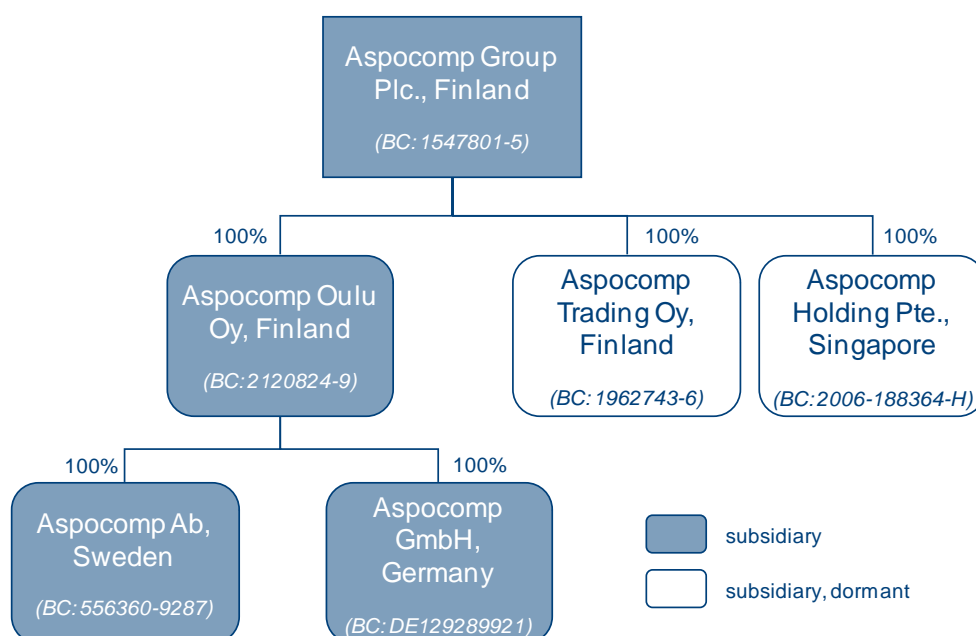
Aspocomp deviates from the Finnish Corporate Governance Code only with respect to Recommendation 9 in that both genders are currently not represented on the Board of Directors. However, the company's long-term goal is to comply with this recommendation.

Aspocomp's corporate governance is described on the company's Internet site under the Governance section ([www.aspocomp.com/governance](http://www.aspocomp.com/governance)). Aspocomp's Corporate Governance Code can be downloaded as a pdf file from the front page of this section. The pages are available in both Finnish and English. The information presented below can also be found on the site and is updated on a quarterly basis.

This statement has been issued separately from the Report of the Board of Directors in accordance with Recommendation 54 of the Finnish Corporate Governance Code. The company's Board of Directors has reviewed the statement. In addition, the accounting firm PricewaterhouseCoopers Oy has verified that the statement has been issued and that the general description of the internal control and risk management systems related to the financial reporting process is consistent with the financial statements.

### Structure of the company and its administrative bodies

The company comprises the parent company Aspocomp Group Plc. and the subsidiaries it owns either directly or indirectly in Finland and abroad. The legal structure of the Group is presented below.



## General Meeting

In accordance with the Companies Act and the Articles of Association, Aspocomp's highest decision-making body is the General Meeting, where shareholders exercise their right to speak and vote.

### 2011 General Meeting

*Aspocomp's Annual General Meeting assembled on April 20 in Helsinki. 28 shareholders were present at the meeting in person or represented by proxy. They represented a total of 4,162,064 shares, or 8.3 percent of the votes.*

*All Board members, the CEO and the auditor were present at the meeting.*

*Aspocomp held an Extraordinary General Meeting on December 20 in Helsinki. 20 shareholders were present at the meeting in person or represented by proxy. They represented a total of 14,948,305 shares, or 24.0 percent of the votes.*

*All Board members and the CEO were present at the meeting.*

## Board of Directors

Aspocomp's Board of Directors has authority in matters that have not been assigned to another administrative body in either legislation or the Articles of Association. The company's Board of Directors consists of three (3) to eight (8) members elected by the AGM for one year at a time.

The Board elects the Chairman and the Vice Chairman from among its members at its organization meeting.

Aspocomp's Board of Directors complies with a Working Order that is available in its entirety on the company's Internet site ([www.aspocomp.com/governance](http://www.aspocomp.com/governance), choose Board -> Working Order). As set out in the Working Order, the Board of Directors shall, among other duties:

- appoint and discharge the CEO and determine his or her remuneration
- approve the appointment of employees reporting to the CEO and decide on the terms and conditions of their employment and remuneration
- review, at least once a year, the company's major risks and issue the necessary instructions to manage those risks
- review and decide on the company's interim reports and annual financial reports
- approve the strategy of the company
- approve yearly, on the basis of the strategy, the business plan and budget and oversee their execution
- approve the investment plan and any individual investment of Aspocomp Group Plc. or its subsidiary over EUR 50,000
- decide on any credits over EUR 100,000
- resolve on the dividend policy and prepare a proposal for the AGM regarding payment of dividend

- monitor and manage any conflicts of interest between the company's management, Board members and shareholders
- assess on a yearly basis its own work, performance and competence.

The Board may have an Audit Committee, a Remuneration Committee and a Nomination Committee. The Board decides on whether to establish such committees and, if so, elects their members each year after the AGM. Should the Board only comprise three (3) members, no committees are established and the Board itself performs the tasks of the respective committees.

Specific duties have been assigned to the Audit Committee, including:

- the oversight of the reporting of the financial statements
- the oversight of the financial reporting
- the oversight of the effectiveness of the company's internal control and risk management systems
- the description, included in this corporate governance statement, regarding the main features of internal control and risk management, which are connected to the financial reporting procedure.

The tasks of the Audit Committee are specified in full on the company's Internet site ([www.aspocomp.com/governance](http://www.aspocomp.com/governance), choose Board -> Committees).

The company does not have a Supervisory Board.

**2011 Board of Directors*****Tuomo Lähdesmäki, b. 1957, Chairman of the Board***

- *M.Sc. (Eng.), MBA*
- *Board member since 2002, Chairman of the Board since 2003*
- *Independent of the company and the company's main shareholders since 2002*
- *Partner, Boardman Oy*
- *Compensation 2011: total EUR 35,000*
- *Aspocomp shares Dec. 31, 2011: 39,889*

***Johan Hammarén, b. 1969, Vice Chairman of the Board***

- *LL.M., B.Sc. (Econ.)*
- *Board member since 2007*
- *Independent of the company and its main shareholders since 2007*
- *Director and founding member, Fondia Oy*
- *Compensation 2011: total EUR 17,500*
- *Aspocomp shares Dec. 31, 2011: 26,641*

***Kari Vuorialho, b. 1952***

- *B.Sc. in Electronics*
- *Board member since 2007*
- *Independent of the company and its main shareholders since 2007*
- *Compensation 2011: total EUR 17,500*
- *Aspocomp shares Dec. 31, 2011: 14,641*

*The composition of the Board of Directors was not changed at the 2011 AGM.*

*The Board assembled 11 times and the overall meeting participation rate was 100%. No committees were established. Instead, the three-member Board attended to the duties of the Audit, Nomination and Remuneration Committees as set out in the company's Corporate Governance Code. The Board held a meeting to deal with Audit Committee matters, which was also attended by the company's auditor.*

*Based on the decisions of the AGM, 60% of the annual remuneration was paid in cash and 40% in company shares. The share-based proportion of the annual remuneration was paid by transferring Aspocomp shares. The amount paid was determined on the basis of the weighted average price of the company's share on the five trading days following the publication of the second-quarter results (EUR 0.29/share). The Chairman was granted 32,700 shares valued at EUR 9,600 and the other members 16,350 shares valued at EUR 4,800. In addition, the Chairman was paid an annual fee of EUR 14,400 and meeting fees amounting to EUR 11,000 in cash. The other members were paid an annual fee of EUR 7,200 and meeting fees of EUR 5,500 in cash.*

## CEO

The President and CEO is responsible for managing and supervising the business operations of the company, and for the day-to-day management of the company in line with the Companies Act and the guidelines given by the Board of Directors. The key terms and conditions of the CEO's service are set out in a written president's contract, which the Board of Directors has approved.

### 2011 CEO

*Sami Holopainen, Lic.Sc. (Tech.), has been the President and CEO as of June 22, 2009 (b. 1972). Salary, other remuneration, fringe benefits and bonuses paid to him in 2011 amounted to EUR 297,220, of which his salary and fringe benefits accounted for EUR 199,720 and bonuses for EUR 97,500. At the end of 2011, he owned 3,810 Aspocomp shares.*

## Auditing

The AGM elects one external auditor who must be a public accountant authorized by the Central Chamber of Commerce of Finland. The proposal for the election of the external auditor is prepared by the Board or by the Board's Audit Committee, if such a committee has been established, and shall be disclosed in the Notice of the AGM. The remuneration of the auditor shall be decided by the AGM.

### 2011 Auditing

*The AGM elected PricewaterhouseCoopers Oy as the company's auditor with Authorized Public Accountant **Markku Katajisto** as the main auditor.*

*The fees paid to the accounting firm for the actual audit totaled EUR 37,000 (EUR 73,000 in 2010). In addition, EUR 95,000 (EUR 20,000) was paid to PWC for other services.*

## Internal control and risk management systems related to the financial reporting process

The Board is responsible for the proper and effective arrangement of internal control and risk management. The objective is to ensure that:

- the Board and management receive sufficient and reliable information about the company's financial position, risks impacting on the future performance and the implementation of strategy
- the company's external reports are essentially correct, comprehensive and timely
- laws and regulations are followed.

## Risk management

Risk management is an integral element in the Group's business strategy and operational goal setting. When deciding on the company's strategy, the Board of Directors reviews

the company's major risks and sets operative goals such that these risks are eliminated or minimized cost-effectively. Risks are categorized into strategic, operative and financial risks.

As part of internal control, the achievement of the operative goals set for risk management is assessed and monitored.

## **2011 Risk Management**

*In 2011, the company's risk profile changed significantly. At the end of the year, the major risks were related to court proceedings concerning claims made by former employees of Aspocomp S.A.S. (a French subsidiary that went bankrupt in 2002), dependence on key customers, trends in the global PCB market and liquidity.*

### **Litigations**

*In May 2010, the Court of Appeal of Rouen, France, upheld the ruling rendered by the Labor Court of Evreux in January 2009, obligating the company to pay a total of about EUR 530 thousand in compensation, with interest, to 13 former employees of Aspocomp S.A.S. The company has not paid said compensation.*

*In October 2010, seven new claims were made. The company was informed of the ruling in November 2011. Aspocomp was obligated to pay about EUR 130 thousand to these seven former employees of Aspocomp S.A.S. Aspocomp will appeal the ruling.*

*In addition, there is a risk that the remaining approximately 90 employees may also institute proceedings. Under legislation that came into effect in June 2008, the statute of limitations for filing a suit is five years after the law came into effect.*

### **Dependence on customers and market trends**

*The five largest customers account for 81 percent of net sales. The acquisition of the Teuva plant at year's end expands the company's customer base.*

*Although Aspocomp is a marginal player in the global electronics market, major changes in global PCB demand also have an impact on the company's business. A prolonged downturn would also increase competition in the company's field of specialist expertise, namely, quick-turn deliveries and short production series.*

### **Liquidity**

*The corporate and debt restructuring completed at the end of June substantially improved the company's financial position. At the end of the year, the nominal value of interest-bearing liabilities was EUR 1.2 million. Gearing was -17.0 and the equity ratio 61.6 percent.*

*The company's liquidity is based on cash assets, the cash flow generated by business operations, and external financing. Due to its financial difficulties in recent years, the company might face problems in securing external financing in the scope and under the terms and conditions that its financial position would allow.*

## Internal control

The Board is responsible for organizing internal control. Furthermore, the Board is responsible for the proper arrangement of accounting and internal control of financial administration. The CEO takes care of the practical arrangement of the control and reports on it to the Board. The operational principles of internal control are:

- all significant tasks, transactions and meetings, including the decisions made, are documented
- IT and other support systems are used efficiently and appropriately
- security is arranged properly.

The actual internal control materializes in management processes – in everyday work – as personnel acts based on instructions to reach operative targets. The targets determine the necessary actions and related risks. Instructions are used to steer actions.

Instructions related to the internal control are gathered into two company confidential documents, the former intended for all and the latter for finance staff. The first document, Policies, defines the company's operating policies:

- representation and approval rights
- HR policies and approval of employee benefits
- pricing, payment term and credit policies
- approval procedures for expenses
- instructions for preparation and handling of agreements
- instructions for IT usage and IT security
- principles of risk management and insurance coverage.

The second document, Finance Manual, includes:

- accounting instructions
- principles and instructions for management reporting and external reporting
- definition of internal controls in bookkeeping and reporting processes including responsibilities.

Accounting and reporting of all Group companies is centralized into one ERP system, which supports the business processes. A shop floor level manufacturing execution system is integrated into ERP in real time.

Reports from the system are used in decision making and control in business and support processes. Several control points are defined in the different levels (subsidiaries, Group). These controls include approval procedures, reconciliations and analyses of financial information to ensure correctness of the information received from the system.

Management teams responsible for sales and manufacturing regularly follow all key performance indicators to also ensure the correctness of the financial information. The Board receives monthly a standard-format profit and loss report as well as a cash flow status report, including both actual and estimated figures. Quarterly the Board receives an IFRS-based report that includes the balance sheet, profit and loss, changes in equity, cash flow and selected financial indicators.

Due to its size, the company does not have a separate internal auditing organization or specific internal audit tasks.

### **2011**    *Internal control*

*Internal control and management reporting routines were not revised in 2011.*

*Internal reporting focused on monitoring the trend in net sales and costs as well as cash flow.*

## **Insider administration**

Aspocomp's Board of Directors has ratified the company's insider guidelines, which comply with the regulations on the administration and handling of insider information laid down in the Guidelines for Insiders published by NASDAQ OMX Helsinki Ltd.

The insider guidelines prohibit permanent insiders, any persons in their custody and any companies, organizations or foundations over which they have control from trading in shares of the company for two weeks prior to the publication of interim reports and three weeks prior to the publication of financial statements (so-called silent period). The silent period ends on the day following the publication of the results. The company supervises the trading of insiders.

According to the guidelines, the company's permanent public insiders include the members of the Board, the CEO and her/his deputy, the auditors and their deputies, the main auditor and members of the Executive Management Committee.

A non-public permanent company-specific insider register includes the Managing Directors of the subsidiaries and other persons designated by the CEO who according to their title or duties regularly receive insider information.

In addition to this the company maintains a project-specific register of insiders if the company has an ongoing project that, if realized, is likely to have an effect on the value of the company's stock price. Insiders involved in insider projects may not trade in shares until the project is disclosed in a Company Announcement or the project ceases.

Aspocomp instructs and informs its permanent and project-specific insiders to ensure that they know the company's insider guidelines and their obligations.

The CEO supervises the guidance and monitoring of the company's insider guidelines. The company's head of administration maintains the company's permanent and project-specific registers of insiders. Aspocomp's public register of insiders is maintained by Euroclear Finland Oy. Up-to-date details of public insiders' share holdings and trades are available for inspection at Euroclear Finland Oy's premises in Helsinki, Finland at the address Urho Kekkosen katu 5 C and on the company's Internet site at [www.aspocomp.com/governance](http://www.aspocomp.com/governance).



**2011** *Insider administration*

*Chief auditor Markku Katajisto was added to the company's register of public insiders on April 20, 2011. On September 19, 2011, the following persons were also added: Jari Isoaho, who was appointed as COO and deputy to the CEO, Jouni Kinnunen, who was appointed as CFO, and Tero Päärni, who was appointed as VP, Sales.*