

Corporate Governance Statement **2021**



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Nurminen Logistics Plc applies the guidelines and provisions of its Articles of Association, the Finnish Limited Liability Companies Act, and the rules and regulations of Nasdaq Helsinki Ltd. Furthermore, Nurminen Logistics complies with the Finnish Corporate Governance Code 2020 entered in force on 1 January 2020 and approved by the Securities Market Association.

The Code is publicly available on www.cgfinland.fi.

The company's corporate governance comprises of General Meeting of Shareholders, the Board of Directors and committees founded by it, the President and CEO and the Group Management Team, laws and regulations applicable in the company's operations as well as the company's internal policies, guidelines, and practices.

This Corporate Governance Statement has been issued as a separate report. It has been reviewed by the audit committee and approved by the Board of Directors and it is audited by Company Auditor.

The company has, on 3 March 2022, issued a separate Annual Report.

Executive bodies

the General Meeting of Shareholders, the Board of Directors, and the President and CEO are responsible for Nurminen Logistics Plc's management. Their duties are defined mainly in the Finnish Companies Act.

GENERAL MEETING OF SHAREHOLDERS

The General Meeting of Shareholders is the company's highest decision-making body. Its tasks and procedures are defined in the Finnish Companies Act and in the company's Articles of Association. The Annual General Meeting shall be held annually by the end of June. Notices to General Meeting of Shareholders must be delivered to shareholders no earlier than three months before the record date for the Annual General Meeting meant in the Finnish Companies Act and not later than three weeks before the General Meeting, however, no later than nine days before the record date for the Annual General Meeting meant in the Finnish Companies Act, by publishing the notice in a nation-wide newspaper chosen by the Board of Directors or on the company's website. Nurminen Logistics Plc

also publishes its invitations to General Meetings as stock exchange releases.

Decisions made by the Annual General Meeting include i.e. approving of the financial statements and the consolidated financial statements of the company, use of the profit, and discharging the Board of Directors and the President and CEO from liability. Furthermore, the Annual General Meeting elects the members of the Board of Directors and the auditor and decides on their remuneration and compensation of their costs.

Annual General Meeting 2021

The 2020 Annual General Meeting was held on 12 April 2021. The meeting approved the financial statements and discharged the members of the Board of Directors and the company's President and CEO from liability for the financial year 2020.

Shareholder Rights

A shareholder shall have the right to have a matter falling within the competence of the General Meeting dealt in the General Meeting if the shareholder so demands in writing from the Board of Directors well in advance of the meeting so that the matter can be mentioned in the notice of the meeting in question. The demand shall always be deemed to be on time if the Board of Directors has been notified of the demand no later than four weeks before the notice is issued.

Shareholders who have been entered into the shareholder register eight working days before a General Meeting (General Meeting Record Date) have the right to attend that meeting. In addition, the holder of a nominee registered share may be notified for a temporary entry into the shareholder register so that the shareholder can attend that meeting, if the shareholder has the right, on basis of the shares, to be entered into the shareholder register on the General Meeting Record Date. The notification for a temporary entry shall be filed no later than on the date mentioned in the notice of the General Meeting, said date to be subsequent to the General Meeting Record Date. Changes in shareholdings occurring after the General Meeting Record Date shall not affect the right to attend the General Meeting or the voting rights of the shareholder.

A shareholder may participate in a General Meeting of Shareholders either in person or by proxy. A shareholder or his/her proxy may also employ the services of an assistant in a General Meeting of Shareholders. A shareholder may have several proxies, who represent the shareholder based on shares held on different book-entry accounts.

A shareholder may participate in the General Meeting on the condition of giving advance notice of participation to the company no later than on a date given in the notice of the meeting, not to be earlier than ten days before the meeting. A shareholder of nominee-

registered shares is deemed to have given his/her advance notice of participation in the case if he/she has been temporarily entered the shareholder register in accordance with the Finnish Companies Act. If a shareholder participates in a General Meeting by means of several proxies, the advance notice of participation shall indicate the shares since which each of the proxies represents the shareholder.

BOARD OF DIRECTORS

The Board of Directors is responsible for the management and the proper arrangement of the operations of the company. The Board has a general authority regarding matters not specifically designated by law or Articles of Association to any other governing body of the company.

The Board of Directors comprises four to eight members and of no more than three deputy members as decided and elected by an Annual General Meeting. The Annual General Meeting elects the Board of Directors for a term ending at the closing of the Annual General Meeting of the shareholders following the appointment. The board elects a chairman from its membership.

The Board of Directors has written Rules of Procedure. Duties of the Board of Directors are among others:

- to decide on Group strategy
- to decide on the structure and organization of the Group
- to review and to approve half-year financial reports, financial statements including Group financial statement and the Board of Directors' report and the stock exchange releases concerning the outlook of the company
- to approve Group's business plan, budget, and investment plan
- to decide on strategically or financially significant individual investments, acquisitions, divestments, reorganizations, and liabilities
- to decide on reward and incentive scheme for Group management
- to approve Group's risk management and reporting procedures
- to prepare dividend policy and to look after the development of shareholder value
- to be responsible for other duties prescribed in the Companies Act and other legislation.

The Board of Directors appoints a President and CEO and evaluates annually the activities of the President and CEO and the rest of the Management Team. The Board of Directors also evaluates its activities annually in an internal self-evaluation. The Board of Directors

convenes 8–10 times a year following a predetermined schedule and at the invitation of the chairman as often as required by the company's activities or when proposed by the President and CEO. The company's President and CEO and Chief Financial Officer attend Board of Directors' meetings. Chief Financial Officer acts as a secretary of the Board of Directors.

Last years the company's practice has been that the company's shareholders representing more than 50% of the shares and votes, prepare a proposal for the composition of the Board of Directors to the Annual General Meeting. The starting point of the proposal design is business needs and the body preparing a proposal is paying attention to the principles concerning the diversity of the Board of Directors defined by the company.

Principles concerning the diversity of Board of Directors

Diverse and mutually complementary age, occupational and international background as well as education of the members of the Board of Directors contribute to the effective work of the Board of Directors. The Board of Directors has defined in 2016 principles concerning the diversity of the Board of Directors. The body in charge of the proposals for the composition of the Board of Directors considers these principles in the proposal.

The company's aim is that the Board has representatives of both genders. Other objectives include international experience, a wide range of ages, and different educational and professional backgrounds. In addition, the Board members are required to have sector expertise and the possibility to devote enough time to Board work. This last requirement is particularly important for the Chairman of the Board, as especially the Chairman must have the possibility to address the company's issues in a comprehensive manner and the Chairman's input is often needed outside of the meetings.

In the term of office that began in 2021, the age range of the members of the Board is 49–75 years. The Board members' professional and international background is varied, and their industry knowledge is extensive.

Independence of the Board of Directors' members

Most of the members of a Board of Directors must be independent of the company and two of these individuals belonging to said majority must be independent of significant shareholders.

Board of Directors in 2021

From January 1, 2021, to December 31, 2021, Irmeli Rytönen (Chair from April 12, 2021 to December 31, 2021), Olli Pohjanvirta (Chair from January 1, 2021 to April 12, 2021), Juha

Nurminen, and Alexey Grom. Jukka Nurminen was a member of the Board of Directors from January 1, 2021, until April 12, 2021. New members of the Board of Directors from April 12, 2021 to December 31, 2021 were Erja Sankari, Karri Koskela and Victor Hartwall.

Irmeli Rytönen, b. 1959, Master of Laws

- Member of the Board since 2018, Chair of the Board since 2021
- Independent of the company and significant shareholders
- Owned 111,664 Nurminen Logistics Plc shares at the end of 2021

Primary working experience

- Board Professional January 1, 2020–
- Elkjöp Nordic As, Director Special Services in 2018–2020
- Gigantti Ltd, CEO in 1999–2018
- Elkjöp Nordic As, Member of the Management Team in 1999–2018

Current key positions of trust

- Chairman of the Board Yliopiston Apteekki since 2019
- Member of the Board, Muumimailma Ltd since 2019

Former key positions of trust

- Member of the Board: Telko Ltd in 2017
- Member of the Board: XXL Sports & Outdoor Finland Ltd in 2013–2018
- Member of the Board: Gigantti Ltd in 1999–2018
- Chairman of the Board: Gigantti and Markantalo Ltd in 2006–2009

Olli Pohjanvirta, b. 1967, LL.M.

- President and CEO of the company as of November 13, 2020, Interim President and CEO of the company from May 25, 2020, to November 12, 2020, President and CEO of the company in 2013–2015, Chairman of the Board in 2010–2013, and 2015–2021, Member of the Board in 2005*–2010
- Dependent of the company and independent of the significant shareholders
- Along with his controlling interest corporations owned 4,389,590 Nurminen Logistics Plc shares at the end of 2021

* Nurminen Logistics Plc started operations on 1 January 2008 after the demerger of John Nurminen Ltd. The year shows how long the person in question has been employed by John Nurminen Ltd and since then by Nurminen Logistics Plc.

Primary working experience

- Managing Director of Russian Capital Management Ltd since 2010
- Hannes Snellman LLC's Partner and head of operations in Russia in 2006–2010
- A shareholder of ETL Law Offices Ltd in 1993–2006

Current key positions of trust

- Chairman of the Board: Oplax Ltd since 2011, PulseOn Ltd since 2014
- Member of the Board: Fortrent Group Ltd since 2013, International Banking Institute since 2009, Meka Pro Ltd since 2013, Norte Capital Ltd since 2019, Seinäjoki Football Club since 2019

Former key positions of trust

- Member of the Board: Avelon Group Ltd in 2007–2010, PKC Group Oyj in 2007–2012, and Tulikivi Plc in 2010–2014

Juha Nurminen, b. 1946 M.Sc. (Econ.)

- Member of the Board since 1971**
- Chairman of the Board in 1997–2010
- Independent of the company and dependent of the significant shareholders
- Along with his controlling interest corporations owned 9,896,454 Nurminen Logistics Plc shares at the end of 2021

Primary working experience

- Managing Director of John Nurminen Ltd in 1979–1990, 1993–1997, and 2007
- Served on the boards of various companies of the John Nurminen Group from 1974

Current key positions of trust

- Chairman of the Board: John Nurminen Foundation since 1992
- Member of the Board: John Nurminen Ltd since 2013
- Member: The Finnish Naval Reserve Foundation delegation since 1996 and The Finnish Lifeboat Institution advisory committee since 1998

**Nurminen Logistics Plc started operations on 1 January 2008 after the demerger of John Nurminen Ltd. The year shows how long the person in question has been employed by John Nurminen Ltd and since then by Nurminen Logistics Plc.

Former key positions of trust

- Chairman of the Board: John Nurminen Ltd in 1997–2007 and 2010–2012

Alexey Grom, b. 1971, Executive MBA

- Member of the Board since 2013
- Independent of the company and significant shareholders
- Owned 213,254 Nurminen Logistics Plc shares at the end of 2021

Primary working experience

- President of United Transport and Logistics Company (UTLC) since 2016
- First Deputy General Director of United Transport and Logistics Company (UTLC) in 2014–2015
- First Vice President of FESCO Transportation Group in 2012–2014
- General Director of OOO Transgarant since 2007

Erja Sankari, b. 1973, M.Sc. (Econ)

- Member of the Board since 2021
- Independent of the company and significant shareholders

Primary working experience

- iLOQ Oy, EVP/Operative Director since 2022–
- Nokia Oyj, VP/Director of International Supply Chains in 2020–2022
- Nokia Oyj, VP/Director of New Product Supply Chains and Technical Maintenance in 2018–2020
- Nokia Oyj, Head of Oulu Factory in 2013–2018

Current key positions of trust

- Chairman, Board of the Oulu Chamber of Commerce since 2020–
- Deputy Chair, Strategic Advisory Board, University of Oulu since 2019–

Karri Koskela, b. 1973, B.Sc. Environmental Engineering

- Member of the Board since 2021
- Independent of the company and significant shareholders

Primary working experience

- Wihuri Packaging, Chief Executive Officer since 2020
- Vice President and General Manager in 2018–2019
- DS Smith Finland, Managing Director in 2015–2018
- Componenta Oyj, Vice President in 2011–2015
- Suominen Oyj, Sales Director, Suominen Flexibles in 2010–2011
- Managing Director of Suominen Flexibles AB, Sweden in 2010–2011

Current key positions of trust

- Tapio, Chairman of the Board for Tapio since 2019
- Confederation of Forest Industries Finland, Member of the Executive Committee and Board of Directors in 2015–2018
- Finnish Packaging Industry Association, Member of the Board of Directors in 2015–2018
- Finnish Plastics Industry Association, Member of the Packaging Committee in 2008–2010

Victor Hartwall, s. 1966, M.Sc. (Econ)

- Member of the Board since 2021
- Independent of the company and dependent of the significant shareholders

Primary working experience

- K. Hartwall Invest Oy Ab, Managing Director in 2000–2015
- Lankapaja Oy, Deputy Managing Director in 2001–2006
- K. Hartwall Oy AB, Controller in 1999–2001
- Product Manager in 1995–1999

Current key positions of trust

- K. Hartwall Invest Oy Ab, Chairman of the Board since 2015
- K. Hartwall Oy Ab, Vice Chairman of the Board since 1998
- Hartwall Capital Oy Ab, Member of Owners' Council since 2010
- Teaterns stiftelse Delegation Member since 2010

Jukka Nurminen, b. 1979, M.Sc. (Econ.)

- Member of the Board since 2009
- Independent of the company and significant shareholders
- Owned 1,014,548 Nurminen Logistics Plc shares at the end of 2020

Primary working experience

- Managing director of John Nurminen Events B.V. since 2012
- Managing director of Abyss Art Ltd since 2006

Current key positions of trust

- Member of the Board: John Nurminen Ltd and its subsidiaries since 2007

Of the members of the Board, the CEO is employed by the company.

In 2020, the Board of Directors held 22 meetings. The average attendance of the members at the Board meetings was 97 %.

Board members' attendance at the Board meetings in 2021

Attendance (%)

Meetings in which Irmeli Rytönen attended (100%) 22/22 (Chair), Olli Pohjanvirta (100%) 22/22, Juha Nurminen (100%) 22/22, Jukka Nurminen (100%) 6/6, Alexey Grom (72%) 17/22, Erja Sankari (100%) 22/22, Karri Koskela (100%) 22/22, Victor Hartwall (100%) 22/22.

The Annual General Meeting decides the remuneration for the Board of Directors. The Annual General Meeting of Shareholders held on April 12, 2021, resolved that for the members of the Board elected at the Annual General Meeting for the term ending at the close of the Annual General Meeting in 2021 remuneration level will be as follows: annual remuneration of EUR 60,000 for the Chairman and EUR 30,000 for the other members.

In addition, the Chairman of the Board is paid a meeting fee of EUR 1,500 per meeting for the Board and Board Committee meetings, other Board members residing in Finland are paid a meeting fee of EUR 1,000 per meeting for meetings of the Board and Committee meetings and a member residing outside Finland EUR 1,500 per meeting. 50 percent of the annual remuneration will be paid in the form of Nurminen Logistics Plc's shares and the remainder in money. A member of the Board of Directors may not transfer shares received as an annual fee for three years has elapsed from receiving shares.

The members of the Board of Directors do not receive any compensation from the company that is not related to the work of the Board of Directors, with the exception of the President and CEO.

In accordance with the company's practice, meeting fees are not paid for participation in the Board's telephone meetings.

The Board Committees

At its organizing meeting, the Board of Directors appoints an Audit Committee and if deemed appropriate, other committees, as well as nominates the members and chairs of each committee. The purpose of committees is to prepare matters for the Board of Directors. The committees do not have independent decision-making authority.

Audit Committee

Duties of the Audit Committee include but are not limited to:

- to review half-year financial reports, financial statements including Group financial statement, and the stock exchange releases concerning the outlook of the company
- to follow the financial statement reporting process, the efficiency of internal control and the internal auditing and the statutory auditing of the Group financial statement
- to oversee the financial reporting process
- to discuss the Corporate Governance statement given by the company
- to assess the independence of the authorized auditor or auditing company and specially to assess the additional services the auditor offers to the company
- to prepare a draft resolution concerning the election of the auditor.

The Audit Committee convenes at the invitation of the Chairman on a regularly basis. The Audit Committee regularly reports of its work to the Board of Directors.

Members of the Audit Committee from January 1, 2021 to April 12, 2021

- Irmeli Rytönen, puheenjohtaja
- Jukka Nurminen

Members of the Audit Committee from April 12, 2021 to December 31, 2021

- Victor Hartwall, puheenjohtaja
- Irmeli Rytönen
- Erja Sankari

The Audit Committee met six times in 2021 at an average attendance rate of 100%.

Attendance (%) Meetings to which were attended Jukka Nurminen (until April 12, 2021) (100%) 1/1, Irmeli Rytönen (100%) 6/6, Victor Hartwall (100%) 5/5, and Erja Sankari (100%) 5/5.

BOARDS OF DIRECTORS OF SUBSIDIARIES

Most of the Chairmen and the members of the Boards of Directors of Nurminen Logistics Plc's subsidiaries belong to the management of the Group.

PRESIDENT AND CEO AND GROUP MANAGEMENT TEAM

Nurminen Logistics' President and CEO is appointed by the Board. The President and CEO is responsible for the daily management of the company in accordance with the Finnish Company Act and the instructions and directions of the Board of Directors. The President and CEO acts as the Chairman of the Group Management Team.

Olli Pohjanvirta has served as the company's President and CEO from November 13, 2020.

The CEO has statutory pension security and retirement age, as well as a voluntary individual pension insurance. The Group Management Team consists of senior management, and its task is to prepare the Group's strategy and monitor operative business and and results, as well as to deal with matters that have significant financial or other effects. The members of the Management Team report to the President and CEO.

The members of the Group Management Team were December 31, 2021

Olli Pohjanvirta, LL.M., b. 1967

- President and CEO
- In the service of the company since 2020
- Along with his controlling interest corporations owned 4,389,590 Nurminen Logistics Plc shares at the end of 2021

Primary working experience

- Managing Director of Russian Capital Management Oy since 2010
- Hannes Snellman LLC's Partner and head of operations in Russia in 2006–2010
- A shareholder of ETL Law Offices Ltd in 1993–2006

Iiris Pohjanpalo, M.Sc. (Econ.), b. 1980

- CFO
- Area of responsibility: Economy, finance, mergers, and acquisitions
- In the service of the company since 2019

Primary working experience

- Nurminen Logistics Plc, Director Group Business Control
- Fira Group Ltd, Group Controller in 2017–2019
- Diacor Healthcare Ltd, Business Controller in 2014–2017
- Management Events International Ltd, Group Controller in 2011–2014
- VR-Group Ltd, Controller in 2009–2011
- Accenture Ltd, Management Consultant in 2007–2009

Jonna Paasonen, MBA, b. 1979

- Chief Development Officer
- Area of responsibility: Development projects, digitalization
- In the service of the company since 2020

Primary working experience

- Finnsteve Oy, Head of forwarding, invoicing, and customer service in 2012–2020
- CLS Engineering Oy, Purchasing Manager in 2011–2012
- Euroports Rauma Oy, Operative positions in 2003–2011

Joonas Louho, B. Eng., b.1991

- VP Cargo Operations
- In the service of the company since 2019

Primary working experience

- Nurminen Logistics Services Oy, Business Manager, Terminal Services in 2020–2021
- Nurminen Logistics Services Oy, Terminal Manager in 2019–2020
- Nurminen Logistics Services Oy, System Specialist in 2019
- Oy Sinebrychoff Ab, Distribution Supervisor in 2017–2019
- Barona Logistiikkaratkaisut, Operative and supervisory positions in 2015–2017
- Inex Partners Oy, Operative positions in 2011–2015

Olga Stepanova, M.A., b.1984

- VP Railway Operations and Country Manager Russia
- In the service of the company since 2020

Primary working experience

- RZD Logistics, Sales director, 2016–2020
- Kolmar, Deputy Marketing & Sales Director, 2013–2016
- Toyota Tsusho Corporation, Project manager, 2008–2013

Other members of the Group Management Team do not own shares in the company.

REMUNERATION

The Board of Directors decides on the compensation of the President and CEO and The Group Management Team. The Group Management Team members are covered by an annual bonus system, which is based on business performance.

INSIDER MANAGEMENT

Nurminen Logistics Plc follows in the management of insider issues the Market Abuse Regulation (EU N:o 596/2014, “MAR”) and the Nasdaq Helsinki Ltd Guidelines for Insiders. The company also has its own guidelines for insiders.

Nurminen Logistics maintains project-specific insider lists which consist of those persons, who based on employment or other contract work for the company and obtain insider information associated with a specific project.

Nurminen Logistics publishes company managers’ and their closely associated persons’ transactions on financial instruments of the company with stock exchange releases. Nurminen Logistics has determined that the managers (including their closely associated persons), whose transactions with Nurminen Logistics’ financial instruments shall be notified and published based on MAR, consist of members of the Board of Directors, the President, and CEO, and the members of Management Team. All managers’ transactions are available on the company’s website at www.nurminenlogistics.com/Investors/Stock-Exchange-Releases/.

The managers are prohibited from trading in Nurminen Logistics Plc’s securities for 30 days prior to the publication of Nurminen Logistics’ interim reports or financial statements releases. The company has also defined the 30 days trading restriction (closed window) to be subject to those employees who regularly participate in preparing or disclosing interim reports or financial statements bulletins. Project-specific insiders are prohibited from trading in the company’s securities until the project concerned has been canceled or disclosed.

The adherence to insider guidelines and for monitoring the duty to declare as well as the maintenance of project-specific insider lists is done under the supervision of the CFO. The company maintains its insider lists in the Euroclear Finland Oy's SIRE system.

The main features of the financial reporting, internal control, internal audit and risk management

the foundation of the Groups' management and internal control is its values that are defined together with the personnel:

- Develop and improve – for the benefit of the customer
- Trust and be trustworthy
- Operate profitably
- Entrepreneurship means responsibility

The Groups' values constitute ground rules aimed at guiding the operation of all employees. They are an important prerequisite for the materialization of Group strategy. The values are reflected in all day-to-day operations, guide the personnel in achieving set targets and help to achieve the goal of the internal control. Together determined values support the participation of the entire organization and clarify and facilitate both our internal and external communication.

The company's Board of Directors is responsible for the arrangement and the functionality of the internal control. Internal control, risk management, and financial reporting are overseen by the Audit Committee nominated by the Board of Directors. Financial reporting in the Group is carried out by using the Group's guidelines concerning the reporting. These guidelines are maintained by the Group's Financial Administration. Financial Administration also oversees that these guidelines are applied and that the internal communication concerning the guidelines is arranged properly.

FINANCIAL REPORTING

The Board of Directors has approved principles on how to prepare consolidated financial statements. Preparing process and controlling operations for consolidated financial

statements are specified, as well as are the job descriptions and responsibilities for preparing consolidated financial statements. Adjustments in consolidated financial statements are made before the balances and profit and loss statements of Group companies are booked to the Group reporting system to be sure that all company accounts correspond to principles of consolidated financial statements (IFRS). The validity of consolidation is synchronized. Turnover and profit of group and business units are analyzed and compared to views of management and to information from operational systems in the Control function.

Other processes that are significant for financial statements are the fixed assets process and the sales process. Sales revenues of the Group are booked based on information from operational systems. This process is supervised by Group Financial Department. Significant information from sales systems is synchronized monthly with the information in bookkeeping. In Group, there are limits for accepting the purchase of fixed assets and the accounting function of the Group is also supervising purchases that are activated as assets. Group has an accepted depreciation policy that specifies the economic lifetime for goods and components. Group accounting supervises that the depreciation periods that business units have defined are done according to group policy. Economic lifetimes are supervised by group accounting and inventory of fixed assets is done regularly. Depreciation periods are specified by law and by economic lifetime according to the prudence principle.

An effective internal control system requires adequate, well-timed, and reliable information so that the management can follow the achievement of goals and functionality of controls. This covers both economic and other information, data from information systems as well as other internally and externally gathered information. Management in different levels of the Group is continuously supervising and estimating information from financial and operational systems as well as information from internal and external sources and evaluates the significance of the information for the Group. Directions for accounting and other relevant directions are available in the intranet for all and the accounting function organizes on-demand education related to these directions. Communication between operational units and accounting function is regular. Profit of Group is supervised internally by monthly reporting and it is completed by rolling forecasts. Group financial results are informed to the personnel immediately after the official stock exchange release is published.

Instructions for insiders are available in the intranet for all. President and CEO is responsible for Investor Communications.

The auditors control the validity of Group accounting and financial statements and that the management of the Group is organized properly. Control findings and recommendations

related to them made by auditors are reported to the Board of Directors and to the Internal Audit Committee.

INTERNAL CONTROL

In the Group, internal control means all actions and processes, principles, instructions, and organizational structures that aim to increase the probability that all targets can be reached. The purpose of internal control is to ensure the profitability of operations, observance of legislation and contracts, proper administration of assets, and validity of financial reporting. The Group applies its internal control in accordance with the international COSO model.

Nurminen Logistics Group consists of parent company Nurminen Logistics Plc, subsidiaries, and associated companies. Functionally significant companies in addition to the parent company and the Finnish subsidiary are Russian and Baltic business units that are managed in own companies.

The Board of Directors is responsible for organizing and functionality of internal control. Internal control is managed by Group Management Team and it is executed by the whole organization. Internal control is not a separate function, but an elementary part of all functions and it is working in all levels of the organization. Operational management has the main responsibility of control. Each manager is responsible for organizing the control of the functions, which he/she is responsible for, and to follow that the controls are continuously functional. Support functions such as financial administration and IT department are supporting Group Management Team and have a responsibility to organize the internal control in support functions. Chief Financial Officer is responsible for processes in financial administration and in reporting and shall organize the internal control for these functions.

INTERNAL AUDIT

The internal audit of the company is organized by President and CEO and the Audit Committee. Together they annually decide the focus, resourcing, and actions of internal audit. The goal of an internal audit is to evaluate and develop the risk management, control, management, and administration processes. Internal audit is carried out as broadened external audit.

The company does not have a separate internal audit function. Instead, the internal audit is part of the group's financial administration. If necessary, the Group buys expert services. Contract risks are also managed locally with the assistance of the lawyers representing Business Units. Local auditors audit the procedures of internal control in

accordance with the audit plan. Representatives of the financial administration perform certain controls when they visit subsidiaries. The financial management reports on the findings to the President and CEO and the Audit Committee, which in turn report to the Board of Directors. The focus areas of risk management have been credit and liquidity risk as well as risks associated with railway logistics business operations.

RISK MANAGEMENT

The Group engages in continuous risk evaluation of its operative business and aims to protect itself from known risk factors. The goal of the Group's risk management is to secure the performance of the group and to ensure the undisturbed continuation of the business. The Board's Audit Committee evaluates the sufficiency and the appropriateness of the risk control and the processes related to it. The Audit Committee reports to the Board of Directors. Risk management is an elementary part of operative business and internal control, and operational management has the main responsibility of risk management, supported by Group support functions.

Business risks are divided into strategic risks, financial risks, operational risks, information security risks, and indemnity risks.

The Group has established a general risk management policy, the principles of which are:

Strategic Risks

The Group systematically analyzes risks that are significant in relation to achieving the Group's strategic targets. Risk analysis of strategic risks and the measures caused by it are reviewed in the Board of Directors at least once a year.

Financial Risks

The goal of the Group's risk management is to minimize the harmful effects by the changes in financial markets on the Group's profit and equity. The policy for managing financial risks is based on the main principles of finance approved by the Board of Directors. Group Financial Department is responsible for daily risk management within the limits set by the Board.

Currency risks

Currency risks are caused by foreign currency imports and exports, by the financing of foreign subsidiaries, and by the equity in foreign currency.

The Group manages the currency risk inherent in cash flows by keeping foreign currency income and expense cash flows in the same currency, and by matching them simultaneously to the extent possible. If matching is not possible, a portion of the open position may be hedged.

Foreign currency transaction risk position can be hedged if the counter value of currency exceeds EUR 500,000. Positions greater than EUR 2 million are hedged 50–110 %. The foreign currency risk of the net translation exposure can be hedged 25–75 %. Instruments used in hedging include forward contracts and plain vanilla options. Exotic options are forbidden. The hedge ratio is considered based on the current economic trends and the predicted currency prospects as well as the functionality of each currency's hedge market. In extraordinary hedging market circumstances, the company may deviate from the guidelines above.

Currency amounts in bank accounts should be kept as small as possible without disturbing payment transactions. The amount of currency assets may not exceed one percent of the total of the balance sheet.

Interest Rate Risks

Interest rate risks to the Group derive mainly through interest-bearing debt. The purpose of interest rate risk management is to diminish the effect of market interest rate movements on finance cash flows. Usable protection instruments include forward rate agreements and interest rate futures, interest rate swaps, and interest collar agreements.

Liquidity Risk

The purpose of liquidity risk management is to ensure sufficient financing in all situations. Assets required for two weeks' payment transactions will be reserved as a buffer for the liquidity of payment transactions. The Group aims to guarantee the availability and the flexibility of financing in all circumstances by various financing agreements including sufficient credit limits and by co-operating with a number of financing institutions.

Credit Risks

The goal of managing credit risk is to minimize losses that are caused by the other party neglecting their obligations. The Group will manage the counterparty risk based on the customer credit rating and engages in active debt-collection, when necessary.

Operational Risks

The operational risks consist of sales, business, personnel, IT, safety and agreement risks, risks related to the internal processes and systems as well as of legal risks.

The Group strives to minimize the operational risks of its activities by seeking as balanced a business revenue and expenditure structure as possible and by continually developing its own operations and systems.

In terms of revenue structure, the Group pursues a balanced customer portfolio such that the proportion of the Group's business activities deriving from individual customers and industries does not become too large.

In terms of expenditure structure, the Group strives for a flexible expenditure structure such that outlays conform to seasonal variations in business activities.

The Group strives to minimize the agreement risks by harmonizing the agreements as well as the processes of drafting and approving the agreements. If necessary, the Group buys expert services.

The Group continuously develops its core processes and information systems in order to be able to serve its customers competitively now and in the future.

It is the goal of the Group to continuously develop the possibilities for the Group and the personnel to improve their own operating environment and to predict changes by developing procedures, systems, tools, and personnel through many different means. Regular personnel satisfaction surveys, supervisor evaluations along with evaluations of key personnel, allow the prediction and minimization of possible human risks.

Information Security Risks

Information security is a constant part of the securing and developing of all operations of the Group. Information security and information security policy are the responsibility of the President and CEO and Group Management Team. They decide on the common information security policy of the Group. IT department is responsible for the development, supervision of the implementation, and maintenance of information security knowledge. In the end, every administrator and user of the information systems and information networks is responsible for the implementation of information security. IT department is responsible for the protection of the information systems and for the information that they include.

The foundation of the implementation of information security is the information security policy established by the Group. The policy is available for all employees and IT system users. The targets, responsibilities, and methods of implementation of the Group's and its subsidiaries' information security are defined in the information security policy.

The goal of the information security work is to secure the continuity of the Group's operations and the uninterrupted functioning of the manual and automatic information systems that are important to the operations, to prevent the unauthorized use of the information and information systems, to prevent unintended or intended destruction or distortion of information and to minimize the possible damages. In addition to the protection of the information processing of normal times, the Group also prepares for the threat situations that could interrupt the Group's operations and for the recovery from these situations. The Group's information, information systems, and information system services are kept properly protected through administrative, technical, and other measurements both during normal and unusual conditions. Every person handling company information is responsible for his/her part to take care of information security.

The achievement of information security goals is an ongoing process, which includes administrative, physical, and technical resolutions. The information security risks are being investigated on a regularly basis with a goal to identify the threats that endanger the operations, to recognize the vulnerable spots of the information systems and to estimate the losses in case threat materializes, and to estimate the costs of reconstructing the information security in order to reduce the risks.

Indemnity Risks

Significant indemnity risks to the Group are those related to the Group's personnel, its assets, interruption of its operations, and its liability risks.

The Group continuously pays attention to the security of its operations and to the maintenance of proper working conditions. The company's quality and environmental systems are deemed to fulfill the requirements established for the ISO 9001:2008 and ISO 14001:2004 standards. In addition, its occupational health and safety system is certified (ISO 45001:2018) as well.

All terminal workers have earned an occupational safety card. The Group utilizes deviation reporting.

In addition to statutory insurance coverage, the Group also has comprehensive property, business interruption, and liability insurance coverage to minimize indemnity risks. In order to ensure that insurance policies offer comprehensive coverage and are priced competitively, the Group analyses its insurance coverage yearly using external experts as necessary.

USE OF DERIVATIVES

Management can use derivative contracts for protections of currency, interest, and commodity risks as defined in "Financial Risks". Any other use of derivatives needs to be approved by the Board of Directors.

The strategy work of the company

the Group Management Team and the Board of Directors continuously define and specify the strategic goals of the Group. The Board and the Management Team have annually joint strategy meetings. Annually the Board also reviews risk assessment, in which the significant risks related to the achievement of the Group's strategic targets are quantified by the management of the Group. The analysis includes a plan to mitigate the probability of realization of the risks and the negative impact of realized risks.

Auditing

the company has one auditing company authorized by the Central Chamber of Commerce. The auditor's term of office continues until the next Annual General Meeting after the Auditor's election.

The company's auditor is auditing firm Ernst & Young Oy, with APA Juha Hilmola as principally responsible auditor.

The auditors were paid a fee of EUR 152 000 in 2021 for auditing of the financial year. A total of EUR 31 000 was paid in consulting fees unrelated to auditing.

Communications

nurminen Logistics Plc is publishing a half-year financial report, a financial statement release, a financial statement, and the Board's report on operations in Finnish and English. The schedule for financial reporting for 2022 has been published on December 21, 2021. These and the company's other releases, as well as key information regarding the company, are available on the company's website at www.nurminenlogistics.com.

Nurminen Logistics ▶▶▶

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