

Corporate Governance Statement 2013

GOVERNING PRINCIPLES

Aspo's decision-making and administration comply with the Finnish Companies Act, securities market legislation, other regulations concerning public limited companies, Aspo Plc's Articles of Association, and the rules and regulations of NASDAQ OMX Helsinki Ltd. Aspo follows the Finnish Corporate Governance Code for listed companies that was issued by the Securities Market Association in 2010. The document is available on the Securities Market Association's website www.cgfinland.fi.

In addition to the Corporate Governance Statement Aspo's Board of Directors has issued a separate report of the Board of Directors 2013. The report of the Board of Directors is presented on page 54 of the Annual Report 2013.

Group structure

The Aspo Group's parent company, Aspo Plc, is a Finnish public company domiciled in Helsinki. The main responsibility for Aspo Group's administration and operations lies with Aspo Plc's organs, which are the Shareholders' Meeting, the Board of Directors and the CEO. The highest decision-making power is exercised by the shareholders at the Shareholders' Meeting.

Aspo Plc's task is to own, manage and develop the operations of its subsidiaries and other operational units, centrally administer the Group companies, take care of issues related to financing and strategic planning, and plan and implement financially expedient investments.

The Group's operational business is carried out in the Group companies (ESL Shipping Ltd, Leipurin Ltd, Telko Ltd and Kaukomarkkinat Ltd) and in their subsidiaries in Finland and abroad.

Shareholders' Meeting

The Annual Shareholders' Meeting is arranged every year on a date set by the Board of Directors and it deals the issues that are the Annual Shareholders' Meeting's responsibility as outlined in the Articles of Association, the Board proposals and possible other proposals to the Shareholders' Meeting. The Annual Shareholders' Meeting, for instance, confirms the financial statements, elects the Board members and the auditor, and decides on profit distribution and the remuneration of Board members and the auditor.

Shareholders are, according to the Companies Act, entitled to bring issues to be discussed to the Shareholders' Meeting if they demand this in writing from the Board of Directors well in advance so that the issue can be included in the notice of the meeting.

The Board of Aspo Plc calls the Shareholders' Meetings. The notice of the meeting is published in a stock exchange release and in newspapers determined by the Board at the earliest two months before and at the latest 21 days before the meeting. In addition, the notice of the meeting and the following information are published on the company's website 21 days before the Shareholders' Meeting at the latest:

- total number of shares and votes by share class on the date of the notice of the meeting
- documents to be presented to the Shareholders' Meeting

- decision proposal of the Board of Directors or some other competent organ
- any issue that is included in the agenda of the Shareholders' Meeting but for which no decision is proposed

The decisions of the Shareholders' Meeting are published after the meeting in a stock exchange release. The minutes of the Shareholders' Meeting with the voting results and appendices related to the decisions are published on the company's website within two weeks of the Shareholders' Meeting.

Board of Directors

According to the Articles of Association, Aspo Plc's Board of Directors comprises no fewer than five and no more than eight members. The number of members of the Board is determined at the Shareholders' Meeting, where its members are also elected. The members of the Board of Directors elect a chairman and a vice chairman from amongst themselves. In the 2013 Annual Shareholders' Meeting, seven Board members were elected. The term of the members ends at the conclusion of the Annual Shareholders' Meeting following the election.

The Board constitutes a quorum when more than half of the members, including either the chairman or vice chairman, are present.

The duties and responsibilities of the Board of Directors are set out in the Articles of Association, the Finnish Companies Act and other applicable legislation. Aspo Plc's Board of Directors has confirmed written standing orders which state that the matters to be handled by the Board include, but are not limited to:

- Aspo Group's strategic policies and divisional strategies
- Group structure
- matters to be presented to Shareholders' Meetings
- interim reports and consolidated financial statements
- Group business plans, budgets and investments
- expanding and scaling back operations, acquisitions/divestitures of companies or operations
- Group risk management, insurance and financial policies
- Group environmental policy
- management remuneration and incentive systems
- appointment of the CEO
- monitoring the financial and financing situation of Aspo Group

The Board carries out an annual self-evaluation of its operations and working methods.

In 2013, the Board of Directors arranged 10 meetings, of which three were teleconferences. The average participation rate was 94.

Board members on December 31, 2013

Gustav Nyberg

born 1956, Chairman;
not independent of the company, independent of its major shareholders
B.Sc. (Econ.), eMBA
Full-time chairman of the Board since 2009, member of the Board since 2008

Matti Arteva

born 1945, Vice Chairman;

independent of the company and its major shareholders
 Engineer
 Vice Chairman of the Board since 2000, member of the Board since 1999

Mammu Kaario

born 1963, independent of the company and its major shareholders
 LL.M, MBA
 Investment Manager, Korona Invest Oy
 Member of the Board since 2012
 Member of the Audit Committee since 2012

Esa Karppinen

born 1952, independent of the company and its major shareholders
 LL.M.
 President and CEO, Berling Capital Oy, 1986–
 Member of the Board since 2005

Roberto Lencioni

born 1961, independent of the company and its major shareholders
 LL.B.
 Managing Director, Oy Gard (Baltic) Ab, 2003–
 Member of the Board since 1999
 Chairman of the Audit Committee since 2010

Kristina Pentti-von Walzel

born 1978, independent of the company and its major shareholders
 M.Sc. (Econ.), B.Sc. (Pol. Sc.)
 Director, The Libera Foundation 2013–
 Member of the Board since 2009
 Member of the Audit Committee since 2010

Risto Salo

born 1951, independent of the company and its major shareholders
 M.Sc. (Eng.)
 Chairman of the Board, Hollming Oy, 2005–
 Member of the Board since 2008

Board committees

The Board has established an Audit Committee with the objective of preparing issues related to the company's financial reporting and monitoring. The Audit Committee does not have independent decision-making authority, but the Board makes the decisions on the basis of preparations by the committee. The Audit Committee consists of the chairperson and at least two members, who the Board appoints from among the Board members for one year at a time. The Board of Directors has appointed Roberto Lencioni chairman of the Audit Committee and Mammu Kaario and Kristina Pentti-von Walzel as committee members.

The tasks of the Audit Committee are:

- monitoring the financial statement reporting process
- supervising the financial reporting process
- monitoring the effectiveness of internal control and risk management systems
- handling internal control's plans and reports
- handling the description of the main principles of the financial reporting process related to internal control and risk management systems included in the company's Corporate Governance Statement

- monitoring the statutory audit of the financial statements and consolidated financial statements
- assessing the independence of the audit firm
- assessing the auxiliary services offered by the audit firm
- preparing the decision on the election of the auditor

The Audit Committee will convene regularly at least twice a year. In 2013, the Audit Committee had five meetings.

Aspo has no other committees besides the Audit Committee.

Chairman of the Board

The full-time chairman of the Aspo Plc Board is Gustav Nyberg, B.Sc. (Econ.), eMBA (57). He is, in addition to his Chairman duties, also responsible for the progress of the strategy process and participates in IR operations.

Aspo Plc's Board of Directors elects a chairman from among the Board members, appoints the full-time chairman of the Board, and agrees upon the terms of employment defined in a written executive contract. The full-time chairman does not receive the board member's compensation decided by the Annual Shareholders' Meeting while the executive contract is in force. The total compensation paid to the full-time chairman under the executive contract shall not exceed the compensation for the Chairman of the Board established by the decision of the Annual Shareholder's Meeting.

Chief Executive Officer

The Board of Directors appoints Aspo Plc's CEO. Aki Ojanen, eMBA (53), acts as the CEO of Aspo. The CEO is responsible for the management and development of the Group's business in accordance with the instructions of the Board of Directors. The CEO presents matters and reports to the Board of Directors. The CEO is responsible for the Group administration in accordance with the instructions of the Board of Directors, and for the company accounting complying with applicable legislation and the reliable arrangement of the company finances. He also serves as the chairman of the Boards of Group companies and acts as the operational supervisor of the presidents of Group companies. He is also responsible for internal control as the superior of the CFO and for Group risk management, which is coordinated by the CFO.

The Group Executive Committee

The CEO is assisted by the Group Executive Committee, which is responsible for developing the strategic structure of Aspo Group and its earnings, as well as prepares the policies and shared practices. The Croup Executive Committee consists of the Group CEO, Group CFO, Group Treasurer, and the Managing Directors of the Group companies. The Group Executive Committee convenes at least six times a year. The members of the Group Executive Committee are public insiders.

In addition to the CEO, the Group Executive Committee in 2013 consisted of CFO Arto Meitsalo, Group Treasurer Harri Seppälä as well as Markus Karjalainen (until January 8, 2013), Managing Director of ESL Shipping Ltd, Matti-Mikael Koskinen (since May 1, 2013), Managing Director of ESL Shipping Ltd, Kalle Kettunen, Managing Director of Telko Ltd, Jukka Nieminen, Managing Director of Kaukomarkkinat Ltd, Matti Vääänänen (until August 4, 2013), Managing Director of Leipurin Ltd, and Paul Taimitarha (since August 5, 2013), Managing Director of Leipurin Ltd.

Rewarding

The salaries, remuneration and other financial benefits of the management and the members of the Board of Directors are presented in a separate remuneration statement at www.aspo.com.

Auditing

According to the Articles of Association, the Annual Shareholders' Meeting elects the auditor, which must be an auditing firm approved by the Central Chamber of Commerce. The term of the auditor ends at the conclusion of the Annual Shareholders' Meeting following the election.

The auditor elected by the Shareholders' Meeting is responsible for instructing and coordinating the auditing work in the Group. The auditor provides the company's shareholders with the auditor's report in connection with the annual report, in accordance with legislation. The Board of Directors also receives other possible auditing reports.

The 2013 Annual Shareholders' Meeting elected the APA firm Ernst & Young Oy as the auditor, with APA Harri Pärssinen as the principal auditor. In 2013, companies belonging to the EY chain in Finland and abroad were paid a total of EUR 108,800 in compensation for performing audits for Aspo Group. In addition, other services were acquired for EUR 28,100.

Internal control

Aspo's internal control includes the control that is built in to the business processes, the Group's management system and financial reporting covering the entire Group. Internal control is an integral part of the company's management, risk management and administration.

The aim of internal control is to create sufficient certainty of goals and objectives being reached in the following issues:

- operational profitability and efficiency and capital control
- reliability and completeness of financial and operational information
- compliance with laws, regulations and agreements, as well as ethical principles and social responsibility
- securing and responsible management of assets and brands

The responsibility to arrange the control lies with the Board and the CEO both at Group level and in the different business areas. The Group's Board is responsible to the shareholders and the CEO to the Board. The chain of responsibility continues throughout the organization so that each Aspo employee is responsible to his/her superior for control. Group company controllers have supervision responsibility concerning compliance with legislation and Group instructions. As well as the sector management, they also report to the CFO. The CFO reports to the CEO and Board on possible findings. The internal control functions support the Group management in their control task and the aim is to offer the Group management sufficient surety that the control is working.

Financial reporting

The control of financial reporting is based on monitoring of business processes. The information for financial reporting is created as business processes progress, and responsibility for correct information is shared by all participants in the process. The financial reporting process is decentralized and monitored by the Audit Committee.

The financial statements of the Group are compiled according to the IFRS standards; those of the parent company and Finnish subsidiaries according to the Finnish Accounting standards. Each separate company complies with the legislature of the country where it is located, but reports based on the Aspo's internal accounting regulations. Separate companies may have their own accounting framework, but all information is consolidated on the basis of a common framework to the business area level, where their reliability is assessed and then transferred to Group level. Aspo Group's information is verified, and assessed on monthly basis. At each phase the unit responsible for the quality and generation of information will assess its reliability. The Group-level inspection and balancing mechanisms are used on both monthly and quarterly bases.

The systems required for financial reporting are decentralized and used according to the principles of internal control of Aspo Group. Achieving the set targets is followed on a monthly basis with the reporting system. In addition to actual and comparison figures, it provides up-to-date forecasts. The reports are provided to the Aspo Board of Directors monthly. The Board of Directors assesses the Group's position and future based on the provided information. The Board of Directors is responsible for the contents and publication of the financial statement.

In 2013, the Group continued to update and integrate the reporting systems in order to improve the level of internal control.

The reliability of reporting and processes are assessed by the Audit Committee and an independent, external audit corporation.

Internal auditing

The purpose of internal auditing is to support evaluation and confirmation of the Group to verify the efficiency of risk management, control, management and administration. Internal auditing assists the Board of Directors and organization in achieving the Group targets and in ensuring and developing the control system.

The Board of Directors approves the principles of internal auditing as part of internal control. The Group CFO is responsible for internal auditing, and the findings of the function are reported to the CEO, the Audit Committee and the Board of Directors. Internal auditing is organized corresponding to the size of the Group. Externally purchased services with special skills will be used for demanding assessments. The target is to accomplish two or three risk-based audits annually. The audits are based on risk assessment as defined in the risk analyses of individual business units. The objects of the assessment and auditing process are profitability and efficiency of activities, reliability of financial and activity reporting, compliance issues and securing of assets.

The Audit Committee, appointed by the Board of Directors, monitors the operations and efficiency of the company's internal supervision in its meetings. The committee also processes the plans and reports of the internal auditing.

Risk management

The target of risk management is to ensure the fulfillment of Group strategy, development of financial results, shareholder value, dividend payment capability and business continuity. The Group management is responsible for risk management. The operational management of the business areas is responsible for defining sufficient measures and their implementation, and for monitoring and ensuring that the measures are implemented as part of normal operational control. Risk management is coordinated by the Group's CFO, who reports to the Group CEO.

The Audit Committee appointed by the Board monitors the efficiency of the risk management systems and processes the plans and reports of the risk management.

Each business area has a separate risk management program. Business risks and their management are dealt with in the executive teams of the business units. The functions common to the whole Group will ensure that sufficient risk assessment and reporting procedures are incorporated into the processes they are responsible for. In terms of certain risks, the risk management principles and main content have been defined in Group-level policies and guidelines. The Group management is responsible for Group-level insurance policies.

Risk management is essentially based on the aforementioned procedures of internal controls, where the chain of responsibility extends throughout the Group. The most important factors in business risk management are a profound understanding of the business and command of the tools which are used for daily business operations and their control. Characteristic risks in each business area are identified in the business units, assessed in the business unit management teams, and reported to the units' Boards and, if need be, also to the Aspo Board of Directors or the audit committee. The Group CEO acts as the chairman of the Boards of Group companies.

Risks are continuously assessed and their management is discussed in the business unit executive teams. Risk assessments are updated according to Aspo's management policy and the most noteworthy findings are presented in the quarterly interim reports. Larger projects always include a separate risk analysis. The most significant risks for the Group are assessed once a year and the results are presented in the annual report.

Financial risks and the management principles and organization of financial risks are presented in the Notes to the Financial Statements, note 26.

Insider management

Aspo Group follows NASDAQ OMX Helsinki Oy's insider instructions. Aspo's Board has also confirmed insider regulations for Aspo Plc, including instructions for permanent insiders and project-specific insiders. Aspo Plc's public insiders include the Board members, the CEO, the members of the Group Executive Committee and the auditor. Aspo Plc's permanent company-specific insiders include the vice presidents of subsidiaries, secretary to the Board, people responsible for Group finances and financing and other persons who, due to their work, regularly receive insider information. In addition a project-specific insider register is kept on persons participating in the preparation of insider projects.

Permanent insiders are not allowed to trade in securities issued by the company for 21 days before the publication of interim reports or annual reports, nor on the day of publication.

The Group's CFO is responsible for the control and monitoring of insider issues. The holdings of members of the public insiders and changes to these holdings are published on the company's website at www.aspo.com. Aspo Plc's insider register is maintained by Euroclear Finland Ltd.

ASPO Plc

Board of Directors

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