



Corporate Governance Statement 2023



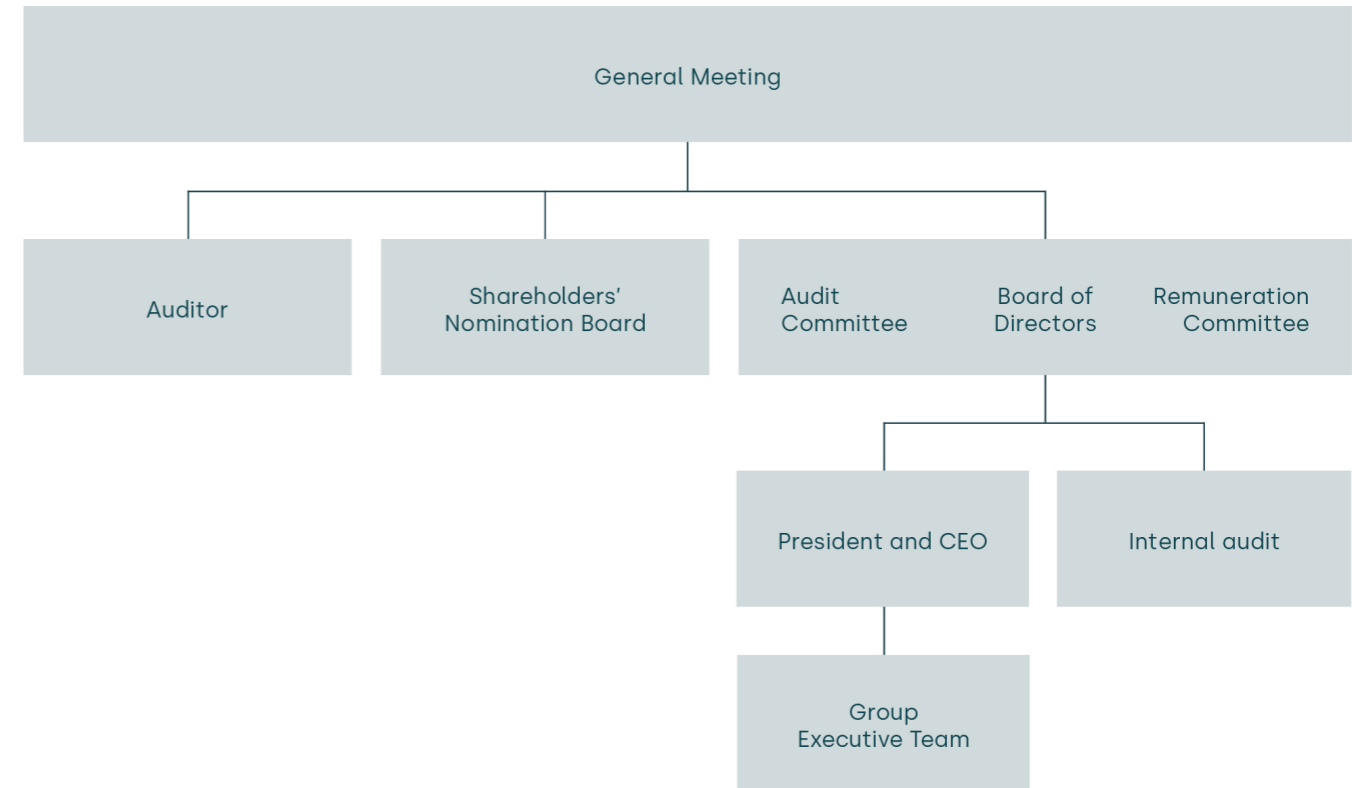
Introduction

Enersense International Plc (hereinafter “Enersense” or the “company”) is a public limited company registered in Finland, which serves as the parent company of the Enersense Group. Enersense’s shares are listed on the main list of the Nasdaq Helsinki. Enersense is subject to the disclosure obligations in Finland.

Enersense’s decision-making and governance comply with the laws and regulations of Finland, its Articles of Association, the EU’s Market Abuse Regulation (MAR), the rules of Nasdaq Helsinki Ltd, and the guidelines of the European Securities and Markets Authority (ESMA) and the Finnish Financial Supervisory Authority. Enersense also complies with the Finnish Corporate Governance Code, published by the Securities Market Association, which entered into force on 1 January 2020. The 2020 Corporate Governance Code is available on the Securities Market Association’s [website](#). Enersense follows the 2020 Corporate Governance Code without exceptions.

This statement is provided separately from the Board of Directors' Report. This statement has been reviewed by the Audit Committee of Enersense’s Board of Directors and was approved by the Board of Directors on 29 February 2023, and is available on Enersense’s [website](#).

Enersense's governance structure



Descriptions concerning corporate governance

In accordance with the Finnish Limited Liability Companies Act and Enersense's Articles of Association, control over the company and the governance of the company are divided between the shareholders represented at general meetings, the Board of Directors and the President and CEO ("CEO"). The CEO is assisted by the Group Executive Team.

General meeting

The general meeting is Enersense's highest decision-making body. At general meetings, the shareholders exercise their decision-making power in accordance with the Limited Liability Companies Act and the Articles of Association.

In accordance with the Articles of Association, the Annual General Meeting (AGM) must be held annually on a date determined by the Board of Directors, but no later than six months from the end of the fiscal period.

The AGM decides on adopting the financial statements, distribution of funds, electing the company's Board members and auditor, and discharging the Board members and the CEO from liability, among other matters.

An Extraordinary General Meeting (EGM) is convened if the Board of Directors deems it necessary, or if the auditor or shareholders who collectively hold one-tenth of all shares demand in writing that an EGM should be convened to discuss a specific matter.

Notice of the General Meeting must be published on the company's website no earlier than three months and no later than three weeks before the General Meeting; however, always at least nine days before the record date for the General Meeting.

To participate in the General Meeting, shareholders must register with the company before the end of the registration period indicated in the notice of the meeting. The registration period can be set to expire no earlier than ten days before the meeting, and it cannot be set to expire on a Sunday, Saturday, Midsummer's Eve, New Year's Eve or any other public holiday.

The General Meeting may be held in the company's place of domicile or at any other location in Finland determined by the Board of Directors.

The Board of Directors may decide that participation in the General Meeting is also permitted such that a shareholder exercises their decision-making power using a remote connection and technical means before or during the General Meeting. The Board of Directors may also decide to arrange a General Meeting without a physical venue such that the shareholders exercise their full decision-making powers in real time using a remote connection and technical means during the meeting.

Annual General Meeting 2023

Enersense's Annual General Meeting was held at the premises of Hotel Haven in Helsinki on 4 April 2023. A total of 21 shareholders participated in the meeting present or through advance voting, either personally or by proxy. These shareholders represented a total of 9,139,869 shares and votes (55.42% of all shares and votes in the company on the record date for the AGM).

The minutes of the AGM are available on the company's [website](#).

Board of directors

In accordance with Enersense's Articles of Association, its Board of Directors consists of three to seven members. The Board members' term of office ends at the close of the first AGM following their election. The AGM elects the members of the Board of Directors based on the Shareholders' Nomination Board's proposal. The company's Articles of Association do not contain provisions on the special order of appointment of the members of the Board of Directors. The Board of Directors elects its Chair and a Vice Chair from among its members.

In accordance with the Limited Liability Companies Act, the Board of Directors is responsible for the company's governance and the appropriate organisation of its operations. The Board is also responsible for ensuring that the company's accounts and finances are appropriately monitored.

The Board has approved rules of procedure which determine its duties and activities in more detail. To fulfil its duties in accordance with its rules of procedure, the Board of Directors:

- Convenes the General Meeting and prepares proposals for the general meeting;
- Approves the financial statements, the Board of Directors' Report, half-year reports and business reviews;
- Steers and monitors the company's executive management;
- Appoints and dismisses the CEO;
- Approves the CEO's assignment agreement and benefits;
- Approves the appointment of the members of the Group Executive Team, as well as their salaries and other benefits;
- Approves the company's risk management principles;
- Confirms the company's long-term strategic and financial targets;
- Approves the budget;
- Decides on significant individual investments, on M&A, and real estate transactions; and
- Decides on other matters that fall within the scope of its duties in accordance with the legislation.

The Board of Directors' meeting schedule is confirmed for each calendar year. If necessary, the Board may hold additional meetings. A Board meeting may also be held by telephone or email or otherwise through a remote connection. The Board may also make decisions without meeting in accordance with the Limited Liability Companies Act.

At its meetings, the Board is provided with current information about Enersense's operations, finances and risks. The CEO, the CFO and the SVP, Legal attend the meetings of the Board of Directors. The SVP, Legal also serves as secretary to the Board. The members of the Group Executive Team and other representatives of the company attend Board meetings at the invitation of the Board of Directors. Minutes are drawn up of all meetings.

The Board reviews its activities and ways of working annually.

Board of Directors in 2023

The 2023 AGM decided that the Board of Directors consists of six members. The AGM decided to re-elect Jaakko Eskola, Sirpa-Helena Sormunen, Sari Helander, and Petri Suokas. The AGM decided to elect Carl Haglund and Anna Miettinen as new members. At its first meeting, the Board of Directors elected Jaakko Eskola as its Chair and Sirpa-Helena Sormunen as its Vice Chair as proposed by the Shareholders' Nomination Board.

Information about the members of the Board of Directors and the Enersense shares held by them or by entities in which they exercise influence or control, is presented in the table below:

Name	Position	Year of birth	Education	Main occupation	Board member since/until	Shareholding on 31 December 2023
Jaakko Eskola	Chair of the Board of Directors	1958	MSc (Tech.)	Board Professional	Since 16 April 2021	7 405
Sirpa-Helena Sormunen	Vice Chair of the Board	1959	LLM (trained on the bench)	Board Professional	Since 19 March 2021	14 110
Petri Suokas	Member	1973	Vocational qualification in construction	Entrepreneur	Since 6 April 2020	12 210 ¹⁾
Herkko Plit	Member	1970	MSc (Tech.), Engineering Physics	CEO, P2X Solutions Oy	Since 27 July 2020 until 4 April 2023	1 221
Päivi Paanila	Member	1968	MSc (Econ.)	CEO, Avant Advisors Oy	Since 27 July 2020 until 4 April 2023	3 052
Sari Helander	Member	1967	MSc (Econ.)	CFO and Head of Group Functions, Ramirent Group	Since 27 July 2020	854
Anna Miettinen	Member	1981	MSc (Tech.) & BSc (Culture and Arts)	Chair of the Board, Ensto Invest Oy	Since 4 April 2023	1 200
Carl Haglund	Member	1979	MSc (Econ.)	CEO, Veritas	Since 4 April 2023	—

1) 12,210 shares directly and 240 860 shares indirectly through Siementila Suokas Oy and 680 022 shares through Suotuuli Oy which are entities in which he exercises control.

More information about the members of the Board of Directors is available on the company's [website](#).

The Board of Directors has assessed the independence of its members, and has concluded that all Board members were independent of the company. Jaakko Eskola was not considered to be independent of the company's major shareholder because of his role as Senior Industrial Advisor for Nidoco AB. Petri Suokas was not considered to be independent of the company's major shareholder until 1 April 2023 because of his role as a board member of MBÅ Invest Oy. All other Board members were concluded to be independent of the company's major shareholders.

The Board of Directors convened 13 times during the financial year, partly also without convening in person. Each member's attendance at meetings is presented in the table on page 7.

In 2023, the Board of Directors' activities focused on corporate arrangements, including the sale of Enersense Solutions Oy and the implementation of merger of MBÅ Invest Ltd to Enersense International Plc. In addition to these priorities, the Board focused on monitoring the company's financial performance and financing, managing its working capital, monitoring strategy implementation, and as new focus area, the company's sustainability program and practices as well as preparing for the upcoming sustainability reporting.

Like previous years, in 2023, the Board of Directors handled the financial reports and monitored the group's financing position, approved the budget, most significant investments and group structure modifications, monitored group level projects and their progress, and approved the business reviews, half-year reports, and financial statement bulletin as well as the financial statements prior their publication. In 2023, the Board of Directors has decided to establish new stock-based incentive programs and the performance criteria for the 2023 performance bonuses, as well as assessed the realization of the 2022 performance bonuses. The Board of Directors has conducted their self-review concerning their activities and evaluated the performance of the group executive team.

Principles concerning the diversity of the Board

Diversity is an important part of Enersense's operations. The principles concerning the diversity of the Board are part of Enersense's foundation for diversity. The purpose of ensuring the diversity of the Board is to create a Board of Directors that is able to work and cooperate effectively, respond

to the requirements arising from the company's business goals and strategic targets, and support and challenge the company's executive management proactively and constructively.

In preparing the composition of Enersense's Board of Directors, attention is paid to the requirements arising from its Articles of Association and the Corporate Governance Code, as well as to the requirements arising from Enersense's operations and the foundation that they lay for taking diversity into account. Diversity is examined in terms of gender and other factors that promote diversity, such as age, professional background, education, international background, relevant experience, and personal characteristics. Attention is also paid to how the members complement one another in terms of competence, education and experience, taking account of the needs of the company's current and future business operations. The Shareholders' Nomination Board takes the diversity principles into account when preparing the composition of the Board of Directors.

Enersense seeks to ensure that expertise in various sectors and markets, different professional and educational backgrounds, a diverse age range, and both genders are represented on its Board of Directors. The company also seeks to ensure an appropriate gender balance.

The composition of the Board of Directors is consistent with the principles of diversity. Five of the members of the Board have a university degree. Moreover, its members have international experience in various managerial positions in companies that operate in Finland and internationally in sectors and key markets that are relevant for Enersense. The members' ages range from 42 to 65, and both genders are represented on the Board: three men and three women.

Board committees

The committees assist the Board of Directors by preparing matters falling within the Board of Directors' decision-making power. The Board of Directors has appointed an Audit Committee and a Remuneration Committee from among its members.

Each committee consists of at least three members who must have the expertise and experience necessary for the performance of the committee's duties. The committees regularly report to the Board on their operations. To determine their duties and operating principles, the Board has approved written rules of procedure for the committees.

Audit Committee

The purpose of the Audit Committee is to assist the Board in its supervisory duties related to the Group's financial reporting, internal control system, risk management and internal audit, and the auditor's work.

Its duties are in accordance with the recommendations of the Corporate Governance Code.

The committee's specific task is to assist the Board in the following:

- Monitoring and assessing financial reporting systems and processes;
- Assessing compliance with laws and regulations and the guidelines approved by the Enersense Group;
- Monitoring the effectiveness, adequacy and appropriateness of internal control, internal audits and risk management systems, and supervising internal audits;
- Monitoring the statutory audit of the financial statements and consolidated financial statements;
- Monitoring and assessing the auditor's competence and independence and, in particular, their provision of non-audit services;
- Preparing a proposal on the auditor's selection and fees for the Annual General Meeting of Enersense International Plc to decide on;
- Reviewing the content of the Enersense Group's financial statements, half-year report and business reviews; and
- Communicating with the auditor and reviewing the auditor's reports.

The committee consists of at least three members, at least one of whom must have expertise in the fields of accounting or auditing in particular.

The members of the Audit Committee must be independent of the company, and at least one of them must be independent of its major shareholders.

The Audit Committee prepares its own schedule and meets as often as is necessary to fulfil its duties in accordance with its rules of procedure, but at least four times a year. If necessary, the Audit Committee invites the auditor, members of the executive management or other experts to its meetings.

Audit Committee in 2023

At the Board of Directors' first meeting after the Annual General Meeting, Sari Helander (Chair), and Petri Suokas were re-elected as members of the Audit Committee. Carl Haglund was elected as a new member.

The members of the Audit Committee are independent of the company, and Sari Helander and Carl Haglund are independent of its major shareholders. Petri Suokas was dependent of a major shareholder until 1 April 2023.

The Audit Committee convened five times during the financial year. Each member's attendance at meetings is presented in the table on page 7.

In 2023, the Audit Committee focused on upcoming changes in the sustainability reporting and the company's cash management both operationally in short term and for implementing the strategy in the longer term. In addition to these priorities, the Audit Committee focused on monitoring the Group's financial activities, the Group's external quarterly financial reporting, the auditor's reporting, working capital management and significant cases related to legal matters and claims, and major risks.,

Remuneration Committee

The main purpose of the Board of Directors' Remuneration Committee is to assist the Board in matters related to the preparation of the company's remuneration principles and practices and remuneration schemes and programmes, as well as matters related to the performance and remuneration of executive management members reporting directly to the CEO. The Remuneration Committee also processes succession planning methods appropriate to executive management, and assesses, monitors and directs the status and development of the corporate culture and strategically significant remuneration matters.

The committee's specific tasks include the following:

- Preparing remuneration systems and programmes for approval by the Board of Directors;
- Preparing the appointment of the CEO and their direct reports;
- Preparing the remuneration and other financial benefits of the CEO and their direct reports;
- Assessing the annual performance of the CEO and their direct reports;

- Successor planning concerning the CEO and their direct reports;
- Ensuring the relevance and competitiveness of the company's remuneration systems and competitiveness and monitoring compliance with regulations; and
- Preparing remuneration policies and reports and answering questions related to them at the general meetings.

The committee consists of at least three members. Board members elected to the Remuneration Committee must have a good understanding of the Enersense Group's business operations and industries and of matters related to remuneration and its development.

The majority of the members of the Remuneration Committee must be independent of the company.

The committee prepares its own schedule and meets as often as is necessary to fulfil its duties in accordance with its rules of procedure. If necessary, the Remuneration Committee invites members of the executive management or other experts to its meetings.

Remuneration Committee in 2023

At its first meeting after the Annual General Meeting, the Board of Directors re-elected Jaakko Eskola (Chair) and Sirpa-Helena Sormunen. Anna Miettinen was elected as a new member.

The members of the Remuneration Committee are independent of the company, and Sirpa-Helena Sormunen and Anna Miettinen are independent of its major shareholders.

The Remuneration Committee convened five times during the financial year. Each member's attendance at meetings is presented in the table below.

During 2023, the Remuneration Committee focused on developing common rewarding practices and incentive programs particularly by strengthening the integration of sustainability matters into compensation. The implementation of the company's sustainability program was incorporated into the long-term incentive program to support the promotion of positive change, such as in environmental responsibility and diversity. The Remuneration Committee also evaluated experiences with the revised short-term incentive program, which supports a culture of rewarding good performance and sustainable development.

Meetings of the Board of Directors and its committees, and their members' attendance rates in 2023 (attendance/number of meetings):

Nimi	Board of directors	Audit committee	Remuneration committee
Jaakko Eskola	13/13		5/5
Sirpa-Helena Sormunen	12/13		5/5
Petri Suokas	12/13	5/5	
Carl Haglund	8/13	4/5	
Sari Helander	13/13	5/5	
Herkko Plit ^{*)}	5/13		1/5
Päivi Paanila ^{*)}	5/13	1/5	
Anna Miettinen	7/13		4/5

^{*)} Member of the Board of Directors until 4 April 2023.

Shareholders' nomination board

The Shareholders' Nomination Board is responsible for preparing and presenting proposals on the remuneration, number and election of the members of the Board of Directors annually to the AGM and to any EGMs. Its main duty is to ensure that the Board of Directors and its members have sufficient expertise, competence and experience in accordance with the company's needs.

The Nomination Board consists of three members. The three largest shareholders of the company are entitled to nominate one member each. If the Nomination Board so requests, the Chair of the Board of Directors can serve as an expert on the Nomination Board without membership or voting rights. Although representatives of the company's executive management or the company's employees cannot be members of the Nomination Board, they can nominate a member to the Board as shareholders. The right to nominate members to represent shareholders lies with those three shareholders whose proportions of the votes provided by all the shares in the company are the largest in accordance with the shareholders' register maintained by Euroclear Finland Ltd on the first business day of the September preceding the AGM. In line with the shareholdings described above, the Chair of the Board of Directors requests the three largest shareholders to nominate one member each to the Shareholders' Nomination Board. If two or more shareholders

have an equal number of shares and votes and a member nominated by all shareholders cannot be appointed, the matter will be resolved by lot.

The Nomination Board will continue its work until otherwise decided by the AGM. Its members' term of office ends annually following the appointment of new members.

The Nomination Board's rules of procedure are available on the company's [website](#).

Shareholders' Nomination Board in 2023

In September 2023, the company's three largest shareholders, Nidoco AB, Ensto Invest Oy, and Verman Holding Oy, nominated the following representatives to serve as members of the Nomination Board: Alexander Ehrnrooth (nominated by Nidoco AB), Marjo Miettinen (nominated by Ensto Invest Oy), and Janne Vertanen (nominated by Verman Holding Oy).

At its first meeting, the Nomination Board elected Alexander Ehrnrooth as its Chair. Jaakko Eskola, Chair of the Board of Directors, serves as an expert for the Nomination Board.

The Nomination Board convened three times during the financial year.

Information about the members of the Nomination Board and their attendance at its meetings between 1 January and 31 December 2023 is provided in the table below:

Name	Year of birth	Education	Main occupation	Attendance/ number of meetings
Alexander Ehrnrooth, Chair	1974	MSc (Econ.), MBA	CEO, Virala Oy Ab	3/3
Risto Takkala	1965	MSc (Econ.)	Entrepreneur	1/3/ until 5 October 2023
Janne Vertanen	1972	Diploma in Business and Administration	Chair of the Board, Verman Holding Oy	3/3;
Marjo Miettinen	1957	Doctor of Philosophy (Education)	Chair of the Board, Ensto Oy	2/3; from 5 October 2023

CEO

The Board of Directors appoints the CEO of the company, who is responsible for the day-to-day management of the company in accordance with the guidelines and orders issued by the Board of Directors. The CEO is responsible for ensuring that the company's accounting complies with the law, and that its accounts and finances are organised in a reliable manner. Furthermore, the CEO must provide the Board of Directors and its members with the information necessary for the performance of the Board's duties.

As well as this, the CEO is responsible for the company's business operations and their planning, as well as for implementing its business goals. The CEO prepares and presents the company's strategy plans and their realisation plans to the Board of Directors, and is also responsible for their implementation in accordance with the Board's decisions.

The CEO reports to the Board on the company's financial position, operating environment and other significant matters related to its business operations. Moreover, the CEO serves as Chair of the Group Executive Team.

The terms and conditions of the CEO's assignment relationship are specified in a written CEO agreement approved by the Board of Directors.

Enersense does not have a deputy CEO.

CEO in 2023

Jussi Holopainen (b. 1977), BBA (Business Administration and Management), has served as the company's CEO since 1 January 2013.

On 31 December 2023, Jussi Holopainen owned 436,509 shares in Enersense directly.

Group Executive Team

Enersense's Group Executive Team consists of the CEO (Chair) and other members of the executive management appointed by the Board of Directors. Although the Group Executive Team is not an organ in terms of company law, its position in the organisation of the company's management has actual significance.

The Group Executive Team is responsible for assisting the CEO in operational planning and management, and for preparing matters for processing by the Board of Directors. In addition, the Group Executive Team prepares the next year's budget, financial and other reports, and other necessary material for presentation to the Board. Moreover, the Group Executive Team prepares the Group's strategic planning and annual planning, monitors the implementation of plans and financial reporting, and prepares significant investments, acquisitions and divestments. Its key duties include the development of intra-Group cooperation and the promotion of joint development projects.

The Group Executive Team usually meets once a month. The CEO is responsible for the decisions made by the Group Executive Team, and its members are responsible for implementing the decisions in their areas of responsibility.

Group Executive Team in 2023

At the end of 2023, the composition of Enersense's Group Executive Team was as follows:

- Jussi Holopainen (b. 1977), President & CEO, BBA (Business Administration and Management)
- Mikko Jaskari (b. 1969), CFO, MSc (Industrial Management)
- Tommi Manninen (b. 1971), SVP, Communications and Public Affairs, Master of Social Sciences
- Sami Takila (b. 1974), SVP, Legal, Master of Laws and MBA
- Hanna Reijonen (b. 1973), SVP, HR, Master of Economics and Business Administration
- Jaakko Leivo (b. 1981), EVP, Smart Industry, BSc (Electrical Engineering)
- Juha Silvola (b. 1972), EVP, Power, Acting EVP, Connectivity, MSc (Manufacturing Technology)
- Margus Veensalu (b. 1968), EVP, International Operations, BSc (Mechanical Engineering), BBA

The Group Executive Team convened 12 times in 2023.

On 31 December 2023, the members of the Group Executive Team and the entities in which they exercise control or influence owned shares in Enersense were as follows:

Member of the Group Executive Team	Shareholding on 31 December 2023
Jussi Holopainen	436,509
Mikko Jaskari	—
Tommi Manninen	1,221
Sami Takila	495
Hanna Reijonen	755
Jaakko Leivo	70,444
Juha Silvola	15,210
Margus Veensalu	610

Descriptions of internal control procedures and the main features of risk management systems

Risk management

Risk management is an integral part of day-to-day management and decision-making at Enersense, as well as its control and reporting procedures. Risk management is carried out as part of all Enersense's strategic, operational and financial processes. In addition, the impacts of any external threats are taken into account in risk management. Enersense has a risk management policy designed to determine its general risk management principles. This policy has been approved by the Board of Directors.

Risk management is part of Enersense's internal control, and its purpose is to ensure the implementation of Enersense's strategy and the achievement of its business goals, as well as enabling its steady growth. To achieve this goal, the risk management steering model provides a systematic and consistent way to identify, assess, report and prepare for risks related to business operations.

General principles

Enersense applies the following general principles in its risk management:

- Business opportunities and the related risks must be taken into account in all decision-making and business planning.
- When making strategic decisions, such as decisions on increasing market presence, expanding business operations and creating new areas of operation, only informed and assessed risks must be taken.

- Risks must be assessed in accordance with the impacts and probability of their materialisation. In such assessments, the impacts of the risks on employees, stakeholders, the environment and reputation must be taken into account, in addition to financial aspects.
- Preparations must be made in case of risk materialisation by means of crisis, continuity and recovery plans, as well as through training related to the plans and sufficient insurance cover.
- The adequacy of risk management measures and processes is monitored and developed systematically.

Enersense divides risks into strategic risks, operational risks, financial risks and external threats.

Risk management process and responsibilities

Enersense's Board of Directors determines its strategic targets and confirms the risk appetite related to the achievement of strategic targets. The Board regularly assesses Enersense's most significant risks and uncertainties. In addition, the Board monitors the implementation of risk management and confirms Enersense's risk management policy. The Audit Committee is responsible for assisting the Board of Directors in monitoring the effectiveness, sufficiency and appropriateness of risk management systems.

The CEO and the Group Executive Team are responsible for the implementation of risk management and report to the Board of Directors on matters related to risk management. The CEO and the Group Executive Team are also responsible for ensuring sufficient resources for the organisation of risk management. All Executive Vice Presidents and the directors of Group functions are responsible for ensuring that risk management is appropriately organised in their respective areas of responsibility.

The SVP, Legal coordinates the risk management process and is responsible for risk reporting and for identifying and assessing risks and determining management measures in cooperation with the business operations and Group functions.

All employees are responsible for identifying, assessing and managing risks related to their duties as part of their day-to-day work, and for complying with Enersense's risk management approach and reporting identified risks to their supervisor.

In all Enersense's operations, risk assessment is carried out as part of daily tasks and risk management procedures and in connection with individual decisions or events. Risks are assessed

in accordance with their impacts and probability. Risk-taking in relation to Enersense's risk tolerance is assessed regularly, and particularly when discussing its strategy and making decisions on business projects or investments that are significant for the Group.

Persons in charge are designated for significant risks identified during risk assessments. They are responsible for planning, implementing and monitoring the management measures related to these risks.

The business operations and Group functions regularly report to the SVP, Legal on risks and changes therein. The SVP, Legal prepares and maintains a risk register and creates a risk map of the Group's key risks based on the risk register.

The Group's risk map is reported to the Group Executive Team. Enersense's Board of Directors processes the most significant risks and their management measures and assesses the effectiveness and efficiency of the risk management. The Board reports on the most significant risks and uncertainties to the markets through the company's financial statements, half-year report and business reviews.

Internal control

The purpose of Enersense's internal control is to ensure effective performance in accordance with laws, regulations, guidelines and good governance at Enersense, in addition to ensuring the reliability, efficiency and transparency of governance. Furthermore, the purpose of internal control related to financial reporting is to provide sufficient certainty of the reliability of financial reporting, in addition to ensuring that the financial statements and other financial reporting have been prepared in accordance with the current laws and regulations.

The internal control system covers all the company's processes, procedures and policies that enable the company to achieve its internal control targets. Enersense's Code of Conduct and management system lay the foundation for the recognisability and implementation of its control environment and activities. In addition, internal control is carried out through Group-wide decision-making authorisations, as well as through Group-wide procurement, risk management and

disclosure policies. Enersense also has an open whistle-blowing channel in place. Information systems are critical to effective internal control.

The Board of Directors is responsible for the organisation of internal control. The Board's Audit Committee is responsible for monitoring the effectiveness, sufficiency and appropriateness of internal control. The company's management and all its employees are responsible for implementing internal control.

Main characteristics of the financial reporting and risk control processes

Enersense's financial and operational reporting process follows the company's operating guidelines and process descriptions. The CFO has the principal responsibility for the operational management of the control environment for financial reporting. The quality of reporting is ensured by means of various process control measures, such as matching, system-generated controls and audits, and measures performed by the management or other parties. Persons in charge have been assigned for controls to ensure their sufficiency and effective implementation. The monitoring of reporting and budget processes is based on Enersense's reporting principles, which are prepared and maintained by the financial department.

The monitoring of financial reporting covers the monitoring of monthly financial and operational reports, the assessment of forecasts, plans and the most significant changes in the business environment and business risks, and the regular review of internal audit reports and external auditors' reports.

Other information to be provided

Internal audit

Enersense's internal audit is responsible for the independent assessment and verification function required from listed companies. The function systematically examines and verifies the effectiveness of risk management, monitoring, management and governance.

Key internal audit principles include independence, objectivity and confidentiality. The purpose of the internal audit is to provide objective and independent information for the Board of Directors and the management. The focuses of the internal audit are aspects that are important in terms of strategy, business operations and operating activities in both the long term and the short term. Audit operations are based on risk analyses, as well as on risk management and monitoring discussions with the Group's management.

Enersense's internal audit has been outsourced to PricewaterhouseCoopers Oy, Authorised Public Accountants. The internal audit operates under the CFO and reports on its findings and recommendations to the Audit Committee. Reports are also forwarded to the Board of Directors for discussion.

The audit function covers all the companies and operations of the Enersense Group. The internal audit reports are also provided to the company's external auditor to ensure the sufficient coverage of audit operations and avoid overlaps. The internal audit prepares an audit plan for approval, based on Audit Committee's proposal, by the Board of Directors.

The management's action plans and recommendations are prepared based on the key observations made during audits, and these are included in business planning. The management and the Audit Committee systematically monitor their implementation.

Internal audit focus areas in 2023

In 2023, the focuses of internal audit operations were related to inspections of the ERP Project's testing and deployment as well as inspections of sustainability (ESG) management procedures and the international activities of the project business operations.

Insider administration

Enersense has prepared insider guidelines to determine the principles concerning insider information and its processing, management, disclosure and postponed disclosure, as well as the management of insider lists and trading in the company's financial instruments, and the disclosure obligation for persons discharging managerial responsibilities and their related parties.

The insider guidelines supplement the Market Abuse Regulation (MAR) and the related regulations, particularly current provisions concerning insider matters in accordance with the Securities Markets Act, Nasdaq Helsinki Ltd's rules for issuers of shares, Nasdaq Helsinki Ltd's insider guidelines, and the Financial Supervisory Authority's guidelines.

In accordance with the MAR, Enersense has defined its Board members, CEO and Group Executive Team members as "persons discharging managerial responsibilities". The persons discharging managerial responsibilities and their related parties must notify the company and the Financial Supervisory Authority of business transactions conducted on their own behalf that concern the company's shares, debt instruments and other financial instruments or their derivatives.

The persons discharging managerial responsibilities and their related parties have an obligation to notify without delay, and no later than three (3) business days after the date of the transaction, the company and the Financial Supervisory Authority of their business transactions involving the company's financial instruments. Enersense does not apply the EUR 5,000 threshold in accordance with the MAR to the disclosure obligation. Instead, the company requires all business transactions involving Enersense's financial instruments to be reported in accordance with its insider guidelines.

Enersense discloses the business transactions of its persons discharging managerial responsibilities and their related parties without delay, and no later than within two business days of receipt of the notification concerning the transaction.

Enersense uses a specific insider administration tool, in which it maintains project-specific insider lists of individuals who have access to insider information or who work for the company under an employment contract or otherwise perform tasks that provide them with access to insider information. Enersense prepares and maintains its insider lists in accordance with the models and guidelines established by the Financial Supervisory Authority.

Individuals included in a project-specific insider list who belong to the company's management or personnel must not trade at all in Enersense's financial instruments until they have been informed of the project's expiration or disclosure. Regardless of when an individual has been entered into an insider list, their trading prohibition enters into force immediately from the moment when they have gained access to insider information.

An individual who serves as a person discharging managerial responsibilities at Enersense must not carry out business transactions related to Enersense's financial instruments on their own behalf or on behalf of a third party, during the closed window. At Enersense, the closed window starts at the end of each reporting period and lasts until the release of a financial statements bulletin or other regularly issued financial bulletin. However, the closed window is always at least thirty days before the release of the financial bulletin in question. If the financial statements contain material information that was not disclosed earlier in the financial statements bulletin, the closed window also applies to the financial statements.

At Enersense, the trading restrictions related to the closed window apply not only to persons discharging managerial responsibilities, but also to individuals involved in preparing and publishing the company's financial reports.

Enersense has a whistle-blowing channel to report if there are reasonable grounds for suspecting that an individual working for the company has violated laws and regulations concerning the securities market.

The auditor and their fees

An auditor elected by the general meeting is responsible for auditing. The company's auditor must be an accounting firm approved by the Finnish Patent and Registration Office. The auditor's term of office ends at the close of the next Annual General Meeting after their election.

In statutory auditing, the auditor reviews the company's accounting, Board of Directors' report, financial statements and governance for the financial year. The auditor also reviews the consolidated financial statements and other relationships between the Group companies.

The auditor provides Enersense's shareholders with a statutory auditor's report in connection with the company's financial statements. In addition, the auditor regularly reports to the Board's Audit Committee and participates in its meetings.

Auditing in the financial year 2023

KPMG Oy Ab served as the company's auditor from 1 January to 31 December 2023, with Heli Tuuri as the principal auditor.

The fees paid to the auditor between 1 January and 31 December 2023 consisted of EUR 326,576 (312,250) for group's statutory audit services and EUR 23,000 (26,051) for other services, totalling EUR 349,576 (338,301).

Principles concerning related party transactions

Enersense's Board of Directors has approved guidelines for related party transactions. The guidelines determine the principles for related party transactions and their monitoring that must be followed in the company.

The company identifies its related parties and maintains a list of them. Enersense regularly carries out a survey to identify persons and entities to be included in its related parties.

Related party transactions are regularly monitored in Enersense's business operations and Group functions and by means of surveys of related parties. The results of this monitoring are regularly reported to the Board's Audit Committee.

Enersense may engage in transactions with its related parties that are part of its normal business operations and are conducted under normal commercial conditions in line with Enersense's decision making procedure in accordance with its internal guidelines, taking account of disqualification situations. The execution of related party transactions that are not part of

Enersense's normal business operations, or that are carried out by way of derogation from normal commercial conditions, require the decision of the Board of Directors.

Enersense reports on its related party transactions on a regular basis in its annual financial statements and in accordance with the applicable standards.

Related party transactions relevant to Enersense's shareholders that are not part of normal business operations, or that are not carried out under normal commercial conditions, are disclosed in accordance with the Securities Markets Act and the rules of the marketplace or the stock exchange.



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