

## Corporate Governance Statement 2021

### INTRODUCTION

Biohit Oyj has prepared this Corporate Governance Statement based on Section 54 of the Finnish Corporate Governance Code for listed companies issued by the Securities Market Association. The company will publish separate remuneration report for the financial year 2021 for governing bodies according to new shareholders right directive. The existing remuneration policy and information on the remuneration to the rest of the management team the company publishes on its website [www.biohit.fi/investors](http://www.biohit.fi/investors).

The Board of Directors reviewed the remuneration report.

The Report of the Board of Directors, the Auditor's Report, and the full Corporate Governance Statement, the remuneration policy and the rest of the management team remuneration are available at [www.biohit.fi/investors](http://www.biohit.fi/investors).

### RULES OBSERVED BY BIOHIT

Biohit Oyj is a Finnish public limited company whose series B shares are listed on Nasdaq Helsinki in the Small cap/Healthcare group. Biohit Group (hereinafter referred to as "Biohit") comprises the parent company, Biohit Oyj, and its foreign subsidiaries, which primarily focus on sales and marketing for Biohit Oyj's products. Biohit is headquartered in Helsinki.

Biohit's governance complies with applicable legislation, standards and recommendations concerning public listed companies, the regulations of Nasdaq Helsinki Ltd, and Biohit Oyj's Articles of Association. Biohit Oyj has administered its affairs in compliance with the corporate governance code for Finnish listed companies 2021, and this Statement has been prepared in accordance with the code. The Corporate Governance Code is available at [www.cgfinland.fi](http://www.cgfinland.fi).

One of the members of the seven-person Board of Directors is independent of the company, so the company does not fulfil recommendation number 10 stating that the majority of the members of the Board of Directors must be independent of the company. The company deviates from the recommendation because the current Board composition has the best available competence to lead the company on its existing strategy. Biohit's Board of Directors is one of the best in its size according to the Nordic Business Diversity Index, which measures Board diversity in Finland, Sweden, and Denmark through four different variables: age, gender, education background and nationality.

The company strives to comply with high international standards of corporate governance and the key principles of corporate governance among Finnish listed companies.

### BIOHIT'S ADMINISTRATIVE BODIES IN 2021

The highest decision-making power at Biohit Oyj is exercised by the company's shareholders at the Annual General Meeting. The company's Board of Directors supervises the administration and organisation of the company and the Group's earnings trends. The President & CEO is responsible for operative management and is assisted by the Management Team.

### Annual General Meeting

In 2021, Biohit Oyj held its Annual General Meeting on 23 June 2021 in Helsinki. 7,585,131 shares and 63,787,133 votes were represented at the meeting, corresponding to 55.41% of all

the shares in the company and 89.11% of the votes. The meeting was attended by one of the six members of the Board of Directors, the President & CEO, and the principal auditor.

### Board of Directors

The Board of Directors, which comprises 5–7 members elected by the Annual General Meeting, is responsible for the administration and appropriate organisation of Biohit's business operations. Proposals concerning membership of the Board of Directors are prepared by the Board of Directors. Biohit has defined the principles applying to diversity within the Board of Directors in accordance with recommendation 9 of the corporate governance code. Biohit's objective is for both sexes to be represented on the company's Board of Directors. In line with this objective, the Board of Directors had members of both sexes.

The Board of Directors elects a chairman from amongst its members.

Board members' terms of office run from the date of their election by the AGM until the end of the next AGM.

The Board's areas of responsibility are stated in the written rules of procedure approved by the Board. They are as follows:

- Increasing shareholder value
- Ensuring the appropriate organisation of accounting and financial management
- Approving Biohit Oyj's financial statements, consolidated financial statements and the Report of the Board of Directors for the most recent financial period
- Approving the half year financial report annually for the period ending at the end of June
- Deciding on Biohit's business plan, budget, and investment plan
- Deciding on Biohit's financing and risk management policies
- Approving the remuneration and incentive schemes for senior managers
- Appointing the President & CEO
- Deciding on Biohit's strategy, organisational structure, investments, and other wide-reaching and significant issues

The Board's decision-making is based on reports prepared by the company's operative management on the operational development of the Group and its business units.

The Chairman is responsible for convening Board meetings and arranging the work of the Board. The Board convenes 5–12 times per year, usually meeting once every month or once every two months, and the meeting schedule for the entire term is confirmed in advance. When necessary, Board meetings are held more frequently or by teleconference.

## Board of Directors in 2021

Until the Annual General Meeting held on 23 June 2021, the following seven people were on the Board of Directors: Osmo Suovaniemi (chairman), Eero Lehti, Liu Feng, Franco Aiolfi, Lea Paloheimo, Matti Härkönen and Timo Joensuu. At the Annual General Meeting on 23 June 2021, Osmo Suovaniemi, Eero Lehti, Liu Feng, Franco Aiolfi, Matti Härkönen and Lea Paloheimo were re-elected to the Board of Directors to serve until the end of the Annual General Meeting in 2022. The Board of Directors elected Eero Lehti as its chairman.

Biohit Oyj's Board of Directors convened 9 times in 2021 (7 times in 2020). The average attendance was 92 per cent (93 per cent).

## Biohit Oyj's Board of Directors on 31 December 2021

Professor Osmo Suovaniemi (b. 1943), MD, PhD

- Member of the Board since 1988 and Chairman 2011-2021
- Non-independent of major shareholders and of the company
- Founder of Biohit and its former President & CEO
- Attended 9 Board meetings in 2021
- Direct shareholding: series A shares: 2,018,310; series B shares: 0

Franco Aiolfi (b. 1947), Degree in Pharmacy awarded by the University of Urbino

- Member of the Board since 2013
- Independent of the major shareholders but non-independent of the company
- Attended 9 Board meetings in 2021
- Direct shareholding: no Biohit shares
- Indirect shareholding: Majority owner of BioBrick S.p.A 31.12.2021. BioBrick S.p.A. owned 92,807 series B shares in 31.12.2021.

Matti Härkönen (b. 1933), MD, PhD, Emeritus Professor

- Member of the Board since 2017
- Non-independent of major shareholders and of the company
- Doctor of Medicine and Surgery (MD, PhD) and Emeritus Professor of Clinical Chemistry at the University of Helsinki
- Serves as scientific advisor to Biohit Oyj
- Attended 9 Board meetings in 2021

- Direct shareholding: series A shares: 57,200; series B shares: 267,965
- Indirect shareholding via Oy Tech Know Ltd, a company under his control: series A shares: 24,990; series B shares: 43,600

Eero Lehti (b. 1944), MSc (Soc. Sci.), holder of the Finnish honorary title of "kauppaneuvos", Honorary Doctor of Economics

- Member of the Board since 2009
- Non-Independent of the major shareholders and of the company
- Member of Parliament between 2007-2019
- Founder of Taloustutkimus Oy and the Chairman of its Board
- Attended 8 Board meetings in 2021
- Direct shareholding: series B shares: 2,000

Liu Feng (b. 1972), General Manager of Hefei Medicine Co., Ltd, Owner of Biohit Healthcare Hefei

- Member of the Board since 2018
- Non-independent of the major shareholders and of the company
- Special researcher at the Counselor's Office of Anhui Provincial People's Government
- The vice chairman of the Chinese National Early Gastrointestinal-Cancer Prevention & Treatment Center
- Alliance member of the council of the China Health Promotion Foundation
- Attended 6 Board meetings in 2021
- Indirect shareholding via Biohit Healthcare (Hefei) Co., Ltd.: series A shares: 850,000, B shares: 4,095,415

Lea Paloheimo, (b. 1951), PhD (clinical biochemistry), hospital chemist

- Member of the Board since 2019
- Independent of the major shareholders but non-independent of the company
- Employed by Biohit Oyj during 2001-2019, recently working as a Production and Product Development Director and Business Development Director.
- Attended 9 Board meetings in 2021
- Direct shareholding: series B shares: 7,000

## Board committees

The Board of Directors have assessed that the scope of the Biohit Oyj's business does not require the appointment of a separate Audit Committee, and consequently no separate committees have been appointed to increase the efficiency of the Board.

## President & CEO

The President & CEO is responsible for the day-to-day management of the company in accordance with the instructions and regulations issued by the Board of Directors. The President & CEO of the parent company is elected by the Board and acts as Group President. He also ensures the appropriate organisation and legality of the company's accounting and asset management. The terms of employment of the President & CEO are based on a written contract that is approved by the Board of Directors. The President & CEO cannot be elected Chairman of the Board. During the financial period Semi Korpela MSc Econ. (until 17.5.2021), Professor Osmo Suovaniemi (18.5.-31.8.2021) and Päivi Siltala MSc (starting 1.9.2021).

Päivi Siltala, b. 1974

- MSc
- Previously: Sales Director at Johnson & Johnson and Cook Medical Endoscopy. Business Development Director at Pentax Medical
- No direct shareholding

Osmo Suovaniemi, b. 1943

- MD, PhD
- Direct shareholding: series A shares: 2,018,310; series B shares: 0

Semi Korpela, b. 1970,

- MSc (Econ)
- Direct shareholding: series B shares: 12

## Group Management Team

The composition and areas of responsibility of the Group's Management Team were as follows: Päivi Siltala (President & CEO), Jussi Hahtela (finance, ICT, HR), Suvi Elomaa (production) Minna Mäki (R&D and production), Ilari Patrakka (sales and marketing) and Daniela Söderström (quality and registration).

Jussi Hahtela (b. 1973)

- MSc
- Finance, HR, ICT
- With Biohit Oyj since 2021
- Previously: Chief strategist and Head of FM/MM Sales Finland, Nordea Markets
- No direct shareholding

Suvi Elomaa (b. 1985)

- Biotechnology and food engineer
- Production Director
- With Biohit Oyj since 2013
- Previously: Project engineer at the Institute of Biomedicine, Department of Physiology at University of Turku
- No direct shareholding

Ilari Patrakka (b. 1980)

- MSc (Econ.)
- Sales and Marketing Director
- With Biohit Oyj since 2012
- Previously: retail sales channel manager at Marioff Corporation Oy, marketing and export manager at Gasmot Technologies Oy, sales manager at Gasmot Technologies (Asia) Ltd.
- Direct shareholding: series B shares: 4,116

Minna Mäki (b. 1969)

- Ph.D. (Molecular microbiology)
- R&D and Production Director
- With Biohit Oyj since 2018
- Previously: At Orion Diagnostica Oyj. Before that, Product Development Director at Mobidiag Ltd and researcher at the University of Helsinki.
- No direct shareholding

Daniela Söderström (b. 1987)

- MSc (Tech.)
- Quality and Regulatory Affairs Director
- With Biohit Oyj in the field of quality management since 2014.
- Direct shareholding: series B shares: 30,000

### Management of subsidiaries

The Managing Directors of the subsidiaries are responsible for the management of subsidiary operations and report to the President & CEO of the parent company. The subsidiaries are responsible for the sales and marketing of Biohit's products in their market areas. The managers of subsidiaries operate under the management and supervision of Biohit's President & CEO. In 2021, the Managing Directors of Biohit's subsidiaries were: Graham Johnson (United Kingdom) and Franco Aiolfi (Italy). The personal details and shareholdings of Biohit Oyj's Board of Directors and operative management are available at [www.biohit.fi/investor](http://www.biohit.fi/investor).

### Decision-making procedure concerning remuneration

The remuneration policy and the rest of the management team remuneration are available at [www.biohit.fi/investors](http://www.biohit.fi/investors).

### Remuneration of members of the Board of Directors

The Annual General Meeting approves the fees of Biohit Oyj's Board of Directors. The remuneration paid to the other members of Biohit Oyj's Board of Directors is decided by the company's Board of Directors in accordance with the company's rules on related-party transactions, which are described on section "related-party transactions".

### President & CEO and other company management

The Board approves the President & CEO's remuneration and terms of employment. The severance payment is not included in the President & CEO's terms of employment.

The Board approves the remuneration and terms of employment of members of the Management Team. Biohit Oyj's Board of Directors approves the principles of the incentive schemes for Management Team members and the President & CEO.

The President & CEO approves the salaries and profit-based incentives of subsidiaries' Managing Directors in accordance with the instructions provided by Biohit's Board of Directors. Profit-based incentives are dependent on sales and profitability trends for each unit.

## Pension plans

No other pension arrangements, beyond those mandated by law, have been made with the Managing Directors of Group companies.

## MAIN CHARACTERISTICS OF INTERNAL CONTROL OF THE FINANCIAL REPORTING PROCESS AND RISK MANAGEMENT

Biohit's internal control is responsible for ensuring that the Group carries out its business operations within the framework of current regulations and legislation and in accordance with the instructions of the Board of Directors. Internal control seeks to ensure that the Group operates with maximum efficiency and that efforts are made at various levels of the organisation to achieve the objectives set in the strategy approved by the Board of Directors. Risk management is geared towards supporting the achievement of these objectives by anticipating and managing business-related risks.

### Control environment

Biohit's business operations and administration aim to realise the company's values, of which the most important is to promote health and wellbeing through innovation. Biohit will continue to focus on its diagnostics business and products that bind acetaldehyde – the areas where the company conducts global operations in manufacturing, sales and marketing.

Biohit's control environment is defined by the Board of Directors, which, as the highest administrative body, is responsible for organising internal control. The President & CEO is responsible for maintaining the efficiency of the control environment and the functionality of internal control. Biohit's financial department is responsible for the functionality of financial reporting as well as the interpretation and application of financial statement standards in line with the separately approved instructions.

### Risk assessment

In the assessment of risks related to financial reporting, Biohit's objective is to identify the major risks associated with the Group's business operations and environment. The cost-effective management and monitoring of these risks will then ensure that the company's strategic and operational targets can be reached as intended.

The Board of Directors carries the main responsibility for risk assessment and monitoring the implementation of risk management. The President & CEO works with the parent company's operative management and subsidiaries' managers to ensure that the Group's risk management is duly arranged. The parent company's 17 operative management is responsible for identifying and managing the risks involved within each business area, while the subsidiaries' Management Teams are responsible for those in their own market areas.

Risk management is one of the areas covered by Biohit's internal control processes, which regularly monitor the risks associated with the company's business operations, identify any changes and, if necessary, take appropriate action to hedge against them. Risk management focuses on ensuring the continuity of business operations and preventing financial misconduct.



## Control measures

Internal control measures are integrated into the Group's general business management and reporting process. The subsidiaries report to Group Management on business and earnings trends and the most significant deviations on a monthly and quarterly basis. The Group's Management Team reports to the Board of Directors on the overall development of business; these two bodies, together with the President & CEO, decide on overall corporate strategies and procedures guiding the operations of the Group.

The subsidiaries' Boards follow business developments and ensure that the parent company's approved instructions and guidelines are followed. As a rule, the Boards of Directors of the subsidiaries meet monthly. Board work in the subsidiaries is based on financial reports and the written monthly and annual reports drawn up by subsidiary management.

Biohit's business control is carried out in accordance with the management system described above. The company provides the reporting systems necessary for business and financial management. The financial department of the parent company provides instructions for drawing up annual and interim financial statements and prepares the consolidated financial statements.

The parent company's finance department retains central control of funding and administrative matters within the framework of the instructions provided by the Board of Directors and the President & CEO and is also responsible for the management of interest and exchange rate risks. The Managing Directors of the subsidiaries ensure that the subsidiaries' reporting is carried out in accordance with the instructions given by the Group's Management Team.

The parent company's administration department controls and provides instructions on Group-level personnel policies and any agreements made within the Group.

## Disclosure policy

Biohit aims to provide all its stakeholders with information about the company's operations in a proactive, consistent and timely manner. The company seeks to take the special requirements and interests of all its stakeholders into account in its communications in order to increase confidence in the company and thereby promote its business operations. Biohit's Board of Directors has approved an information release policy with a view to ensuring the accuracy and reliability of any information released. The policy also specifies who is responsible for communications in different situations.

Biohit's financial department regularly provides information on processes related to financial administration reporting. This ensures the real-time availability of data, which is a prerequisite for efficient internal control.

Financial administration guidelines and the company's information release policy aim to ensure the promptness and comprehensiveness of communications and the release of information required for internal control purposes.

## Monitoring

The efficiency of internal controls on financial reporting is overseen by the Board of Directors, the President & CEO, Management Team members, and the Managing Directors of subsidiaries. Control focuses on following weekly and monthly financial reports and forecasts

and analysing any deviations from business plans. Monitoring is performed at all Board and Management Team meetings where reports are reviewed. It is supported by regular contact between Group Management and the company's auditor, and analysis of any deviations, which occurs at least once per quarter.

The audit frameworks for the Group's subsidiaries and key audit areas are jointly defined by the Group's financial management and the chief auditor. Biohit has not appointed a separately organised function for internal auditing purposes, but Biohit's financial department has responsibility to implement it in practise.

The Group has internal control reporting systems required for financial management and monitoring business development. The reporting systems produce monthly financial data, so that financial management can ensure compliance with the parent company's approved instructions on matters such as authorisation.

The Group's auditor and the auditors of each subsidiary evaluate the effectiveness of the internal control system in connection with the external audit.

## AUDIT 2021

The auditor elected by the AGM is responsible for Biohit's statutory audit. According to the Articles of Association, the company must have one auditing body approved by the Central Chamber of Commerce. The 2021 Annual General Meeting re-elected auditing firm PricewaterhouseCoopers Oy as the company's auditor for a one-year term, with Pasi Karppinen, Authorised Public Accountant, as chief auditor.

### Auditor and auditor's fees

The 2021 Annual General Meeting decided to pay auditor's fees in accordance with the auditor's invoice. The Group's invoiced auditors' fees for the 2021 financial period totalled EUR 88,300 (EUR 105,000 in 2020). In addition to this, PricewaterhouseCoopers Oy was paid a total of EUR 0 for other services (EUR 0 in 2020).

## RELATED-PARTY TRANSACTIONS

The company keeps a list of its related parties, and it regularly engages in transactions with some of these parties. These transactions are related to the company's ordinary business activities, they are appropriate in terms of the company's operations and they are executed on ordinary market terms. The company's financial management monitors and supervises related-party transactions as part of the company's normal reporting and supervision practices. Relevant transactions between the company and its related parties are reported annually in the notes to the company's consolidated financial statements. The company's Board of Directors makes all relevant decisions concerning related-party transactions. Decision-making is based on particularly thorough preparation and appropriate reports, statements and estimates. Preparation of related-party transactions, decision-making and approval have been arranged to take account of disqualification rules and appropriate decision-making entities.

Biohit Oyj's Board of Directors made following decision on 2021 related party transactions

1. As part of his work as the head of scientific advisory board, Osmo Suovaniemi's compensation will be the same as in 2020, when his compensation amounted to 200,000 EUR.
2. As part of his work as the managing director of Biohit Healthcare S.r.l, Franco Aiolfi will be paid a fixed fee of 36,000 EUR in 2021 (36,000 EUR in 2020).
3. Bioair Spa which delivers finance, quality, and IT services to Biohit Healthcare S.r.l will be paid 69,000 EUR in 2021
4. The members of the scientific advisory board will be paid 85 EUR per hour for the work outside the scientific advisory board.
5. Oy Tech Know Ltd., company controlled by Matti Härkönen, is paid same consulting fee in 2020, 48,000 EUR, as in 2020

## INSIDERS

Biohit applies the Guidelines for Insiders approved by Nasdaq Helsinki Ltd, as well as any relevant amendments.

Biohit's President & CEO is responsible for insider control. He ensures that people who handle insider information are aware of insider regulations and adhere to trading restrictions. Insiders are not allowed to trade Biohit Oyj securities for 30 days before the publication of the company's financial statement bulletin and interim reports. Insiders participating in projects are not allowed to trade shares in Biohit before an announcement has been made of the continuation or discontinuation of a project.

Information on the shareholdings of Biohit's insiders and their trading activity is available on Biohit's website at [www.biohit.fi/investors](http://www.biohit.fi/investors).