



Corporate Governance Statement 2024

# Corporate Governance Statement

## I INTRODUCTION

The Corporate Governance of Pihlajalinna Plc (the Company) is based on effective legislation, the Company's Articles of Association and the rules and regulations applied to companies listed on Nasdaq Helsinki. The Company complies with the Finnish Corporate Governance Code 2025 issued by the Securities Market Association. The Finnish Corporate Governance Code is available on the [www.cgfinland.fi/en](http://www.cgfinland.fi/en) website maintained by the Securities Market Association.

Pihlajalinna did not depart from the recommendations of the Corporate Governance Code in 2024.

This Corporate Governance Statement was approved by Pihlajalinna Plc's Audit Committee on 10 March 2025 and by the Board of Directors on 19 March 2025.

## II CORPORATE GOVERNANCE

### General Meeting

The General Meeting is Pihlajalinna's highest decision-making body. According to the Company's Articles of Association, the Annual General Meeting is held annually within six (6) months of the end of the financial year. The Annual General Meeting decides on the matters determined by the Limited Liability Companies Act and the Articles of Association. These matters include, among other things, the approval of the Financial Statements, the distribution of profit shown in the Balance Sheet and the election of members of the Board of Directors and the auditor and their remuneration. The Annual General Meeting of Shareholders also decides upon discharge of the Board of Directors and of the CEO from liability.

The Board of Directors is responsible for the invitations to the General Meeting and decides its venue and timing.

According to the Articles of Association, the notice of a General Meeting shall be delivered to shareholders no earlier than three (3) months and no later than three (3) weeks prior to the date of the Meeting, but no later than nine (9) days prior to the record date of

the Meeting. The notice shall be delivered to shareholders by sending the notice by post to their addresses registered in the Company's register of shareholders or by publishing a notice on the website of the Company or in at least one national daily newspaper determined by the Board of Directors. The notice of the General Meeting will be published as a separate release. The Agenda, the proposals of the Board of Directors and other General Meeting material will be available on the Company's website at least three weeks prior to the General Meeting.

Each shareholder has the right to have a matter within the remit of a General Meeting, under the Limited Liability Companies Act, to be discussed by the General Meeting if he or she requests this in writing from the Board of Directors by the date announced on the Company website. The date will be announced on the Company's website no later than by the end of the financial year preceding the Annual General Meeting.

The Company's Chair of the Board, members of the Board of Directors, the CEO and the Auditor attend the General Meeting. In addition, any candidates for the Board of Directors attend the General Meeting that decides on their election. If a member of the Board of Directors or a candidate is not present at the General Meeting, the Company informs the General Meeting of their absence at the beginning of the Meeting.

After the General Meeting, its decisions are published in a stock exchange release. The minutes of the General Meeting are published on the Company's website within two weeks of the General Meeting. The documents of the General Meeting must be kept on the Company's website for at least five years from the Meeting.

Pihlajalinna's Articles of Association are available on the Company's website at <http://investors.pihlajalinna.fi/corporate-governance/articles-of-association>. Any amendments to the Articles of Association require the decision of the General Meeting.

Pihlajalinna Plc's Annual General Meeting 2024 was held on 10 April 2024. The General Meeting was attended by 58 shareholders in person or by proxy. Approximately 63 per cent of the Company's shares and votes were represented in the meeting.

## Board of Directors

### The composition and election procedure of the Board of Directors

The Board of Directors is elected on an annual basis by the Annual General Meeting. According to the Company's Articles of Association, the General Meeting shall appoint a minimum of four (4) and a maximum of ten (10) members on the Board of Directors.

The General Meeting shall elect the Chair and Vice-Chair of the Board of Directors. The term of office of a member of the Board of Directors shall expire at the close of the first Annual General Meeting following the election. In case the Chair and Vice-Chair of the Board of Directors resign or become otherwise unable to act as chair during their term of office, the Board of Directors may elect a new Chair from among its members for the remaining term of office.

### Shareholders' Nomination Board

The Shareholders' Nomination Board is tasked with preparing future proposals on the election and remuneration of the members of the Board of Directors to the General Meetings.

The Nomination Board consists of four members nominated by the shareholders of the Company. In addition, the Chair of the Board of Directors of the Company participates in the work of the Nomination Board as an expert. The right to nominate members is vested with the four shareholders of the Company having the largest share of the votes represented by all the shares in the Company annually on 1 September based on the Company's shareholders' register held by Euroclear Finland Ltd. However, if a shareholder who has distributed his/her holdings e.g. into several funds and has an obligation under the Finnish Securities Markets Act to take these holdings into account when disclosing changes in his/her share of ownership makes a written request to such effect to the Chair of the Board of Directors no later than on 31 August. Such shareholder's holdings in several funds or registers will be combined when calculating the share of votes that determines the nomination right. Should a shareholder not wish to exercise his/her nomination right, the right shall be transferred to the

next largest shareholder who otherwise would not be entitled to nominate a member.

The Chair of the Board of Directors shall, on 1 September each year, request the four largest shareholders of the Company, based on their shareholding, to nominate one member each to the Nomination Board. The Nomination Board elects a Chair from among its members. The term of office of the members of the Nomination Board expires annually when the new Nomination Board has been appointed.

The Charter of the Shareholders' Nomination Board is available on the Company's website at <http://investors.pihljalinnna.fi/corporate-governance/general-meeting/shareholders-nomination-board>.

The four largest registered shareholders of Pihljalinnna Plc (based on the shareholders' register held by Euroclear Finland Ltd on 1 September 2024) appointed the following representatives to the Shareholders' Nomination Board:

- Jari Eklund, Group Director, appointed by LocalTapiola General Mutual Insurance Company and LocalTapiola Mutual Life Insurance Company
- Mikko Wirén, Managing Director, appointed by MWW Yhtiö Oy
- Mika Manninen, deputy CEO, CFO, appointed by Fennia Mutual Insurance Company
- Carl Pettersson, CEO, appointed by Elo Mutual Pension Insurance Company.

The Shareholders' Nomination Board elected Jari Eklund as its Chair. Jukka Leinonen, Chair of Pihljalinnna Plc's Board of Directors, served on the Shareholders' Nomination Board as an expert member.

The Shareholders' Nomination Board convened 6 times. The attendance rate was 100 %. The Nomination Board submitted 17 January 2025 its proposal to Pihljalinnna's Board of Directors for presentation at the Annual General Meeting. The proposals have been published in a stock exchange release.

## The qualifications and independence of the Board members and the diversity of the Board of Directors

The Board of Directors shall have sufficient and versatile expertise and experience with respect to its duties. In preparing a proposal for the composition of the Board of Directors, attention shall be paid to

the requirements placed by the Company's operations and its development stage. A person to be elected to the Board of Directors shall have the qualifications required by the duties and the possibility to devote a sufficient amount of time to the work. The number of the members and the composition of the Board of Directors shall make it possible for the Board of Directors to fulfil its duties in an efficient manner.

For the versatile support and development of the Company's business, the composition of the Company's Board of Directors should be sufficiently diverse. The Company's objective is that women and men are equally represented on the Board of Directors as defined in the Corporate Governance Code. The overall aim of the Board composition is to achieve sufficiently extensive qualifications, expertise and experience. The sufficient diversity of the Board of Directors, including age and gender, as well as educational and professional background, is considered in the preparation of a proposal for the composition of the Board of Directors.

The majority of the members of the Board of Directors must be independent of the Company. In addition, at least two of the members representing this majority shall be independent of major shareholders of the Company. The members of the Board of Directors must provide the Board of Directors with sufficient information for the evaluation of their qualifications and independence and inform the Board of Directors about any changes in this information. The members of the Board shall not act as representatives of persons who have proposed them to the Board or who otherwise belong to their interest groups.

The duties and responsibilities of the Board of Directors are defined in the Limited Liability Companies Act, the Company's Articles of Association and the Charter of the Board of Directors. The Board of Directors conducts an annual evaluation of its operations and working methods and updates its Charter as needed.

Any matters that are far-reaching from the viewpoint of the Company's business shall be considered and decided by the Board of Directors. According to its Charter, the Board of Directors:

- considers and approves the Company's long-term strategic plan and goals;
- approves the Company's business plan, budget and financing plan and monitors their implementation;
- evaluates the use and presentation of alternative performance measures;

- confirms the principles of the Company's internal control and risk management;
- reviews the material risks affecting the Company's operations and their management, and supervises the adequacy, relevance and efficiency of the Company's administrative processes;
- processes and approves business acquisitions and arrangements and other significant decisions;
- elects the CEO and Deputy CEO, releases them from their duties and decides on the terms and conditions of their service;
- confirms, based on the CEO's proposal, the members of the Group's Management Team, the Heads of Business Operations and other direct subordinates of the CEO;
- approves the incentive schemes of the CEO and other management and the Company's remuneration principles;
- approves the Company's Corporate Governance Statement, Remuneration Report and statement of non-financial information;
- confirms the Company's Insider Guidelines and Guidelines on Related Party Transactions and defines the principles concerning the monitoring and assessment of transactions with insiders and related parties and supervises compliance with these principles;
- decides on the Company's disclosure policy and monitors compliance with it.

The members of the Board of Directors are provided with sufficient information on the Group's operations, operating environment and financial position, and new Board members must be introduced to the Company's operations at the beginning of their term. The Board of Directors is regularly informed of matters considered by Pihljalinnna Group's Management Team, receives profit and loss reports and auditor's reports and regularly (at least once a year) hears the auditor's opinions of the Company's financial situation and its developments.

The Board of Directors convenes regularly. The timing of the Board Meetings will be confirmed in advance for the Board's entire term of office. When necessary, the Board holds additional meetings that can be organised as conference calls. At least one of the meetings is a strategy meeting and in at least one meeting the Board meets the Company's auditor. In meetings marked on the annual calendar, the Board of Directors conducts an internal discussion without the presence of management.

The proposal for the composition of the Board of Directors was prepared by the Company's largest shareholders in 2024. Represented on the Nomination Board were the LocalTapiola Group, MWW Yhtiö



Oy (Mikko Wirén), Fennia Mutual Insurance Company and Elo Mutual Pension Insurance Company, which together represented approximately 48 per cent of the Company's shares.

The principles regarding the composition of the Board of Directors were observed in the Board of Directors elected in 2024. The Board of Directors has three female Board members and four male Board members (four female members until 10 April 2024). The members of the Board represent versatile experience from managerial and board duties. All members of the Board elected in 2023 hold a master's degree and one has a doctoral degree. The members of the Board of Directors have versatile industry-specific expertise as well as economic and business skills. Their age distribution is from 54 to 69 years.

## Members of the Board of Directors in the financial year 2024

The members of the Board of Directors up to the Annual General Meeting of 10 April 2024 were Jukka Leinonen (Chair), Leena Niemistö (Vice-Chair), Kim Ignatius, Heli Iisakka, Hannu Juvonen, Tiina Kurki, Seija Turunen ja Mikko Wirén.

The Annual General Meeting 2024 decided that the number of members of the Board of Directors shall be seven (7) at a time. The following individuals were elected as members of the Board of Directors: Kim Ignatius, Heli Iisakka, Tiina Kurki, Hannu Juvonen, Jukka Leinonen, Leena Niemistö and Mikko Wirén. The General Meeting elected Jukka Leinonen as the Chair of Pihlajalinna Plc's Board of Directors and Leena Niemistö as the Vice-Chair.

During the financial year 2024, the Board of Directors convened 14 times. The average attendance rate during the period was 100 %.

### Members of the Board of Directors

#### JUKKA LEINONEN

Chair of the Board since 2023  
M.Sc. (Eng.)  
Finnish citizen, b. 1962  
Independent of the Company and its major shareholders  
Principal occupation: Board Professional



#### LEENA NIEMISTÖ

Member of the Board since 2014  
Vice-Chair of the Board of Directors until 2018 and again since 2019  
D.Med.Sc., Specialist in Physiatrics  
Finnish citizen, b. 1963  
Independent of the Company and its major shareholders  
Principal occupation: Board Professional



#### KIM IGNATIUS

Member of the Board since 2023  
M.Sc. (Econ)  
Finnish citizen, b. 1956  
Independent of the Company and its major shareholders  
Principal occupation: Board Professional



#### HELI IISAKKA

Member of the Board since 2022  
M.Sc. (Econ.)  
Finnish citizen, b. 1968  
Independent of the Company and its major shareholders  
Principal occupation: Colliers Finland Oy, Chief Financial Officer



#### HANNU JUVOENEN

Member of the Board since 2019  
PhD, Specialist, MBA  
Finnish citizen, b. 1955  
Independent of the Company and its major shareholders  
Principal occupation: practitioner, management consultant



#### TIINA KURKI

Member of the Board since 2023  
M.Sc. (Econ)  
Finnish citizen, b. 1970  
Independent of the Company and its major shareholders  
Principal occupation: Alma Media Plc, Alma Media Solutions, Senior Vice President / Director



#### MIKKO WIRÉN

Member of the Board since 2016  
Chair of the Board of Directors 2016-2023  
Lic.Med.  
Finnish citizen, b. 1972  
Not independent of the Company, not independent



of major shareholders  
Principal occupation: MWW Yhtiö Oy, CEO

More information on the Members of the Board of Directors is available in the Investors section of the Pihlajalinna website at <http://investors.pihlajalinna.fi>.

Information on the remuneration of the members of the Board of Directors is presented in a separate Remuneration Report for Governing Bodies.

## Board Committees

The Board of Directors may appoint committees, management groups and other permanent or temporary bodies to perform duties specified by the Board of Directors. The Board of Directors confirms the charters of the Company's committees and Management Team as well as the guidelines and authorisations of any other bodies appointed by the Board of Directors. The Board of Directors has established from among its members an Audit Committee and a People and Sustainability Committee. These committees have written charters approved by the Board of Directors.

### Audit Committee

Pihlajalinna Plc's Board of Directors has established from among its members an Audit Committee which monitors the Company's reporting process of financial statements and the efficiency of the Company's internal control, potential internal audit and risk management systems. The Audit Committee also reviews the description of the main features of the internal control and risk management systems in relation to the financial reporting process, which is included in the Company's Corporate Governance Statement, monitors the statutory audit of the financial statements and consolidated financial statements and evaluates the independence of the statutory auditor or audit firm, particularly the provision of related services to the Company. The members of the Audit Committee must have the expertise and experience necessary to perform the responsibilities of the Committee and at least one of the members must have special expertise in accounting or auditing.

The Audit Committee comprises three to five members who are elected from among the members of the Board of Directors. The majority of the members of the Audit Committee must be independent of the Company, and at least one member must be independent of major shareholders of the Company.

The Board of Directors has confirmed a written Charter for the Audit Committee, according to which the Committee has the following duties, among other things:

- to monitor the Company's financial standing and financing situation;
- to evaluate the effects of exceptional or extensive business transactions;
- to review significant changes to recognition principles and items recognized in the balance sheet;
- to monitor the quality and reliability of the Company's financial statements reporting process, the financial statements and other financial reports;
- to evaluate the use and presentation of alternative performance measures;
- to monitor the Company's financial reporting process and M&A processes;
- to engage in quarterly discussions with the financial management and the auditors on the Company's financial results and stock exchange release before the approval of the Board of Directors;
- to discuss significant financial risks and the management's measures regarding the monitoring, management and reporting of risks;
- to monitor the Company's internal control, potential internal audit and risk management systems, plans and reports as well as the efficiency of these functions;
- to familiarize itself with the principles concerning the monitoring and assessment of related party transactions;
- to review the Corporate Governance Statement, including the description of the main features of the internal control and risk management systems related to the financial reporting process;
- To support the Company's Board of Directors in the appropriate management of functions related to sustainability and ESG criteria, as well as the management of ESG risks;
- to regularly review sustainability-related reporting and processes, as well as risks and controls relating to sustainability;
- to monitor the statutory audit of the financial statements and consolidated financial statements and the assurance of the sustainability report;
- to evaluate the independence of the statutory auditor or audit firm and sustainability auditor and the provision of related services;

- to evaluate the auditor's qualifications and performance;
- to prepare a proposal for a resolution on the election of the auditor and sustainability auditor;
- to maintain communication with the auditor and sustainability auditor and review the reports prepared by the auditor for the Audit Committee and the management's responses to the reports;
- to monitor compliance with laws and regulations and the Company's policies, as well as the effectiveness of the Company's compliance system;
- to monitor and evaluate the development of sustainability (CSRD obligations and the EU Taxonomy);
- to review the Board of Directors' report in its entirety;
- to monitor and evaluate the results of the Group's ESG assessments and analyses (EcoVadis, COP, etc.).

The Audit Committee regularly provides the Board of Directors with a summary of matters considered by the Committee.

Work on the committee is subject to remuneration as determined by the General Meeting.

On 10 April 2024, the Board elected Kim Ignatius (Chair), Heli Iisakka and Tiina Kurki as the members of the Audit Committee.

The Audit Committee convened eight times during the financial year 2024. The attendance rate of the Committee members was 100 %.

### People and Sustainability Committee

Pihlajalinna Plc's Board of Directors has established from among its members a People and Sustainability Committee, which assists the Board by preparing matters pertaining to the remuneration and nomination of the Company's CEO and other management, as well as the Company's remuneration principles. The Committee also prepares matters concerning organisational development and sustainability for the Board.

The People and Sustainability Committee comprises three to five members who are elected from among the members of the Board of Directors. The majority of the members of the Committee must be independent of the Company. The CEO or other executives of the Company may not be appointed to the People and Sustainability Committee.

The Board of Directors has confirmed a written Charter for the People and Sustainability Committee, according to which the Committee has the following duties:

- to prepare matters related to the remuneration and other financial benefits of the CEO and other management;
- to prepare proposals related to the Company's incentive plans;
- to evaluate the remuneration of the CEO and other management and to ensure the appropriateness of the Company's remuneration systems;
- to answer any questions at the General Meeting that are related to the remuneration report and within the scope of the People and Sustainability Committee's duties;
- to prepare matters related to the nomination of the CEO and other management and to look for prospective successors for them and specify the personal profiles;
- to plan the remuneration of other personnel and organisational development;
- to review the results of personnel surveys and monitor the diversity of the personnel;
- to steer and evaluate the process of talent identification and development;
- to monitor and evaluate the development of the operating environment, regulations and stakeholder support;
- to monitor and evaluate sustainability-related target setting in the short and long term;
- to review and prepare personnel-related matters for the sustainability programme, including issues relating to occupational safety, work ability, equality and diversity;
- to review and prepare other matters of relevance to the sustainability programme, including quality, impact, data protection and the environment;
- to review and prepare matters pertaining to corporate governance;
- to monitor and evaluate the results of the Group's ESG assessments and analyses (EcoVadis, COP, etc.).

Work on the committee is subject to remuneration as determined by the General Meeting.

On 10 April 2024, the Board of Directors elected Hannu Juvonen (Chair), Leena Niemistö, Jukka Leinonen and Mikko Wirén as the members of the People and Sustainability Committee.

The People and Sustainability Committee convened seven times during the financial year 2024. The attendance rate of the Committee members was 100%.

#### Attendance at Meetings by the Board of Directors and Committee Members in 2024:

Name	Board meetings <sup>(1)</sup>	Audit Committee meetings <sup>(1)</sup>	People and Sustainability Committee meetings <sup>(1)</sup>
Kim Ignatius Board member	14/14	8/8	-
Heli Iisakka Board member	14/14	8/8	-
Hannu Juvonen Board member	14/14	-	7/7
Tiina Kurki Board member	14/14	8/8	-
Jukka Leinonen Chair	14/14	-	7/7
Leena Niemistö Vice-chair	14/14	-	7/7
Seija Turunen <sup>(2)</sup> Board member	3/3	1/1	-
Mikko Wirén Board member	14/14	-	7/7

1) Attendance rates cover meetings held during each member's term of office. All members of the Board of Directors may join both committee meetings.

2) Member of the Board of Directors until 10 April 2024.

#### Pihlajalinna holdings of the members of Pihlajalinna Plc's Board of Directors on 31 December 2024:

	Number of Shares
Mikko Wirén, total	2 325 343
MWW Yhtiö Oy	2 319 010
Mikko Wirén	6 333
Leena Niemistö	709 644
Jukka Leinonen	15 302
Juvonen Hannu	5 291
Seija Turunen (until 10 April 2024)	4 392
Heli Iisakka	3 600
Ignatius Kim	3 095
Tiina Kurki	2 651

#### CEO

The Board of Directors appoints the Chief Executive Officer and decides on the terms and conditions of his or her service contract. The CEO is in charge of the Company's operational management and Pihlajalinna Group's business in accordance with the instructions and orders issued by the Board of Directors. The CEO is responsible for ensuring that the Company's accounting practices comply with the law and that the financial matters are handled in a reliable manner. The Management Team assists the CEO in leading the Company's operations.

Tuomas Hyryläinen was the CEO of Pihlajalinna Plc during the financial year 2024. Pihlajalinna Plc does not have a Deputy CEO.

#### Group Management Team

Pihlajalinna Group's Management Team assists the CEO in operative business management. The Management Team prepares and steers the development of the Group's business, processes and joint Group functions and promotes cooperation and the flow of information between the various parts of the organisation. It also prepares the Group's strategic planning and budgeting, monitors the implementation of plans and reporting and prepares acquisitions and other major investments. In addition, the Management Team monitors and evaluates the profitability of the Company's businesses as well as the functioning of its internal control and reporting systems. The Manage-

ment Team convenes regularly by invitation of the CEO. The Management Team conducts an annual evaluation of its operations and working methods.

#### Group Management Team (31 December 2024):

##### Tuomas Hyryläinen

b. 1977, M.Sc. (Econ.)  
employed by the Company since 2023  
Chief Executive Officer



##### Heikki Färkkilä

b. 1980, M.Sc. (Technology)  
employed by the Company since 2024  
EVP, Strategy and Group Operations



##### Anu Kallio

b. 1968, M.Sc. (B.A.), Accounting and Finance  
employed by the company since 2024  
EVP, Private Healthcare Services



##### Seppo Kariniemi

b. 1983, MBA  
employed by the Company since 2022  
EVP, Public Services



##### Tuula Lehto

b. 1973, M.Sc. in Political Science  
employed by the company since 2022  
EVP, Communications and Sustainability



##### Jaakko Liljeroos

b. 1979, LL.M  
employed by the company since 2024  
EVP, Chief Legal Officer



**Lauri Muhonen**

b. 1984, Bachelor of Laboratory Sciences, eMBA  
employed by the company since 2024  
EVP, Chief Information Officer

**Tarja Rantala**

b. 1972, M.Sc. (Econ.)  
employed by the Company since 2014  
EVP, Chief Financial Officer

**Sari Riihijärvi**

b. 1977, D.Med.Sc., Specialist  
employed by the Company since 2021  
EVP, Chief Medical Officer

**Mika Videman**

b. 1967, Master of Science,  
Employed by the Company since 2024  
EVP, People and Culture



In 2024, the Group Management Team also included Chief Information Officer Antti Jussi Aro (until 10 May 2024), Chief Operating Officer, Private Healthcare Services Timo Harju (until 29 February 2024), Chief Operating Officer, Public services Eetu Salunen (until 21 May 2024) ja Chief Legal Officer Marko Savolainen (until 1 December 2024).

The Management Team has met regularly, on a weekly basis. The table below presents the direct and indirect Pihlajalinna shareholdings of the CEO and other members of Pihlajalinna Group's Management Team (31 December 2024).

	Number of shares
Tuomas Hyyryläinen, CEO	40 000
Tarja Rantala	17 142
Seppo Kariniemi	7 100
Heikki Färkkilä	4 400
Sari Riihijärvi	4 004
Jaakko Liljeroos	4 000
Lauri Muhonen	4 000
Anu Kallio	2 876
Tuula Lehto	1 510
Mika Videman	0

### III INTERNAL CONTROL AND RISK MANAGEMENT MECHANISMS

#### Internal Control

The purpose of the Group's internal control systems is to ensure that the Company's operations comply with the applicable laws and regulations and the Company's business principles. The goal of internal control associated with the financial reporting process is to ensure that the financial reports published by the Company are prepared in accordance with the accounting principles applied by the Company and that they provide materially correct information regarding the Group's financial position and that financial reporting is accurate and reliable.

The Group's financial development is monitored by Group-wide reporting systems. The systems cover financial information, the budget approved by the Board of Directors, monthly financial forecasts and operational performance indicators. The Group Management Team analyses the result and deviations, is responsible for budgeting and forecasting together with the CEO, monitors the integration and development of completed M&A transactions and other investments. The business controller function and financial management analyse and produce financial reports as well as prepare separate analyses for use by the management, the Audit Committee and the Board of Directors. The Group's financing is centralized.

The Group's financial management issues guidelines and instructions on the preparation of the financial statements and interim financial statements and, together with the Group communications function

and the Chief Legal Officer, is responsible for the Group's regular disclosure obligations.

Pihlajalinna's financial and HR management functions have defined and documented control targets and control points (process-specific control catalogues) related to financial management, reporting and HR administration processes. The appropriateness and effectiveness of control targets and control points are evaluated at least once a year in cooperation with auditors. Internal control observations are analysed and, as a result, guidelines, practices and potentially also control points are updated.

The control measures consist of automated and manual reconciliation of processes, controls, analytical checks and instructions aimed at ensuring the accuracy of financial reporting. Further key control mechanisms include the administration of access rights to information systems and reporting systems as well as the controlled implementation of authorisations and changes to systems. The financial management function processes and regularly reports to the Board of Directors on exceptional items and items subject to management judgment and analyses the underlying reasons behind changes to forecasts.

The CEO and the chief executives of the subsidiaries are in charge of ensuring that accounting and administration in the areas they are responsible for comply with the law and that the Group's guidelines are adhered to. The Group's legal department is in charge of issuing operational guidelines and instructions in its area of responsibility. The auditors audit the accounting and administration of the parent company and the subsidiaries annually. In all Group companies, auditing is conducted by a firm of authorised public accountants. The auditor of the parent company is responsible for the coordination of audit focus areas, the analysis of audit observations from the point of view of the consolidated financial statements and communication with the Group's financial management and the CEO. The detailed auditing results are reported annually to the Group management, the Audit Committee and the Board of Directors.

The Audit Committee verifies that accounting, financial administration, finance, the internal audit and auditing are organised appropriately. The Board of Directors reviews and approves half-year reports, interim reports and financial statements bulletins.

Internal controls related to sustainability reporting are described in more detail in the Board of Directors report as a part of the sustainability statement in section *General Information (ESRS2)*.

## Internal audit

The purpose of Pihlajalinna's internal audit is to assess the appropriateness and performance of the Company's internal control system, risk management, management processes and administrative processes. The internal audit supports organisational development and enhances the fulfilment of the Board of Directors' supervisory duty.

The internal audit assists the organisation in achieving its objectives by evaluating and surveying its functions and supervising compliance with Company guidelines and instructions. To this end, the internal audit produces analyses, estimates, recommendations and information for use by the Board of Directors and senior management. The assessments are reported upon completion to the CEO, the CFO and the management in charge of the function being assessed. They are also reported regularly to the Board's Audit Committee.

The internal audit function is based on internal standards (IIA). The internal audit function is independent of the rest of the organisation. The point of departure for the internal audit is primarily management-oriented, and the work is coordinated in cooperation with the external audit. The annual audit plan and audit report are presented to the Audit Committee. The internal audit function also audits other areas by request of the Board of Directors and Pihlajalinna's Management Team.

Pihlajalinna's internal audit activities continued in 2024 in accordance with the cooperation previously organised with PwC. The subject of PwC's follow-up audit was information security and related controls. The audit also assessed asset and supply chain management as two new targets. In addition in 2024, Pihlajalinna developed in particular together with its external partner processes and controls related to invoicing.

## Risk management

Pihlajalinna's Risk Management Policy defines the goals, principles, operating methods and responsibilities of risk management. Risk management at Pihlajalinna has been carried out at the Group, business unit, service and process level in accordance with the Risk Management Policy approved by Pihlajalinna's Board of Directors. Furthermore, the Group invests in the management of occupational safety and health risks and in quality management systems, such as ISO 9001 and ISO 14001.

The goal of Pihlajalinna's risk management is to promote the achievement of the Group's strategic and operational targets, customer and patient safety, shareholder value, the Group's operational profitability and the realisation of responsible operating methods. Risk management is used to ensure that the risks affecting the Company's operations are known, assessed and monitored, and that measures are implemented to control the risks. Internal risk reporting is included in the regular business reporting as well as in business planning and decision-making. The material risks and their management are reported to stakeholders regularly and, when necessary, on a case-by-case basis.

The assessment of sustainability-related risks plays an important role in risk management. This component has covered the identification and assessment of impacts and risks in terms of business risk assessment, human rights risk assessment, and double materiality assessment (DMA). These areas will be integrated into the Group's general risk management process in the coming financial years.

Pihlajalinna's risk management principles emphasise the necessary obligations related to operations and the resulting opportunities for organising risk management, standard-based quality management tools and self-monitoring. Risk management supports the management system and the day-to-day management of services. Risk management is integrated into the service processes and the process owner is responsible for the risk management. The aim is to minimise the impact on Pihlajalinna's operations in the event of a risk materialising.

At the beginning of 2024, Pihlajalinna's Management Team launched a qualitative risk management project to update the analysis of the Group-level risks targeted at the Company. Based on the analysis, Pihlajalinna's new risk management principles were formed as the basis for risk management work, Pihlajalinna's risk management template table was updated, a risk management network representing Pihlajalinna's various business and Group functions was compiled and a work plan was specified for the network. In connection with the analysis, the close connection between risk management and the business continuity and contingency planning was also identified.

In 2024, Pihlajalinna's risk management project identified the key targets of risk management measures to be the changing operating environment in normal and exceptional circumstances, resources and supervisory work, organisation, strategy and prioritisation, systems and their development, personnel availability and work ability, information security, particularly from the perspective of cybersecurity,

and patient safety, particularly from the perspective of self-monitoring.

Group management and operative management are responsible for risk management according to their reporting responsibilities. In addition, risk management specialists guide and develop the group's risk management. The Group Management Team regularly discusses the key risks related to the Group's business operations. Everyone working at Pihlajalinna must also know and manage risks related to their responsibilities. The internal audit function evaluates the appropriateness and performance of the Company's risk management as part of its annual audit plan.

## IV OTHER INFORMATION REQUIRED

### Insider administration and principles

Pihlajalinna Plc complies with the Nasdaq Helsinki Ltd Guidelines for Insiders in effect at any given time, subject to the additional specifications concerning Pihlajalinna and referred to in Pihlajalinna's Insider Guidelines. The Pihlajalinna insider guidelines, which specify the insider guidelines of Nasdaq Helsinki Ltd, are approved annually by the Board of Directors.

The Company's insider information and the managers' and their related parties' transactions in Company's financial instruments are administered according to applicable legislation and the Insider Guidelines of the Company. When necessary, the Company sets up project-specific insider lists which includes every person who receives project-specific inside information.

The insider lists are not public. The Company's insider lists are maintained in the SIRE register of Euroclear Finland Ltd.

In addition to the insider lists, the Company creates and maintains a list of persons discharging managerial responsibilities and related parties (natural or legal persons) who have the duty to notify their transactions related to Company's financial instruments to the Company and the Financial Supervisory Authority within three business days after the transaction. The Company publishes transactions notified to it with a release within the same time limit. Persons discharging managerial responsibilities include Pihlajalinna's members of the Board of Directors and members of the Management Team.

Executives at Pihlajalinna and non-executive persons defined by the Company are prohibited from all trading in the Company's securities or related derivatives and other financial instruments on their own



account or for the account of a third party during the period of 30 calendar days before the publication of the Company's annual financial statements, interim report and half year financial report (closed window) or on the publication date of the aforementioned information.

Pihlajalinna Plc has published its insider principles (insider and related party principles) on the Company's website.

## Related parties and principles for related party transactions

Pihlajalinna complies with the legislation pertaining to related party transactions and, in accordance with the Corporate Governance Code for listed companies, ensures compliance with the requirements for the monitoring, assessment, decision-making and disclosure of related party transactions. Pihlajalinna's Guidelines on Related Party Transactions, which describe the principles for the monitoring and assessment of related party transactions, is approved annually by Pihlajalinna's Board of Directors, which is responsible for monitoring and assessing related party transactions.

The purpose of Pihlajalinna Plc's Guidelines on Related Party Transactions is to ensure that any business transactions involving persons belonging to the Company's related parties are made independently and based on market terms. The Company assesses and verifies that any related party transactions are in the best interests of the Company overall and that any conflicts of interest are duly taken into account when making decisions on related party transactions. The principles of the Guidelines on Related Party Transactions are observed throughout the Group and in the decision-making concerning all of the Group companies.

Pihlajalinna Plc's related parties include the Group's executives, such as the members, deputy members (if any) and secretary of the Board of Directors, the CEO, Deputy CEO and members of the Management Team, and the aforementioned persons' spouses and common-law spouses and other people living in the same household. In addition, related parties include organisations in which an above-mentioned related party, either alone or together with other related parties, exercises significant influence or control. Related parties also include the Company's subsidiaries, associated companies and joint ventures and their CEOs, Board members and potential deputy members, as well as any organisations in which the above-mentioned parties exercise significant influence or control. Furthermore, related parties include the Company's shareholders holding at least 10 per cent of the Company's shares or the total votes carried by the Company's shares.

Pihlajalinna Plc maintains a related party register of major business transactions between the Company and its related parties, the parties involved and the key terms of such transactions. The information entered in the register is collected annually from the persons belonging to the Company's related parties by means of control surveys. The Company's related party register is not public, and any information entered in it will not be disclosed to third parties, with the exception of any authorities and the auditor entitled to receive such information. People considered as related parties are obliged to notify the Company's related party administration of any related party transactions which are being planned, or which have come to their knowledge. Such notification must be made without delay after receiving such information. The results of the monitoring of related party transactions are regularly reported to the Board's Audit Committee.

Pihlajalinna may carry out transactions with related parties provided that the transactions are part of Pihlajalinna's ordinary course of business and implemented under arms-length terms in compliance with the decision-making procedure specified in Pihlajalinna's internal policies and guidelines. Related party transactions that are not part of Pihlajalinna's ordinary course of business or are not implemented under arms-length terms are decided on by Pihlajalinna's Board of Directors, with due consideration given to the regulations concerning conflicts of interest.

Any related party transactions will be processed in accordance with the Guidelines on Related Party Transactions approved by Pihlajalinna's Board of Directors. Any major transactions to be executed with Pihlajalinna's management and its related parties shall always be approved by the Board of Directors.

Pihlajalinna reports on related party transactions annually in its financial statements. Related party transactions that are of material significance from the shareholder's perspective and are not part of the Company's ordinary course of business or are not implemented under arms-length terms are disclosed in accordance with the Securities Markets Act and the rules of the Nasdaq Helsinki Ltd stock exchange.

Pihlajalinna Plc has published its principles concerning related party transactions (insider and related party principles) on the Company's website.

## Auditors and auditing

According to the Articles of Association, the Company shall have one (1) Auditor that shall be a firm of authorised public accountants with

an APA-certified Auditor acting as the Auditor with principal responsibility.

The auditor will annually submit an auditor's report to Pihlajalinna's Annual General Meeting. When the Company's Board of Directors reviews the financial statements, the principal auditor provides a statement on the implementation of the audit and on their audit observations.

Pihlajalinna Plc's Annual General Meeting on 10 April 2024 resolved, in accordance with the Board's proposal, to appoint KPMG Oy Ab as the Company's auditor for a term ending at the conclusion of the Annual General Meeting 2025. The responsible auditor appointed by KPMG Oy Ab was Assi Lintula, APA.

KPMG Oy Ab has been the auditor of Group companies during the financial year 2024. The following fees have been paid to the auditor (amounts in thousands of euros):

Auditor's fees	2024	2023
Auditing, KPMG Oy Ab	328	328
Statements, KPMG Oy Ab	64	10
Non-audit services, KPMG Oy Ab	48	57
<b>Total</b>	<b>441</b>	<b>395</b>