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# CORPORATE GOVERNANCE STATEMENT

Rapala VMC Corporation's Corporate Governance is based on Finnish laws, other regulations concerning publicly listed companies, Rapala VMC Corporation's Articles of Association and the rules and instructions of Nasdaq Helsinki Oy. Rapala VMC Corporation adheres also to the Finnish Corporate Governance Code which is publicly available at [www.cgfinland.fi](http://www.cgfinland.fi). More detailed and updated information on the Group's governance matters, as well as this Corporate Governance Statement, is available on the corporate website [www.rapalavmc.com](http://www.rapalavmc.com). This Corporate Governance Statement has been approved in the Board of Directors ("Board") meeting on February 10th, 2023.

Corporate Governance Statement is presented separately from the Report of the Board of Directors and Financial Statements. Report of the Board of Directors and the Financial Statements are available at the corporate website.

## GENERAL MEETING

The General Meeting is the highest decisionmaking body of a limited company where the shareholders participate in the supervision and management of the company. The Annual General Meeting ("AGM") decides on the matters stipulated in the Finnish Companies Act and Rapala VMC Corporation's Articles of Association such as adoption of the financial statements, the use of the profit shown on the balance sheet, the discharge of the Members of the Board and the Managing Director, the number and the appointment of the Members of the Board, appointment of the auditor and confirming Group's remuneration policy and accepting remuneration report.

The Group's President and Chief Executive Officer, the Chairman of the Board and all of the directors shall attend the General Meeting. A person nominated for the first time to be elected as a member of the Board shall participate in the General Meeting where the election takes place. The auditor shall participate in the AGM.

The AGM of the corporation is held once a year. According to the Articles of Association, the AGM shall be held before the end of June. An extraordinary General Meeting is to be convened when necessary. The shareholders exercise their speak and voting rights at the General Meeting. Each share is entitled to one vote in the General Meeting.

Under the Articles of Association, the shareholders of the corporation are invited to the General Meeting by publishing the notice of a General Meeting in one national daily paper and on the Rapala VMC Corporation's corporate website no earlier than three months and no later than three weeks before the General Meeting. The invitation shall state the matters to be handled at the General Meeting and in addition the information required by the Finnish Corporate Governance Code. Before the end of a financial year preceding the General Meeting, the corporation will announce on its corporate website a date on which at the latest the shareholder must suggest matters to be handled by the General Meeting. This date cannot be earlier than four weeks before sending the invitation to the General Meeting. Rapala VMC Corporation's AGM 2023 will be arranged on March 29, 2023. Shareholders possible request to have a matter dealt with by the AGM 2023 shall be delivered February 18, 2022 at the latest. The minutes of the AGM are published on the Group's corporate website within two weeks of the meeting. More information on the General Meeting is found on the Rapala VMC Corporation's corporate website.

## BOARD OF DIRECTORS

The members of the Board are elected by the AGM. The term of a member of the Board lasts until the end of the next AGM. The Articles of Association provide that the Board consists of no fewer than five and no more than ten members. The Board elects the Chairman from among its members to serve until the next AGM. Possible new members of the Board are briefed to the business of the Group.

The duties and responsibilities of the Board are principally based on the Finnish Companies Act and the corporation's Articles of Association. All significant issues concerning the Group are decided by the Board. These include, but are not limited to, appointing and dismissing the President and Chief Executive Officer, approving strategic guidelines, financial statements, interim reports, business plans, annual budgets, stock exchange releases and considerable investments or divestments.

The Board assembles according to a pre-agreed time schedule to address designated matters. The Chairman of the Board composes an agenda according to a proposal made by the President and Chief Executive Officer. Members of the Board have a right to propose and include distinct matters into the agenda. The Board shall have a quorum when more than half of the Members of the Board are present. The opinion of the simple majority shall constitute the decision of the Board of Directors. The Board follows the written Charter of the Board approved by the Board of which crucial content has been covered in this statement, including the tasks of the Board of Directors. Charter of the Board is available on the Rapala VMC Corporation corporate website. The President and Chief Executive Officer and the General Counsel, who acts as a secretary of the Board, attend the meetings of the Board of Directors. Other members of the Executive Committee attend the meetings when necessary.

In connection with the preparation of a proposition concerning the assembly of the Board, the corporation follows a practice in where the significant shareholders of the corporation prepare the propositions concerning the Board of Directors, including the propositions for the number of board members, remuneration and when necessary, the members of the Board for the General Meeting. The Board has not established a Nomination Committee nor has the General Meeting erected a Shareholders' Nomination Committee. The representatives of the significant shareholders of the corporation referred to above are also members of the Board of the corporation and the proposition shall be served for the information of the Board and to be discussed. The proposition shall also be released as a stock exchange release and be included in the notice of the General Meeting provided that the proposition has been delivered to the corporation early enough to be included in the notice.

The requirements set by the Group's operations and its development phase will be considered with regard to the composition of the Board of Directors. A candidate to the Board must have the necessary qualifications for the position and time to fulfil his/her duties. The number of members on the Board and its composition must enable efficient performance when the Board's tasks are being managed. In order to ensure the diversity of the Board of Directors, the members' competence, experience and industry specific knowledge must be taken into account when candidates are being proposed as members of the Board. The corporation strives to have both genders represented in the Board and that members represent wideranging and diverse perspectives. At the end of the financial year 2022 the Board consisted of six members.

The Board assesses its members' independency. Five external expert members are Emmanuel Viellard, Jorma Kasslin, Vesa Luhtanen, Marc Speeckaert and Julia Aubertin. As of November 16, 2022, Louis d'Alañon has become dependent on the Rapala VMC Corporation as he was nominated the President and Chief Executive Officer of the Rapala VMC Cor-

poration. All members of the Board, other than Emmanuel Viellard and Louis d'Alançon are independent of the significant shareholders of the Rapala VMC Corporation.

Number of Board and Remuneration Committee meetings in 2022 and participant attendance are presented on the table below:

	Board	Remuneration Committee
Louis d'Alançon	10/10	1/1
Jorma Kasslin	10/10	
Emmanuel Viellard	10/10	1/1
Julia Aubertin	10/10	
Vesa Luhtanen	10/10	
Marc Speeckaert	10/10	1/1

The current members of the Board and their shareholdings on 31.12.2022 are:

### Louis d'Alançon

President and Chief Executive Officer since November 16, 2022  
 Chairman of the Board since 2018  
 Board member since 2017  
 M.Sc. Civil Engineering, Major in Economy and Finance  
 Year of birth 1959  
 Shareholding\*: 9 000

### Jorma Kasslin

Board member since 1998  
 Chairman of the Board 2016-2018  
 M.Sc. (Eng.)  
 Year of birth: 1953  
 Shareholding and options \*: 26 878

### Emmanuel Viellard

Board member since 2000  
 Chairman of the Board 2005-2016  
 President of Viellard Migeon & Cie  
 CEO of LISI  
 MBA, CPA  
 Year of birth: 1963  
 Shareholding and options \*: 2 000

### Marc Speeckaert

Board member since 2005  
 MBA  
 Year of birth: 1951  
 Shareholding and options \*: 4 500

### Julia Aubertin

Board Member since 2014  
 M.Sc. (EDHEC)  
 Year of birth: 1979  
 Shareholding and options \*: -

### Vesa Luhtanen

Board Member since 25.3.2020  
 Bachelor of Science in Business Administration  
 Year of birth: 1961  
 Shareholding and options \*: -

\* Shares and share-based rights of each member and corporations over which he/she exercises control in the company and its group companies.

## BOARD COMMITTEES

The Board decides on the establishment of committees. It also verifies the key tasks of each committee and the policies in the written charter. A committee must regularly report to the Board of its work.

In 2022, the Board had one Board committee, the Remuneration Committee. The Remuneration Committee operates under its charter and its main responsibility is to prepare the remuneration policy and the decisions of the Board relating to the remuneration of the key employees of the Group. The Committee follows the implementation of the remuneration policy. The Committee's other tasks include reviewing and making recommendations with respect to the terms of employment of the President and Chief Executive Officer and reviewing the remuneration packages of the Executive Committee members and some other senior managers.

The Remuneration Committee is chaired by the board member Emmanuel Viellard. Its members are drawn from the corporation's non-executive and independent Directors and currently has consisted of Marc Speeckaert and Louis d'Alançon. In 2022, the Committee assembled one time on the February 10, 2022. The attendance rate was 100%. The Charter of the Remuneration Committee is available on the corporate website. Committee members' appointments run concurrently with a Director's term as a member of the Board.

Louis d'Alançon departed from the Remuneration Committee as he was nominated the President and Chief Executive Officer of Rapala VMC Corporation. Board of Directors nominated Jorma Kasslin to the Remuneration Committee on January 25, 2023.

The scale of the business of the Group does not require the matters relating to the financial reporting and control to be prepared in a smaller assembly than the Board of Directors. Therefore, the Board has not established a separate Audit Committee, but the entire Board is responsible for the tasks of an Audit Committee such as the control of the financial reporting, the external accounting, the internal control and the risk management issues. Of the six Board members, at least three have the necessary financial expertise to assume these duties. The Board is regularly in contact with the auditors of the corporation.

The Board has not appointed a Nomination Committee due to the size of the Group and the significant shareholding represented by the current members of the Board. Nomination issues are managed by the Board. Neither has the General Meeting erected a Shareholders' Nomination Committee for the preparation of the Board election and remuneration.

## PRESIDENT AND CHIEF EXECUTIVE OFFICER

The President and Chief Executive Officer is appointed by the Board. Rapala VMC Corporation announced the change of President and Chief Executive Officer on November 16, 2022. Louis d'Alançon succeeded Nicolas Cederström Warchalowski who acted as the President and Chief Executive Officer since March 1, 2020.

The President and Chief Executive Officer acts also as the Group's President and Chairman of the Executive Committee. The duties and responsibilities of the President and Chief Executive Officer are set forth in the Finnish Companies Act. The President and Chief Executive Officer is responsible for the operative management within the scope of the strategic and operative plans, budgets and action plans approved by the Board. Unless separately authorized by the Board, the President and Chief Executive Officer shall not take actions, which may be considered unusual or far-reaching in view of the scope and nature of the Group's business. The President and Chief Executive Officer shall ensure that the accounting of the corporation complies with the law and that the financial management of the corporation has been arranged in a reliable manner. The President and Chief Executive Officer is entitled to represent the corporation in any matter within his/her authority. The President and Chief Executive Officer chairs the Executive Committee. The President and Chief Executive Officer's service terms and conditions have been specified in writing in a Managing Director Agreement approved by the Board.



## EXECUTIVE COMMITTEE

The Executive Committee assists the President and Chief Executive Officer in planning and managing the operations of the Group, in the preparation of strategic questions and in the execution of the strategic objectives set by the Board of Directors. The Executive Committee convenes under the leadership of the President and Chief Executive Officer and is composed of different Executive Committee members depending on the matters at hand. The President and Chief Executive Officer Louis d'Alañon acts as the Chairman of the Executive Committee.

The members of the Executive Committee and their shareholdings on 31.12.2022 are:

### Louis d'Alañon

President and Chief Executive Officer since November 16, 2022  
Chairman of the Board since 2018  
Board member since 2017  
M.Sc. Civil Engineering, Major in Economy and Finance  
Year of birth 1959  
Shareholding\*: 9 000

### Olli Aho\*\*

Executive Vice President, General Counsel, Investor Relations and Secretary of the Board  
Executive Committee member since 1998  
Master of Laws  
Year of birth: 1959  
Shareholding and options \*: 26 625

### Stanislas de Castelnau

Executive Vice President, Head of Operations  
Executive Committee member since 2002  
Engineer  
Year of birth: 1963  
Shareholding and options \*: 21 771

### Victor Skvortsov

Executive Vice President Distribution in Russia, Belarus, Kazakhstan  
Executive Committee member since 2013  
Engineer  
Year of birth: 1962  
Shareholding and options \*: 38 853

### Cyrille Viellard

Executive Vice President, and President of VMC Peche  
Executive Committee member since 2015  
MBA, ESSEC  
Year of birth: 1977  
Shareholding and options \*: 26 625

### Arto Nygren

Executive Vice President, Lure Manufacturing  
Executive Committee member since 2017  
Bachelor's degree in mechanical engineering  
Year of birth: 1965  
Shareholding and options \*: 36 540

### Jan-Elof Cavander

Chief Financial Officer  
Executive Committee member since 2017  
Master of Science (Technology)  
Year of birth: 1985  
Shareholding\*: 26 625

### Jean-Philippe Nicolle

Executive Vice President, Head of European Distribution  
Executive Committee member since 2020  
Executive MBA, Business School ICS, Paris and CPA  
Year of birth: 1968  
Shareholding\*: 3 279

### David Neill

Executive Vice President, Product Development & Innovation  
Executive Committee member since 2020  
Bachelor of Commerce  
Year of birth: 1973  
Shareholding\*: 1 101

### Enrico Ravenni

Executive Vice President, Head of Distribution in APAC countries and Global Rods, Reels and Lines Product Development & Innovation  
Executive Committee member since 2020  
Year of birth: 1966  
Shareholding\*: 1 573

### Marcus Twidale

Executive Vice President, Head of Distribution in USA  
Executive Committee member since 11.5.2021  
Year of birth: 1965  
Shareholding\*: -

\* Shares and share-based rights of each member and corporations over which he/she exercises control in the company and its group companies.

\*\* Olli Aho departed the Executive Committee on December 31, 2022. Lars Ollberg departed the Executive Committee on May 31, 2022.

## BUSINESS ORGANIZATION

The Rapala VMC Group comprises of the parent company and the manufacturing and distribution subsidiaries ("Group"). The head office of the Group is located in Helsinki. Rapala VMC Corporation's shares are traded on the Nasdaq OMX Helsinki's main list.

Product distribution is organized through sales companies, which the Group has in approximately 40 countries. In other countries independent importers and distributors undertake product distribution. The Group's business organization consists of two reportable operating segments: Group Products and Third Party Products.

## REMUNERATION REPORTING

Annual General Meeting 2020 confirmed the remuneration policy for the Rapala VMC Corporation. Policy defines a process for remuneration related decisions and includes a description of remuneration of the Board of Directors and the President and Chief Executive Officer. Further the policy explains the principles of deviating from the remuneration policy and changing it. The Board of Directors presents the remuneration policy to the AGM in minimum of four years interval and always when material changes have been made.

Starting from the AGM 2021 the Board of Directors presents the remuneration policy in annual basis to the AGM. The shareholders can evaluate the realization of the remuneration policy in the Group.

The Board of Directors, President and Chief Executive Officer's and Executive Committees remuneration can be found in the Group Annual Statements note 28. Remuneration policy and report and other listed companies in Finland administrative code required from remuneration are available in the Rapala VMC Corporation's corporate website.

## RESPONSIBILITY AND INTERNAL CONTROL

The Group has a strong entrepreneurial and business oriented corporate culture that supports local decision making. This culture influences the setup of the Group's internal control and management. The Group's management model is strongly based on people management, delegation of responsibility, and recognition of differences in business environments, which all enable quick and flexible decision making. Instead of formal and heavily structured processes, the internal control of the Group is based on a flat and transparent organization where the Group management is in frequent and personal interaction with the Group companies. Number of personnel of the Group management is relatively small, which enables focused and centralized information management and direct and tight relationships with operational and financial management of the business units. Business units are closely monitored through financial indicators and by observing the operative actions.

The Group comprises of the parent company and the manufacturing and distribution subsidiaries. The Group's internal controls and management are based on this legal structure. Responsibility for the management of these subsidiaries' rests with each company's Board of Directors, which typically comprises of the Group CEO and the General Counsel, and the subsidiary's managing director. In addition, the Group subsidiaries have their own management teams, which together with each subsidiary's managing director have responsibility over the operative decision making.

The Board monitors the business activities of the Group, ratifies the risk management principles and is responsible for ensuring that accounting, reporting and asset management are appropriately organized.

The CEO, the members of the Board and the managing director of each Group company are responsible for ensuring that the accounting and administration in their respective areas of responsibility are in compliance with the local laws, the Group's operating principles, and the instructions and rules issued by the Board of Rapala VMC Corporation.

The aim of internal controls is to ensure the effectiveness and efficiency of the Group's operations, reliability of financial and operational reporting, and compliance with the applicable regulations, practices and policies.

The Group has a harmonized chart of accounts, uniform accounting principles (IFRS) and related reporting process. The Group is developing its Group wide information technology system, which improves the transparency of supply chain and inventories. The Group's financial management monitors the functionality and reliability of the financial reporting process. The key instructions and regulations concerning financial reporting and risk management are available to managing directors and financial management of each subsidiary in the Group's intranet or similar internal communication channel.

The Board monitors the Group's business risks on an ongoing basis. All Group companies report their financial performance and position at least once a month to the management that prepares for the Board a monthly management report, which explains the main recent developments in the business of the Group and the major Group companies.

Communication and personal interaction between the Group management and subsidiaries is frequent and close. Group management, managing directors, and financial management of all subsidiaries meet several times during the year and in these meetings business performance and internal control issues are also reviewed. In addition, representatives of Group management visit subsidiaries regularly in different assemblies. The purpose of these meetings is to share information mutually. These meetings enable Group management to monitor and give guidance to the subsidiaries.

## RISK MANAGEMENT

The objective of the Rapala Group's risk management is to recognize and manage the risk associated with the execution of the Group's strategy and execution of business targets. This is done by monitoring and mitigating the related threats and risks while simultaneously identifying and managing business opportunities. The Board evaluates the Group's financial, operational and strategic risk position on a regular basis and establishes related policies and instructions to be implemented and coordinated by the Group management.

The Board evaluates the Group's strategic risks on an annual basis as part of the strategy process, operational risks at least once a year as part of the operational plans and budgets and financial risks several times during the year. The President and Chief Executive Officer and the CFO continuously monitor changes in the business environment and coordinate the management of the Group's strategic, operational and financial risks. The daily risk management activity is primarily delegated to the management of the business units, who are responsible for managing the local strategic, operational and financial risks.

## INTERNAL AUDIT

The Group does not have a separate Internal Audit organization due to the size of the Group's operations. The Group Finance is responsible for regular reviews of financial performance and internal control procedures at all Group companies and reporting significant findings to the President and Chief Executive Officer and the Board. From time to time, the management conducts or buys external services, if needed, to conduct specific and limited internal audits. The absence of an in-house internal audit organization is also taken into account in the external audit.

The managing director and the controller of each subsidiary meet annually with the local auditor to discuss internal control and statutory compliance issues. The auditors of each subsidiary provide an audit opinion to the auditors of the corporation at the conclusion of each annual audit. Each annual audit may also give rise to the preparation of a management letter to the corporation outlining their audit findings in greater detail and recommending any improvements in internal controls. In addition, the auditors of the corporation meet regularly with the Group management representatives to discuss and review the business and related financial, accounting, internal control and risk management issues.

## RELATED PARTY TRANSACTIONS

According to the Rapala VMC Corporation Code of Conduct guidelines all transactions need to be market-based. Management of each business unit is responsible for the local procedures to ensure that transactions are market-based.

According to the reporting instructions of the group, business units need to report possible related party transactions to the parent company along with other reporting. If needed, the Group's internal control evaluates whether a related party transaction degrades management's independency on the company and whether the transaction causes a conflict of interest for the related party. Internal control reports related party transactions to the auditor.

Non-ordinary transactions, as specified in the group's Authorization Limits in use, must be approved by the group management. Permanent appointments of family members of the operating management must be approved by group's President and Chief Executive Officer.

Rapala VMC Corporation maintains a list of its related party individuals and legal parties to recognize related party transactions. Following parties belonged to the related parties of Rapala VMC Corporation in 2022:

- Members of the Board of Directors
- President and Chief Executive Officer
- Members of the Executive Committee
- Members of the family of the above-mentioned individuals (children, spouses or life partners, children of the spouse or life partner, persons under guardianship of above-mentioned individuals or their spouses or life partners)
- Entities controlled by the above-mentioned individuals
- Rapala VMC Corporation's subsidiaries, associated companies and joint ventures
- Entities having significant influence on Rapala VMC Corporation

Rapala VMC Corporation discloses related party transactions that are essential for the company in its Financial Statements.

## INSIDER ADMINISTRATION

The Group's guidelines on insider administration follow the applicable Guidelines for Insiders of Listed Companies issued by Nasdaq Helsinki Oy. Rapala VMC Corporation maintains the list of persons discharging managerial responsibilities and if necessary, the permanent insider list and the project specific insider lists in the InsiderLog service provided by Insiderlog Ab / Euronext Corporate Services subject to Rapala VMC Corporation's Insider Officer's decision. At the moment company does not maintain permanent insider list. Moreover, the persons determined by Rapala VMC Corporation having authorized access to the unpublished financial result information are entered in a list ("Financial Reporting Group") maintained in the InsiderLog service.

Persons discharging managerial responsibilities are subject to trading restrictions regarding the corporation's securities. Person discharging managerial responsibilities shall not conduct any transactions on its own account or for the account of a third party, directly or indirectly, relating to the shares or debt instruments of Rapala VMC Corporation or to derivatives or other financial instruments linked to them during a closed period of 30 calendar days before the announcement of an interim financial report or a year end report which Rapala VMC Corporation is obliged to make public. The trading restriction, the obligations on confidentiality and prohibition to disclose information or advice any person with respect to trade, applies also to the Financial Reporting Group. Rapala VMC Corporation extends the restriction on trading to include the permanent insiders in case this kind of list is established. The project specific insiders are prohibited from trading with the securities during their participation in the project.

The Group arranges internal communication, training and supervision of insider issues. General Counsel of Rapala VMC Corporation acts as an Insider Officer of the Group. Tuomo Leino has been appointed as General Counsel of Rapala VMC Corporation as of January 1, 2023.

## AUDIT

An external audit is performed annually in each of the Group companies and for the consolidated Group. Ernst & Young Oy auditor firm was elected as auditor in the annual general meeting on March 23, 2022. Ernst & Young Oy is responsible for the Group audit. The auditors of the parent company, Ernst & Young Oy, are responsible for instructing and coordinating the audit in all Group companies. The auditor with principal responsibility is Mikko Järventausta, CPA. The fact that the Group has no separate internal audit organization of its own is reflected in the scope and content of the audit. It was decided in the annual general meeting on March 23, 2022 that the fee of the auditor will be paid as according to an invoice accepted by the corporation. During the financial year 2022 the auditors of the corporation were paid altogether EUR 0.7 million (2021: EUR 0.6 million) as auditing fees and EUR 0.1 million (2021: EUR 0.2 million) as of services not associated with auditing.

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