

CapMan Plc Group's Corporate Governance Statement for the 2009 Financial Year

CapMan complies with the Finnish Corporate Governance Code for listed companies issued by the Securities Market Association. Furthermore, CapMan Plc's corporate governance is in line with Finnish legislation, the rules of NASDAQ OMX Helsinki Ltd, and the Group's Articles of Association. This Corporate Governance Statement has been prepared in compliance with Recommendation 51 of the Finnish Corporate Governance Code. The Code can be consulted online at website of the Securities Market Association www.cgfinland.fi.

This statement is reviewed by CapMan Plc's Board of Directors and is issued separately from the Report of the Board of Directors. CapMan Plc's auditors PricewaterhouseCoopers Oy have checked that the statement has been issued and that the description of the main features of the internal control and risk management systems in relation to the financial reporting process is consistent with the Financial Statements.

For further information regarding CapMan's corporate governance, please visit the company's website at www.capman.com. Additional corporate governance information is also available in the Financial Statements and Corporate Governance sections of the Annual Report for 2009.

In view of the size of the company and its Board of Directors, CapMan Plc's Board has decided to deviate from the Code's Recommendations 18–33 for Board Committees in that it has decided not to establish any Board Committees. The company also deviates from Recommendation 41, which applies to the participation of non-executive directors in share-related remuneration schemes. Non-executive members of the Board of Directors can participate in a share-related remuneration scheme in accordance with the decision of the Annual General Meeting, in which case shareholders have the opportunity to evaluate whether such remuneration is in their interest.

Board of Directors

In addition to the tasks set forth by legislation, CapMan Plc's Board of Directors has confirmed a

written charter for its work, which describes the main tasks and duties of the Board, the issues addressed by the Board, meeting practices, and an annual self-evaluation of the Board. In accordance with the CapMan Plc's Board's charter, the main duties of the Board are:

- to ensure that the company has duly endorsed the corporate values applied to its operations
- to approve the principles of corporate governance, internal control, and risk management, as well as other essential guidelines and practices
- to ensure that the business complies with relevant rules and regulations
- to appoint and dismiss the CEO and Deputy CEO
- to decide on the CEO's remuneration, as well as on the remuneration policy of other executives and CapMan's key employees
- to approve strategic goals
- to ensure that the company has a proper organisation
- to ensure the proper operation of the management system
- to supervise and approve annual financial statements and interim reports
- to ensure that the supervision of the accounting and financial management is properly organised
- to supervise Management.

In addition to the above mentioned duties, the Board carries out the following duties of the Audit Committee:

- monitoring the reporting process of financial statements
- supervising the financial reporting process
- monitoring the efficiency of the company's internal control, internal audit, and risk management systems
- reviewing the description of the main features of the internal control and risk management systems pertaining to the financial reporting process, which is included in the company's corporate governance statement
- monitoring the statutory audit of the financial statements and consolidated financial statements
- evaluating the independence of the statutory auditor or audit firm, particularly the provision of related services
- preparing the proposal for resolution on the election of the auditor.

The Chairman of the Board ensures and monitors that the Board fulfils the tasks allocated to it under legislation and by the company's Articles of Association. Additional information on the Board and its compensation can be found in the Annual Report 2009 and on the company's website www.capman.com.

Members of the Board in 2009

By decision of the 2009 AGM, the members of the Board are Ari Tolppanen (Chairman), Teuvo Salminen (Vice Chairman), Sari Baldauf, Tapio Hintikka, Lennart Jacobsson, and Conny Karlsson. There is no specific order for the appointment of directors in the Group's Articles of Association.

Work of the Board in 2009

During 2009, the Board of Directors met seven times. The table on Page 71 represents Board members' attendance at meetings during 2009.

Chief Executive Officer (CEO)

The CEO manages and supervises the company's business operations according to Finland's Limited Liability Companies Act and in compliance with the instructions and authorisations issued by the Board of Directors. Generally, the CEO is independently responsible for the operative running of the company and for day-to-day decisions on business activities and the implementation of these decisions. The CEO also appoints the Heads of teams. The Board of Directors approves the recruitment of the CEO's immediate subordinates.

In 2009, CapMan Plc's CEO was Heikki Westerlund. The company's Deputy CEO was 1 January – 30 September 2009 Olli Liitola and 1 October – 31 December 2009 Jerome Bouix.

CapMan Plc's Board of Directors in 2009

Name	Personal information	Attendance at the Board meetings in 2009
Ari Tolppanen	Chairman of the Board since 31 March 2005. Member of the Board since 1993. Born 1953, M. Sc. (Eng.) Main occupation: Senior Partner at CapMan Non-independent Board member.	7/7
Teuvo Salminen	Vice Chairman of the Board since 31 March 2005. Member of the Board since 2001. Born 1954, M. Sc. (Econ.), Authorised Public Accountant Main occupation: Senior Advisor to Pöyry Plc Independent of the company and significant shareholders.	7/7
Sari Baldauf	Member of the Board since 2007. Born 1955, M. Sc. (Business Administration), D. Sc. (Tech.) h.c. (Helsinki University of Technology), Doctor h.c. (Econ. And Bus. Admin.) (Turku School of Economics and Business Administration) Main occupation: Board professional Independent of the company and significant shareholders.	7/7
Tapio Hintikka	Member of the Board since 2004. Born 1942, M.Sc. (Eng.) Main occupation: Board professional Independent of the company and significant shareholders.	7/7
Lennart Jacobsson	Member of the Board since 2002. Born 1955, BBA Main occupation: Senior Partner at CapMan Non-independent Board member.	7/7
Conny Karlsson	Member of the Board since 2008. Born 1955, MBA Main occupation: Board professional Independent of the company and significant shareholders.	6/7

CapMan Plc's CEO in 2009

Name	Personal information
Heikki Westerlund	CEO of CapMan Plc, Senior Partner Born 1966, M.Sc. (Econ.)

Further information on the Board of Directors, the CEO and the Deputy CEO and their remuneration is available in the Annual Report 2009 and on the company's website www.capman.com.

Internal Control and Risk Management Pertaining to Financial Reporting

Internal control and risk management pertaining to the financial reporting process is a part of CapMan's internal control framework. The key roles and responsibilities for internal control have been defined in the Internal Control Policy, which is approved by the Board of Directors and updated by the Management.

CapMan's internal control and risk management related to financial reporting is designed to provide reasonable assurance concerning the reliability, completeness, and timeliness of financial reporting and the preparation of financial statements in accordance with applicable laws and regulations, generally accepted accounting principles, and other requirements for listed companies.

The aim of CapMan's internal control framework is to:

- focus on the point of view of most business relevant risks and issues from strategic alignment and operational effectiveness
- promote ethical values, good corporate governance, and risk management practices
- ensure compliance with laws, regulations, and CapMan's internal policies

- assure the production of reliable financial reporting, support internal decision-making and service the needs of shareholders

Financial Reporting Process Control at CapMan

CapMan's business model is based on a local presence in the Nordic countries and Russia, and the organisation operates team based over national borders. The subsidiaries in seven countries report their results on a monthly basis to the Parent Company. Accounting is outsourced except for Finland and Sweden.

Financial reporting information is assembled, captured, analysed, and distributed in accordance with CapMan's processes and procedures. The Group has a common reporting and consolidation system that facilitates compliance with common control requirements. Group Accounting maintains a common chart of accounts that is applied in all units. Subsidiaries submit their figures to the Group reporting system for consolidation. The reported figures are reviewed in subsidiaries as well as Group Accounting. Group Accounting also monitors the balance sheet and income statement items by analytically reviewing the figures. The consolidated accounts of CapMan Plc are prepared in compliance with International Financial Reporting Standards (IFRS) and the necessary IFRS adjustments are booked at Group level.

Risk Assessment and Control Activities

CapMan has defined financial reporting objectives in order to identify risks related to the financial

reporting process. CapMan's risk assessment process is designed to identify financial reporting risks and to determine how risks should be managed.

Control activities are linked to the risk assessment and specific actions are taken to address risks and accomplish financial reporting objectives. Financial reporting risks are managed through control activities performed at all levels of organisation.

These activities include guidelines and instructions, approvals, authorisations, verifications, reconciliations, analytical reviews and segregation of duties.

During 2009, CapMan identified and analysed risks related to the achievement of financial reporting objectives as part of an internal control development programme. Risks, control objectives, and common controls were systematically identified and documented in unit closing and the Group consolidation processes.

Information and Communication Pertaining to Financial Reporting

As an essential part of CapMan's information and communication systems, the Group has defined the roles and responsibilities pertaining to financial reporting.

The company's Board of Directors is ultimately responsible for the proper organisation of internal control and risk management covering financial reporting by approving the Risk Management Policy covering other relevant documentation.

Management is responsible for the implementation of internal control and risk management processes and for ascertaining their operational effectiveness. Management is also responsible for ensuring that the accounting practices of the company comply with laws and regulations and that the company's financial matters are managed in a reliable and consistent manner.

The CEO initiates the risk management process by delegating the responsibility areas for implementing the principles. The CEO has also nominated the Group's CFO as Risk Manager in charge of coordinating the overall risk management process. The Risk Manager in charge reports regularly to the Board of Directors on matters concerning internal control and risk management. Management assigns responsibility for establishing more specific internal control policies and procedures to personnel in charge of different teams and functions. Management and employees possess appropriate levels of authority and responsibility to facilitate effective internal control over financial reporting.

In terms of internal control and financial reporting information, CapMan's external and internal information is obtained systematically, and Management is provided with relevant information on Group's activities. Timely, current, and accessible information, which is relevant for financial reporting purposes, is provided to the right people, such as the Board of Directors, the Management Group and the Monitoring team.

Monitoring

To ensure the effectiveness of internal control pertaining to financial reporting, monitoring activities are conducted at all levels of the organisation. Monitoring is accomplished through ongoing follow-up activities, separate evaluations, or a combination of the two. Separate internal audit assignments may be initiated by the Board or Management. The scope and frequency of separate evaluations depend primarily on the assessment of risks and the effectiveness of ongoing monitoring procedures. Internal control deficiencies are reported to Management, with serious matters reported to the Board.

The Board regularly reviews Group-level financial reports, including comparison of actual figures with prior periods and budgets, other forecasts, and monthly cash flow estimates. Group Accounting performs monthly consistency checks of income statement and balance sheet for legal entities and business areas. The Group Accounting team also conducts management fee and cost analysis, fair value change checks, impairment and cash flow checks, as well as control of IFRS changes.

The Monitoring team is responsible for collecting and reviewing the monthly reporting of portfolio companies, monitoring and forecasting fair value movements and preparing the models for and calculating carried interest income. Compliance audits are conducted on a regular basis to ensure that funds comply with funds' Procedure Manual.

 **READ MORE ONLINE AT**

www.capman.com/En/InvestorRelations/CorporateGovernance/

- CapMan Plc Group's Corporate Governance in its entirety
- Insider holdings
- Articles of Association