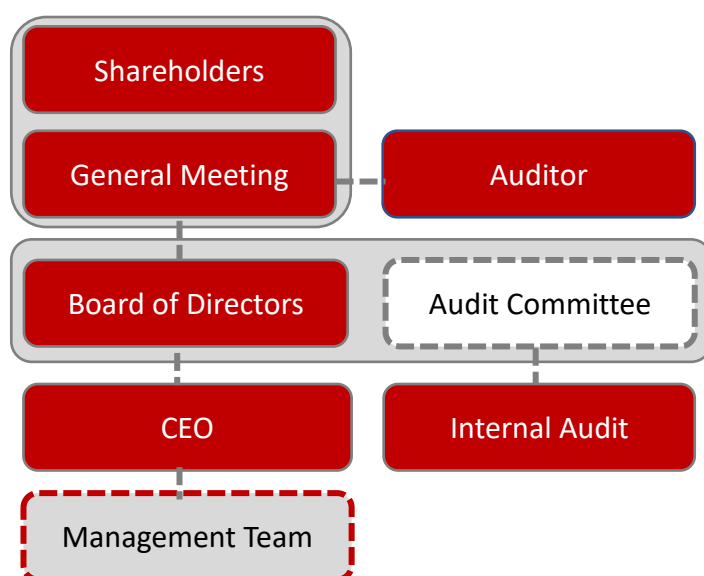


Corporate governance statement 2018

VMP Plc's ("the Company" or "VMP") corporate governance complies with the Finnish Limited Liability Companies Act (624/2006), regulations concerning listed companies, the company's Articles of Association and the rules and regulations of Nasdaq Helsinki Oy. In addition, the company adheres to the Finnish Corporate Governance Code 2015 ("governance code") published by the Securities Market Association, with the exception of recommendation No. 3 (Attendance in shareholder meetings), No. 17 (Remuneration committee) and No. 18a (Nomination committee). In compliance with the Rules of Procedure approved by the Board of Directors, the entire Board of Directors and any first-time nominees to the Board of Directors should, if possible, be present at the company's Annual General Meeting. Depending on the nature of the matter being discussed, the majority of the Board of Directors shall attend Extraordinary General Meetings. The Board has deemed it unnecessary to establish remuneration or nomination committees, because in view of the variety and nature of the Company's operations and the working methods of the Board, the Board is able to handle matters efficiently without remuneration and nomination committees. The Corporate Governance Code is available on the website of the Securities Market Association (<https://cgfinland.fi/>). This statement has been prepared separately from the Board of Directors' report. This statement is not updated during the accounting period, but information on the topics it contains and other necessary and up-to-date investor information are presented on the company's website at <https://www.vmpgroup.fi/en/investors/>.

VMP's governing bodies

In compliance with the Articles of Association and the Finnish Limited Liability Companies Act, VMP's governing bodies are the General Meeting of shareholders, the Board of Directors, and the Chief Executive Officer (CEO). The Company's highest decision-making power is used by the shareholders in the General Meeting. Management is the responsibility of the Board and the CEO. The Board's work is supported by the Audit Committee. The Management Team assists the CEO in the management of the Company and the Group.



General Meeting of shareholders

VMP's highest decision-making body is the General Meeting of shareholders. The Annual General Meeting of shareholders must be held annually by the end of June, and it handles matters stipulated as falling within its authority in the Articles of Association and proposals made to it. The Annual General Meeting is usually held in March–April.

An Extraordinary General Meeting of shareholders shall be convened when necessary. In addition, the Board of Directors has a responsibility to convene a General Meeting of shareholders if the auditor, or shareholders representing at least 10 percent of all issued and outstanding shares, so demand it in writing for the purposes of dealing with a specific matter. Notice of a meeting shall be delivered within six months of the arrival of a request.

According to VMP's Articles of Association:

The following matters must be presented to the General Meeting of shareholders:

- Financial statement, comprising the Group financial statement;
- Annual report;
- Auditor's report

The General Meeting of shareholders decides on:

- Adopting the financial statement;
- Measures taken based on the profit presented in the adopted balance sheet;
- Discharging the Board of Directors and the CEO from liability;
- The number of members of the Board of Directors and their respective remuneration;
- Remuneration of the auditor

The General Meeting of shareholders elects:

- Members of the Board of Directors;
- Auditor; and

addresses other possible matters as specified in the meeting notice.

A notice of a General Meeting of shareholders shall be delivered by announcement of the notice on the Company's website no earlier than three (3) months and no later than three (3) weeks before the General Meeting of shareholders, but no later than nine (9) days prior to the record date in accordance with the Finnish Limited Liability Companies Act. The notice of the meeting and the Board's proposals to the General Meeting of shareholders shall be announced also as a company statement. The notice of the General Meeting and the documents and other proposed resolutions to the General Meeting of shareholders by the Board or another authorized body are posted on the Company's website no later than three (3) weeks before the General Meeting.

The company may publish a newspaper notice regarding the General Meeting along with the invite in one or more newspapers with wide circulation.

Auditing

The independent outside auditor's statutory task is to ensure that the financial statements and the report of the Board of Directors contains correct and adequate information on the results of VMP's financial period and its financial situation. As part of the annual audit, the auditor audits the company's accounting and governance. In addition, the auditor audits the Group financial statements and other relationships between Group companies. VMP's financial period is the calendar year.

The auditor provides VMP's shareholders with the statutory auditor's report in conjunction with the Company's financial statements. The auditor reports regularly to the Board's Audit Committee and takes part in its meetings.

The Annual General Meeting elects the auditor based on a Board presentation prepared by the Audit Committee. The General Meeting also decides on the remuneration paid to the auditor and the grounds for the payment. According to the Articles of Association, VMP has one (1) auditor. The auditor's term constitutes the financial period ongoing at time of election, and their term finishes at the end of the next Annual General Meeting following the election. According to the Articles of Association, the company's auditor is an audit company approved by the Finnish Patent and Registration Office.

Auditor in 2018

By decision of the General Meeting of shareholders, KPMG Oy Ab has acted as VMP's auditor in 2018 with Authorized Public Accountant Esa Kailiala as the chief auditor. In the fiscal period of 2018, the auditor's remuneration was EUR 232,380 for auditing services, EUR 88,445 for advisory services related to taxation and EUR 544,881 for other services provided by KPMG Oy Ab, for a total remuneration of EUR 865,705. The amount of remuneration was affected by a markup following VMP's listing on the Nasdaq Helsinki's First North marketplace.

Board of Directors

The Board of Directors is responsible for governing the Company and for ensuring the appropriate organization of the Company's operations. The Board of Directors has established an Audit Committee to support its work. The Board can decide to establish a nomination and remuneration committee and other permanent committees, if necessary.

According to the Company's Articles of Association, the Board consists of a minimum of three (3) and a maximum of ten (10) members, who are selected in the General Meeting. The term of office for a member of the Board of Directors expires at the end of the next Annual General Meeting of shareholders following their election. The Board elects a Chairperson from among its members. The Members of the Board have no special appointment procedures.

Duties of the Board of Directors

The duties and operating principles of the Board of Directors are based on Finnish law, particularly the Limited Liability Companies Act (624/2006) and the Security Markets Act (2012/746), as well as the Company's Articles of Association. The duty of the Board of Directors is to advance the interests of the shareholders and the Company by taking care of, among other things, VMP's strategic guidelines, and of the appropriate organization of the Company's business, governance and operations. The Board handles and decides on all matters of significance to the Company relating to its operations. The Board is also responsible for ensuring that the supervision of the Company's accounting and financial administration has been organized appropriately.

VMP's Articles of Association do not define other tasks for the Board. The Board has jurisdiction on all matters that do not by law or by the Articles of Association belong to any other governing body.

The Board monitors the development of Group operations mainly through the CEO's reviews and monthly reports. The Chairperson of the Board leads the work of the Board in such a way that the Board's tasks are carried out efficiently and expediently.

The Board has prepared written Rules of Procedure defining its tasks and activities in detail. According to the Rules of Procedure, the Board steers and supervises the Company's operational management. In addition, the Board:

- Steers the operations of the Company in a manner that brings maximum long-term added value to the capital invested in the Company while taking the various stakeholder groups into consideration;
- Confirms the strategy and annual budget and supervises their execution;
- Approves the Company's strategic targets and risk management principles;
- Resolves on the corporate governance and steering systems and ensures the operation of the management system;
- Appoints and dismisses the CEO and the deputy CEO and decides on the terms of their service contract;
- Appoints the directors who report directly to the CEO at the proposal of the CEO and decides on the remuneration principles of the members of the Management Team;
- Approves the incentive schemes of the CEO and other Management Team members and the remuneration principles applied by the Company;

- Approves the Company's practices related to the Market Abuse Regulation and the Company's insider guidelines, defines the Company's permanent insiders and supervises compliance with the insider guidelines and regulations relating to the insiders;
- Approves the operating principles of the Group's internal control and auditing, and supervises compliance with them;
- Resolves on the Group's disclosure policy and supervises compliance with it, and approves the Group's significant releases;
- Resolves on matters related to the Group's insurance and guarantee matters, financing policy, financing agreements and the purchase and sale of significant asset items;
- Reviews and approves interim reports and financial statements;
- Reviews and approves all mergers, acquisitions, corporate restructuring arrangements and investments with a total value of over EUR 100,000 and other particularly significant decisions;
- Reviews all contracts and business transactions with the owners of the Company and the Management Team, their related parties and entities controlled by them;
- Approves the Company's structural changes and confirms the organization of the Company at the proposal of the CEO;
- Assesses annually its own operations and collaboration with the management; and
- Deals with other matters that the Chairperson of the Board and the CEO have agreed to be dealt with by the Board of Directors or matters that are otherwise within the decision-making power of the Board of Directors based on the Limited Liability Companies Act, other Acts, the Company's Articles of Association or other applicable rules or regulations.

Once each year, the Board of Directors self-evaluates its activities and working methods. The Board's self-evaluation will be carried out for the first time in spring 2019.

The Board meets both regularly and as necessary. At least one Board strategy meeting is held annually, where, among other things, the Company's long-term strategic targets are approved. The Board meets with the auditor during at least one meeting.

Members of the Company's operational management who regularly attend Board meetings are the CEO and the Chief Financial Officer (CFO), who are not members of the Board. The meetings are also attended by a Board-invited secretary.

The Board of Directors constitutes a quorum when more than half of its members are present. The Board strives towards unanimous decisions, but if necessary, issues on the agenda are voted on. Decisions are made by simple majority vote. In case of a tie, the decision shall be the one that the Chairperson concurs with.

Independence, competence and diversity of Board members

The Board as a whole must have adequate and varied competencies and experiences relevant to its work. When preparing the proposal on the composition of the Board, requirements relating to the Company's operations and its development phase are taken into account. A person elected to the Board shall have the necessary qualifications and the opportunity to use a sufficient amount of time to carry out the duties of a Board member.

The composition of the Board must be sufficiently diverse. Accordingly, representatives of both genders shall be elected as Board members. The objective is to ensure that the Board as a whole possesses sufficient expertise and experience to implement the Company's strategy.

In 2018, the gender composition of the Board was such that the share of female Board members was 29%, and the share of male members was 71%. This is consistent with the gender composition of boards of other Finnish listed companies in 2018 (source: Central Chamber of Commerce study on the share of women on the boards of listed companies in 2018).

According to the Governance Code, a majority of Board members shall be independent of the Company, and at least two independent Members shall also be independent of the Company's major shareholders. The Board members shall provide the

Board with a sufficient information for the evaluation of their expertise and independence, and they shall notify the Board of any changes to the information provided.

The Board evaluates its members' independence from the Company and its major shareholders annually. On the independence of Board members in 2018, see section *Board of Directors in 2018* below.

Board of Directors in 2018

During January 1 – May 30, 2018, the Board was composed of a Chairperson and two (2) ordinary members. The Chairperson of the Board was Liisa Harjula and the ordinary members were Mika Uotila and Virva Vesanen. By unanimous shareholder decision, the Company on May 18, 2018, elected four (4) new ordinary members. The newly elected ordinary members' term began on May 30, 2018, after which the Board consisted of the Chairperson and six (6) ordinary members: Liisa Harjula (Chairperson), Tapio Pajuharju, Paul Savolainen, Mika Uotila, Virva Vesanen, Heimo Hakkarainen and Joni Aaltonen.

Name	Year of birth	Nationality	Education	Full-time occupation	Member
Liisa Harjula	1972	Finnish	M.Sc. (Econ.), LL.M, LL.M with court training	Investment director	Chairperson
Tapio Pajuharju	1963	Finnish	M.Sc. (Econ.)	CEO	Member
Paul Savolainen	1976	Finnish	Vocational qualification in Business Information Technology, Further Qualification for Entrepreneurs	CEO	Member
Mika Uotila	1971	Finnish	M. Sc. (Econ.)	CEO	Member
Virva Vesanen	1986	Finnish	M. Sc. (Econ.)	Investment manager	Member
Heimo Hakkarainen	1957	Finnish	B.Sc. (Business Admin. & Econ.), eMBA	Professional board member	Member
Joni Aaltonen	1970	Finnish	BBA	CEO	Member

Additional information on Board members is available on VMP's website at <https://www.vmpgroup.fi/en/investors/corporate-governance/board-of-directors/>.

In 2018, the Board met a total of 18 times. During January 1 – May 29, 2018, the Board met five (5) times, when the Board's ordinary members were Liisa Harjula (Chairperson), Mika Uotila and Virva Vesanen. During May 30 – December 31, 2018, the Board met thirteen (13) times, when the Board's ordinary members were Liisa Harjula (Chairperson), Tapio Pajuharju, Paul Savolainen, Mika Uotila, Virva Vesanen, Heimo Hakkarainen and Joni Aaltonen. Since the Company's listing on Nasdaq Helsinki's First North market, Olli Kotila M. Sc. (Econ.) from Lexia Asianajotoimisto Oy, has acted as secretary of the Board. The average rate of attendance was 99%. Attendance by each member can be seen in the table below.

Member	Attendance in meetings	Rate of attendance
Liisa Harjula	18/18	100%
Tapio Pajuharju	13/13	100%
Paul Savolainen	13/13	100%
Mika Uotila	18/18	100%
Virva Vesanen	18/18	100%
Heimo Hakkarainen	13/13	100%
Joni Aaltonen	12/13	92%

Based on the independence review compliant with the governance code, of VMP's Board members in 2018 Tapio Pajuharju and Joni Aaltonen were regarded as independent of VMP and its major shareholders. Heimo Hakkarainen is regarded as dependent on VMP, as less than three (3) years has passed since the termination of his employment relationship with VMP. Liisa Harjula, Mika Uotila and Virva Vesanen are in an employment relationship with Sentica Partners Oy, with funds under its control that are a major VMP shareholder, and they are therefore regarded as dependent on a major VMP shareholder. In addition, Paul Savolainen is in an employment relationship with Meissa-Capital Oy, which is a major VMP shareholder, and thus he is also regarded as dependent on a major VMP shareholder.

On December 31, 2018, the Board members and entities controlled by them own VMP shares as follows.

Member	Shares on December 31, 2018
Liisa Harjula	0
Tapio Pajuharju	182,077
Paul Savolainen	75,000
Mika Uotila	0
Virva Vesanen	0
Heimo Hakkarainen	127,808
Joni Aaltonen	5,000

Financial benefits of Board members in 2018

The financial benefits of Board members are specified in a separate Salary and Remuneration Report.

Board committees

In accordance with the Board's Rules of Procedure, the Board can set up committees or other permanent or temporary bodies to carry out specified tasks. If the Board sets up committees, it selects the committees' members and appoints its chairperson. The Board confirms the Rules of Procedure for the committee specifying the committee's tasks and operating principles.

The Board has established an Audit Committee to support its work. Establishing other committees has been viewed as unnecessary, because in view of the variety and nature of the Company's operations and the working methods of the Board, the Board is able to handle matters efficiently without committees.

The Board's Audit Committee

The Audit Committee consists of a Chairperson and two (2) members elected by the Board from among its members at the Board of Directors meeting following the Annual General Meeting. A majority of the Committee members shall be independent of the Company and at least one member shall be independent of major shareholders of the Company. The members of the Audit Committee shall have the qualifications necessary to perform the responsibilities of the Committee, and at least one member shall have expertise in accounting, bookkeeping or auditing.

The Board has confirmed the key responsibilities and operating principles of the Audit Committee in the Committee's Rules of Procedure. The Committee meets regularly at least four (4) times per year. The term of office of the members is one year. The Board of Directors nominates the Chairperson of the Committee.

The Chairperson of the Audit Committee prepares an agenda for the Committee's meetings and decides its content after discussing the matter with the Company's management. The CFO or other person appointed by the Committee acts as the Audit Committee's secretary. The minutes of the Audit Committee's meetings are presented to the Board, and the Chairperson of the Committee reports the Committee's key findings to the Board.

According to its Rules of Procedure, the responsibilities of the Audit Committee are to:

- Monitor the Company's financing and financial position;
- Monitor the Company's financial statements reporting process;
- Monitor the financial reporting process and acquisition processes;
- Monitor the efficiency of the Company's internal control, auditing and risk management systems;
- Review the Company's report on its governance system, including the description of the main features of the control and risk management systems relating to the financial reporting process;
- Monitor the statutory auditing of the financial statements and of the consolidated financial statements;
- Assess the independence of the statutory auditor or audit firm;
- Assess the audit firm's offering of auxiliary services;
- Prepare a proposal for the decision concerning the election of an auditor;
- Maintain contact with the auditor and review the reports prepared by the auditor for the Audit Committee; and
- Assess compliance with laws and statutory regulations.

The composition of the Audit Committee in 2018 is specified in the table below:

Name	Education	Member
Joni Aaltonen	BBA	Chairperson
Liisa Harjula	M.Sc. (Econ.), LL.M, LL.M with court training	Member
Mika Uotila	M.Sc. (Econ.)	Member

Additional information on the members of the Audit Committee is available on VMP's website at <https://www.vmpgroup.fi/en/investors/corporate-governance/board-of-directors/>.

In 2018, the Audit Committee met a total of four (4) times. The CFO acted as the secretary of the Audit Committee. The average rate of attendance was 100%. Attendance by each member can be seen in the table below.

Member	Attendance in meetings	Rate of attendance
Joni Aaltonen	4/4	100%
Liisa Harjula	4/4	100%
Mika Uotila	4/4	100%

CEO

The Board of Directors nominates VMP's CEO. The CEO is responsible for managing the Company's day-to-day operations in accordance with the Limited Liability Companies Act and the authorizations and guidelines issued by the Board of Directors. The CEO informs the Board on the development of VMP's strategy, business operations and financial situation. In addition, the CEO is responsible for ensuring that the Company's accounting complies with applicable laws and that its financial administration has been organized in a responsible manner.

The tasks of the CEO include preparing and handling matters discussed by the Board of Directors, developing VMP's operations together with the Board in line with the strategic targets approved by the Board, and appropriately executing the Board's decisions. In addition, the CEO oversees the responsible organization of VMP's day-to-day management, internal

control and risk management functions. The CEO is furthermore responsible for ensuring that VMP is compliant with applicable legislation and regulations. The CEO acts as the Chairperson in VMP's Management Team meetings.

VMP's Board of Directors nominates the CEO and decides on the salary and remuneration paid to the CEO, short- and long-term incentive targets and other conditions of the CEO's service contract. The conditions of the CEO's employment relationship are defined in a written CEO service contract approved by the Board. The CEO is appointed until further notice. The Board has the right to dismiss the CEO. The CEO cannot be elected as Chairperson of the Board.

CEO in 2018

The Board has appointed Juha Pesola as the CEO of VMP. Born in 1968, Pesola is a Finnish citizen. He holds a Bachelor of Science (Econ.) degree. Pesola has acted as the CEO of VMP since May 17, 2018. Prior to this, the Group CEO was Heimo Hakkarainen (born in 1957, Finnish citizen, B.Sc. eMBA).

The financial benefits of the CEO are specified in a separate Salary and Remuneration Report.

Pesola and companies under his control held a total of 140,030 VMP shares as of December 31, 2018.

Management Team

The Board of Directors appoints the members of VMP's Management Team by the proposal of the CEO. The Management Team assists the CEO in guiding and developing business operations and coordinates management of the Group.

The most important matters discussed in the Management Team are the Group's strategy and annual planning, financial and sales planning and monitoring, combinations of business operations, acquisitions and other business-related investments. The members of the Management Team have extensive authority to act within their own areas of responsibility, and it is their responsibility to develop VMP's business operations based on targets set by the Board and the CEO and in accordance with the strategy approved by the Board.

The Management Team meets regularly once per month or as necessary. The CEO acts as the Chairperson of the Management Team. The Management Team is not a decision-making body, but the matters handled and recommended by it are discussed within VMP's Board of Directors or implemented with the CEO's authorization. The task of the members of the Management Team is to implement decisions within their own areas of responsibility. The CEO appoints the Management Team's secretary.

Management Team in 2018

During January 1 – May 31, 2018, the Group's Management Team consisted of nine (9) members and during June 1 – December 31, 2018, seven (7) members. The Management Team paid particular attention to the advancement of objectives in accordance with the strategy approved by the Board, to fulfilling the requirements created by VMP's listing to the Company's operations, reporting and processes, to controlling cash flows and improving profitability, as well as actively advancing M&A projects. Ensuring the quality of financial reporting and forecasts was a key focus area. The Management Team also continued its work in developing the Company's governance, compliance matters and risk management.

CEO and Management Team in 2018

Name	Year of birth	Nationality	Education	Occupation
Juha Pesola	1968	Finnish	B.Sc. (Econ.)	CEO
Ari Juvonen	1961	Finnish	M.Sc. (Econ.)	Director of Recruitment and Organizational Development Services
Jarmo Korhonen	1958	Finnish	M.Sc. (Econ.)	CFO
Jani Suominen	1969	Finnish	M.Sc., eMBA	Director of Staffing Services
Titta Teittinen	1972	Finnish	Vocational Qualification in Business and Administration	Director of Self-employment Services
Ilpo Toivonen	1968	Finnish	LL.M, LL.M. trained at the bench, Approved Board Member	Legal Counsel
Matti Vuohiniemi	1965	Finnish	M.Sc. (Ed.)	HR Director

VMP's CFO Jarmo Korhonen resigned from his position and his employment contract with the company ended on December 31, 2018. Pauliina Soinio was appointed VMP's acting CFO and member of the Management Team starting from January 1, 2019 (born in 1975, Finnish citizen, M. Sc. Econ.). In addition, during January 1 – 30 May 2018 the Group Management Team included Kirsi Lönnmark (born in 1980, Finnish citizen, BBA) and Ville Valtonen (born in 1965, Finnish citizen, M.Sc. Econ.).

Additional information on the CEO and members of the Management Team is available on VMP's website: "<https://www.vmpgroup.fi/en/investors/corporate-governance/ceo-and-management-team/>"

On December 31, 2018, the CEO and Members of the Management Team and companies under their control own VMP shares as follows.

Name	Shares on December 31, 2018
Juha Pesola	140,030
Ari Juvonen	140,000
Jarmo Korhonen	43,714
Jani Suominen	82,039
Titta Teittinen	0
Ilpo Toivonen	61,404
Matti Vuohiniemi	61,348

Main features of internal control and risk management related to financial reporting process

Overview of risk management

The objective of risk management is to ensure the realization of the Group's targets and uninterrupted continuity of operations. In its activities, VMP complies with the principles of risk management and guidelines for internal control approved by the Board. The principles of risk management are based on the Finnish governance code.

VMP's risk management is part of the Group's ERP and is thus an integral part of the Group's management system. It is an integral part of VMP's planning and management process, decision making, day-to-day management and operations, and its monitoring and reporting functions. Risk management is a part of internal control.

Risk management is systematic, predictive and comprehensive. It covers the activities of the entire Group and accounts for all risk areas. This means that key risks are identified, assessed, managed, monitored and reported on systematically as part of business operations.

The planning and strategy process includes identifying risks that threaten the realization of targets and defines the means of managing them. VMP's risk management consists of a risk management target state, a risk management process and its implementation, monitoring and reporting. Risk management is developed continuously as part of VMP's operations.

VMP may take calculated risks that can be managed and that would have reasonable impact if realized. Risk-taking shall be based on advance identification and assessment of possible impact as well as identification and weighing of potential benefits and harms. Risk-taking shall not jeopardize the realization of the Group's targets or short- or long-term business continuity.

The Board confirms the principles of the Company's internal control and risk management and changes related to them, and handles the significant risks and uncertainties related to the Company's operations.

VMP's CEO, with the support of the Group's Management Team, is responsible for drafting the principles of risk management. The CEO is responsible for ensuring that the Group implements risk management systematically and appropriately. In addition, the CEO shall ensure the adequate scope of VMP's risk management and evaluate its implementation. The CEO reports to the Board on VMP's strategic level risks and means of controlling them, in compliance with the risk management principles and risk management processes approved by the Board.

The Board discusses the most significant strategic-level risks and the measures for managing them, and evaluates the efficiency and functioning of risk management. The Group Management Team discusses the most significant business risks to different business operations and the measures for managing them, and evaluates the efficiency and functioning of risk management. The CEO and each member of the Management Team and franchisee is responsible for operational risk management, identification of risks as well as defining and monitoring risk management methods in their areas of responsibility.

The Legal Counsel is responsible for the coordination of risk management.

Internal control and audit

The goal of VMP's internal control to ensure that VMP's objectives and targets are achieved, the Group's resources are spent economically and efficiently, business risks are managed appropriately, and that financial and other information is reliable and accurate. In addition, internal control seeks to ensure business continuity in a changing operating environment and compliance with VMP's internal policies, instructions and processes, as well as applicable legislation and regulations. Internal control is an integral part of the Company's good governance.

Internal control of financial reporting seeks to ensure that published interim reports, half-year statements, financial statements and other financial information, financial statements and annual reports are reliable and comply with the accounting and reporting principles adopted by the Company. The Company's Board reviews and approves interim reports and financial statements according to its Rules of Procedure and approves the operating principles of internal control and auditing and monitors their implementation.

Description of the operating principles of internal control

The CEO is responsible for the practical organization of internal control. It includes ensuring that the Company has adopted sufficient internal control procedures as required by the Board. The CEO, supported by the Management Team, is responsible for ensuring that the Group's day-to-day operations comply with the agreed principles and applicable laws and regulations, and that any observed non-compliance or deficiency are reacted to and that the necessary corrective measures are taken.

VMP's Board has estimated that due to the nature of the Company's business, its number of employees and geographical scope, it is not expedient for the Company to organize its internal auditing as a separate function. The Board estimates the necessity of establishing an internal auditing function annually. The efficiency of internal auditing is evaluated by the Audit Committee. The Board may use internal or external resources in implementing specific assignments related to internal auditing.

Internal auditing is carried out according to internal audit guidelines approved by the Board. The CEO prepares an annual plan for internal auditing together with an external service provider and presents the plan to the Board's Audit Committee for approval. The audits are carried out in accordance with an annual plan approved by the Board's Audit Committee.

A written audit report (The IIA) is prepared on each audit, in which audit observations, conclusions and development recommendations for operations are presented. The completed audit report is delivered to the management of the audited entity and to the Group CEO. The audit reports are presented to the Group Management Team and to the Board's Audit Committee.

An external service provider reports on the implementation of VMP's annual internal audit plan to the Board's Audit Committee at the end of each financial period.

VMP's Legal Counsel, assisted by the CEO, coordinates the execution of internal auditing.

VMP's internal auditing has been outsourced to KPMG Oy AB in 2018. The audits focus on core business processes. In accordance with the audit plan, the Company commenced one audit: Access control audit.

Insider management

VMP adheres to the Market Abuse Regulation (596/2014/EU, "MAR"), Level 2 Commission Regulations and the MAR-related standards issued by the European Securities and Markets Authority (ESMA), the Finnish Securities Market Act, the Finnish Criminal Code (89/1889, including amendments), the Nasdaq First North Nordic Rulebook and the Guidelines for Insiders of Nasdaq Helsinki Ltd. In addition, the Company has supplemented the guidelines with an internal insider policy.

The Company maintains a list of employees and service providers with access to inside information. The insider list includes one or several project-specific insider lists. The Company's lawyer manages the insider list.

Persons discharging managerial responsibilities at VMP and persons closely associated with them are obliged to notify the Company and the Finnish Financial Supervisory Authority of transactions conducted in VMP's shares, securities under current liabilities or their derivatives or other financial instruments.

Persons discharging managerial responsibilities falling under the disclosure obligation according to MAR include members of the governance, management and control bodies of the issuer as well as other senior managers who are not members of aforementioned bodies but who possess regular access to insider information regarding the issuer and have the authority to make decisions falling under the management's jurisdiction that affect the development and business outlook of the issuer. The Company's managerial persons under the disclosure obligation include members of the Board of Directors, the CEO and other Management Team members.

Trading in the Company's shares or other financial instruments is always prohibited when the person holds insider information on the Company or its financial instruments, regardless of whether the person is included on the insider list. Insider persons cannot trade the Company's shares or other financial instruments or provide insider information to external parties.

Persons discharging managerial responsibilities are also prohibited from executing transactions using the Company's shares or other financial instruments on their own account or through a third party during the closed period of 30 days prior to the publication of an interim report or financial statements, including the date of publication.

VMP uses an internet-based notification channel, through which it is possible to make an anonymous report of a suspected violation of financial market regulations and decrees.

VMP's Legal Counsel is responsible for insider matters and for the overall organization of insider management in the Company.