

## **CORPORATE GOVERNANCE STATEMENT OF CONTAINERSHIPS PLC**

Containerships plc is a Public Limited Liability Company registered in Finland. Its bond is listed in NASDAQ Helsinki Ltd (Helsinki Stock Exchange).

Containerships plc's governance and management is based on the Finnish Companies Act, Finnish Securities Markets Act and the Parent Company's Article of Association as well as rules and guidelines of NASDAQ Helsinki Ltd. Containerships follows mainly the Finnish Corporate Governance Code 2015 ([www.cgfinland.fi](http://www.cgfinland.fi)). The exceptions to the Corporate Governance Code are that the Group's Board of Directors has not established separate committees and that Board member's do not have fixed term for their nomination. Containerships plc is a family-owned company and members of the Board of Directors own 98% of the Company's shares through a separate company. The board members follow the Company's operations closely. Based on these facts Board of Directors have assumed that the board members are collectively responsible for the duties of the audit and remuneration committees. For the same reason the members of the board are nominated until further notice with no fixed term.

This Corporate Governance statement is published as a separate report together with the Group's annual report including the salary and remuneration information and a report of the Board of Directors. The Corporate Governance statement is published on the Group's Internet page [www.containershipsgroup.com](http://www.containershipsgroup.com) > Corporate Governance

Containerships plc's Board of Directors has noted the Corporate Governance statement in the Board Meeting 6.3.2018.

### **1 General Meeting**

The General Meeting, consisting of the Company owner's representatives, is Containerships plc's highest decision-making body and decides matters defined in the Finnish Limited Liability Companies Act and the Company's Articles of Association.

Containerships plc's General Meetings are held in the Company's headquarters in Espoo and are convened by the Board of Directors. The Annual General Meeting is held annually within six months of the close of the financial year. If the Board deems it necessary, or if otherwise required by law, an Extraordinary General Meeting may be convened to consider a specific matter.

A shareholder is eligible to attend a General Meeting if he or she has been registered as a shareholder in the shareholder register eight working days before a General Meeting, and if he or she has notified the Company that he or she intends to attend the meeting in the notice of the General Meeting. Bond holders do not have a right to attend General Meetings.

Owners of Containerships plc consist of Container Finance Ltd Oy, which owns 98% Containerships plc's shares, and Kari-Pekka Laaksonen, CEO of Containerships plc, who owns 2% of the Group's shares.

Containerships plc's share capital is €80,000. The Group has 118,752 fully paid shares comprising 114,002 class A shares and 4,750 class B shares. Each class A share entitles its holder to one vote

and each full ten class B shares entitle their holder to one vote, subject to each shareholder having a minimum of one vote. Dividends are paid on class B shares.

General Meetings decisions since year 2016 can be found on the Group's web page [www.containershipsgroup.com](http://www.containershipsgroup.com) > Investors > Corporate Governance

## **2 Board of Directors and Auditor**

Containerships plc's Board of Directors consists of 3–6 members who are elected for an indefinite term of office. The Chairman of the Board is elected by the Board of Directors.

The Annual General Meeting held on 7.6.2017 decided that the Board of Directors consists of Veli-Kimmo (Kimmo) Nordström, Harri-Ragnar Nordström and Karita Nordström, each of them owning 33.3% of Containerships plc's Parent Company – Container Finance Ltd Oy. The Article of Association does not define board members in any specific order of imposition. The Annual General Meeting elected the authorised public accountants KPMG as the auditor of Containerships plc, with Kimmo Antonen, Authorised Public Accountant, as the principal auditor.

An Extraordinary General Meeting was held on 28th September 2017, in which was decided to amend the Article 1 of the Articles of Association regarding Company's domicile. According to the decision, the Company's new domicile is Espoo from 1st November 2017. The Company's new premises are located at Linnoitustie 6 C, 02600 Espoo.

Containerships plc has decided that the amplitude of the Group's business does not require separate committees, but the Board of Directors oversees in totality the responsibilities set to committees.

Under the Finnish Limited Liability Companies Act and Article of Association, the Board of Directors oversees the Group's governance and appropriate organisation of operations, and represents the Group. The Board of Directors accepts the Financial Statement and interim reports and supervises the appropriate accountings and group's financial matters. The Board of Directors decides about the significant loans, business acquisitions and investments and accepts business plans and budgets as well as the principals of risk management. The Board of Directors also decides the principals that define the management team's limits to make decisions about investments, business acquisitions and to concede guarantees. The Board of Directors accepts the Group's possible long-term and short-term remuneration programs. The Board of Directors elects the Group's CEO and decides the terms of his employment.

Containerships plc's Board of Directors convenes when necessary, at least four times per year. The Group's CEO takes part in General Meetings as a presenter. The Group's chief commercial officer (CCO) also takes part in General Meetings. Other management team members participate in General Meetings when necessary. In addition to decision-making, the Board of Directors regularly discusses the Group's business operations, financial position and risks.

In 2017, the Board of Directors convened five times. The Board of Directors focused its functions especially on launching the strategy-based growth plan and investments related to it, with a main focus on the investment in four new LNG vessels' and their financing. As a rule, the Board of Directors went through the Group's financial results, business reviews and essential business development projects. All board members participated in all General Meetings.

In addition to the permanent Board of Directors, a representative of Nordic Environment Finance Corporation (NEFCO), Maria Maliniemi, has attended Board of Directors' meetings as an observer since 2015 up till February 2017 and from March 2017 onwards Kari Homanen has been the representative of NEFCO.

### **Members of the Board 31.12.2017**

#### **Veli-Kimmo Nordström** (Chairman of the Board)

Born in 1962, Economist, a Finnish citizen

Board member since 2009

Key work experience: Containerships Group since 1976

Shares: 38,000 class A shares and 791.7 class B shares (32.7% of Containerships plc shares and 33.26% of votes through Containerships Finance Ltd Oy)

#### **Harri-Ragnar Nordström**

Born in 1961, Master of Economic Sciences, eMBA, a Finnish citizen

Board member since 2009

Key work experience: Containerships Group since 1976

Shares: 38,000 class A shares and 791.7 class B shares (32.7% of Containerships plc shares and 33.26% of votes through Containerships Finance Ltd Oy)

#### **Karita Nordström**

Born in 1963, Vocational Qualification in Business and Administration; Matriculation Examination, a Finnish citizen

Board member since 2009

Key work experience: Containerships Group since 1978

Shares: 38,000 class A shares and 791.7 class B shares (32.7% of Containerships plc shares and 33.26% of votes through Containerships Finance Ltd Oy)

### **3 CEO and Management Team**

The CEO is appointed by the Board of Directors. The CEO is responsible for implementing the goals, plans, policy and objectives set by the Board of Directors. Under the Finnish Limited Liability Companies Act, the CEO must ensure that the Company's accounting practices comply with the law and that financial management is organised in a reliable manner. The Board of Directors evaluates the CEO's work and the achievement of his goals. The CEO of Containerships plc is Kari-Pekka Laaksonen.

Supporting the CEO in his duties, the management team is responsible for business development and the Company's operating activities in accordance with targets set by the Board of Directors and the CEO. The management team also assists the CEO in ensuring the flow of internal information. Containerships plc's management team meets at least six times a year. The management team is chaired by the Company's CEO.

In 2017, the management team primarily focused on the development of the Group's business activity and monitoring of functions that aim for an improvement in profitability. Group's bond financing was re-negotiated; operations were strengthened and the Group's organisation was

improved. Matters related to these subjects were handled by the Board of Directors, and the Board of Directors had an essential role in their further implementation.

## **CEO and Management Team 31.12.2017**

Kari-Pekka Laaksonen, CEO since January 2012

Born in 1967, Master of Science in Technology, a Finnish citizen

Key work experience:

- Director; sales, logistics and procurement, Nokian Tyres plc 2002-2012
- Director; logistics, Metsä Tissue Corporation in Germany and Finland

Owens 2,375 class B shares, which equate to 2.0% of the total shares and 0.2% of the votes.

Jari Lepistö, CCO since March 2017

born in 1968, Master of Economic Sciences, eMBA, Finnish citizenship

Key work experience:

- CFO, Containerships plc, 2016 – 2017
- CEO, Delta Auto Oy, 2014-2015
- Nokian Tyres plc 1998-2013; CEO, Vianor Oy 2012-2013; Country Manager North America, 2008-2012; Country Manager Sweden and CEO in Vianor AB 2005-2007; Business Controller and export, Nokian Tyres plc, 2001-2005

Does not hold Containerships plc's shares.

Frederic Leca, COO since 2009

Born in 1973, Master of Economic Sciences, a French citizen

Key work experience:

- Director; Eimskip Europe and Eimskip Germany, 2006-2008
- COO; Geest North Sea Lines, 2005-2006
- Sales and Marketing Director, Samskip Europe, 2000-2005

Does not own Containerships plc's shares.

Juha-Pekka Mäkelä, Business Development Director since 2013

Born in 1968, Master of Science in Technology, a Finnish citizen

Key work experience:

- CEO, stakeholder; Thermidas Oy, 2010-2012
- Director; Flextronics Inc, 2001-2009

Does not own Containerships plc's shares.

Antti Laukkanen, Head of Business Intelligence since 2017

Born in 1973, Master of Economic Sciences, a Finnish citizen

Key work experience:

- Containerships Plc: Head of Land Operations 2014-2017; Project Manager 2012-2014
- Metsä Board Corporation: CIS and Head of Business Control and 2010-2011; Head of Logistics Operations Nordic 2007-2010; Logistics management and develop duties 2005-2011; Project Manager 2001-2004

Does not own Containerships plc's shares.

Janne Ritakoski, Head of Land Operations since 2017

born in 1976, Bachelor of Business Administration in Economics & Finance, a Finnish citizen

Key work experience:

- SE Mäkinen logistics ltd: Head of transportation 2012-2017;
  - Area manager, Baltics & Russia 2005-2012
- Does not own Containerships plc's shares.

Teemu Kylliäinen, Head of Financial Services since March 2017  
born in 1976, Master of Economic Sciences, a Finnish citizen

Key work experience

- Containerships plc: Business controller 2016-2017
- Anticimex Oy: Finance Director 2016
- Geodis Wilson Finland Oy: Finance Manager 2014-2015
- Sanoma Corporation 2005-2013; Business controller Sanoma News Oy 2011-2013; Controller Sanoma News Oy 2005-2010

Does not hold Containerships plc's shares.

#### **4 Salaries and remuneration**

The Board of Directors' and management's remuneration from 2017 is presented in the company's financial statement in the note information (note 28).

In 2017, the Auditors were remunerated €177,000 for auditing and €134,000 for other services.

#### **5 Risk management and internal control**

The target of risk management, internal control and internal auditing is to ensure profitable business and compliance of laws, regulations and agreements as well as the validity of information and financial reporting.

The Board of Directors oversees and approves the principles of the Group's risk management and evaluates its adequacy. The CEO and management team is responsible for the organisation and implementation of the risk management. The principal of risk management is to recognise and evaluate risks at the earliest possible phase and minimise their impact on the Group's operations. Risk management is part of Containerships Group's management, control and reporting systems. The essential risks of Containerships plc's operations are presented on the Group's web page [www.containershipsgroup.com](http://www.containershipsgroup.com) > Investors > Corporate Governance

The Group's Board of Directors ensures that the Group has defined internal control principals and that the functionality of control is monitored. The Board of Directors supervises and accepts the financial statement and interim reports. The CEO and management team and the subsidiaries' directors are responsible for the execution of financial reporting and other internal control.

Internal control and risk management related to the financial reporting process is targeted to guarantee the reliability of financial reporting and to ensure that the financial statement is composed fulfilling requirements of law, the International Financial Reporting Standards (IFRS) and other requirements set to listed companies.

Containerships Group has common internal instructions for financial administration, the acceptance and signing policy, insider transactions and other subjects related to governance. Every management team member is liable to read and sign the Management Guidelines. All

Containerships subsidiaries have a nominated person who ensures that the Group's operations follow each country's laws and practices and that the Group has admitted all the necessary permits and documents. The legislation of every subsidiary country is examined every year.

Containerships Group's common reporting system supports the solid reporting in the Group's subsidiaries and juridical departments. The aim is that all subsidiaries share the same business and financial reporting processes. Directors and controllers of the subsidiaries ensure that Group's instructions of financial reporting, as well as local regulations, are followed and that local financial reporting is reliable and current. Internal control is executed together with monthly reporting. Each country's statements are reviewed monthly and all deflections require the clearance of Country Directors. Cash and financial reporting is audited also by random tests.

Financial reporting process' monitoring functions are set according to each organization level. These functions are, for example, acceptance, control, reconciliation, evaluation of operations, protection of property, ability grouping and supervising monthly financial reports according to budgets, predictions and other targets.

Containerships Group does not have a separate department of internal control; internal control is part of the Group's financial department. The Board of Directors accepts the Group's instructions of internal control and the year plan and evaluates each department's operations. Measures of internal control and the results are reported regularly to the Board of Directors, CFO and the Group's management. The results are discussed also with the Group's auditors. The Group's HSEQ manager responds to the internal monitoring. Local auditors audit internal control procedures according to the auditing plan. If necessary, external authority services may be used for internal control.

In 2017, the auditing focused on the Parent Company and most of the Group's subsidiaries. In the audit process, the validity of financial reporting is ensured and country's governance's correctness is confirmed at a general level.

In 2017, the internal control and risk management concentrated especially on internal quality control and environmental management systems and their audit in the Group's different subsidiaries.

## **6 Insider Policy and Management transactions**

Containerships plc complies with NASDAQ Helsinki Ltd's Guidelines for Insiders, which are supplemented by the insider guidelines approved by the Board of Directors. Containerships plc has not defined permanent insiders; insiders are determined individually for each project. The Company management observes a 30-day closed window immediately before interim reports are released, including the day of release. The Company's Head of Financial services oversees the Insider Policy.

Containerships plc has defined the following insiders: Container Finance Ltd Oy, including its Board members and possible CEO, and Containerships plc's Board members and the CEO. Instructions regarding transactions and decision-making between related parties are given in both the Management Guidelines and the Code of Conduct. Related party transactions are regulated also in the terms and conditions of the bond issue.

Related party transactions must be reported in the financial statements. Significant management transactions must be reported separately during the financial year. The related party transactions in 2017 are reported in the Group's Annual Report's note 28.