

Corporate governance statement

This corporate governance statement has been drawn up in accordance with recommendation 54 of the Finnish Corporate Governance Code 2010 for listed companies and Chapter 7, 7§ of the Securities Market Act. The corporate governance statement is provided separate from the board of directors' report. The statement can also be found on the company website, www.okmetic.com. The board of directors of Okmetic Oyj (hereafter "Okmetic" and "the company") has gone through this report. Okmetic's auditor PricewaterhouseCoopers Ltd. has ensured that this report was issued and that the general description therein of the internal control and risk management systems pertaining to financial reporting corresponds with the financial statements.

The aforementioned code is available on the website of the Finnish Securities Market Association, www.cgfinland.fi.

Okmetic's operational environment

Okmetic Oyj, the parent company of Okmetic group (hereafter also "group"), is a Finnish public limited company, in which shareholders exercise their decision-making power in the general meeting in compliance with the General Corporation Laws and articles of association. The company's registered office is in Vantaa, Finland.

The management of Okmetic Oyj is based on the Finnish General Corporation Laws, the Accounting Act, regulations concerning publicly traded companies, the articles of association, the Finnish Corporate Governance Code published in 2010, and on generally accepted ethical principles.

Okmetic prepares the consolidated financial statements and the interim reports according to EU-approved IFRS standards (International Financial Reporting Standards), the Securities Market Act, FIN-FSA regulations and guidelines, and NASDAQ OMX Helsinki Ltd. rules. The board of directors' report and financial statements of Okmetic Oyj are prepared according to the Finnish Accounting Act and Finnish Accounting Board (KILA) guidelines and statements.

The auditor's report comprises the board of directors' report, the consolidated financial statements, and the financial statements of the parent company.

Organisation

The administrative bodies of Okmetic Oyj – the general meeting, the board of directors, and the president – are in charge of the governance and operations of Okmetic group. The general meeting has the ultimate power in the company, and the company's chief operative decision-maker is the board of directors. The president, supported by the executive management group, is responsible for the operative management of the company in accordance with the board of directors' guidelines.

General meeting

The general meeting has the ultimate power in the company. The tasks of the meeting have been defined in the Finnish Companies Act and Okmetic's articles of association.

The general meeting decides on adopting of the financial statements, distribution of profit, discharging of the board of directors as well as the president and deputy to the president from liability, increasing or decreasing share capital, amending the articles of association, and the appointment and remuneration of the board of directors and the auditors, as provided in the Finnish Companies Act.

The general meeting usually convenes once a year. The annual general meeting shall be held no later than on 30 June. The board of directors convenes the general meeting according to the articles of association and Finnish Corporate Governance Code. If needed, the company can convene an extraordinary general meeting. The notice to the general meeting is published on the company website or in one or more newspapers with wide circulation area selected by the board of directors, or it will be delivered to the shareholder by registered mail or handed to the shareholder against receipt no earlier than three months and no later than three weeks in advance of the general meeting, however always at least nine days prior to the record date of the general meeting. In addition, Okmetic publishes the notice as a stock exchange release.

Shareholder has the right to raise a specific issue at the general meeting provided that a written request to that effect is lodged with the board of directors sufficiently early to allow it to be included in the agenda appended to the notice of the general meeting.

The right to participate in the general meeting applies to shareholders who are included in the shareholders' register maintained by Euroclear Finland Ltd. on the record date of the general meeting. Okmetic Oyj has one class of shares. Each share entitles its holder to one vote at a general meeting. The company's shares are included in the Finnish book-entry securities system.

The president and sufficient amount of board members are present at the general meeting. A person who is nominated as a member of the board of directors for the first time must participate in the general meeting where his/her appointment is decided unless a very important reason exists to justify his/her absence. The auditor is present at the annual general meeting.

The company is not aware of any shareholders' agreements.

Annual general meeting 2013

Okmetic's annual general meeting was held in Vantaa on 10 April 2013. A total of 54 shareholders representing 7,191,719 votes participated in the meeting either in person or by proxy, which corresponds to 41.6 percent of the company's share total. Documents of the annual general meeting are available on the company website www.okmetic.com>Investors>General meeting>2013.

Extraordinary general meeting 2013

Okmetic's extraordinary general meeting was held in Vantaa on 19 December 2013. A total of 16 shareholders representing 3,231,814 votes participated in the meeting either in person or by

proxy. Documents of the extraordinary general meeting are available on the company website www.okmetic.com>Investors>General meeting>2013.

Board of directors

The general meeting appoints the members of the board of directors. The board of directors comprises at least three and no more than eight members. In addition, a maximum of eight vice members may be appointed to the board. The board appoints a chairman and a vice chairman from its members. The board's term of office terminates at the end of the annual general meeting following the appointment of the board.

Five members were appointed to the board of directors at the annual general meeting of 2013. Okmetic's president is not a member of the board of directors.

In 2013, the board of directors comprised the following persons:

- Chairman of the board Henri Österlund, 1971, M.Sc. (Econ.), CEO of Accendo Capital Partners Oy
- Vice chairman of the board Tapani Järvinen, 1946, Lic.Sc. (Tech.)
- Hannu Martola, 1963, M.Sc. (Tech.), eMBA, President and CEO of Detection Technology Oy
- Mervi Paulasto-Kröckel, 1966, D.Sc. (Tech.), Associate Professor (tenured), Aalto University School of Electrical Engineering
- Mikko Puolakka, 1969, M.Sc. (Econ.), Chief Financial Officer of Outotec Oyj

The board members Tapani Järvinen, Mervi Paulasto-Kröckel and Mikko Puolakka are independent of the company and of largest shareholders. Hannu Martola is the President and CEO of Okmetic's customer Detection Technology Oy. The customer's order volumes have increased since 2010, and Hannu Martola is thus dependent on the company. Henri Österlund is the CEO of Accendo Capital Partners Oy. Accendo Capital SICAV SIF fund is a major shareholder of Okmetic, and thus Henri Österlund is dependent on a large shareholder.

Duties

The board of directors of Okmetic Oyj, which is the chief operative decision-maker of the company, manages the company in compliance with the Limited Liability Companies Act and the articles of association.

The board of directors is responsible for managing the group together with the president. The board of directors has general authority in all matters that have not been specifically assigned to another body.

Essential tasks of the board of directors include:

- Taking care of the group's administration and the appropriate arrangement of operations, accounting, and financial management
- Deciding on the group's strategy and supervising its implementation
- Approving the group's annual plans and revisions to them

- Deciding on investments and sales of assets that have strategic significance or that are extensive in scope
- Deciding on significant financial arrangements and risk management
- Preparing the agenda for the general meeting and ensuring that the decisions of the general meeting are implemented
- Defining the dividend policy
- Defining long-term objectives for growth, solidity, and profitability
- Deciding on appointing and dismissing the company's president and deputy to the president and establishing the conditions of their terms of office
- Deciding on incentive schemes for the group
- Ensuring that the company's values are upheld
- Overseeing the process of preparing the financial statements
- Overseeing the financial reporting process
- Overseeing the efficiency of internal control and risk management systems
- Discussing the description, which is given out in Okmetic's corporate governance statement, and which deals with the main features of the internal control and risk management systems pertaining to the financial reporting process

Meetings

The board of directors convenes principally monthly and monitors the management's operations actively. The board of directors has quorum when at least half of its members are present. In 2013 a total of 14 meetings were held. The participation rate of the board members in board meetings amounted to 91.4 percent.

In its meetings the board of directors sets guidelines for the company's targets and yearly action plans. According to the yearly agreed timetable, meetings are summoned in order to discuss the main issues agreed along with the timetable and also other topical issues.

The president, deputy to the president, and senior vice president, finance, IT and communications who acts as secretary to the board, take part in the board meetings. Other members of the group's executive management group take part in the meetings if summoned by the board.

Permanent committees and committees

The board of directors has not founded any permanent committees to deal with its duties. However, the board of directors can decide to form committees of its members to prepare issues in advance. The committees convene when necessary. Board members who do not belong to the committee can, if they so desire, take part in committee meetings. The issues are then addressed in the meetings of the board of directors and decisions are made by the entire board. Previously, the board of directors has formed committees for appointing the president, formulating new strategies, and making arrangements for the group financing, for example. The board of directors is responsible for duties allocated to the audit committee in the Corporate Governance Code.

Assessment of operations

The board of directors assesses its operations and working methods on a yearly basis in order to improve its work. Self-evaluation examines work-efficiency, the size and composition of the board,

and the preparation of issues discussed in meetings. Decision making is evaluated by assessing transparency and the extent of discussions and member's opportunities to independent decision making.

President and deputy to the president

The board of directors appoints the president and deputy to the president and decides on the conditions of their terms of office.

The president is responsible for ensuring that the business and day-to-day running of the group are arranged in adherence to existing laws and regulations and in accordance with the instructions and decisions of the board of directors. The president also prepares the issues for the board meetings together with the chairman of the board and secretary of the board. Kai Seikku, M.Sc. (Econ.) is president of the company since 25 January 2010.

The deputy to the president takes over the responsibilities of the president in case the president is unable to attend to his duties. Executive Vice President, Customers and Markets Mikko Montonen acts as the deputy to the president since 1 January 2008.

The board of directors evaluates the performance of the president on a yearly basis. This evaluation assesses the company's result and whether the other targets set for the president by the board of directors have been met.

The executive management group supports the president in managing the group.

Executive management group

In addition to the president, Okmetic group's executive management group consists of the deputy to the president and specific senior vice presidents chosen by the president. The senior vice presidents report to the president. The executive management group comprises eight members at the moment. The senior vice president, human resources, quality, and environment acts as secretary of the executive management group.

The executive management group comprises:

- Kai Seikku, 1965, M.Sc. (Econ.), President and CEO
- Mikko Montonen, 1965, M.Sc. (Tech.), Executive Vice President, Customers and Markets and Deputy to the President (until 6 April 2014)
- Petri Antola, 1967, M.Sc. (Tech.), Senior Vice President, Technology Projects and Solar Materials
- Atte Haapalinna, 1969, D. Sc. (Tech.), Senior Vice President, Products (from 7 April 2014)
- Juha Jaatinen, 1965, M.Sc. (Econ.), Senior Vice President, Finance, IT and Communications
- Jaakko Montonen, 1969, M.Sc. (Tech.), Senior Vice President, Supply Chain
- Markus Virtanen, 1962, M.Sc. (Tech.), Senior Vice President, Human Resources, Quality and Environment
- Anna-Riikka Vuorikari-Antikainen, 1965, M.Sc. (Tech.), Senior Vice President, Customers and Markets (from 7 April 2014)

Markku Tilli, 1950, M.Sc. (Tech.), Senior Vice President, Research, acted as member of the executive management group until 31 December 2013.

Duties

The executive management group assists the president in managing the group. The company's executive management group plans, implements, and monitors the group's operative business and related decisions based on the guidelines and objectives set by the board of directors.

Some of the main duties of the executive management group are to set the operative targets, draw up the yearly operative plan and budget, decide on the investments in the investment plan approved by the board of directors, monitor business operations and operating environment, and supervise the implementation of operative decisions. The executive management group addresses strategic issues, short-term and long-term plans, revisions of such plans, and other issues that have significance in terms of managing the group. Furthermore, the executive management group prepares issues to be addressed to the board of directors.

The executive management group convenes regularly once a month under the baton of the president. In addition to regular meetings, the executive management group meets specifically to discuss the strategy, planning of operations, results, the management reviews, and other topics if needed.

Remuneration and other benefits of the members of the board of directors, the president, and the members of the executive management group

The board of directors

The annual general meeting held on 10 April 2013 decided on the following annual remuneration for the board of directors: chairman of the board 40,000 euro, vice chairman 30,000 euro, and members 20,000 euro each. It was decided that the annual remuneration shall be paid in the company's shares and in cash for the part of taxes. Payment of the annual remuneration was made as a one-time payment on 10 May 2013, and the number of remuneration shares was determined according to the closing price of the company's share on 8 May 2013. In addition, a meeting fee is paid to the board members, amount of which is 750 euro per meeting for the chairman and 500 euro per meeting for the other board members. Meeting fee is not paid for conference calls lasting less than one hour.

Remuneration of the board of directors in 2013 as shares and in cash:

Board members	Total remuneration, 1,000 euro*	Of which as shares, pcs
Järvinen Tapani	35.5	3,154
Martola Hannu	25.5	2,285
Paulasto-Kröckel Mervi	25.0	2,260
Puolakka Mikko	24.0	2,081
Österlund Henri	48.3	5,503
Total	158.3	15,283

*Total remuneration includes the annual remuneration paid on 10 May 2013 and the meeting fees for the period 1 January – 31 December 2013.

In 2013, members of the board of directors were not paid pension-related benefits or fringe benefits.

The president and the executive management group

Remuneration of the management follows local legislation and practice. The amount of remuneration is based on the generally accepted job descriptions used in the industry as well as on personal performance reviews. The company's board of directors decides on the president's and deputy to the president's salary, remuneration, and terms of employment. The board of directors decides on salary, remuneration, and terms of employment of the other members of the executive management group according to the president's proposal.

In 2013, the annual compensation of the president and the executive management group comprised salaries and fringe benefits as well as rewards awarded in connection with the share reward scheme. In addition, the president and deputy to the president had their own incentive scheme, which will be discussed in Top management's incentive scheme paragraph.

Salaries and remuneration of the president and the deputy to the president for 2013 (1,000 euro):

	Salaries*	Share reward	Total
President	314.5	12.6	327.1
Deputy to the president	173.1	7.6	180.7

*Salaries include fringe benefits.

Based on the achievement of set targets of the share reward scheme 2013, the president and deputy to the president were paid a total of 2,096 Okmetic's shares and in addition to this, cash for the part of taxes in February 2014.

The annual remuneration and fringe benefits awarded to the other members of the executive management group amounted to a total of around 698,000 euro. Based on the achievement of set targets of the share reward scheme 2013, the other members of the executive management group were paid 9,823 Okmetic's shares and in addition to this, cash for the part of taxes in February 2014.

The pension benefits of the president and members of the executive management group are determined on the basis of the Finnish Employee's Pensions Act. The president is entitled to retire after the age of 63. He is required to retire from Okmetic after the age of 65. The period of notice for the president is six months and must be observed by both sides. If the company dismisses the president, he will be paid a sum equal to his total salary of 18 months.

The company has not provided guarantees or other such commitments on behalf of the members of the board of directors or the executive management group. Okmetic Management Oy, the company founded by the president and the deputy to the president, was granted a loan of

800,000 euro by Okmetic in 2010. On 31 December 2013, the remaining loan amounted to 584,000 euro. In 2010, the deputy to the president and Okmetic agreed on a personal loan that amounts to 66,250 euro. On 31 December 2013, the remaining loan amounted to 36,250 euro.

Executive management group's share reward scheme 2013

On 11 February 2013, the board of directors decided on a share-based incentive scheme for 2013. The reward to be paid is based on common targets set by the board of directors like profit and cash flow, and on personal targets. The purpose of the scheme is to commit and incentivise the participants to grow shareholder value on the long run. The aggregate amount of possible rewards paid based on the share reward programme may not exceed 150,000 shares for 2013. In addition to the shares, a monetary amount covering taxes will be paid. The maximum reward paid based on the scheme including taxes may not exceed 1.8 million euro. If the cost of the share reward scheme exceeds this sum, the amount of shares to be distributed will be reduced.

The prerequisite for earning shares is that the targets set by the board of directors and the president are met. The board of directors assesses whether the targets are met and makes the decision on the possible reward distribution. When the earning period has terminated, the shares and the monetary amount covering taxes will be paid to the participants. For 2013 the earned shares and the monetary amount covering taxes were paid to the participants in February 2014.

The disbursement of shares is followed by a two-year restriction period, during which the participants are not allowed to sell or transfer shares. If a member of the executive management group leaves the company within the limited two-year period, he/she may keep half of the shares paid as a reward. The president is obligated to hold half of the shares received as share reward as long as he is working for the company.

Top management's incentive scheme

At the beginning of 2010, the board of directors decided on an incentive scheme for the top management. Okmetic Management Oy, a company founded by the president and deputy to the president, was directed a share issue against payment of 400,000 shares at prevailing market price (3.00 euro). The share issue was financed by a capital investment of a total of 400,000 euro in the established company by Seikku and Montonen, together with a loan of 800,000 euro granted by Okmetic Oyj. In December 2012, the board of directors decided to extend the arrangement originally planned for approximately three years by a maximum of one year. In 2013, the group recognised an income of 89,571 euro for the top management's incentive scheme.

In January 2014, the board of directors decided that the repayment is made with an arrangement in which Okmetic Oyj acquires the entire share capital of Okmetic Management Oy. Also 400,000 shares of Okmetic Oyj were transferred to the group via Okmetic Management Oy, as well as a loan receivable of Okmetic Oyj from Okmetic Management Oy, 484,000 euro. Okmetic published a stock exchange release on the arrangement on January 17, 2014.

Management's stock option plan based on own investment

Based on the authorisation given by the Annual General Meeting on 10 April 2013, Okmetic's board of directors decided on 18 December 2013 to grant stock options to the key managers of Okmetic.

As a precondition for being eligible to receive the stock options, the key managers are required to invest in Okmetic shares. According to the investment requirement, the key managers are required to hold in the aggregate 262,600 Okmetic shares to be eligible to receive all of the stock options.

The stock options shall, in deviation from the shareholders' pre-emptive subscription right, be offered to the key managers of Okmetic. The maximum total number of stock options offered is 870,000, which entitle participants to subscribe for a maximum number of 870,000 Okmetic shares (4.8% of the company's shares on a fully diluted basis). Each stock option entitles participants to subscribe for one share. The shares subscribed with the stock options may either be new shares issued by the company or existing shares held by the company. Of the stock options, 320,000 shall be marked with the symbol 2013 A and 550,000 with the symbol 2013 B. The stock options shall be issued free of charge.

The share subscription price for the stock options 2013 A shall be euro 5.75 and for the stock options 2013 B euro 6.00. Future dividends and capital repayments from the invested unrestricted equity reserve distributed before the share subscription shall be deducted from the share subscription price.

The share subscription period for 25% of the stock options 2013 A and 2013 B will commence on or about 1 February 2016 and for 75% of the stock options 2013 A and 2013 B on or about 1 February 2017. The share subscription period for all the stock options ends on 31 March 2018.

There is, for the company and in the interest of all the company's shareholders, a substantial financial ground to grant the stock options in deviation from the shareholders' pre-emptive subscription right, since the stock options are intended to align the interests of the shareholders and the key managers and to form a part of the incentive and commitment program of the key managers. The purpose of the arrangement is to encourage the key managers to invest in the company's shares and to work on a long-term basis to increase the company's share value.

Incentive scheme for the personnel

All employee groups at Okmetic are eligible for an incentive scheme. The blue-collar employees' possible production bonuses are paid monthly according to the achievement of set targets. White-collar employees are subject to a profit-sharing scheme, which is based on annual targets set by the board of directors relating to the group's profitability, financial situation, and operative performance. Bonuses for meeting the targets are calculated as percentage of the employees' annual income. The bonuses account for no more than 12–20 percent of the annual income depending on the personnel group. The cost effect of the incentive scheme on the group's result in 2013 was 215,911 euro for blue-collar employees and 14,760 euro for white-collar employees.

Internal auditing

The group does not have its own organisation for internal auditing. The audit programme, which is produced by the auditor and the management of the company on an annual basis, takes this fact into consideration.

Auditing

The auditor is appointed in the annual general meeting. The nominated auditor is disclosed in the notice to the annual general meeting or via a separate release, should the nominee not be known to the board of directors at the time of issuing the notice.

In accordance with the articles of association the company has one auditor. The auditor must be an individual auditor or an auditing firm approved by the Central Chamber of Commerce. The term of office of the auditor terminates at the end of the annual general meeting following the appointment of the auditor.

The accountancy firm PricewaterhouseCoopers Oy is responsible for auditing of the companies in the group worldwide. PricewaterhouseCoopers Oy is responsible for auditing the parent company Okmetic Oyj and the principal auditor is Authorised Public Accountant Mikko Nieminen. The principal auditor is responsible for giving instructions and coordination of the group's auditing work.

The auditors provide the shareholders of the company with the legally required auditor's report in connection with the annual report. In addition, the auditors report to the parent company's board of directors on a regular basis.

The remuneration of the auditors amounted to 119,163 euro in 2013 (2012: 109,636 euro), of which 90,464 euro (2012: 75 821 euro) originated from auditing.

Internal control and risk management systems pertaining to financial reporting

The steering and control of the group's business activities and administration is primarily carried out in accordance with the aforementioned corporate governance system.

Okmetic operates as juridical companies on three different continents. The companies share common guidelines and timetables for financial reporting. The group management, located in Vantaa, Finland, is responsible for the centralised management of the companies. Management by customer areas is run as a separate system.

For the purpose of financial reporting, the company has a reporting system which produces sufficient and timely data to the management system for operational planning and control.

The purpose of the control system is to support the implementation of the group's strategy and the reliability of financial reporting, and also ensure compliance with guidelines. The group's internal control system is based on the company's values and documented procedural guidelines. The company's values customer orientation, profitability, know-how, co-operation, and continuous improvement continuously direct the group's operations. The system is founded on the group

structure, business operation and support processes, and control points that monitor them. The group's senior vice president, finance, IT and communications, the controller of the parent company, and persons involved in preparing the group accounts are responsible for the general control system of financial reporting.

Okmetic always takes risk management into consideration in its processes. Therefore, also financial reporting includes recognition and analysis of existing risks. Risk management also includes continuous monitoring of changes in operational environment and recognition and management of the risks that come with those changes. Control points are built into processes as well as into financial reporting. Continuous risk evaluation of control points is carried out as a result of internal control measures.

The guidelines for financial reporting give all companies coherent framework and standards to work with. All guidelines, related to processes and financial reporting, are available in electronic format to all who need them. Guidelines are continually updated. Anyone affected by changes in guidelines will also be directly notified of the changes. Everyone taking part in financial reporting is responsible for updating the guidelines in respect to his/her own area of responsibility.

Group accounting defines the common principles and extent of control points of financial reporting in the whole process. The section of the organisation, which is responsible for supervising the implementation of control points, is also responsible for their efficiency. Control points are focused on operations as well as on the continuous reporting of operations. Correctness of financial reporting is ensured by, e.g., approval authority, balancing, and differentiating and analysing of tasks. Risk management, processes, and methods are discussed regularly in meetings organised according to the management system of the companies and the group.

Financial reporting and risk management are monitored continuously and weekly in a regulated way on different levels. Extensive monitoring is conducted in connection with regular monthly reporting. The management system also includes several other regularly held meetings, in which operations are monitored and necessary actions are decided upon. Financial administration is responsible for drawing up guidelines for necessary change actions. The board of directors is responsible for the final evaluation of operational results and the possible changes required. Insider management of the company is the responsibility of senior vice president, finance, IT and communications.

The board of directors discusses and approves financial reports to be published, such as interim reports, financial statements release, financial statements, and annual report.