

Corporate Governance Statement

Cencorp Corporation and its subsidiaries are governed in accordance with the law, the company's Articles of Association, and the Finnish Corporate Governance Code effective as of 2010. The company also complies with the applicable standards issued by the Financial Supervisory Authority, and the rules and regulations of NASDAQ OMX Helsinki Ltd.

Cencorp's Corporate Governance Statement has been prepared in accordance with Recommendation 54 of the Finnish Corporate Governance Code approved by the Securities Market Association and Chapter 2, Section 6, Subsection 3 of the Securities Markets Act. An unofficial English translation of the Finnish Corporate Governance Code is available on the website of the Securities Market Association at www.cgfinland.fi. Cencorp's Corporate Governance Statement is presented as a report separate from the Report of the Board of Directors. The Board of Directors handled the Corporate Governance Statement in its meeting in February 2014.

Cencorp abides by the Finnish Corporate Governance Code with the following exceptions:

- Recommendation 14 – The composition of Cencorp's Board of Directors does not comply with the recommendation concerning the independence of directors specified in the Finnish Corporate Governance Code, according to which the majority of the directors shall be independent of the company and, in addition, at least two of the directors representing this majority shall be independent of significant shareholders of the company. In 2013, one of Cencorp's three directors was independent of the company and significant shareholders. The non-compliance is justified by the fact that Cencorp is part of the Finnish Savcor Group. Therefore, the General Meeting of Cencorp has deemed it appropriate to ensure strong owner representation in its Board composition.
- Recommendation 24 – The company's Board of Directors has not set up a separate audit committee because the scope of the company's business does not require matters related to financial reporting and supervision to be prepared by a group smaller than the entire Board of Directors. The Board of Directors handles the tasks of the audit committee.

GROUP STRUCTURE

Cencorp Group consists of the parent company Cencorp Corporation and its subsidiaries Cencorp AB, Cencorp Americas LLC, Cencorp AS, Cencorp Kft, Cencorp USA Inc, PMJ testline Oy, Savcor Pacific Limited and Savcor Face (Beijing) Technologies Co., Ltd. Cencorp's head office is located in Mikkeli. The company is part of the Finnish Savcor Group. Responsibility for Cencorp Group's corporate governance and operations is divided between the Board of Directors, which is appointed by the General Meeting, and the President and CEO.

GENERAL MEETING

The Annual General Meeting shall be held each year on a day decided by the Board of Directors, by the end of June. An Extraordinary General Meeting shall be held when deemed necessary by the Board of Directors or when legally required. The General Meeting shall be held at the Company's domicile, Mikkeli, or when the Board of Directors so decides, in Helsinki.

The invitation to the General Meeting shall be published, through a stock exchange release and on the Company's website, at the earliest three calendar months prior to the record date of the General Meeting and at the latest three weeks prior to the General Meeting, however, always at least nine days prior to the record date of the General Meeting. The Board of Directors may also decide to publish the invitation to the meeting in a national newspaper.

At the Annual General Meeting, the following shall be presented:

- Financial Statements
- Auditor's Report

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At the Annual General Meeting, the following shall be decided upon:

- the approval and adoption of the Financial Statements
- the measures to be taken on the basis of the profit shown in the approved balance sheet,
- the discharge from liability of the members of the Board of Directors and the President and CEO
- the number of members on the Board of Directors
- the remuneration payable to the members of the Board of Directors and the principles for indemnifying travel expenses

At the Annual General Meeting, the following shall be elected:

- the members of the Board of Directors and, when necessary, deputy members
- the auditor and, when necessary, deputy auditor

BOARD OF DIRECTORS

The Board of Directors is responsible for the company's governance and the appropriate organisation of the company's operations. The Board comprises at least three and up to six members. The Board members are elected by the General Meeting for one year at a time. The Board elects a chairman from among its members. The Board of the parent company of Cencorp Group determines the composition of the Boards of its subsidiaries.

Main tasks of the Board of Directors

Under the Limited Liability Companies Act, the Board of Directors is responsible for the administration of the company and the appropriate organization of its operations. The Board of Directors is responsible for the appropriate arrangement of the control of the company accounts and finances. The Board is responsible for controlling and supervising the company's management; appointing and dismissing the President and CEO; approving the company's strategic goals, budget, total investments and their allocation, and bonus schemes; deciding on long-term contracts and the principles of risk management; ensuring the operation of the management system; approving the company's vision, values and organization model; approving and publishing interim reports, stock exchange releases, annual report and financial statements; determining the company's dividend policy; and summoning the General Meeting. It is the Board's duty to promote the best interest of the company and all its shareholders.

The Board of Directors convened 31 times in 2013. The attendance rate of the Board members was 100 percent.

Board Committees

In 2008, the Company's Board of Directors decided to discontinue the nomination and remuneration committee, as the addressing of these issues does not require preparation of matters by a group smaller than the entire Board of Directors.

The company's Board of Directors has not set up a separate audit committee because the scope of the company's business does not require matters related to financial reporting and supervision to be prepared by a group smaller than the entire Board of Directors. The Board of Directors handles the tasks of the audit committee.

Composition of the Board of Directors

The Annual General Meeting held in 2013 elected three members to the Board of Directors.

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Hannu Savisalo

Chairman of the Board since 2009
b. 1946, M.Sc. (Eng.), Industrial Counsellor (a Finnish honorary title)
Chairman of the Board of Savcor Group Oy and Managing Director and
Chairman of the Board of Savcor Group Ltd

- 119,235,078 shares in Cencorp Corporation on 31 December 2012 through Savcor Group Oy, 133,333,333 shares in Cencorp Corporation through Savcor Group Ltd and 17,499,999 shares in Cencorp Corporation through Savcor Invest BV.
- 8,931,000 options connected to bond I/2010 through Savcor Group Oy
- 10,714,285,5 options connected to bond I/2012 through Savcor Group Oy.



Marjukka Karttunen

Vice Chairman of the Board since 2013
b. 1967, M.Sc. (Econ.)

- an entrepreneur operating in the field of public relations and lobbying.
- Chairman of the Board of Port of Turku, Member of the Supervisory Board of Lähitapiola Varsinais-Suomi Keskinäinen Vakuutusyhtiö and a Board Member of TVT Asunnot Oy.
- Previously Marjukka Karttunen was a Member of Parliament of Finland for eight years in the National Coalition Party's parliamentary group and acted as CEO of the Central Association of Women Entrepreneurs in Finland.
- Shareholding within related party 1 478 759 Cencorp Corporation's shares on 31 December 2013.



Iikka Savisalo

member of the Board since 2009
b. 1972, BBA (Accounting)
CEO of Cencorp Corporation

- 119,235,078 shares in Cencorp Corporation on 31 December 2012 through Savcor Group Oy, 133,333,333 shares in Cencorp Corporation through Savcor Group Ltd and 17,499,999 shares in Cencorp Corporation through Savcor Invest BV.
- 8,931,000 options connected to bond I/2010 through Savcor Group Oy
- 21,428,571 options connected to bond I/2012 through Savcor Group Oy and SCI Invest Oy.

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Evaluation of the independence of Board members

The Board of Directors evaluates its members' independence of the company and major shareholders.

Based on the evaluation of independence carried out in 2013, the composition of Cencorp's Board of Directors does not comply with the recommendation concerning the independence of directors specified in the Finnish Corporate Governance Code.

- The Board member independent of the company and major shareholders was Marjukka Karttunen.
- Iikka Savisalo and Hannu Savisalo exercise control in Savcor Group Oy and act in the governing bodies of Savcor Group Oy and its affiliated companies. Cencorp is part of the Savcor Group.

The non-compliance is justified by the fact that Cencorp is part of the Finnish Savcor Group, and the General Meeting of Cencorp has deemed it appropriate to ensure strong owner representation in its Board composition.

PRESIDENT AND CEO

Under the Limited Liability Companies Act, the President and CEO shall attend to the company's day-to-day management in compliance with the instructions and orders given by the Board of Directors. The President and CEO shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner. The President and CEO shall supply the Board of Directors and its members with the information necessary for the performance of the duties of the Board of Directors. The President and CEO may undertake measures that are unusual or extensive in view of the scope and nature of the activities of the company only if so authorized by the Board of Directors or if it is not possible to wait for a decision of the Board of Directors without causing essential harm to the business operations of the company. In the latter case, the Board of Directors shall be notified of the measures as soon as possible. The President and CEO is responsible for the day-to-day operations, budget compliance, the performance of Cencorp Group, and the performance of those reporting directly to the President and CEO.

MANAGEMENT TEAM

The Group's Management Team assists the President and CEO in the operative management of the company, prepares matters to be dealt with by the Board of Directors and the President and CEO and plans and oversees the operations of the business units. The Group's Management Team convenes when needed, however, at least twice a month. The Management Team is chaired by the President and CEO.

Composition of the Management Team

Iikka Savisalo

President and CEO since 2012

- Member of the Board of Directors since 2009
- b. 1972, BBA (Accounting)
- 119,235,078 shares in Cencorp Corporation on 31 December 2013 through Savcor Group Oy, 133,333,333 shares in Cencorp Corporation through Savcor Group Ltd and 17,499,999 shares in Cencorp Corporation through Savcor Invest BV.
- 21,428,571 options connected to bond I/2012 through Savcor Group Oy and SCI Invest Oy.

Jari Ketoluoto

- Vice President, Projects and Supplier Partner Network, member of the management team since 2009
- b. 1962, diploma in marketing and business administration
- Jari Ketoluoto has recently acted as Director at Savcor Alfa Oy, and prior to that held several management positions in the electronics industry.
- no shares or share options in Cencorp Corporation

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Petri Kivelä

- Vice President, Life Cycle Management, member of the Management Team since 2010
- b. 1968, Machine Automation Technician
- Petri Kivelä was previously Production Manager at Satel Oy and prior to that, held various production supervisor positions at Nokia Corporation and UPM.
- no shares or share options in Cencorp Corporation

Sami Lindfors

- CEO, Cencorp Clean Energy, member of the Management Team since 2010
- b. 1975, MBA
- Sami Lindfors joined the Savcor Group in 1996. In 2001, he transferred to Guangzhou, China, as President of Chinese operations and, since 2004, has served as President of Savcor Face China. In 2013 he was nominated as CEO of Cencorp Clean Energy.
- no shares or share options in Cencorp Corporation

Henrikki Pantsar

- Vice President, Product Development, member of the Management Team since 2010
- s. 1974, Doctor of Technology
- Henrikki Pantsar has long-term experience in the development of industrial laser processes and engineering related to production and research equipment and applications of laser technology to meet the needs of the new energy industry. He has recently worked at Fraunhofer USA Inc's Center for Laser Technology.
- no shares or share options in Cencorp Corporation

Seija Kurki

- Chief Financial Officer, member of the Management Team since 2012
- s. 1963, BBA (Accounting)
- Seija Kurki has held different financial management positions at Savcor Group Oy since 1984.
- no shares or share options in Cencorp Corporation

REMUNERATION

The General Meeting decides on the remuneration of the Board members and auditors. The Board of Directors decides on and approves the President and CEO's terms of employment with a written contract. The Board of Directors decides on the principles of remuneration for senior management. The Board of Directors annually approves, if appropriate, an incentive system for the Company's employees.

The Board of Directors has decided not to set up separate committees since the scope of the Company's business and the size of the Board of Directors do not require matters to be prepared by a group smaller than the Board of Directors. Therefore, the task of preparing the remuneration of the Board of Directors has not been assigned to the nomination committee and the task of preparing the remuneration of other executives has not been assigned to the remuneration committee.

Remuneration of the Board of Directors

The Annual General Meeting held in spring 2013 decided that an annual remuneration of EUR 40,000 be paid to both the Chairman and the Vice Chairman of the Board of Directors and an annual remuneration of EUR 30,000 be paid to the Board members. In addition, travel expenses are indemnified in accordance with Cencorp Corporation's travel policy. The Board members do not have fringe benefits or other benefits outside their remuneration.

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Remuneration of the President and CEO and other Management Team members

The Company's President and CEO is Iikka Savisalo. The period of notice on the President and CEO agreement is six months, both for the Company and for Iikka Savisalo. Should Iikka Savisalo terminate the President and CEO agreement for a reason not attributable to the Company, the Company shall not be liable to pay Iikka Savisalo any other compensation than the notice period pay. If the Company cancels the President and CEO agreement, the Company shall not be liable to pay Iikka Savisalo the above-mentioned severance pay or any other compensation.

The Board of Directors decides on the principles of remuneration of the members of the Management Team. The remuneration system consists of a monthly salary and an annual bonus.

The salaries, fees and fringe benefits paid to President and CEO Iikka Savisalo in 2013 totaled EUR 165 478.00. There are no option-based incentive schemes in place for the President and CEO. In 2013, a total of EUR 547 757.00 was paid to the Management Team members as salaries, fees and fringe benefits. No remuneration was paid to the members of the Management Team under the bonus scheme in 2013.

The shares and options held by the Management Team can be found on Cencorp's website. (Corporate Governance > Insiders).

Bonus schemes for employees

Cencorp has in place a salary-based bonus scheme for management and other employees based in Finland. The Board of Directors decides on the application of the bonus scheme annually.

Depending on the job, the maximum amount payable under the bonus scheme 2014 can vary between 8 and 12 percent of the person's regular annual salary. The amount payable to the President and CEO and other executives under the bonus scheme can be up to 15 percent of their regular annual salary.

The payment of the amount under the bonus scheme is linked to the realization of the company's business targets and those set for the person's field of responsibility. In addition, indicators related to processes, personal goals and projects are used.

Cencorp's production plant in China has introduced various remuneration schemes relating to production targets.

On 31 December 2013, the company had 8,931,000 options connected to bond I/2010 with a subscription period ending on 25 May 2015. Savcor Group Oy holds the options connected to bond I/2010. On 31 December 2013 the company holds 21,428,571 options connected to bond I/2012 with subscription period ending on 7 December 2014. Options connected to bond I/2012 are held by SCI Invest Oy and Savcor Group Oy. On 31 December 2013 the company had 30,000,000 options connected to bond I/2013 with a subscription period ending on 2 June 2015. The options connected to bond I/2013 are held by Keskinäinen Vakuutusyhtiö Etera and Oy Ingman Finance Ab.

INSIDERS AND INSIDER ADMINISTRATION

Cencorp has in place insider rules complying with the guidelines for insiders approved by NASDAQ OMX Helsinki Ltd. According to the insider rules, insiders, persons under their guardianship and corporations under their control are not permitted to trade in the Company's shares and options during a period of 14 days prior to the publication of its financial results (closed window period).

The Company's statutory insiders include the members of the Board of Directors, the President and CEO, the auditors and the accounting firm's auditor with principal responsibility. In addition, the Company's permanent insiders include, as specified

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insiders, the members of the Management team and specified persons from the Group's financial and other administration. Persons involved in corporate transactions or other projects that affect the value of the Company's shares are included in the Company's project-specific insiders and are subject to a temporary prohibition of trading.

DESCRIPTION OF THE MAIN FEATURES OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS PERTAINING TO THE FINANCIAL REPORTING PROCESS

Control Environment

Cencorp's business idea

Cencorp Corporation is a leading provider of industrial automation solutions. The equipment included in the product portfolio designed for depaneling, odd-form assembly, testing and laser materials processing substantially improves the efficiency of customers' production. The product range also includes EMI shielding solutions, flexible circuits and RFID antennas. Cencorp is changing from a company manufacturing only production automation applications and special components into a company developing and providing cleantech solutions. The company's objective is to have a strong market position as a provider of locally produced, high-quality photovoltaic modules, having a special edge in laser and automation technology.

Strategically necessary transition phase is going on and proceeding as planned. Cencorp's customers are automotive electronics manufacturers and manufacturers operating in telecommunications, industrial automation and EMS, and companies operating in the renewable energy sector.

Environmental Policy

The company complies with the environmental legislation in force. The company aims to take environmental issues into consideration in management systems and decision-making.

Planning and monitoring processes

The Group's operations are planned and reviewed annually using a strategic planning process and a budgeting process. The implementation of plans and the development of the business environment are monitored in connection with monthly reports, quarterly reports and financial statements.

At Cencorp Group, risk analysis and risk management are part of the annual strategic planning process and day-to-day operations. The purpose of internal control and risk management is to ensure the effective and profitable operations of the company, reliable information and compliance with the relevant regulations and operating principles.

Internal control activities

Authority and responsibility are assigned to persons responsible for budget compliance and to line organization supervisors, in accordance with their roles and duties. Compliance with laws and regulations is ensured using internal guidelines. The objectives of internal control include operational targets, financial reporting and compliance with laws and regulations.

Board of Directors

- Defining the operating principles of internal control
- Monitoring the performance of internal control
- Approving the company's risk management principles
- Reviewing auditors' reports
- Determining the company's bonus scheme

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President and CEO

- Monitoring the existence and performance of internal control in practice
- Ensuring that operations are in compliance with the company's values
- Adjusting operating principles and policies
- Ensuring the appropriate and efficient use of resources
- Determining control mechanisms (approval processes, balancing and reporting)
- Determining risk management principles and methods

Chief Financial Officer

- Management accounting: monitoring and analysis of performance
- Financial accounting and reporting
- Maintenance and development of planning processes
- Ensuring liquidity

Auditor

- Statutory audit
- Expanded audit at the Board's separate request
- Reporting to the Board

Internal control and risk management

Cencorp's Board of Directors is responsible for the control of the Company's accounts and finances. The Board is responsible for internal control, while the President and CEO handles the practical arrangement and monitors the efficiency of internal control. Business management and control are taken care of using a Group-wide reporting and forecasting system.

Due to the small size of the company and the limited scope of its business operations, Cencorp does not have an internal auditing organization or an audit committee. The Board aims to evaluate and continuously develop the company's risk management, internal control and management processes, also by using the interim audits and internal control reports prepared by external auditors in connection with interim reports.

The purpose of risk management is to ensure that any significant business risks are identified and monitored appropriately. The Company's business and financial risks are managed centrally by the Group's financial department, and reports on risks are presented to the Board of Directors as necessary.

Reporting system

Cencorp prepares its consolidated financial statements and interim reports in compliance with the International Financial Reporting Standards (IFRS) adopted in the EU. The report of the Board of Directors and the parent company's financial statements have been prepared in accordance with the Accounting Act and the guidelines and published opinions of the Accounting Board.

In accordance with the reporting system, the CEO reports to the Board of Directors monthly on the operations, performance and deviations from the budget and adjusted forecasts (monthly report) of the Group and its business units; quarterly on the operating result based on the interim report/financial statements; and immediately on any significant changes in the business environment. The President and CEO reports to the Board of Directors regularly on the implementation of the company's strategy and long-term plans.

The CFO is responsible for Group reporting. Accounting for the Finnish Group companies and consolidated financial statements is carried out in the financial department of Cencorp's parent company, Savcor Group Oy. Accounting and reporting for foreign subsidiaries are carried out using local, qualified accounting firms or other external experts.

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The accuracy of reporting is ensured by using financial reporting guidelines, maintaining the professional skills of employees, ensuring the reliability of information systems, using normal internal control mechanisms and an expanded audit. Any deviations from the budget or plans detected in reports are investigated.

The CFO and external auditors are responsible for verifying the accuracy of the financial reporting.

Communications

The Board of Directors and the President and CEO are together responsible for the Group's communications. The President and CEO is responsible for communications within the company.

Monitoring

The performance of internal control is evaluated regularly in connection with management and control measures, and separately upon the completion of audit reports. Monitoring measures carried out continuously include comparing the actual and targeted figures in financial reports, various balancing measures, and the monitoring of the regularity of operational reports.

The Board's annual plan includes planning and monitoring meetings. Information systems are, for the most part, established, and their reliability is regularly assessed by an external expert.

Auditing

The auditor is elected for one term at a time by the Annual General Meeting. The term ends at the end of the following Annual General Meeting. The company's auditor is Authorized Public Accountants Ernst & Young Oy, with Mikko Ryttilähti, Authorized Public Accountant, acting as the principal auditor. Information concerning the fees paid to the auditors can be found on page 72 of the Annual Report.