

Corporate Governance Statement

This Corporate Governance Statement has been composed in accordance with Recommendation 51 of the new Corporate Governance Code and Chapter 2, Section 6 of the Finnish Securities Market Act. The Corporate Governance Statement is issued separately from the company's annual report.

General principles

Solteq Corporation is a public limited company registered in Finland and its head office is located in Tampere, Finland. Solteq Group (Solteq) is comprised of the parent company Solteq Corporation, its three Finnish subsidiaries and one Russian subsidiary. The financial statements of the mutual real estate companies which own the commercial properties are included in the consolidated financial statements by using proportionate consolidation. Solteq Management Ltd and Solteq Management Team Ltd, owned by the senior management, are included in the consolidated financial statements on the basis of a shareholders' agreement.

Decision-making and governance at Solteq comply with the company's Articles of Association, the Finnish Companies Act and other applicable legislation. In addition, the company complies with the recommendations of NASDAQ OMX Helsinki Ltd, the Central Chamber of Commerce of Finland and the Confederation of Finnish Industries EK on corporate governance with the exceptions mentioned in these principles as well as NASDAQ OMX Helsinki Ltd's Guidelines for Insiders. The Russian subsidiary complies with local legislation.

Solteq complies with the Finnish Corporate Governance Code published by the Securities Market Association with the exception that Solteq's Board of Directors does not have separate committees as the extent of the company's operations and the size of the Board of Directors do not require matters to be prepared by a body smaller than the entire Board of Directors.

Tasks and responsibilities of bodies

The General Meeting of Shareholders, Board of Directors and CEO are in charge of the management of Solteq Group and their tasks are determined as specified by the Finnish Companies Act. The CEO is in charge of Group-level operative activity, assisted by the group's Executive Team.

General Meeting

The General Meeting is the highest decision-making body of the company. The Annual General Meeting is arranged once a year on the date determined by the Board of Directors within six months of the end of the financial period. Extraordinary General Meetings can be arranged during the year, if necessary. In accordance with the Articles of Association, the General Meeting is held in the company's registered office Tampere. A Summons to a General Meeting of Shareholders and the matters to be discussed in the meeting are issued in a newspaper announcement placed in at least one Finnish-language national daily newspaper and published as a stock exchange release and on the company's web site.

The Annual General Meeting each year resolves the following matters:

- approval of the income statement and balance sheet
- measures occasioned by the profit or loss shown in the approved balance sheet
- discharging members of the Board of Directors and the CEO from liability
- number of Board members and their appointment

- election of the auditor
- remuneration of the Board of Directors and auditors
- other matters mentioned in the summons to the meeting

Board of Directors

The Board of Directors of Solteq Corporation is responsible for the Company's management and the appropriate arrangement of its operations. The Board of Directors is responsible of duties that are specified in the Articles of Association and the Finnish Companies Act. The main duty for the Board of Directors is to confirm company's strategy and budget, make decisions of financial agreements and make decisions of purchase and sale of significant assets. The Board of Directors follow company's financial development by monthly reports and other information that company's management provide to the Board.

The essential duties and responsibilities of the Board are defined primarily by the Articles of Association and the Finnish Companies Act. The Board annually ratifies a working order that specifies the meeting procedure of the Board of Directors and its tasks.

In accordance with the working order, the tasks of the Board of Directors are to:

- give instructions and orders for proper organization of management and functions
- appoint CEO and supervise CEO's actions,
- within the limits of the company's business, make decisions on all abnormal or significant issues in respect to the company's extent and quality of present operations,
- represent the company,
- give procuration by the Articles of Association
- act as an plaintiff or defendant on behalf of the company and make decisions of any compensation claims to be made,
- assume responsibility for company's operations, result and development,
- prepare subjects to the General Meeting,
- execute decisions made in the General Meeting,
- reinforce long term strategy,
- approve budget,
- decide on development of investment and significant single investments,
- decide on company and real estate purchases, decide on significant expansion of the business and decide on equity based investments,
- strengthen the Group's policy of controlling the financial risks,
- approve the principles for salaries and other benefits paid to personnel,
- take care of all the duties defined in the Finnish Companies Act, Articles of Association or any other specification that involves the company and are not instructed to other bodies.

In accordance with the Articles of Association, the Solteq Board of Directors has a minimum of five and a maximum of seven regular members. The Board members are elected by the Annual General Meeting for one term of office at a time. The term of office begins at the end of the General Meeting that elected the Board and expires at the end of the first Annual General Meeting of Shareholders following the election. The Articles of Association place no restrictions on the power of the General Meeting to elect members for the Board of Directors. The Board of Directors elects a Chair from its members and the Board of Directors is deemed to have a quorum present when half of its members are present. In addition to matters to be resolved, the Board of Directors is given real-time information on the operation, financial standing and risks of the group in the meeting. The Board of Directors convenes 12 to 14 times a year according to an agreed schedule, in addition to which the Board of Directors convenes when necessary. Minutes are kept for all meetings.

Solteq Board of Directors had six members in 2012: Ali Saadetdin (Chair), Seppo Aalto, Markku Pietilä, Sirpa Sara-aho, Jukka Sonninen and Matti Roininen.

From the Board of Directors independent members are Sara-aho, Pietilä and Sonninen. In addition Sara-aho and Sonninen are independent from significant stock owners.

The Board of Directors convened 21 times and participation percentage was 98 %.

CEO

The Board of Directors appoints the CEO. The CEO is in charge of the management of the company's business operations and governance in accordance with the Articles of Association, the Finnish Companies Act and the instructions given by the Board. The CEO is assisted in the management of the group by the Executive Team.

Repe Harmanen acted as the CEO of the company in 2012.

Executive Team

The Executive Team is appointed by Solteq's Board of Directors. The Executive Team assists the CEO in the operative management of the Company, prepares matters handled by the Board and the CEO as well as plans and monitors the operations of the business units. The Executive Team convenes when necessary. The CEO acts as a chairman of the Executive Team.

Members of the Executive Team from January 1. 2012 to June 30. 2012 were Repe Harmanen (Chairman of the Executive Team), Kai Hinno (Continuity Services), Tiina Honkiniemi (Wholesale trade, Logistics and Services), Jenna Järnstedt (Master of Laws), Mari Kuha (HR), Antti Kärkkäinen (Finance, Law and IT), Matti Saastamoinen (Service Business and Maintenance Management), Mika Sipilä (Sales) and Riina Tervaoja (Project Services).

Members of the Executive Team from July 1. 2012 are Repe Harmanen (Chairman of the Executive Team), Kai Hinno (Continuity Services), Tiina Honkiniemi (Wholesale trade, Logistics and Services), Mari Kuha (HR), Antti Kärkkäinen (Finance, Law and IT), Petri Lindholm (Grocery and special retail, HoReCa), Matti Saastamoinen (Service Business and Maintenance Management), Mika Sipilä (Sales) and Riina Tervaoja (Project Services).

Internal audit

The Group does not have any separate organization for the internal audit. The financial department is responsible for the internal audit in practice. The goal is to make sure that the whole group has similar administration and accountancy.

External audit

Solteq Corporation has one auditor and if the auditor is not a firm accredited by the Central Chamber of Commerce (Authorized Public Accountants), the company has additionally one deputy auditor. The auditors are elected until further notice. The primary function of audit is to verify that the Financial Statements give accurate and adequate information about Solteq Corporation's result and financial position for the financial period. In addition the Auditors report to the Board of Directors on the ongoing auditing of administration and operations.

In 2012 Solteq's auditor was KPMG Oy Ab, Authorized Public Accountants, with Frans Kärki, APA as the auditor in charge.

Compensation

Management of compensation

The General Meeting decides on the remuneration paid to the Board of Directors and auditors. The Board decides on the service terms and conditions of the CEO, specified in writing. The compensation principles of the top management are decided by the Board. The Board annually approves the personnel incentive scheme.

Board of Directors

The General Meeting decides on the remuneration paid to the Board of Directors and auditors. The Annual General Meeting resolved on March 14, 2012 to compensate the members of the Board according to the following:

- Members EUR 15,000 per year
- Chairman EUR 4,000 per month
- In addition to this, Board members, who do not have more than 10 000 shares in the company, will be rewarded with an additional 5000 shares. For this part, also the monetary reward will be increased so that it covers the withholding tax

According to share register maintained by Euroclear Finland Ltd, member of Board Seppo Aalto held 1 662 206 shares, Matti Roininen held 353 200 shares and Jukka Sonninen held 5 000 shares of Solteq Corporation at December 31, 2012.

Chairman of the Board of Directors

The salary of the Chairman of the Board was EUR 46.242 in 2012. The Chairman of Board is not included in the bonus program of the company.

According to share register maintained by Euroclear Finland Ltd, Chairman of the Board held 3 481 383 shares of Solteq Corporation at December 31, 2011.

CEO

The Board decides on the service terms and conditions of the CEO, specified in writing. Currently the CEO has:

- 3 months' period of notice and salary for the period of notice should the Company give notice, in addition to which he is entitled to severance pay equivalent of 9 months' fixed salary.

The CEO's remuneration consists of salary in money, fringe benefits, a possible annual bonus based on performance and of share-based incentive scheme.

In the financial year 2012 the CEO Repe Harmanen's total salary, including benefits, totaled EUR 194.561,70.

Executive Team

The Executive Team's remunerations consists of salary in money, fringe benefits, a possible annual bonus based on performance and share-based incentive scheme. The compensation principles of the Executive Team members are decided by the Board.

Shares in Executive Team

According to the share register maintained by Euroclear Finland Ltd, CEO Repe Harmanen did not directly hold shares in Solteq Corporation on December 31, 2012. Other members of the Executive Team held directly 2 000 shares altogether.

The Board of Directors of Solteq Plc (Solteq) has decided on July 17, 2012 on a new shareholding plan directed to the Solteq Group executives. The new plan expands the Solteq's arrangement from 1 March 2011 to cover the whole Solteq Group executives in addition to the CEO and CFO. The purpose of the plan is to enable the executives' considerable long-term shareholding in Solteq. Through this plan, the executives invest a considerable amount of funds in Solteq's shares. The executives finance their investments partly themselves and partly by a loan provided by Solteq. The actual owner risk will be carried out personally by the executives for the part of their personal investment in the plan.

For the purpose of the share ownership, the executives will establish a limited company (the Company), whose entire stock they own. The intention of the Company is to acquire 350,000 Company shares from Solteq. The share acquisition will be financed by management group's equity investment amount of EUR 70,000, and by a loan in the maximum amount of EUR 310,000 provided by Solteq. After the plan has been implemented in full, the executives will hold 2.3 % of the Solteq's shares through company.

On the basis of authorization granted by the Annual General Meeting of Shareholders of Solteq on 14 March 2012, the Board of Directors of Solteq Plc decided on a share issue against payment directed to the Company. In the share issue, a maximum of 350,000 treasury shares held by Solteq will be offered for subscription by the Company, in derogation from the shareholders' pre-emptive subscription rights. There are weighty financial reasons for the derogation from the shareholders' pre-emptive subscription rights as the shares to be transferred in the share issue will be used for the implementation of the shareholding plan of the Solteq's executives. As treasury shares held by the Solteq will be transferred in the share issue, the number of the Solteq's share will remain unchanged.

The subscription price (transfer price) of the share was the trade volume weighted average quotation of Solteq's share on NASDAQ OMX Helsinki Ltd. during 11 April-10 July 2012, i.e. EUR 1.07 per share. The share subscription period is 1-31 August 2012. The subscribed shares must be paid no later than 31 August 2012. The subscription price will be credited to the reserve for invested unrestricted equity of the Solteq. Right to dividend and other shareholder rights will commence after the shares have been paid and registered on the book-entry account of Company.

As part of the plan, the Board of Directors of Solteq has decided on 17 July 2012 to grant to the Company an interest-bearing loan in the maximum amount of EUR 310,000 to finance the acquisition of Solteq's shares. The loan will be repaid in full by 30 April 2015, at the latest. Should the plan be continued by one year at a time in 2015 or in 2016, in accordance with the terms and conditions, the loan period may be extended respectively.

The plan will be valid until the publication of Solteq's financial statements 2014, at which time the plan is intended to be dissolved in a manner to be determined later. The plan may be dissolved, e.g., by merging Company with Solteq, or by selling Solteq's shares held by the Company otherwise. The plan will be continued by one year at a time, in case Solteq's share price after the publication of the Solteq's financial statements 2014 or 2015 is lower than the average share price which the Company paid for Solteq's shares.

During the validity of the plan, the transfer of Solteq's shares held by the Company has been restricted.

Internal control and risk management systems associated with financial reporting

The ultimate responsibility for accounting and financial administration lies with Solteq Corporation's Board of Directors. The Board is responsible for internal control, and the CEO is responsible for the practical arrangements and monitoring of the control system. The steering and monitoring of business operations is based on the reporting and business planning system covering the entire Group. The CEO and CFO give both Board and Executive Team meetings presentations of the Group's situation and development based on monthly reports.

Risk management system

The Group's risk management is guided by legal requirements, business requirements set by the owners of the company as well as the expectations of the other important stakeholders. The goal of risk management is to identify and acknowledge the risks involved in the company's operations as well as to make sure that the risks are appropriately managed when making business decisions. The company's risk management supports the attainment of strategic goals and ensures the continuity of business operations.

Solteq takes risks that are a natural part of its strategy and objectives. The company is not ready to take risks that might endanger the continuity of operations or that are uncontrollable or that can significantly harm the company's operations. Risks are divided into risks related to business operations, personnel, finance, legal and financial risks. In the process of risk management, the goal is to identify and evaluate the risks, after which a risk-specific plan is drawn up and concrete action is taken. Such actions may include, for example, avoiding the risk, diminishing the risk by different means or transferring the risk by insurance or agreements. When necessary the Board of Directors will be reported all material changes and new significant risks that are identified in the process of risk management.

In 2012 to the Board of Directors has been reported material risks concerning Company's financial result in the uncertain general financial situation, risks in projects, credit and finance risks and valuation of immaterial assets in the balance sheet.

Control environment

The goal of Solteq's internal control is to support the implementation of the Group strategy and ensure compliance with regulations. The system is based on Group-level policies, guidelines and processes and controls of business operations and support processes. The operating culture is being built by the steering and control of the company's operations by the Board of Directors, the management methods of the company's management, the company's organizational structure and management system, effective utilization of global information system as well as the employees' competence.

The financial department operating under the CFO is responsible for the general controlling function in the financial reporting. The Group applies the International Financial Reporting Standards (IFRS).

Risk assessment in financial reporting

The aim of financial reporting is to ensure that assets and liabilities belong to the company; all rights and liabilities of the company are presented in the financial statements; items in the financial statements have been classified, disclosed and described correctly; assets, liabilities, income and expenditure are entered in the financial statements at the correct amounts; all the transactions during the reporting period are included in the accounts; transactions entered in the accounts are factual transactions; and that the assets have been secured. The risk management process includes an annual identification and analysis of risks related to financial reporting. In addition, the aim is to analyze and report all new risks immediately after they have been identified. Taking into account the quality and extent of the Group's business operations, the most significant risks associated with the reliability of financial reporting are associated with revenue recognition, processing of bad debt reservation, capitalization of product development expenses, impairment testing of assets (including goodwill, capitalized product development expenses and unfinished projects) and deferred tax.

Control functions

The correctness and reliability of financial reporting are ensured through compliance with the Group guidelines. Controls that ensure the correctness of financial reporting include controls related to accounting transactions, controls related to the selection of and compliance with the accounting principles, information system controls and fraud controls.

Revenue recognition is based on the existence of obligatory sale documents. The capitalized amount of the Group's product development expenditure is monthly calculated centrally in the financial department. The calculation is based on project-specific monitoring documentation of R&D activities. Goodwill is tested for impairment during the last quarter of the year. In addition indications of impairment are continuously monitored. Information systems support compliance with the Group's acceptance authorizations. Personnel expenses account for a majority of Solteq's expenditure. Actual and forecasted personnel expenses are monitored and the forecasts are updated at a very detailed level regularly. The result of business operations and attainment of annual goals is assessed monthly by Executive Team and Board meetings. Monthly management and Board reporting includes both actual and forecast data compared to the goals and actual results of previous periods.

Solteq has complemented its organic growth with acquisitions in accordance with its strategy. In making acquisitions, the company aims to follow due diligence and utilize its internal and external competence in the planning phase (e.g. due diligence), takeover phase.

Communication and information

The purpose of the management's reporting is to produce aptly timed and essential information for making decisions. The financial department provides the guidelines on monthly reporting for the entire organization and is in charge of special reporting instructions associated with budgeting and forecasting. The Financial department internally distributes information on financial reporting-related processes and procedures on a regular basis and the personnel perform their internal control tasks according to such information. When necessary, financial department also arranges targeted training for the rest of the organization on the procedures associated with financial reporting and changes in them. The investor relations maintain the guidelines on the disclosure of financial information in cooperation with financial department.

Monitoring

Monitoring refers to the process to assess Solteq's internal control system and its performance. Solteq also continuously monitors its operations through various assessments, such as internal audits and external audits. Solteq's management monitors internal control as a part of routine management work. The business management is responsible for ensuring that all operations comply with applicable laws and regulations. The financial department also monitors the correctness of external and internal financial reporting. The Board of Directors assesses and ensures the appropriateness and effectiveness of Solteq's internal control and risk management. Solteq's internal control is also assessed by the company's Auditor. The external auditor verifies the correctness of external annual financial reporting. Performed as part of continuous auditing process, auditing targets on typical controls that ensure the correctness of financial reporting. The most significant observations and recommendations of the audit process according to the auditing plan are reported to the Board of Directors.

Insider Administration

Solteq's insider guidelines comply with the NASDAQ OMX Helsinki Guidelines for Insiders effective as of January 1, 2006. The insider guidelines forbid insiders, including persons under their guardianship and companies where they exercise control, to trade in shares or option rights of the company for a period of two weeks prior to the publication of an interim report or a financial statements bulletin (the so-called closed window).

By law, the Company's public insiders include members of the Board, CEO, Executive Team, auditors and the auditor in charge of the company of public accountants. In addition, the Company has a company-specific insider register that includes those who regularly receive insider information in their work. Persons who are involved in acquisitions or other projects that have an effect on the valuation of the company's shares, are considered project-specific insiders and are subject to a temporary trading suspension. The Company CFO is in charge of the guidance and supervision of insider issues and also maintains the project-specific insider registers if necessary and permanent insiders register. The insider register of Solteq Corporation is maintained by Euroclear Finland Ltd (previously the Finnish Central Securities Depository Ltd.). The up-to-date shareholdings of the insiders can be seen in Euroclear Finland Ltd's customer service point in Helsinki, Finland, address Urho Kekkosen katu 5 C. The company also maintains a list of insiders on its website.

Valid Corporate Governance statement can be found in the website:

<http://www.solteq.com/investors>