

# TEKLA'S CORPORATE GOVERNANCE STATEMENT 2009

Tekla's Corporate Governance Statement 2009 is given as a separate report.

Governance and operation of Tekla are managed by the General Meeting, the Board of Directors and the President and CEO. The Board of Directors supervises the company's profit development, governance and organization on behalf of shareholders. Tekla's President and CEO is responsible for operative activity on the corporate level, and he is assisted by the Tekla Management Team.

Corporate Governance in Tekla Corporation complies with the provisions of the Finnish Companies Act, Tekla's Articles of Association and the Finnish Corporate Governance Code 2008 issued by the Securities Market Association taking into account the implementing provisions given in the code. The Finnish Corporate Governance Code is publicly available e.g. on the Securities Market Association's internet site at [www.cgfinland.fi](http://www.cgfinland.fi).

## GROUP STRUCTURE

Tekla Group consists of the parent company Tekla Oyj (in English Tekla Corporation) and foreign subsidiaries. The group's business is taken care of by two business areas: Building & Construction and Infra & Energy. The subsidiaries are mainly responsible for sales and customer support of products of Building & Construction in their respective areas. Product development takes place almost entirely in Finland.

- > Building & Construction business area (B&C) develops and markets the Tekla Structures software product for information model-based design of steel, concrete and other structures as well as the management of fabrication and construction.
- > Infra & Energy business area (I&E) focuses on the development and sales of model-based software solutions that support customers' core processes. Its key customer industries are energy distribution, public administration, water, as well as civil engineering.

## GENERAL MEETING

The General Meeting is the highest decision-making body of the company. The Board shall summon an Annual General Meeting within six months of the end of the financial period.

At the Annual General Meeting the following shall be decided

- > approval of the financial statements and consolidated group accounts,
- > any measures called for by the profit or loss reported in the approved balance sheet,
- > granting of discharge from liability to the members of the Board and the Chief Executive Officer,
- > the number of the members of the Board,
- > remunerations payable to the members of the Board and to the auditor

elected:

- > the members of the Board and the auditor;
- and dealt with any other items listed in the invitation to the meeting.

## BOARD OF DIRECTORS

Tekla's governance and proper organization of operation is the responsibility of the Board of Directors, which according to the Articles of Association consists of a minimum of three and maximum of five actual members and one deputy member. The members of the Board are elected by the General Meeting. Additionally, a representative of the personnel plus a personal deputy may also be nominated to the Board.

The term of the members of the Board ends when the first Annual General Meeting following the election ends. The Board elects a Chairperson from among its members.

### It is the duty of the Board to

- > decide on the company's strategy
- > ratify the company's action plan and budget
- > review and adopt interim reports, financial statements and review of the Board
- > decide on strategically or financially significant individual investments, acquisitions or sales and contingent liabilities
- > accept the company's financing policy
- > ratify group-level risk management and reporting procedures
- > decide on the company's compensation and incentive system
- > decide on the company's structure and organization
- > take responsibility of the company's dividend policy and development of shareholder value
- > appoint the company's President and decide on his/her employment benefits
- > decide on appointing a deputy for the President
- > take responsibility for the duties of the audit committee
- > take responsibility for other tasks imposed on the Board by the Companies Act or elsewhere.

### Board members in 2009:

- > Heikki Marttinen (Chair)
- > Olli-Pekka Laine (Vice Chair)
- > Ari Kohonen
- > Erkki Pehu-Lehtonen
- > Reijo Sulonen
- > Juha Kajanan (representative of the personnel)
- > Deputy member of the Board: Timo Keinänen

Of the members Mr Marttinen, Mr Laine, Mr Pehu-Lehtonen and Mr Sulonen are independent Board members.

In 2009 the Board of Tekla Corporation held 11 meetings and the average attendance was 95 percent.

According to the Annual General Meeting 2009 the fees for the members of Tekla Board were

- > chairman 3,000 euros per month,
- > vice chairman 2,500 euros per month and
- > members 2,000 euros per month.

In addition, their travel expenses were reimbursed according to Tekla's travel policy. The members of the Board, who are

employed by the Tekla Group, were not paid any fees for their board work.

In 2009 the board members were paid as follows:

- > Heikki Marttinen: 36,000 euros
- > Olli-Pekka Laine: 30,000 euros
- > Erkki Pehu-Lehtonen: 24,000 euros and
- > Reijo Sulonen: 24,000 euros.

The members of the Board had no other benefits, nor were they paid any fees in the form of Tekla shares or share-related rights during the reporting period.

> More detailed personnel and ownership information of the members of the Board is at the end of this report, on pages 50–51.

## BOARD COMMITTEES

Being rather small, the Board works effectively in close co-operation and meets regularly, whereby it has not been considered necessary to establish any separate committees. Thus the Board takes care of the duties of the audit committee.

## PRESIDENT AND CEO

The President and CEO manages the company's operative activity according to the instructions and orders given by the Board. The President manages and controls the operation of Tekla and its business areas, prepares the issues to be discussed by the Board and is responsible for their execution.

M.Sc.(Eng.), Bachelor of Econ. Ari Kohonen has been Tekla Corporation's President and CEO as of January 1, 2004. According to the President's employment contract, Ari Kohonen will retire at the age of 60, unless otherwise agreed. Tekla will pay a predetermined contribution to the insurance company for the duration of Mr. Kohonen's employment. This will result in notional pension for him until he comes within the sphere of the TyEL (The Employees Pensions Act) pension system. Mr Kohonen's period of notice of is 6 months. Should Tekla terminate his employment, he is entitled to a severance pay corresponding to 12 month's salary.

In 2009 Ari Kohonen was paid a total of 236,220 euros in remuneration (including fringe benefits). The CEO had no other benefits, nor was he paid any fees in the form of Tekla shares or share-related rights.

## MANAGEMENT TEAM

The Management Team assists the President and CEO in e.g. preparing the company's strategy, operating principles and other issues shared by the business areas and the Group

The Tekla Management Team consists of the President and CEO and the Directors of the business areas and key support functions. The Management Team meets regularly, at least once a month. In 2009 the Management Team was not paid any fees in the form of Tekla shares or share-related rights.

> More detailed personnel and ownership information of the members of Tekla Management Team is at the end of this report, on pages 52–53.

## COMPENSATION

The company has an incentive system that covers all employees. Its level is decided by the Board of Directors. Compensation is linked to the operational and, in particular, financial performance during the previous year. Tekla has no share option programs.

## MAIN FEATURES OF INTERNAL CONTROL AND RISK MANAGEMENT ASSOCIATED WITH THE FINANCIAL REPORTING PROCESS

Tekla's Board of Directors is responsible for ensuring that the company's internal control and risk management are duly and effectively organized. The Board is also responsible for ensuring that the internal control of the accounting and financial management functions is arranged in an appropriate manner. In addition, the Board is responsible for the control of the financial reporting process. It is the responsibility of the financial management to inform members of the management of their observations.

Internal control associated with the financial reporting process aims to ensure that Tekla Group's business operations are profitable and that decisions are based on correct and reliable information and sufficient identification of business risks.

Tekla's two business areas and the Group's support units prepare their own budgets which are approved by the Board of Directors. After each quarter, the business areas and the Group-level support units update their forecasts for the rest of the year as necessary.

The Group's financial management reports on the operational result to the Board and the Management Team monthly. Reporting and the associated analyses and benchmarks are an essential part of steering and control carried out with the help of financial reporting. In consideration of the quality and extent of Tekla's business operations, the key risk areas in financial reporting are associated with revenue recognition and trade receivables.

The Group's financial administration regularly monitors the reporting of the units, taking action in case of any deviations and, if necessary, conducting its own internal control surveys or having them carried out by external experts. In defining the extent and content of the external audit, the fact that the company has no internal control organization has also been taken into account.

The Group's financial administration function is responsible for specifying uniform accounting and reporting principles and providing guidelines on them, continuous development of the reporting system and training of the financial administration organization of the units. The Group's financial management is centrally in charge of the interpretation and application of the accounting standards (IFRS).

The Group's financial administration is centrally in charge of financing and currency hedging.

> A more detailed description of financing risks is available in the notes to the financial statements (Note 28., page 36).

## AUDIT

It is the purpose of the statutory audit to verify that the financial statements give true and fair information on the company's result and financial position in the financial period. The company's auditor gives a statutory auditor's report to the shareholders in connection with the company's financial statements. Reports on audits carried out during the financial period are given to the Board. The auditor meets with the Board at least once a year. The financial management and the auditors meet at least four times a year.

The auditor is elected by the Annual General Meeting. The term of the auditor is the financial period under way at the time of selection, and it ends when the next Annual General Meeting after the selection ends. The AGM of 2009 elected as Tekla's auditor Ernst & Young Oy, with Erkkä Talvinko, A.P.A., as the responsible auditor.

In 2009 the auditor of the parent company (and to auditors of subsidiaries) were paid a total of 120,678 euros. The sum includes 68,211 euros for audit and 52,467 euros for IFRS, taxation and other consulting.

## RISK MANAGEMENT

Possible risks and uncertainty factors associated with Tekla's business are mainly related to the market and competition situation and the general economic situation. A majority of Tekla's net sales comprises of sales of licenses entitling to use software products. Fluctuation in their demand can be rapid and significant. The sales of Tekla software are geographically distributed. Also individual customers do not account for a significant share of net sales, and therefore these risks are not substantial.

The purpose of Tekla's risk management is to detect, analyze and aim to control possible threats and risks

connected with operations. Group-level policies and guidelines define the principles and key content of risk management with regard to certain risks. Risks are monitored, coordinated and managed on the group level, but each unit is responsible for managing risks of its own activity. Insurance policies covering the Group as a whole are also a part of damage risk management.

## INSIDER MANAGEMENT

Tekla complies with the Guidelines for Insiders issued by NASDAQ OMX Helsinki Ltd, supplemented by the company's own guidelines. Insiders are not allowed to deal with the company's shares for one month before the publication of interim reports and financial statements (so called closed window). A Tekla insider may also not engage in short-term trading in Tekla securities, in other words trading in securities within three months is prohibited.

Tekla's public insiders include members and deputy member of the Board, President and CEO, Executive Vice Presidents, members of the Tekla Management Team and the auditors. The permanent and project-specific insiders belong to Tekla's company specific insiders.

Tekla's all insider insiders are kept in the company headquarters in Espoo, Finland. Tekla's communications manager is responsible for the insider management. The assistant to Tekla's President and CEO is responsible for the insider registers.

> The list of Tekla's public insiders is on the company's website at [www.tekla.com](http://www.tekla.com) > Investors > Corporate Governance > Insiders

The list of public insiders is updated continuously without undue delay. The list of public insiders is available on the company's web site at least 12 months.

### Central focus areas of Tekla's risk management

- > The business risks of the company are limited by the active and interactive work of the Board and the Management Team in developing strategies.
- > Personnel-related risks, which are typical of the IT industry, are addressed through competence management. This ensures that the company develops the areas of know-how that are essential to the future of the business.
- > Product and service-related risks are minimized through contracts and limited authorizations to sign, as well as by auditing.
- > The central trademarks of the company are registered.
- > Patent protection is used for technical solutions.
- > Procedures to avoid breaching the intellectual property rights of others have been composed.
- > Unauthorized and harmful use of the company's network is prevented, and data security risks are minimized by the best and most recent data security technology in the market.
- > Currency risks arising from the company's international business operations are managed by protecting the net flow of payments in US-dollars.
- > Investing the liquid assets of the company is done according to principles decided by the Board in certificates of deposit, bonds, and similar securities where the risks are small.
- > Due to the company's rather large amounts of liquid assets, the liquidity risk is very low.
- > Risks related to sales and other unpaid debts are minimized with short terms of payment and efficient methods of collecting.
- > Functional and economic risks are also controlled by internal quality auditing in the Group.
- > The management of the company is insured, and ensured with an efficient substitute system.
- > The property of the company is protected with due insurances.

## BOARD 2009



### **Heikki Marttinen, M.Sc. (Econ. and Business Administration)**

b. 1946

Chairman of the Board since 2001, Board member since 2000

Strategic Management Consultant

Ownership 31.12.2009: –

Heikki Marttinen works as strategic management consultant. He worked previously as CEO of Eimo Oyj until November 2002 and before that as President and CEO of Fortum Corporation from 1998 to 2000, and prior to its merger into Fortum Corporation as Chairman and CEO, and as Executive Vice President for Finance and Administration of Imatran Voima Oy. He has also worked in various posts at Myllykoski Oy, Helsingin Osakepankki bank and Raute Oy. He has held various positions of trust over the years.



### **Olli-Pekka Laine, M.Sc. (Engineering)**

b. 1948

Deputy Chairman of the Board and Board member since 2003

Ownership 31.12.2009: 10,000 shares

Olli-Pekka Laine was the Managing Director of Tapiola Pension until September 2008, when he retired from Tapiola. He worked for the Tapiola Group for over 30 years, e.g. as the Managing Director and Chairman of the Board of Tapiola Data Ltd. Olli-Pekka Laine was a Tekla employee between 1969 and 1976.

He holds many positions of trust; he is Chairman of the Board of the Finnish Business College's Foundation and the Board of Helsinki Business College Oy, as well as Board member of Haaga-Helia Oy Ab and Helia Foundation.



### **Ari Kohonen M.Sc. (Engineering), B Sc. (Econ.)**

b. 1955

Board member since 2003, Tekla Corporation's President and CEO

Ownership 31.12.2009: 8,596,020 shares through Gerako Oy

Ari Kohonen was appointed Tekla's President and CEO as of the beginning of 2004 in May 2003. He started at Tekla in August, 2003. Mr Kohonen has had a long career with Nordea Bank, latest as First Vice President at the Corporate Banking division.

He is Chairman of the Board of Gerako Oy, Tekla's largest owner. He is also Member of the Board of the Association of Support Service Industries and Member of the Administrative Board of Etera Mutual Pension Insurance Company.



### **Erkki Pehu-Lehtonen, M.Sc. (Mech. Engineering)**

b. 1950

Board member since 2006

Senior Adviser to the Board of Pöyry Plc

Ownership 31.12.2009: related persons 3,000 shares

Mr Pehu-Lehtonen joined the Jaakko Pöyry Group in 1994. He worked as Pöyry's President and CEO from 1999 until May 2008. As of June 2008 he is Senior Adviser to the Board of Pöyry Plc.

Before Jaakko Pöyry Group he held top management positions at Neles-Jamesbury (European Operations, Helsinki, Finland), Valmet Paper Machinery (Helsinki, Finland), Valmet-Karlstad AB (Sweden), United Paper Mills Ltd. (Valkeakoski, Finland) and TVW Paper Machinery Pty Ltd. (Melbourne, Australia). Mr Pehu-Lehtonen is Chairman of the Board of Raute Corporation since 2009 and Member of The Finnish Paper Engineers' Association.



**Reijo Sulonen, Doctor of Technology**

b. 1945

Board Member since 2008

Professor of Information Processing Science at Helsinki University of Technology

Ownership 31.12.2009: –

Reijo Sulonen has worked as a professor of Information Processing Science at Helsinki University of Technology since 1980.

Previously he has served as either a board member or an adviser at Kone Corporation, Sonera, Accenture, F-Secure and Napa. He has also worked many years as a visiting professor at Stanford University and as a scientist at Brown University and CERN.



**Timo Keinänen, M.Sc. (Econ.)**

b. 1960

Deputy member of the Board since 2004

Tekla's CFO

Ownership 31.12.2009: 5,000 shares

Timo Keinänen came to Tekla in April 2003 and was appointed Tekla's CFO and Management Team Member as of August 2003. Before joining Tekla he held various positions in financial administration with Suomen Rehu Oy from 1986 onwards, and the last ten years as the company's CFO.

Mr Keinänen is Member of the Board in Tocosoft Oy.



**Juha Kajanen, Licentiate in Technology**

b. 1965

Representative of the personnel as of 16.2.2006

Development Manager

Ownership 31.12.2009: 1,250 shares

Juha Kajanen works as Development Manager in the Business Development Unit, and prior to this he was Group Manager in Tekla's Product Development. Mr Kajanen came to Tekla in 1996. Previously he worked as researcher at Helsinki University of Technology in Laboratory of Engineering Geology and Laboratory of Rock Engineering from 1989 until 1996.



**Kirsi Hakkila, M.Sc. (Engineering)**

b. 1971

Deputy to the representative of the personnel for the period 2009 – 2010

IPR Manager

Ownership 31.12.2009: –

Kirsi Hakkila works as IPR Manager in the Technology Unit, and she is responsible for Tekla's intellectual property rights. Previously she worked as Software Engineer in Tekla's Product Development. Ms Hakkila came to Tekla in 1999.

## MANAGEMENT TEAM



**Ari Kohonen M.Sc. (Engineering), B.Sc. (Econ.)**

b. 1955

Tekla Corporation's President and CEO, Board member  
Ownership 31.12.2009: 8,596,020 shares through Gerako Oy

Ari Kohonen was appointed Tekla's President and CEO as of the beginning of 2004 in May 2003. He started at Tekla in August, 2003. Mr Kohonen has had a long career with Nordea Bank, latest as First Vice President at the Corporate Banking division.

He is Chairman of the Board of Gerako Oy, Tekla's largest owner. He is also Member of the Board of the Association of Support Service Industries and Member of the Administrative Board of Etera Mutual Pension Insurance Company.



**Anneli Bergström M.Sc. (Computer Science)**

b. 1952

Vice President, Human Resources, in the Management Team since 2006  
Ownership 31.12.2009: 40,000 shares

Anneli Bergström has worked at Tekla since 1985 in various duties, such as Project Manager, Department Manager, IM Manager and IM Director. She was appointed as Tekla's HR Director in January 2003. Ms Bergström was a Member in Tekla's Management Team also in 1989 - 1997.



**Leif Granholm, M.Sc. (Engineering)**

b. 1955

Senior Vice President, in the Management Team since 2003  
Ownership 31.12.2009: 9,600 shares

Leif Granholm has worked for the company since 1979 as Programmer, IT manager, Sales representative, Senior Consultant, Technology Director and Director for both Public Infra and Energy & Utilities Business Areas. He has also worked as Managing Director for the Swedish subsidiary and been responsible for Tekla's construction industry business in the Nordic and the Baltic countries. At the moment he is Tekla strategic level representative in the global organization of the BuildingSMART. Additionally he participates in the planning of Tekla's BIM strategy, implementation and support for the areas and resellers in the building of Tekla's global BIM position.

He is a member of the Board of Sovibox Oy.



**Timo Keinänen, M.Sc. (Econ.)**

b. 1960

Tekla's CFO, in the Management Team since 2003, Deputy member of the Board  
Ownership 31.12.2009: 5,000 shares

Timo Keinänen came to Tekla in April 2003 and was appointed Tekla's CFO and Management Team Member as of August 2003. Before joining Tekla he held various positions in financial administration with Suomen Rehu Oy from 1986 onwards, and the last ten years as the company's CFO.

Mr Keinänen is Member of the Board in Tocosoft Oy.



**Kai Lehtinen, M.Sc. (Engineering)**

b. 1966

Senior Vice President, Infra & Energy business area, in the Management Team since 2007  
Ownership 31.12.2009: 2,800 (+ related persons 1,200) shares

Kai Lehtinen joined Tekla in 1993 from Real Estate Department of City of Helsinki, where he worked as GIS and IT Consultant. At Tekla he has held various posts, such as Product Manager for the Tekla Xcity product, Product Development and Product Area Manager within the Public Infra business and Product Area Manager in Tekla's Energy & Utilities business. In 2003 - 2006 he was Director of Public Infra Business Area.



**Harald Lundberg, M.Sc. (Engineering)**

b. 1963

Vice President, CIO, in the Management Team since 2006  
Ownership 31.12.2009: -

Harald Lundberg returned to Tekla in spring 2004 from TeliaSonera where he had worked as Consultant (in 2003 - 2004). Before that he worked in TietoEnator (Consultant, in 2002 - 2003) and in Certall Finland (IT director in 2000 - 2002). Prior to that he worked in development and maintenance duties in Tekla Information Management in 1991 - 2000.



**Heikki Multamäki, M.Sc. (Engineering)**

b. 1949

Executive Vice President since 1966, Business Development, in the Management Team since 1985  
Ownership 31.12.2009: 31,950 shares

Heikki Multamäki has been working for Tekla since 1974 in a variety of posts, including project manager, director of department, and Tekla's Vice President since 1996, and Service Director and Director of Energy & Utilities and Public Infra from February until December 2002 when he was appointed Tekla's CEO (acting). In January 2004 Multamäki returned to his previous post as Director of Energy & Utilities Business Area until end 2006.



**Petri Raitio**

b. 1966

Senior Vice President, Technology and Architecture, in the Management Team since 2003  
Ownership 31.12.2009: -

Petri Raitio joined Tekla in 1987, He has worked in various duties at Tekla, such as software engineer, as head of Tekla's Technology Unit, Director of Tekla's Customer Projects Business Area, Director of Tekla Defence, and Director of the Product Development Unit. He works as Director of the Technology & Architecture unit since 2008. Before Tekla Mr. Raitio worked for the Technical Research Centre of Finland.

Raitio is a Member of the Board of Digium Oy since 2009.



**Risto Rätty, M.Sc. (Engineering)**

b. 1961

CEO's Deputy and Executive Vice President, Building & Construction business area, in the Management Team since 1994

Ownership 31.12.2009: 15,000 (+ related persons 4,068) shares

Risto Rätty has worked for the company since 1986 as a programmer, sales representative, head of sales, Sales Director, Area Director (Europe) and Director responsible for Products. He was nominated as the Director of Building & Construction Business Area as of January 2001.

He is Member of the Board of Peikko Finland Oy.