

Corporate Governance Statement 2016

Corporate Governance Statement

General Information

This Statement has been issued separately from the company's operating and financial review.

Qt Group Plc's (hereinafter referred to as the "company") corporate governance system is based on the Companies Act, the Securities Markets Act, general corporate governance recommendations and the company's Articles of Association and in-company rules and regulations on corporate governance.

The company's corporate governance principles are integrity, accountability, fairness and transparency. This means, among other things, that:

- The company complies with the applicable laws, rules and regulations.
- The company organises, plans and manages its operations, and does business abiding by the applicable professional requirements approved by Board members, who demonstrate due care and responsibility in performing their duties.
- The company demonstrates special prudence with respect to the management of its capital and assets.
- The company's policy is to keep all market participants actively, openly and equitably informed of its business operations.
- The company's management, administration and personnel are subject to the appropriate internal and external audits and supervision.

Adherence to the Corporate Governance Code

The company adheres to the Corporate Governance Code for Listed Finnish Companies issued by the Finnish Securities Market Association, which entered into force on 1 January 2016.

The Corporate Governance Code is available on the Finnish Securities Market Association website at www.cgfinland.fi.

Shareholders' Meeting

The company's highest decision-making body is the Shareholders' Meeting at which shareholders exercise their voting rights regarding company matters. Each company share entitles the holder to one vote at the Shareholders' Meeting.

The AGM will be held annually within three (3) months of the end of the financial year. An Extraordinary General Meeting will be held if the Board of Directors deems it necessary or if requested in writing by a company auditor or shareholders holding a minimum of 10 per cent (1/10) of the company's shares, for the purpose of discussing a specific issue.

The Finnish Limited Liability Companies Act and the company's Articles of Association define the responsibilities and duties of the Shareholders' Meeting. Extraordinary General Meetings decide on the matters for which they have been specifically convened.

Board of Directors

Operations and duties

Elected by the Shareholders' Meeting, the Board of Directors is in charge of company administration and the appropriate organisation of company operations. Under the Articles of Association, the Board of Directors must consist of four (4) to eight (8) members. The Compensation and Nomination Committee prepares a proposal for the Shareholders' Meeting regarding the composition of the new Board of Directors to be appointed.

The majority of Board members must be independent of the company and a minimum of two (2) of those members must also be independent of the company's major shareholders. The President and CEO or other company employees under the President and CEO's direction may not be elected members of the Board.

The term of all Board members expires at the end of the Annual General Meeting following their election. A Board member can be re-elected without limitations on the number of successive terms. The Board of Directors elects its Chairman and Vice Chairman from amongst its members.

The Board of Directors has determined the principles regarding the diversity of the Board of Directors. Accordingly, the requirements of company size, market position and business industry should be duly reflected when composing the Board of Directors. When composing the Board of Directors, the objective is that the Board of Directors will always include necessary expertise especially in the following key areas:

- the company's field of business,
- management of a similar-sized company,
- the specific nature of a publicly listed company,
- accounting,
- risk management, and
- Board activity.

The aim for the composition of the Board of Directors is to have both genders represented. The defined diversity principles were fulfilled well in the company's Board of Directors during fiscal year 2016.

The Board has prepared and approved a written agenda for its work. In addition to Board duties prescribed by the Companies Act and other rules and regulations, the Board of Directors is responsible for issues on its agenda, observing the following guidelines:

- Good board practices require that the Board of Directors, instead of needlessly interfering in the details involved in day-to-day operations, concentrate on elaborating the company's short- and long-term strategies.
- The Board's general duty is to steer the company's business with a view to maximizing shareholder value in the long term, while taking account of expectations set by various stakeholder groups; and
- Board members are required to perform on the basis of sufficient, relevant and updated information, in order to serve the company's interests.

In addition, the Board's agenda:

- defines the Board's annual action plan and provides a preliminary meeting schedule and framework agenda for each meeting;
- provides guidelines for the Board's annual self-assessment;
- provides guidelines for distributing notices of meetings and advance information to the Board and procedures for keeping and adopting minutes;
- defines job descriptions for the Chairman, members and secretary of the Board of Directors (the secretary is the Company's General Counsel or, if absent, the CEO); and
- defines the framework within which the Board may set up special committees or working groups.

During the 2016 financial year, the Board convened 10 times. The meeting attendance rate was 98% on average.

The Board evaluates its activities and working methods annually, employing an external consultant for this evaluation, if necessary.

Board of Directors

During the financial year 2016, the Board of Directors of Qt Group Plc comprised the following members:



Robert Ingman

b. 1961, M.Sc. (Eng.), M.Sc. (Econ.)

Chairman of the Board of Directors of Qt Group Plc since 2016. Member of the Compensation and Nomination Committee. Full-time Chairman of the Board of Ingman Group Oy Ab. His previous posts include Managing Director at Arla Ingman Oy Ab (2007–2011) and Ingman Foods Oy Ab (1997–2006). Chairman of the Board of Etteplan Oyj and Halti Ltd. Vice Chairman of the Board of Digia Plc. Member of the Board of Arla Ltd, Evli Pankki Plc and M-Brain Ltd.



Matti Rossi

b. 1966, Doctor of Philosophy

Member of the Board of Directors of Qt Group Plc since 2016. Member of the Audit Committee. Matti Rossi is Professor of Information Systems Science in the Department of Information and Service Economy at Aalto University (2010–) and Docent in Information System Development at Lappeenranta University of Technology (2003–). Previous posts include that of Professor of Information Systems at the Helsinki School of Economics (1999–2009), Visiting Professor and Visiting Associate Professor at several universities in the United States (2007–2008, 1997–1998), and Researcher at Erasmus University Rotterdam in the Netherlands (1998–1999) and the University of Jyväskylä (1985–1998). Member of the Board of Syncron Tech Oy (2007–).



Leena Saarinen

b. 1960, M.Sc. (Food technology)

Member of the Board of Directors of Qt Group Plc since 2016. Chairman of the Compensation and Nomination Committee. Currently works as a board professional, holding Board chairman or Board member roles in various companies, including Helsingin Palvelut Ltd, Arcus ASA and Etteplan Oyj. Her previous posts include Managing Director at Suomen Lähikauppa Ltd (2007–2010), President and CEO at Altia Corporation (2005–2007) and various positions at Unilever (1990–2005). Member of the Directors' Institute of Finland. Member of the Advisory Board of Varma Mutual Pension Insurance Company (2008–2012) and Luottokunta (2008–2011). Member of the Board at Outokumpu Plc (2003–2011) and Atria Plc (2006–2007).



Tommi Uhari

b. 1971, M.Sc. (Eng.)

Vice Chairman of the Board of Directors of Qt Group Plc since 2016. Chairman of the Audit Committee and member of the Compensation and Nomination Committee. Currently serves as Partner and Board member of Karma Ventures and holds board member and strategic advisor roles in various companies. Co-founder and CEO at Uros Ltd (2011–2015). His previous posts include management team member of ST Microelectronics (2006–2010), various managerial positions at ST's joint ventures ST-NXP Wireless and ST-Ericsson (2008–2010), head of ST's Wireless Business Unit (2006–2008) and Director of Nokia Wireless and SW platforms units at Nokia (1999–2006).



Kai Öistämö

b. 1964, Doctor of Technology, M.Sc. (Eng.)

Member of the Board of Directors of Qt Group Plc since 2016. Member of the Audit Committee. Currently Executive Partner at Siris Capital Group, Chairman of the Board at Fastems Oy and Helvar Oy, and member of the Board at InterDigital and Sanoma Corporation. His previous posts include Chief Development Officer at Nokia until the autumn of 2014 and a member of the Nokia Group Executive Board in 2006–2014. Obtained his Doctorate in Technology (Signal Processing) from Tampere University of Technology in 1992.

Of the aforementioned current members of the Board, Matti Rossi, Leena Saarinen, Tommi Uhari and Kai Öistämö are independent of the company and its major shareholders. Robert Ingman is independent of the company.

Committees of the Board of Directors

The company's Board of Directors had two (2) committees in fiscal year 2016: the Compensation and Nomination Committee and the Audit Committee.

These committees do not hold powers of decision or execution. They assist the Board in decision-making concerning their own areas of expertise. The committees report regularly on their work to the Board, which governs and assumes collegiate responsibility for the committees' work.

The purpose of the Compensation and Nomination Committee is to prepare and follow up compensation and remuneration schemes in order to ensure that the company's targets are met, to guarantee the objectivity of decision-making, and to see to it that the schemes are transparent and systematic. The Compensation and Nomination Committee also prepares a proposal for the Annual General Meeting concerning the number of members of the Board of Directors, the members of the Board of Directors, the remuneration of the Chairman, Vice Chairman

and members of the Board and the remuneration of the chairmen and members of the committees of the Board of Directors. In fiscal year 2016, the Compensation and Nomination Committee was comprised of Leena Saarinen (Chairman), Robert Ingman and Tommi Uhari. The Compensation and Nomination Committee convened three times in fiscal year 2016 and the attendance rate was 100 per cent.

The purpose of the Audit Committee is to assist the Board of Directors in ensuring that the company's financial reporting, accounting methods, financial statements and other reported financial information are legitimate, balanced, transparent and clear. In fiscal year 2016, the Audit Committee was comprised of Tommi Uhari (Chairman), Kai Öistämö and Matti Rossi. The Audit Committee convened twice in fiscal year 2016. The meeting attendance rate was 83% on average.

CEO

The company's Chief Executive Officer is appointed by the Board of Directors. The CEO is in charge of the company's business operations and administration in accordance with the instructions and regulations issued by the Board of Directors, and as defined by the Finnish Limited Liability Companies Act. The CEO may take exceptional and far-reaching measures, in view of the nature and scope

of the company's activities, only if so authorised by the Board of Directors. The CEO chairs the Group Management Team's meetings. The CEO is not a member of the Board of Directors, but attends Board meetings.

The CEO's service contract, approved by the Board of Directors, defines the key terms and conditions which govern his/her position, in writing.

Juha Varelius, (b. 1963), MBA, was the company's CEO in fiscal year 2016.

Management Team



Juha Varelius

Chief Executive Officer

Qt Group Plc's President and CEO since 1 May 2016. Varelius previously served as the President and CEO of Digia Plc from 2008 to 2016. Prior to joining Digia, Varelius worked in various senior executive positions in high technology companies in Finland and abroad. Varelius holds a master's degree in Business Administration.



Mika Harjuaho

Chief Finance Officer

Qt Group Plc's Chief Financial Officer since 1 May 2016. Prior to joining Qt, Harjuaho was CFO at Idean Enterprises Oy (2014–2016) and CFO at Basware Oyj (2007–2014). His previous positions also include Financial Director at Suunto (2001–2007), Business Controller at Ericsson AB and Oy LM Ericsson AB (1997–2000) and various positions at Suomen Unilever Oy and Unilever Nederland B.V. (1994–1997). Harjuaho holds a master's degree in Economics.



Petteri Holländer

Head of Product Management

Qt Group Plc's Senior Vice President, Product Management, since 1 May 2016. Holländer has previously served as Director of Product Management and Director of Business Development of Digia Plc and held other management positions at Digia Plc (2001–2016). Prior to joining Digia, Holländer worked at Sonera SmartTrust from 1991 to 2001, most recently as Vice President of Product Development. Holländer's educational background includes M.Sc. degree studies in Engineering.



Lars Knoll

Chief Technology Officer

Qt Group Plc's Chief Technology Officer since 1 May 2016. Knoll's previous positions include Chief Architect and Qt Project Chief Maintainer in Nokia Corporation's Applications & Services frameworks business area and CTO of The Qt Company Oy. Knoll has worked at and with Qt for more than 16 years, and he has served as the Chief Architect for Qt products since 2007. Knoll holds a PhD in Physics from Heidelberg University.



Katja Kumpulainen

VP, Marketing

Qt Group Plc's Vice President, Marketing, since 1 May 2016. Previously, she was the Head of Marketing at Nervogrid Oy from 2012 to 2015. Prior to that, she was the Marketing Director of Lite-On Mobile Oy (formerly Perlos) from 2007 to 2012 and held various executive, managerial and expert positions at Basware Oy from 1995 to 2007. Kumpulainen holds an eMBA degree.



Juhapekka Niemi

Executive Vice President,
Sales and Business Development

Qt Group Plc's Executive Vice President, Sales and Business Development, since 1 May 2016. Niemi was the Director of the Qt business at Digia Plc from 2013 to 2016. Previously, Niemi held positions in Nokia Corporation's smart-phone business in Tampere, Finland as well as a number of international executive positions in Dallas and San Diego in the United States. Niemi holds a degree in Computer Science.



Mika Pälsi

General Counsel, Legal

Qt Group Plc's General Counsel since 1 May 2016. He is responsible for the company's legal affairs and stock exchange communications. Previously, Pälsi was the General Counsel of Digia Plc from 2009 to 2016, Senior Legal Counsel at Tieto Oyj from 2005 to 2009, and an attorney at Castrén & Snellman from 1999 to 2005. Pälsi is a Master of Laws trained on the bench, with Master of Laws degrees from the University of Helsinki and the University of Leicester (UK).



Tuukka Turunen

Director Qt R&D

Qt Group Plc's Senior Vice President, Research & Development since 1 May 2016. Turunen previously served as Director of R&D and Director of Special Projects at Digia Plc in 2001–2016. Prior to that, he worked as a software engineer at Nokia Mobile Phones and was a lecturer and researcher at the University of Oulu. He is a member of the Board of Directors for the KDE Free Qt Foundation and the Chairman of the Board of Directors of the Qt Project Hosting foundation. Turunen holds a M.Sc. degree in Computer Engineering and a Licentiate of Technology degree.

Internal Control and Risk Management Related to Financial Reporting

Control functions and control environment

The company has a finance unit tasked with verifying monthly reports. The finance unit reports to the management, the Board of Directors and the Board's Audit Committee regarding the financial performance of the company.

The company uses a reporting system which compiles separate subsidiaries' reports into the consolidated financial statements. The accuracy of accounting and the financial statements is monitored by the finance unit. The company also has the necessary separate reporting and information systems for monitoring business operations and asset management.

The Group's finance unit provides instructions for drawing up financial statements and interim financial statements, and compiles the consolidated financial statements. The finance unit has centralised control over the Group's funding and asset management, and is in charge of managing interest rate and currency risk.

Internal control

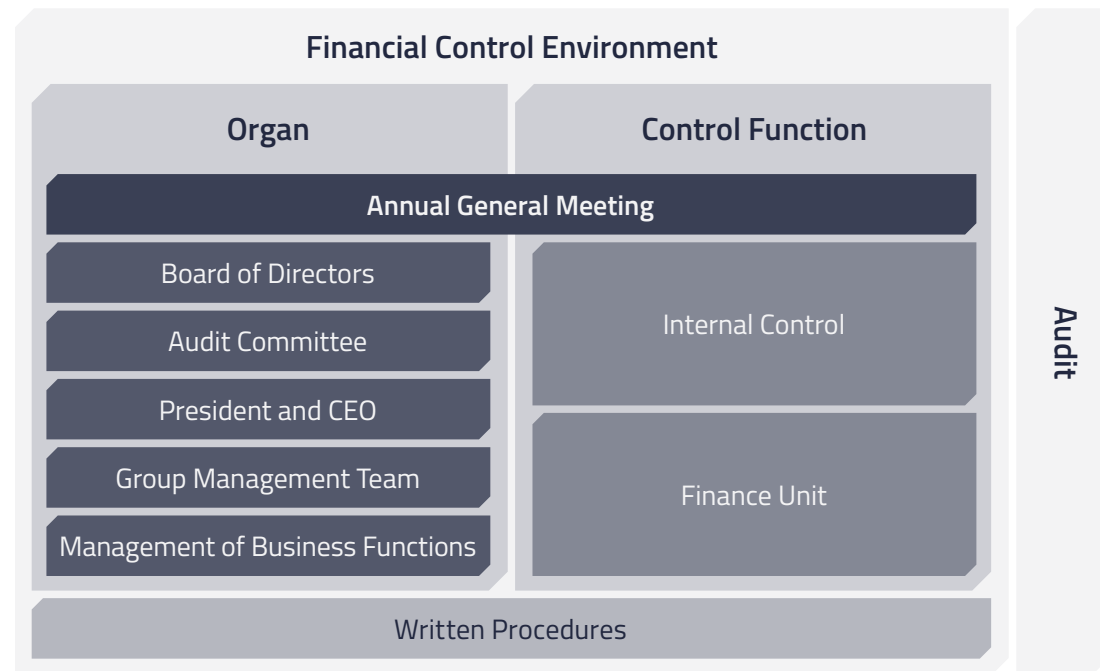
As a general principle, authorisation is distributed in the company in such a way that no individual may independently perform measures unbeknown to at least one other individual. For example, the company's bookkeeping and asset management are managed by separate persons, and two authorised persons are needed to sign on behalf of the company.

Group-level reporting and supervision are based on monthly income reporting led by the CFO and on updates of the latest forecasts.

The company's operations are divided into function-specific areas of responsibility, with the Senior Vice Presidents in charge of each function reporting to the President and CEO. The Senior Vice Presidents responsible for the company's functions report to the Management Team on development matters, strategic and annual

planning, investments and internal organisational matters related to their areas of responsibility.

The company's operational management and supervision take place according to the corporate governance system described hereinabove. The Group's administration unit is in charge of HR management and policy. The legal affairs unit provides instructions for and monitors contracts made by the company and ensures the legality of the Group's operations.



Communications

The Group's General Counsel is in charge of the company's external communications and their correctness. External communications include financial reports and other stock exchange communications. The General Counsel is responsible for the publication of interim reports and financial statements, as well as for actions related to convening and holding Shareholders' Meetings. Most communications take place through the company's website and using stock exchange releases.

Risk management

The purpose of the company's risk management process is to identify and manage risks in such a way that the company is able to meet its strategic and financial targets. Risk management is a continuous process, by which the major risks are identified, listed and assessed, the key persons in charge of risk management are appointed and risks are prioritised according to an assessment scale in order to compare the effects and mutual significance of risks.

The main operational risks handled by the company's risk management function are customer risk, personnel risk, data security risk, IPR risk and goodwill risk.

The company manages customer risk by actively developing its customer portfolio structure and avoiding any potential risk positions. Personnel risks are actively assessed and managed using a goal and development discussion process for key personnel. To improve personnel commitment, the company strives to improve the efficiency of internal communications systematically, using regular personnel events and increasing the visibility of management. In addition, the Group's certified qual-

ity systems are regularly evaluated. Data security risk is managed through the continuous development of working models, security practices and processes. Risks associated with shared operating models and best practices, as well as their integrated development, are managed according to plan under the supervision of the Group Management Team. Risks typical to software business, especially to international product business, relating to appropriate protection of company's own IPRs and violation of IPRs of third parties are managed through extensive internal policies, standard contracts and appropriate follow-up and analysis. With respect to IFRS-compliant accounting policies, the Group actively monitors goodwill and the related impairment tests, as part of prudent and proactive risk management practices within financial management.

In addition to operational risks, the company is subject to financial risks. The company's internal and external financing and the management of financial risks are coordinated by the finance function of the Group's parent company. This function is responsible for the Group's liquidity, sufficiency of financing, and the management of interest rate and currency risk. The Group is exposed to several financial risks during the normal course of its business. The objective of the Group's risk management is to minimise the adverse effects of changes in the financial markets on the Group's earnings. The primary types of financial risks are interest rate risk, currency risk, credit risk and funding risk. The general principles of risk management are approved by the Board of Directors, and the Group's finance function is responsible for their practical implementation together with the business divisions.



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