

Corporate Governance

The Incap Group observes the guidelines issued by the Central Chamber of Commerce and the Confederation of Finnish Industry and Employers concerning the administration of public companies in accordance with the recommendations made by Helsinki Exchanges.

General meeting of shareholders

Incap Corporation's highest decision-making body is the general meeting of shareholders, which convenes once a year in an Annual General Meeting. The tasks falling within the competence of the Annual General Meeting are defined in the Companies Act and the Articles of Association.

Board of Directors

The administration of Incap Corporation and the due arrangement of its operations are attended to by the Board of Directors, which according to the Articles of Association has from three to seven members. The Annual General Meeting decides on the number of members of the Board of Directors and elects the directors. The term of office of members of the Board of Directors commences from the date of the Annual General Meeting at which they were elected and ends at the close of the next Annual General Meeting. Directors can be re-elected.

The Annual General Meeting held on 21 March 2002 elected Seppo Arponen, Kalevi Laurila, Markku Puska-la, Jorma Terentjeff and Juhani Vest-erinen to seats on the Board of Directors. The Board of Directors elected Jorma Terentjeff chairman.

Incap Corporation's Board of Direc-tors also approves the Group-wide ob-jectives that are drawn from the strategy and annual plans of the operating Group companies and decides on strategic in-vestments, purchases of business opera-tions, acquisitions and divestments.

The Board of Directors meets as re-quired, generally about 12-14 times a year. In 2002 the Board of Directors met 16 times.

Executive Committee of the Board of Directors

The Board of Directors has appointed from amongst its number an Executive Committee which prepares matters to be dealt with in meetings of the Board of Directors and oversees the implementa-tion of development projects approved by the Board. The members of the Ex-ecutive Committee are Jorma Terentjeff, chairman of the Board of Directors, as well as the Board members Juhani Ves-terinen and Kalevi Laurila.

President and CEO

The company's line operations are man-aged by the president and CEO, who is elected by the Board of Directors and carries out his duties in accordance with the instructions and regulations issued by the Board. The Board of Directors decides on the president's salary and other compensation. The principal terms and conditions of the president's employment relationship are defined in a written em-ployment contract.

The employment contract of Incap Corporation's president and CEO Kari Saarinen ended on 21 March 2002, af-ter which Eija Jansson-Tervonen served as acting president. Seppo Ropponen took over as president and CEO on 2 April 2002, and on 10 April he was also ap-pointed president of JMC Tools Oy.

Management Teams

Incap Corporation's president and CEO heads the Management Team, whose members are the company's divisional vice presidents as well as the managers in charge of individual functions. The Management Team meets once a month.

The members of the Management Team in 2002 were president and CEO Seppo Ropponen, its chairman, and Sakari Heikkinen, Eija Jansson-Ter- vonen, Jyrki Luojumäki, Jari Niskanen, Rauni Nokela, Hannele Pöllä, Petri Saari, Timo Sonninen and Martti Vaurio.

The salaries and other compensation of the Group's management and the Man-agement Team are decided by the Board of Directors.

Insiders

The Incap Group's instructions to insiders are in accordance with Helsinki Exchang-es' guidelines that entered into force on 1 March 2000. The instructions were revised on 26 June 2002, and the latest update was made on 21 January 2003. The company currently has 39 permanent insiders.

Persons belonging to the group of per-manent insiders must not trade in the company's shares or securities compar-able with shares during the 14 days prior to the publication of an interim report or financial statement bulletin. The appropriate time for such trading is in 28 days from publication of an interim report and financial statement bulletin, nevertheless with the proviso that a per-son who is a permanent insider does not have in his or her possession at that time any other insider information. The members of the Board of Directors and the Management Team as well as the secretary to the Board of Directors must always ascertain the appropriateness of their own trading by checking with the Chief Financial Officer prior to the making of buy or sell orders.

Persons who are temporary insiders must not engage in trading in the com-pany's shares during the time when they are insiders participating in a given project.

The Group's permanent insiders are recorded in a register kept by Finnish Central Securities Depository Limited, which is overseen by the Financial Su-pervision Authority. A register of project-specific insiders is kept by Corporate Administration. ■

Board of Directors



From left to right: Markku Puskala, Kalevi Laurila, Seppo Arponen, Jorma Terentjeff, Juhani Vesterinen

Chairman

Jorma Terentjeff

*Industrial Counsellor, M.Sc. (Eng.),
born 1949*

Jorma Terentjeff has been a member of the Board of Directors of Incap Corporation since 2001. He is CEO of Avanti Group Oy and previously served as CEO of JOT Automation Ltd. from 1995 to 2001. Prior to these posts he was CEO of TeknoVenture Management Oy, Aspocomp Group Oy and Oy Edacom Ab and has served in a number of positions with Hansacom Oy, Salcomp Oy and Salora Oy. He is also a member of several other corporate boards. He is one of the ten largest shareholders in Incap.

Seppo Arponen

*M.Sc. (Econ.),
born 1943*

Seppo Arponen was appointed to the Board of Directors of Incap in 2002. He has served as COO of Finnvera plc since 1999. He previously held a number of positions in Finnvera's predecessor organ-

isations Kehitysaluerahasto Oy and Kera Oyj, beginning in 1976. He serves as Chairman of the Board of the Oulun Kärpät hockey team and President of the Council of Representatives of Jobs and Society ry.

Kalevi Laurila

*B.Sc. (Eng.), Executive MBA,
born 1947*

Kalevi Laurila was named to the Board of Directors of Incap in 2002. He has been CEO of JMC Tools Oy until spring 2002. From 1987 to 1998 he was CEO of Turveruukki Oy and before that director in Rautaruukki Oyj. He is also a member of several other corporate boards and is one of the ten largest shareholders in Incap.

Markku Puskala

*M.Sc. (Eng.), M.Sc. (Econ.),
born 1948*

Markku Puskala has been a member of the Board of Directors of Incap since 2002. Since 1998 he has been a Senior

Partner of Eqvitec Partners. He has previously worked for SFK-Finance Oy, Valmet Paper Machinery, Sensodec/Valmet Oyj, Sensodec Inc., Neles Ges. MbH and Finnatom Oy. He is a member of the Board of Directors of Eimo Corporation, Normet Corporation and Teletekno Corporation.

Juhani Vesterinen

*M.Sc. (Econ.), M.Sc. (Nat.Sc.),
born 1953*

Juhani Vesterinen has been a member of the Board of Directors of Incap since 1998 and has served as chairman of the board from 1999 to 2002. During 1983-2001 he worked in several executive positions with the Sampo Group, most recently as CEO of Sampo Life Insurance Company Limited and as deputy CEO of Sampo Insurance Company Limited. Juhani Vesterinen is a member of several other boards of directors and is one of the ten largest shareholders in Incap.

Management Team

December 2002



Front row (from left to right): Hannele Pöllä, Eija Jansson-Tervonen, Rauni Nokela, Seppo Ropponen

Back row (from left to right): Petri Saari, Martti Vaurio, Sakari Heikkinen, Timo Sonninen, Jari Niskanen, Jyrki Luojumäki

Seppo Ropponen

President and CEO

Born 1949, M.Sc. (Eng.)

With Incap since 2002

Incap shares: 78,560

Stock options: 30,000

Sakari Heikkinen

Quality & Environment

Born 1950, M.Sc. (Eng.)

With Incap since 1989

Incap shares: 1,000

Stock options: 12,000

Eija Jansson-Tervonen

*HR Development &
Risk Management*

Born 1958, M.Sc. (Soc. Sci.)

With Incap since 1995

Incap shares: 400

Stock options: 12,000

Jyrki Luojumäki

Materials Management & Logistics

Born 1957, B.Sc. (Eng.)

With Incap since 2000

Incap shares: –

Stock options: 12,000

Jari Niskanen

RF Operations

Born 1965, M.Sc. (Eng.)

With Incap since 2001

Incap shares: 52,992

Stock options: –

Rauni Nokela

Finance and Administration, IT

Born 1947, M.Sc. (Econ.)

With Incap since 1992

Incap shares: 1,200

Stock options: 20,000

Hannele Pöllä

Communications and Investor Relations

Born 1955, Translation diploma,
commercial institute graduate

With Incap since 2000

Incap shares: –

Stock options: 12,000

Petri Saari

Sales and Marketing

Born 1969

B.Sc. (Eng.)

With Incap since 2002

Incap shares: –

Stock options: –

Timo Sonninen

Electronics and Mechanical Operations

Born 1966, B.Sc. (Eng.)

With Incap since 1992

Incap shares: 7,056

Stock options: 12,000

Martti Vaurio

Vaasa Unit Manager

Born 1949, B.Sc. (Eng.)

With Incap since 1999

Incap shares: –

Stock options: 12,000