



POWERING THE MOBILE WORLD

CORPORATE GOVERNANCE STATEMENT 2009

GROUP STRUCTURE

The parent company of the Group is Salcomp Plc. The Group's subsidiaries are Salcomp Manufacturing Oy, Salcomp (Shenzhen) Co. Ltd, Salcomp Ltda, Salcomp Industrial Eletrônica da Amazônia Ltda, Salcomp USA L.L.C, Salcomp Manufacturing India Pvt Ltd and Salcomp Taiwan Co., Ltd.

APPLICABLE LAWS AND REGULATIONS

Salcomp Plc complies in its decision-making and administration with legislation, other regulations concerning public companies and Salcomp's Articles of Association. In addition, Salcomp complies with the Guidelines for Insiders by the NASDAQ OMX and the Finnish Corporate Governance Code for Listed Companies issued by the Securities Market Association. The Finnish Corporate Governance Code for Listed Companies is available on the website of the Securities Market Association (www.cgfinland.fi).

GENERAL MEETINGS

The highest decision-making power in Salcomp is exercised by the Company's shareholders at General meetings convened by the Company's Board of Directors. These meetings consist of Annual General Meetings and, if necessary, Extraordinary General Meetings.

The Annual General Meeting must be held by the end of May each year. It handles the matters that fall under its authority according to the Articles of Association as well as other proposals made to the General Meeting. When considered necessary, an Extraordinary General Meeting is convened to handle a specific proposal made to a General Meeting.

Usually, a General Meeting handles the matters placed on the agenda by the Board of Directors. According to the Finnish Companies Act, a shareholder may, however, present a written request to the Company's Board of Directors to place a matter on the agenda of the next General Meeting. If a shareholder, or shareholders, holding a minimum of 10% of all shares, or the Company's auditor, request in writing for the handling of a specified matter at a General Meeting, the Board of Directors shall, without delay, convene the General Meeting to handle the requested matter. Major matters subject to the decision-making power of a general meeting include:

- amendments to the Articles of Association
- increases and decreases in the share capital

- decisions of the number, election and remuneration of all Board members of the Company
- the adoption of the financial statements
- the distribution of profit

Advance information

Shareholders are invited to a General Meeting by publishing the notice to convene in two (2) newspapers with nationwide circulation in Finland or by sending registered mail or by delivering the notice to convene otherwise in a verifiable way to the address of the shareholder entered into the share register at least two (2) months prior to the final registration date provided in the convening notice, and at the latest seventeen (17) days prior to the General Meeting of Shareholders. The notice to convene shall state the matters to be handled at the General Meeting.

The prospective candidates for the Board of Directors that have been notified to the Board are disclosed in the notice to convene or in another way before the General Meeting, provided they have given their written consent for their election and are supported by at least 10% of the total votes of all the shares of the Company. The candidates proposed after the delivery of the notice to convene are disclosed separately. In addition, the proposal for the election of external auditor proposed by a majority shareholder or prepared by the Board is disclosed in the notice to convene.

Attendance

A shareholder who has been registered as a shareholder in the register of the shareholders of the Company held by Euroclear Finland Ltd ten (10) days prior to the meeting has the right to participate in a General Meeting. A shareholder wishing to attend the General Meeting must register in advance before the date stated in the notice to convene.

Shareholders may exercise their right at the General Meeting either in person or through an authorized representative. Each shareholder or representative may also have one assistant at the meeting. Minutes are kept at the General Meeting, and the minutes are made available to shareholders within two weeks from the General Meeting. The decisions made by the General Meeting are also published by a stock exchange release after the meeting. The minutes of the General Meeting, including the voting results and the appendices of the minutes that are part of the decisions made by the General Meeting, are published at the Company's website.

Attendance by the members of the Board and the Managing Director

The Managing Director, Chairman of the Board and the members of the Board attend the General Meetings unless there are well-founded reasons for their absence.

A person proposed for the first time as a member of the Board participates in the General meeting that decides on his/her election unless there are well-founded reasons for the absence.

Decision-making

The Company has one series of shares. Each share entitles its holder to one vote at the General Meeting. Generally speaking resolutions by the General Meeting require the support of a simple majority of the votes cast at the meeting in question. In case of a tie,

the Chairman will have the casting vote. In an election, the person receiving the highest number of votes shall be deemed elected. The General Meeting may, however, prior to an election, decide that to be elected, a person shall receive more than half of the votes cast. In an election, a tie will be decided by drawing lots. According to the Finnish Companies Act, however, there are several matters, such as an amendment to the Articles of Association or increase of share capital by deviating from the shareholders' pre-emptive right to subscribe new shares, in which any decision requires the support of 2/3 of the votes cast and of the shares represented at the meeting. The Articles of Association of Salcomp does not include voting limitations or redemption clauses.

BOARD OF DIRECTORS

Composition and term

According to the Articles of Association, Salcomp's Board of Directors consists of at least three and at most eight members. According to the Articles of Association, the term of each Board member expires at the close of the next Annual General Meeting following the election.

The General Meeting elects all members of the Board of Directors. The Articles of Association sets no upper age limit on Board members nor restricts in any other way the decision-making power of the General Meeting in electing Board members. However, the General Meeting shall, in accordance with the Finnish Corporate Governance Code, take into account the fact that the person has the qualifications required to handle the duties of a member of the Board and the possibility to devote sufficient time for the work. The needs of the Company operations, the development stage of the Company and the gender mix of the Board are taken into account in the Board composition.

Board of Directors in 2009

At the Annual General Meeting 2009, the following five persons were elected to the Board of Directors:

- Chairman Mats Heiman, born 1950, M.Sc. (Eng.), MBA, Senior Investment Manager at Nordstjernan AB
- Vice Chairman Kari Vuorialho, born 1952, B.Sc. (Eng.)
- Carl Engström, born 1977, M.Sc. (Econ.), M.Sc. (Eng.), Investment Manager at Nordstjernan AB
- Jukka Rinnevaara, born 1961, M.Sc. (Econ.), President and CEO at Teleste Corporation
- Andreas Tallberg, born 1963, M.Sc. (Econ.), CEO at GWS Group

More information on the Board members is available on Salcomp's website.

Duties

The Board of Directors shall devote time and resources to increase the value of the shareholders' holdings in the long run and to look after the interests of the Company and all of its shareholders. More specifically, Salcomp's Board of Directors is responsible for the Company's administration and for the proper arrangement of the operations of the Company. In addition, the Board is responsible for the proper arrangement of the accounting and of the supervision of the financial management.

The duties of the Company's Board of Directors are set forth in the Companies Act and other applicable legislation. The Board has also approved internal rules of procedure. According to the rules of procedure and the Finnish Companies Act, the essential duties of Salcomp's Board of Directors are to:

- decide on the Company's strategy and values
- confirm and follow the business plan and budget
- handle and approve Interim Reports, the Financial Statements and the Report of the Board of Directors
- decide on individual investments, acquisitions or divestments and contingent liabilities that are strategically or financially significant
- approve the financing policy
- confirm risk management and reporting procedures
- decide on bonus and incentive schemes for the management
- decide on the Company's structure and organization
- appoint the Managing Director and decide on his/her remuneration, and
- assume responsibility for all other such duties as have been stipulated for Boards of Directors in the Companies Act and elsewhere.

Decision-making

The Chairman of the Board of Directors is responsible for convening the Board meetings and for the meeting procedure. A meeting of the Board of Directors constitutes a quorum when more than half of the members of the Board of Directors are present. Presence of the Chairman or the deputy Chairman of the Board of Directors is also a condition for the quorum.

The Board of Directors is always obliged to act in the Company's interests and in such a way that its acts or measures are not likely to produce unjustified benefit to any shareholder or other third party. A Board member may not participate in the decision-making when handling a contract between that Board member and the Company. When votes are cast, the majority opinion will be the Board's decision and, in the case of a tie, the Chairman will have the casting vote. In an election, a tie will be decided by drawing lots.

Meeting practice and self-assessment

The Board of Directors has not appointed any special areas of focus in terms of business monitoring for its members. At meetings, matters are presented by Salcomp's Managing Director, or at his request, by another person in Salcomp's management. According to the rules of procedure of the Board of Directors, the Managing Director ensures that the Company provides the Board with sufficient information to assess the operations and financial situation of the Group, supervises the implementation of Board decisions and reports to the Board on any deficiencies or problems in implementation.

The Board of Directors assesses its operations and working procedures regularly and by carrying out a self-assessment once a year.

In 2009, the Board of Directors held 11 meetings, 4 of which were telephone conferences. The Board members' attendance at the meetings amounted to 96.4%.

Remuneration and other benefits of the members of the Board of Directors

The Annual General Meeting decides on the remuneration and compensation for costs to be paid to the members of the Board of Directors. The remuneration of the Board of Directors is disclosed in the Annual Report and on the Company's website.

Committees

Salcomp's Board of Directors has not established any committees as the Board of Directors takes care of the duties related to committee work. The Board of Directors also takes care of the duties of the Audit Committee.

Evaluation of independence

The Board of Directors evaluates the independence of its members of the company and of the company's significant shareholders. The evaluation is made annually at the organizing meeting of the Board of Directors after the General Meeting.

Based on an evaluation, all Board members are independent of the company, and three of the Board members are independent of the company's significant shareholders.

Based on the evaluation:

- the following Board members are independent of the company: Mats Heiman, Kari Vuorialho, Carl Engström, Jukka Rinnevaara and Andreas Tallberg
- the following Board members are independent of the company's significant shareholders: Kari Vuorialho, Jukka Rinnevaara and Andreas Tallberg.

MANAGING DIRECTOR

Salcomp has a Managing Director who is called the President and CEO. He is responsible for the day-to-day management of the Company in accordance with the instructions and rules given by the Board of Directors and ensuring that the accounting of the Company complies with the law and that the financial management of the Company has been arranged in a reliable manner.

The Managing Director primarily presents the matters handled in Board meetings and is responsible for preparing draft resolutions. The Managing Director shall not be elected as the Chairman of the Board of Directors. The Managing Director may, when he/she finds it suitable, choose to appoint another member of the Group's Management Team to present a matter at a Board meeting or to prepare a draft proposal.

The Board of Directors elects the Managing Director and decides on the remuneration and on other terms of the Managing Director's contract. The terms of duty of the Managing Director have been agreed on in writing. The Managing Director is elected until further notice.

The notice period, when giving notice on the Managing Director services, is six (6) months. Upon termination of the Managing Director services agreement on behalf of the Company and in the absence of breach of duties by the Managing Director, the Managing Director is also entitled to twelve (12) months' salary.

In 2009, Mr Markku Hangasjärvi (born 1966) has acted as the Managing Director of Salcomp.

MANAGEMENT TEAM

Salcomp has a Management Team consisting of the Managing Director and heads of the most important Company functions. Composition and areas of responsibility of the Management Team are presented on the Company's website.

The Management Team is not a separate Company organ, but an advisory body, which assists the Managing Director in the management of the Company.

The Board of Directors decides on the salaries, fees and other benefits of the Managing Director. The Chairman of the Board decides on the salaries, fees and other benefits of the other members of the Management Team.

INCENTIVE SCHEMES

The Company has applied a salary-based bonus program for its Management and other employees. The Board decides on the application of the bonus program.

Salcomp has a stock option program for key personnel of the Company and its subsidiaries, as part of the incentive and commitment program.

The incentive schemes are presented on the Company's website.

AUDITING

The main function of the statutory auditing is to verify that the financial statements provide true and sufficient information on the Group's performance and financial position for the financial year. Salcomp's financial year is the calendar year. The auditor is obliged to audit the correctness of the Company's accounting and closing of accounts for the financial year and to give the General Meeting an auditor's report. In addition, the Finnish law requires that the auditor also monitors the legality of the Company's administration. The auditor gives reports to the Board of Directors at least once a year.

Auditor

According to the Articles of Association, Salcomp has one auditor elected by the Annual General Meeting. The term of an auditor terminates at the close of the Annual General Meeting following the election. The auditor shall be a firm of auditors authorized by the Central Chamber of Commerce. The auditors are paid based on an approved invoice. The remuneration is presented on the Company's website.

INTERNAL AUDIT

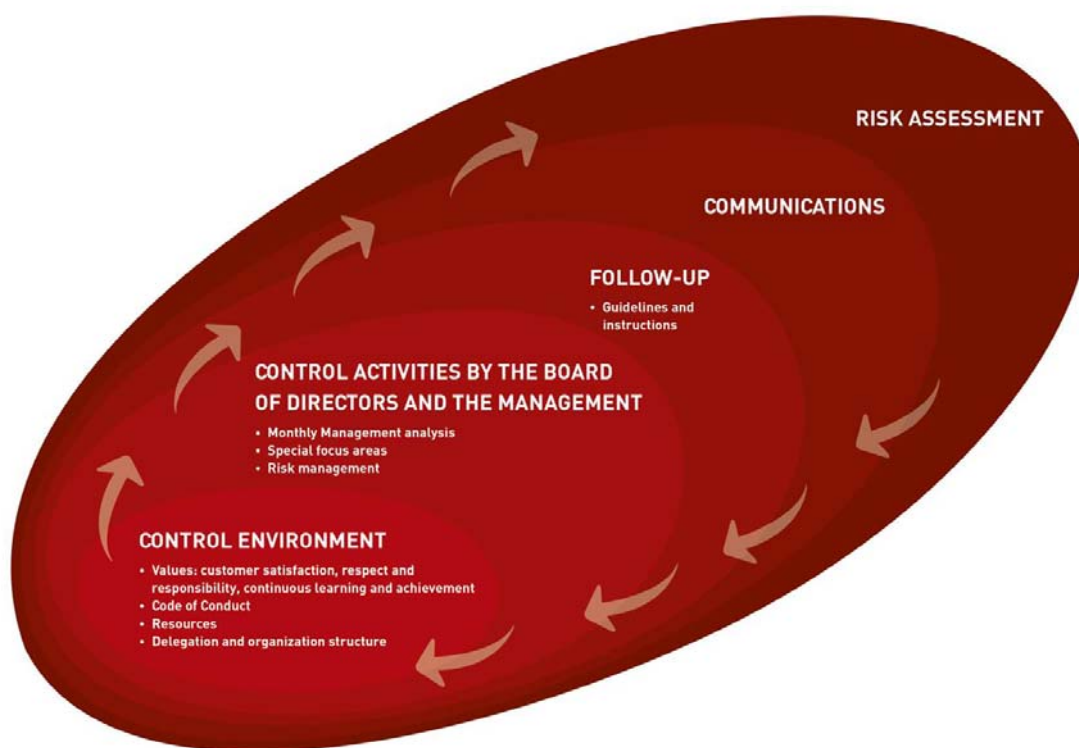
The Group does not have a separate internal audit function. The need for an internal audit function is annually assessed by the Board of Directors. In countries where arranging internal audit is based on the law, Salcomp utilizes an external service provider.

THE MAIN FEATURES OF THE INTERNAL CONTROL AND RISK MANAGEMENT REGARDING TO THE FINANCIAL REPORTING PROCESS

The frame of the Group's internal control is based on the international Coso model (Committee of Sponsoring Organizations of the Treadway Commission) which determines the target of the internal control: to give a reasonable assurance on the expediency and efficiency of the operations and reliability of the financial reporting, as well as compliance with laws, regulations and operational instructions. Internal control is carried out by the entire personnel within their tasks and responsibilities.

The Management sets targets for the organization to strive for. From the Group's point of view, the most significant targets are related to the annual strategy and budget processes. It should be noted that internal control does not assess the validity of the set targets, but only to what extent the organization achieves the set targets.

The elements of internal control from the Group's point of view can be described as follows:



Risk assessment

The goal of the Group's risk management is to support the achievement of the Group strategic and business targets. The risks which jeopardize the achievement of the targets must be identified and assessed in order to control them. Identifying and assessing the risks are the basic elements in internal control.

Risk management is carried out by monitoring and managing business threats and risks, as well as by simultaneously identifying and exploiting opportunities in business.

The Board of Directors assesses the Group's financial, operative and strategic risks regularly and approves principles and guidelines related to the risks for the Group Management to execute and coordinate. The Board annually assesses the Group's strategic risks as part of the strategy process and operative risks in accordance with the monthly forecasts and budgets, as well as financial risks continuously through Management reporting as part of the follow-up of the business. The President and CEO and the Group's Management Team regularly monitor changes in the business environment and coordinate the Group's strategic, operative and financial risk management. Everyday risk management is basically allocated for the Management of each business unit which is responsible for the management of local operative and financial risks.

Control environment

In addition to the laws and regulations, Salcomp's control environment is defined by the Group values: customer satisfaction, respect and responsibility, continuous learning and achievement. The values and the Code of Conduct, approved by the Board of Directors, are guiding the daily operations and relationship with customers and other cooperation partners. In addition, working instructions set up by the Management have an influence on the control environment. The instructions are distributed to the entire organization through the responsibilities and tasks determined for each employee. An important part of the control environment is the uniform ERP system used within the Group, which forms the basis for implementing operational business and the related internal control.

The Management and other key personnel receive continuous training: through this identification of changes in the business environment and quick reaction to them is secured.

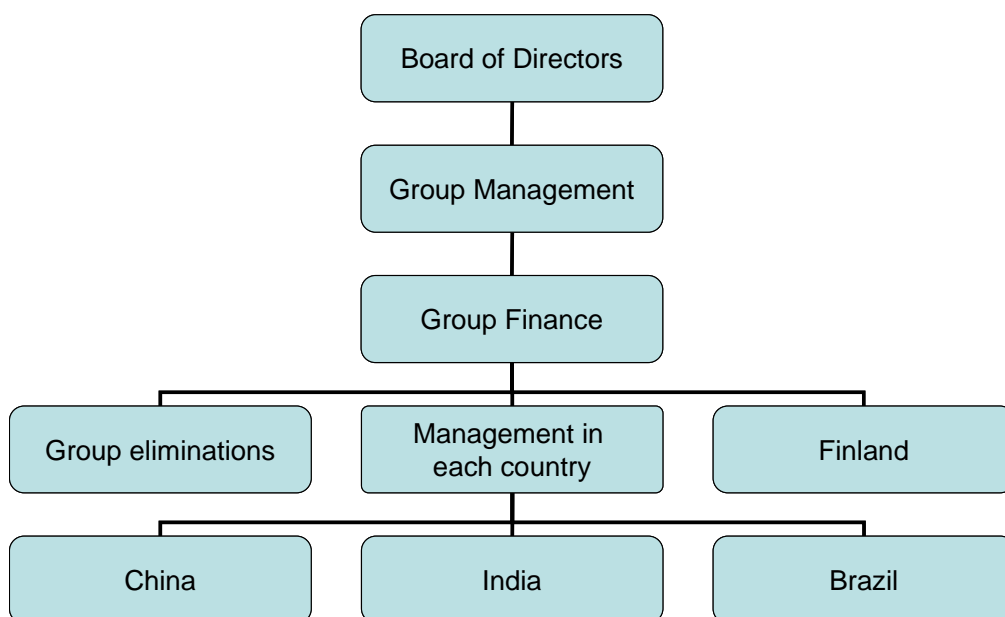
Control activities

The Management is monitoring the business through the monthly financial reporting. In addition, control activities are focused in risk areas which are either already realized or potential and which require special control.

The financial reporting covers all issues related to actual figures, forecasts, budgets and strategies. The reporting structure is presented below. Controllers and General Managers in each country are responsible for the accuracy of the country-specific reporting, and accordingly, the Group Finance is responsible for the accuracy of the Group eliminations and figures.

The Group Management examines the Group and country-specific reporting with the Management in each country once a month. The deviations are analyzed and separate investigations are carried out, if needed. Monthly reporting for the Board of Directors is made based on this, and essential deviations and reasons for them are described in it.

STRUCTURE OF THE FINANCIAL REPORTING



Follow-up

The Group Management examines the functionality of internal control with constant follow-up measures. It is considered especially important that changes and observed deviations are communicated across the organization in a way that they can be immediately taken into account in the Group business

In addition, the follow-up includes an annual inspection of the Group guidelines and the approval of the new Group-level working instructions, if needed. The annual inspection of the guidelines is also included in the rules of procedure of the Board of Directors.

As part of the auditing, the auditor reviews the Group internal control and reports annually to the Board of Directors on the possible need for changes.

Communications

Consistent, sufficient, up-to-date and reliable information is the basic element for the Management decision-making. The timetables of the Group financial reporting are annually set up based on the publishing dates of the Interim Reports. The reliability of the financial reporting is analyzed by the business units, Group Finance, Group Management, as well as by the Board of Directors. In addition, information is assured by separate ad hoc investigations, if needed. The content and the consistency of the reporting are regularly examined, and when necessary, changes are made. Both the President and CEO and CFO are involved in the meetings of the Board of Directors which intensifies the communications of the Board decisions and new guidelines in the organization.

INSIDERS AND INSIDER ADMINISTRATION

The Insider Rules of Salcomp observe the Insider Guidelines of the NASDAQ OMX. Salcomp's Insider Rules are updated and compliance therewith monitored on a regular basis.

Pursuant to Salcomp' Insider Rules, the shareholding data of the so-called Public Insiders is in the public domain and accessible either via Euroclear Finland Ltd or via Salcomp's website. Under the Insider Rules, the following persons belong to the Group of Public Insiders: the members of the Board of Directors, the Managing Director, the members of the Management Team and the Responsible Auditor.

The Public Insiders, together with the other key persons designated as permanent insiders of Salcomp, form the Group of so-called Permanent Insiders of Salcomp. Trading by Permanent Insiders in Salcomp's securities or derivatives is always prohibited during the two-week period preceding the release of the Annual Results or of an Interim Report, and on the date of publication itself (the "Closed Window"). In addition, specific trading restrictions apply to project-specific insiders.

The Board of Directors has approved Salcomp's Corporate Governance Statement in December 2009.