
CORPORATE GOVERNANCE STATEMENT

Corporate governance statement

Verkkokauppa.com Oyj (hereinafter, the “**Company**” or “**Verkkokauppa.com**”) is a public Finnish limited liability company. The shares of the Company are traded on the First North Helsinki market place of Nasdaq Helsinki Ltd. (“**First North**”). The Company’s governance is subject to applicable EU securities market legislation (including the Market Abuse Regulation), the Finnish Companies Act, the Securities Market Act, the Accounting Act, the rules of First North Helsinki as well as the Company’s Articles of Association.

As the Company’s shares are not listed on the main list of Nasdaq Helsinki Ltd. the Company is not subject to the Finnish Corporate Governance Code 2015 ratified by the Securities Market Association (the “**CG Code**”). However, to the extent practicable, the Company seeks to comply with the CG Code as applicable. Compliance with the CG Code is based on a comply-or-explain principle, whereby departures from the CG Code shall be explained and disclosed. The CG Code is available at the website of the Securities Market Association www.cgfinland.fi/en.

The Company complies with all of the recommendations of the CG Code.

The Company’s Corporate Governance Statement is available on the Company’s website www.verkkokauppa.com/en/investors/governance.

Group structure

The parent company of the group is Verkkokauppa.com Oyj. The domicile of the Company is Helsinki, Finland. The parent company is the main operating company of the Verkkokauppa.com group of companies. The Company has a subsidiary, Arctecho Oü located in Estonia. The subsidiary is dormant and has been dormant for over the past seven (7) years.

The Company has commenced a liquidation procedure for the dissolution of Arctecho Oü.

The Company’s governance is organised through the General Meeting, the Board of Directors and the Chief Executive Officer. Further, the Company has a management team and an extended management team led by the Chief Executive Officer.

General Meeting

The highest decision-making power in Verkkokauppa.com is exercised by the Company’s shareholders at General Meetings, in which the shareholders may exercise their right to speak, ask questions and vote. The Annual General Meeting is held by the end of June each year and it handles the matters that fall under its authority according to the Articles of Association as well as any matters proposed to a General Meeting.

Extraordinary General Meetings are convened by the Board of Directors if needed to handle specific matters proposed to a General Meeting. Shareholders holding a minimum of 10% of all shares and the Company’s auditor may request the handling of a specified matter at a General Meeting, which the Board of Directors shall then convene.

Usually General Meetings handle the matters placed on its agenda by the Board of Directors. According to the Finnish Companies Act, shareholders may also request the Company’s Board of Directors to place a matter on the agenda of the next General Meeting. The Company states well in advance on its website the date by which a shareholder must declare his or her demands for matters to be dealt with at the Annual General Meeting. The demand is deemed to have arrived in sufficient time, if the Board of Directors has been notified of the demand four (4)

weeks before the delivery of the notice of the General Meeting at the latest. The Board of Directors prepares the proposals to the General Meeting relating to the composition of the Board of Directors and the remuneration of the Board of Directors.

Major matters subject to the decision-making power of a General Meeting include:

- amendments to the Articles of Association;
- increases or decreases in share capital;
- issuance of shares;
- decisions on the number, election and remuneration of members of the Board of Directors;
- adoption of the financial statements; and
- distribution of profits / allocation of losses.

Notice to the General Meeting

The shareholders of the Company are summoned to the General Meeting by publishing the notice on the Company’s website. The notice shall be published not earlier than three (3) months before and not later than nine (9) days prior to the General Meeting record date. In addition, the Board of Directors may publish a summary notice of the General Meeting in one (1) or more national daily newspapers. The notice shall state the matters to be handled at the General Meeting and other information required in Finnish Companies Act and CG Code.

The notice and the proposals of the Board of Directors to the General Meeting are also published by means of a company release.

The notice to the General Meeting and the following information are made available on the Company’s website at least three (3) weeks before the General Meeting:

- The proposals and, if the General Meeting is to deal with the financial statements, the financial state-

ments, the annual report and the auditor’s report. At a minimum, this information shall further be kept available at the venue of the General Meeting;

- The documents to be submitted to the General Meeting; and
- Draft resolutions to the General Meeting.

If a decision pertains to a share issue, the issue of option rights or other special rights entitling to shares, the increase of the share capital from reserves, the payment of dividend, the distribution of reserves of unrestricted equity, the decrease of the share capital, the acquisition or redemption of own shares, or the Company going into liquidation, and the financial statements are not to be dealt with at the meeting, the following information is made available on the Company’s website at least three (3) weeks before the General Meeting:

- The latest financial statements, annual report and auditor’s report;
- The possible decisions on the distribution of assets, made after the end of the preceding financial period;
- Any interim reports prepared as of a date after the end of the preceding financial period; and
- A statement by the Board of Directors on the events occurring after the latest financial statements or interim report and having an essential effect on the state of the Company

Attendance

Shareholders registered in the Company’s shareholder register kept by Euroclear Finland Ltd on the record date of the General Meeting have the right to attend the General Meeting and exercise their voting rights. Shareholders may exercise their rights at the General

Meeting either in person or through an authorized proxy representative.

The minutes of the General Meeting including the voting results and any appendices that are part of a decision made by the General Meeting shall be posted on the Company website within two (2) weeks after the General Meeting. The decisions of the General Meeting are also published by means of a company release immediately after the General Meeting. The documents related to the General Meeting shall be available on the Company's website at least for five (5) years after the General Meeting.

Attendance of the members of the Board of Directors and the Chief Executive Officer

The Chief Executive Officer, the chairperson and the members of the Board of Directors shall attend the General Meeting. In addition, the auditor shall be present at the Annual General Meeting. A candidate proposed to be elected to the Board of Directors shall participate in the General Meeting that decides on his or her election.

Decision-making

The Company has one (1) series of shares, which entitle its holders to one (1) vote per share owned at the General Meeting. Most resolutions by the General Meeting require a simple majority of the votes cast at the meeting. 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. However, there are several matters, such as directed share issues, which according to the Finnish Companies Act require a 2/3 majority of the votes cast and of the shares represented at the meeting.

The Articles of Association of Verkkokauppa.com include no redemption clauses or voting limitations.

Board of Directors

Composition and term

Under the Articles of Association, the Board of Directors consists of at least four (4) and at most eight (8) members. The members of the Board of Directors are elected by the Annual General Meeting of the shareholders and the term of office of the members of the Board of Directors expires at the end of the Annual General Meeting following their election.

The Articles of Association set no limitations regarding the number of terms that Directors may serve, nor do they restrict in any other way the decision-making power of the General Meeting in electing members of the Board of Directors. However, the General Meeting may take into account all recommendations stipulated by the CG Code regarding the composition of the Board of Directors, especially with regards to meeting the independence and other requirements applicable to publicly or multilaterally listed companies in Finland. The Board of Directors elects one of its members as the chairperson of the Board of Directors and may elect a deputy chairperson.

The Board of Directors have drawn up a written charter for its work. The essential contents of it are included in the following.

Current composition of the Board of Directors

The Board of Directors consists of the following six (6) members elected at the Annual General Meeting held March 21, 2018 for a term until the close of the next Annual General Meeting: Christoffer Häggblom, Robert Burén, Mikael Hagman, Kai Seikku, Samuli Seppälä and Arja Talma. At the constitutive meeting of the Board of Directors, convened after the Annual General Meeting, Christoffer Häggblom was elected as the Chairman of the Board of Directors.

Based on the evaluation of independence, the Board of Directors concluded that Christoffer

Häggblom, Robert Burén, Kai Seikku and Arja Talma are independent of the Company, and that Christoffer Häggblom, Robert Burén, Mikael Hagman, Kai Seikku and Arja Talma are independent of the Company's significant shareholders. Samuli Seppälä is neither independent of the Company nor its significant shareholders.

Information reported on the members of the Board of Directors can be found on the spread "Board of Directors".

Duties of the Board of Directors

The duties of the Company's Board of Directors are set forth in the Companies Act and other applicable legislation. The Board of Directors is responsible for the management of the Company. Its responsibilities include, inter alia, to:

- deliberate and decide on the Company's strategy;
- confirm the business plan and budget as well as financing transactions (as far as not falling into the responsibility of the shareholders);
- deliberate on and approve interim reports and/or interim management statements, the annual accounts and the reports by the Board of Directors;
- confirm internal control and risk management systems and reporting procedures;
- decide on possible bonus and incentive schemes for the management and possible general or special pension schemes, profit sharing schemes or bonus schemes for employees of the Company;
- decide on any contracts which, given the scope and nature of activities of the Company, are of unusual nature, or significant importance such as long-term lease contracts;
- follow-up on related party transactions; and
- appoint or dismiss the CEO. Other employees belonging to the management team of the Company are appointed by the CEO and approved by the Board of Directors.

Board Committees

The Company established three board committees for the preparation of board matters beginning from 2018. The board committees are Audit Committee, Nomination and Remuneration Committee and Strategy Committee. The Board of Directors elects the members of these committees from among the Board members at its constitutive meeting after the Annual General Meeting. The Board of Directors has confirmed written charters for the committees. The committees report to the Board of Directors.

The Audit Committee shall prepare the monitoring and supervision duties of the board in matters related to the Company's financial reporting, efficiency of internal control and audit and risk management function and the independence of the Company's auditor. Until the Annual General Meeting held March 21, 2018, the Audit Committee consisted of Kai Seikku (Chairman), Christoffer Häggblom and Minna Kurunsaari, whereafter it has consisted of Kai Seikku (Chairman), Christoffer Häggblom, Samuli Seppälä and Arja Talma. The majority of the members of the Audit Committee are independent of the Company and the Company's significant shareholders. Qualification requirements regarding the members of the committee have been taken into consideration when appointing the members.

The Nomination and Remuneration Committee shall ensure the efficient preparation of nomination and remuneration matters in relation to board members, the chief executive officer and the other senior members of executive management. Until the Annual General Meeting held March 21, 2018, the Nomination and Remuneration Committee consisted of Christoffer Häggblom (Chairman), Robert Burén and Kai Seikku, whereafter, it has consisted of Christoffer Häggblom (Chairman), Kai Seikku and Samuli Seppälä. The majority of the members of the Nomination and Remuneration Committee are independent of the

Company and the Company’s significant shareholders.

The Strategy Committee shall assist the Board with matters relating to the strategy of the Company, including also strategic level considerations in relation to the Company’s IT issues and its retail operations. The Strategy Committee has consisted of Samuli Seppälä (Chairman), Christoffer Häggblom, Robert Burén and Mikael Hagman.

Participations in Board and Committee meetings 2018

Name	Board of Directors	Audit Committee	Nomination and Remuneration Committee	Strategy Committee
Christoffer Häggblom	21 / 21 (Chairman)	6 / 6	6 / 6 (Chairman)	4 / 9
Robert Burén	21 / 21	-	1 / 1	3 / 9
Mikael Hagman	21 / 21	-	-	2 / 9
Minna Kurunsaari ¹	5 / 5	1 / 1	-	-
Panu Porkka ¹	5 / 5	-	-	-
Kai Seikku	17 / 21	6 / 6 (Chairman)	6 / 6	-
Samuli Seppälä	21 / 21	4 / 5	5 / 5	9 / 9 (Chairman)
Arja Talma ²	15 / 16	5 / 5	-	-
Henrik Weckström ¹	5 / 5	-	-	-

¹) Member of the Board of Directors until March 21, 2018

²) Member of the Board of Directors from March 21, 2018

The Board of Directors held 21 meetings during 2018. The average ratio of attendance at the meetings was 96 % percent.

Verkkokauppa.com does not have a supervisory board.

Decision-making

Meetings of the Board of Directors are convened by its chairperson. The Board of Directors constitutes a quorum when more than half of the members appointed by the General Meeting are present at the meeting. When votes are cast, the majority opinion will be the Board of Directors’ decision and, in the case

of a tie, the chairperson will have the casting vote.

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 at the cost of the Company or another shareholder.

A member of the Board of Directors is disqualified from participating in the handling of a matter pertaining to a contract or other transaction between the member of the Board of Directors and the Company or of such matter where the member is to derive an essential benefit and that benefit may be contrary to the interests of the Company. In principle, a

member of the Board of Directors may not participate in the handling of a matter if the member of the Board of Directors is involved in the matter under assessment in another capacity.

Meeting practice

The Board of Directors shall convene as frequently as necessary to discharge its responsibilities. The Chief Executive Officer ensures that the Board of Directors is provided with sufficient information to assess the operations and financial situation of the Company.

The secretary of the Board of Directors was Jussi Tallgren until September 2018, after which Robert Tallberg held the position.

The Board of Directors conducts annual performance self-evaluations, in addition to brief feedback sessions following each physical meeting.

Principles concerning the diversity of the Board of Directors

The Company has defined the principles concerning the diversity of the Board of Directors in accordance with the recommendation 9 of the CG Code.

It is in the Company’s and its shareholders’ interest that the members of the Board of Directors have a broad expertise from different fields and business areas. The diversity of the Board of Directors supports the Company’s business and its development, open discussion and independent decision-making.

In the preparation of the proposal for the composition of the Board of Directors, the requirements placed by the Company’s strategy, operations and development phase as well as the sufficient diversity of the Board of Directors are taken into account. The diversity of the Board of Directors is examined from different perspectives. Important factors for the Company are the age and gender distribution, academic and professional background as well as strong, versatile and mutually complementary

expertise, experience and knowledge in the different business areas important to the Company.

The proposal regarding the composition of the Board of Directors is based on the competence of the candidate and the Company aims to elect Board members whose experience and profile correspond with the Company’s current and future business needs. The Board members are elected annually at the Annual General Meeting of the shareholders.

The Company’s goal is that both genders are represented on the Board of Directors and that in the long-term a more balanced representation of both genders on the Board is achieved. As means to achieve this objective, the Board of Directors seeks to include representatives of both genders in the Board candidate search and evaluation process and to actively communicate this objective to the shareholders of the Company.

During this accounting period one Board member was a female and the remaining members were male. The Company’s goal concerning the representation of both genders has thus been fulfilled.

Management team

Management team members during 2018

Name	Position	Time period
Panu Porkka	CEO	March 22 – December 31, 2018
Samuli Seppälä	CEO	January 1 – March 21, 2018
Timo Halonen ¹⁾	Services Director	January 1 – April 3, 2018
Miika Heinonen	Logistics Director	January 1 – December 31, 2018
Esa Hjerppe ¹⁾	Web Sales and Marketing Director	January 1 – April 3, 2018
Tommi Jylhä-Vuorio	Sales Director	August 6 – September 5, 2018
Vesa Järveläinen	Purchasing Director	January 1 – December 31, 2018
Seppo Niemelä	Marketing and Communications Director	August 6 – December 31, 2018
Markus Pätilä ¹⁾	Sales Director, retail stores	January 1 – April 3, 2018
Jussi Tallgren	CFO	January 1 – December 31, 2018
Henrik Weckström	CTO	January 1 – December 31, 2018

¹⁾ Member of the extended management team as of April 3, 2018.

In addition, as of January 1, 2019 the management team includes HR Director Taina Suorsa and as of February 25, 2019 Chief Sales Officer Kalle Koutajoki.

The management team members handle the issues that concern managing of the Company in their respective areas and on the basis of the guidance provided by the Board of Directors.The management team assists the Chief Executive Officer in running the Company. The management team members prepare matters that are to be put before the Board of Directors for decision-making, e.g. the Company’s strategies, budgets and policies as well as significant acquisitions and divestments. In addition, the management team handles matters pertaining to reporting, internal and external communication, personnel development, hiring of employees and their terms of employment as well as investor relations. The management team has no formal status under company law.

Information reported on the members of the management team and the Chief Executive Officer can be found on the spread “*Management team*”.

Chief Executive Officer

The Chief Executive Officer is responsible for the day-to-day management of the Company in accordance with the instructions and guidance given by the Board of Directors and ensuring that the accounting practices of the Company comply with the law and that the financial management of the Company has been arranged in a reliable manner.

The Chief Executive Officer primarily presents the matters handled in meetings of the Board of Directors and is responsible for preparing draft resolutions. The Board of Directors elects the Chief Executive Officer and decides on the remuneration of the Chief Executive Officer and on other terms of the Chief Executive Officer contract. The Chief Executive Officer may not be elected chairperson of the Board of Directors, nor be a member of the Nomination and Remuneration Committee.

Remuneration

In accordance with the CG Code, the Company annually publishes its Remuneration Statement on the Company’s website.

Internal control and risk management

Internal control is under the responsibility of the Board of Directors, and its function is, among other things, to ensure the efficiency and profitability of operations, the reliability of information, and the adherence to rules and regulations. Internal control is a part of day-to-day management and company administration.

Internal audits are an integral part of internal control. The Board of Directors is responsible for organising the internal audit, and the internal audit services are purchased from an external service provider. The internal audit reports its observations to the Audit Committee and the Board of Directors. The internal audit supports the management in directing operations by inspecting and evaluating the efficiency of business operations, risk management and internal control, and by producing information and recommendations to enhance efficiency. The internal audit also inspects the processes of business operations and financial reporting. The operations of the internal audit are based on a risk-focused approach and the focus areas of the business operations and its development.

Risk management

The Company’s Board of Directors approved on January 16, 2014 a risk management operating model for the Company. According to the Company’s risk management operating model, the objective of risk management is to raise risk awareness and enhance proactive risk management in the organisation, increase the competitiveness of the organisation

by reducing negative risks and increasing positive risks, ensure a sufficient level of risk management for the whole organisation, manage risks as part of business activities and define responsibilities of risk management in the organisation. The Board of Directors decides on the Company’s risk management policy and defines the framework for the level of risk management in the Company. The Audit Committee monitors and regularly evaluates the risk management systems. The Company’s operative management is responsible for actual measures related to risk management in accordance with the Company’s risk management policy.

Main features of the internal control and risk management systems pertaining to the financial reporting process

The Board of Directors and the CEO have the overall responsibility for organising the internal control and risk management systems for financial reporting. The Company’s Chief Financial Officer and the Finance and Control Department are responsible for the financial reporting. The reporting is based on information from commercial and administrative processes and data produced by the financial management systems. The Company’s Finance and Control Department determines the control measures applied to the financial reporting process, which include various guidelines, process descriptions, reconciliations, and analyses used for ensuring the validity of the information used in the reporting and the validity of the reporting itself.

The financial reporting results are monitored and any anomalies in relation to forecasts or in comparison with the previous year’s figures are analysed on a regular basis. Such analyses are used to detect any reporting errors and to produce materially accurate information on the Company’s finances.

The Company's Finance and Control Department is responsible for the effectiveness of internal control. The Finance and Control Department is responsible for assessments of the reporting processes. The risks pertaining to financial reporting and the related management measures are determined as part of the risk management process.

Disclosure

The guiding principle of the communications of the Company is to continuously provide the market with consistent, correct, relevant, and reliable information on the Company to ensure that capital market participants have as transparent and clear a picture of the Company as possible on the basis of which they can assess the value of the Company's securities. In its communication the Company adheres to the principles of the Finnish Companies Act and Securities Market Act of equal and simultaneous access to information and other applicable regulation and strives to make disclosures without undue delay.

According to the rules of First North, companies, the shares of which are subject to multilateral trading on the First North marketplace of Nasdaq Helsinki, shall have entered into an agreement with a certified advisor. The certified adviser of Verkkokauppa.com is Nordea Bank Oyj (the **"Certified Adviser"**).

The Company's official reporting languages are Finnish and English. All published releases, annual reports, details of the current Board of Directors and management team and the name of the Certified Adviser is kept available on the Company's website www.verkkokauppa.com.

The Board of Directors has adopted a disclosure policy in accordance which governs the disclosures of Verkkokauppa.com.

Insider Administration

The Company observes the insider guidelines issued by Nasdaq Helsinki Ltd. and which are applicable to Companies, the shares of which are traded on First North. The Company's insider policy approved by the Company's Board of Directors complements applicable insider regulation and sets out guidelines for the Company's insiders and the insider administration. Verkkokauppa.com's insider policy is regularly updated and compliance therewith monitored on an ongoing basis. The Company has appointed Jussi Tallgren, CFO, as the insider officer.

The Market Abuse Regulation (MAR) entered into force on July 3, 2016, with provisions on the Company's duty of disclosure, management of insider information, reporting and disclosure of management's and their related parties' transactions and insider lists.

Under MAR, the duty of disclosure has been coupled with the emergence of insider information. According to MAR, the disclosure of insider information can be delayed at the issuer's risk if the immediate disclosure would likely prejudice the legitimate interests of the issuer, the delay of disclosure is not likely to mislead the public and issuer can ensure that the said information would stay confidential. The Company must file a written notification on the delay to Finnish Financial Supervisory Authority immediately after the disclosure of the information.

Since the entry into force of MAR, the Company no longer has an obligation to keep an up-to-date list of the ownership of the current public insiders. For the time being, the Company has determined not to establish and maintain a list of permanent insiders but all persons involved in insider projects will be included in the project-specific insider lists instead. In the future, the establishment of a list of permanent insiders of the Company would need to be determined by the Board of Directors.

The persons discharging managerial responsibilities in the Company and persons closely associated with them shall notify their transactions in Company's financial instruments to the Company in accordance with the insider policy in two (2) business days from the transaction and to the Finnish Financial Supervisory Authority in three (3) business days from the transaction. The Company must notify the transactions with a company release in three (3) business days from the transaction. In addition, the persons discharging managerial responsibilities in the Company must notify in writing the persons closely associated with them on the emergence of the duty of notification.

According to MAR, the closed period, during which transactions in the Company's financial instruments are prohibited, is 30 calendar days before the announcement of financial report and the year-end report of the issuer and applies to the persons discharging managerial responsibilities. The Company applies the closed period after the end of each calendar quarter until the day after the announcement of the Company's financial report or year-end report (the **"Closed Window"**). The Closed Window shall, however, always include at least 30 calendar days immediately preceding the announcement of the financial report or the year-end report, as the case may be, and the day of publication of such report. In certain special cases the issuer may on a case-by-case basis allow transactions during the Closed Window.

Audit

The main function of the statutory auditing is to verify that the financial statements provide true, accurate and sufficient information on the Company's performance and financial position for the financial year. The Company's financial year is calendar year.

The auditor's responsibility is to audit the correctness of the Company's accounting in the respective financial year and to provide an auditors' report to the General Meeting. In addition, Finnish law requires that the auditor also monitors the lawfulness of the Company's administration. The auditor reports to the Board of Directors at least once a year and quarterly to the Audit Committee. The fees received by the auditor shall be reported to the shareholders of the Company.

According to the Articles of Association, the auditor of the Company shall be an Authorized Public Accountants firm approved by the Patent and Registration Office. The Annual General Meeting elects the auditor and the term of an auditor terminates at the end of the Annual General Meeting following the election. The proposal for the auditor by the Board of Directors shall be included in the notice of the General Meeting. The auditor's fees for 2018 were approximately EUR 113 thousand and fees paid to the auditor for non-audit services in 2018 were approximately EUR 23 thousand.

PricewaterhouseCoopers Oy, a firm of Authorised Public Accountants, was elected as auditor of the Company on March 21, 2018 with Ylva Eriksson, Authorised Public Accountant, being the auditor-in-charge.

Shareholders' Agreements

The Company is not aware of any shareholders' agreements regarding the shares of the Company.

Remuneration Statement 2018

This Remuneration Statement by Verkkokauppa.com Oyj (the “**Company**”) has been prepared in accordance with the Finnish Corporate Governance Code.

Decision-Making Procedure

Board of Directors

The General Meeting resolves annually on the remuneration payable to the Board of Directors as well as the basis for its determination for Board and committee work. The Nomination and Remuneration Committee of the Board of Directors prepares the proposals to the General Meeting relating to the composition of the Board of Directors and the remuneration of the Board of Directors. The recommendation shall be presented after the largest shareholders have been given the opportunity to present views on the composition of the Board.

Chief Executive Officer and Management Team

The Nomination and Remuneration Committee of the Board of Directors prepares the framework for remuneration of the Company’s Chief Executive Officer (the “CEO”) and the management team and the Board of Directors resolves on the remuneration of the CEO. The chairperson of the Board of Directors approves the remuneration and other benefits of the management team operating under the CEO.

Valid authorizations concerning remuneration

The Annual General Meeting the Company held on March 21, 2018 authorized the Board of Directors to decide on the repurchase of a maximum of 4 506 513 shares in one or more instalments, and further authorized the Board of Directors to resolve on a share issue of either new shares or own shares held

by the Company to implement prospective incentive and remuneration schemes. During 2018, the Board of Directors repurchased a total of 82,500 shares and resolved to issue a total of 17,867 shares as part of the annual fee to members of the Board of Directors based on the above authorizations.

Main Principles of Remuneration

Board of Directors

The fees of the members of the Board of Directors consist of an annual fee paid for the Board membership as well as Committee fees paid either as an annual fee or meetings fees. The fees also vary depending on the member’s role as a Chair or member of the Committee and the Board.

In accordance with the resolution of the Annual General Meeting held on March 21, 2018, the remuneration payable to the Board of Directors is as follows:

- EUR 70,000 for the chairman; and
- EUR 35,000 for each member.

Half of the annual fee of the members of the Board of Directors is intended to be paid in shares of the Company after each quarterly release and the remaining part of the annual fee is paid in cash, which is used to cover taxes arising from the fees. The shares given as remuneration to Board members are not subject to any ownership restrictions or lock-up provisions.

The annual fees payable to the members of the committees of the Board of Directors for the term until the close of the Annual General Meeting of Shareholders in 2019 are the following:

- EUR 12,000 for the Chairman of the Audit Committee
- EUR 6,000 for each member of the Audit Committee
- EUR 8,000 for the Chairman of the Nomination and Remuneration Committee
- EUR 4,000 for each member of the Nomination and Remuneration Committee.

No annual fee is paid for the Strategy Committee work, but the Chairman of the Strategy Committee will be paid a meeting fee of EUR 3,000 and each member of the Strategy Committee will be paid a meeting fee of EUR 1,500 for each Strategy Committee meeting they attend. The fees of the committees are paid in cash.

In addition, reasonable accrued travel and lodging expenses as well as other potential costs related to Board and Committee work are compensated.

Chief Executive Officer

The remuneration of the CEO comprises a fixed base salary and fringe benefits (such as rights for company car and phone), an incentive bonus related to the achievement of financial and operational targets as well as a share-based incentive scheme for key employees (see “Short-term and long-term incentives” below). The terms of duty have been agreed upon in writing and the CEO is elected for a term continuing until further notice. According to the agreement, the notice period for the CEO is twelve (12) months. The statutory pension age is applied to the CEO. A 12-month non-compete and non-recruiting obligation are applied to the CEO. The CEO is entitled to a compensation corresponding to his base salary for six (6) months, if he is dismissed by the employer without being in breach of contract. This compensation

corresponding to the 6-month salary is not paid if the CEO resigns on his own initiative.

The Company pays the CEO’s statutory pension insurance premiums. The CEO does not have any additional pension agreements with the Company and there are no other agreements, based on which the CEO would be entitled to any additional benefits at the end of his service contract.

Management Team

The remuneration of the management team consists of a base salary and fringe benefits (such as rights for company car and phone), an incentive bonus related to the achievement of financial and operational targets as well as a share-based incentive scheme for key employees (see “Short-term and long-term incentives” below). The basic salary can consist of hourly wage or monthly wage. Certain management team members are entitled to additional pay in accordance with the collective agreement for commercial sector (FIN: kaupan alan työehtosopimus) for work outside normal working hours.

If the employment relationship of a member of the management team is terminated for a reason not attributable to the Company, a non-compete period of six (6) months is observed as a rule. The member of the management team is entitled to a monthly compensation for such period, corresponding to the average monthly salary paid for normal working hours.

The management team members do not have any additional pension agreements with the Company and there are no other agreements, based on which the members of the management team would be entitled to any additional benefits at the end of their employment relationship.

Short-term and long-term incentives

The variable salary component for the CEO and management team consists of a short-term incentive programme as well as a share-based incentive programme linked to the company's long-term targets.

The short-term incentives ("STI") consist of an annual bonus programme with performance targets. The Board of Directors decides annually on the performance criteria and the determination of the STI based on the proposal of the Nomination and Remuneration Committee. For 2018, the performance targets were based 50 % on the 2018 sales target and 50 % on the 2018 comparable EBITDA target. The Board may also in its absolute discretion resolve on separate one-off compensations (bonus) from time to time.

On May 16, 2018 the Company announced that the Board of Directors of the Company had resolved to launch a share-based incentive scheme for key management consisting of a matching share plan for three matching periods 2018–2020, 2019–2021 and 2020–2022 ("LTI" or "**Matching Share Plan 2018–2020**").

The aim of the plan is to align the objectives of the shareholders and the key employees in order to increase the value of the company in the long-term, to encourage the key employees to personally invest in the company's shares, to retain the key employees at the company, and to offer them a competitive share-based reward plan, which is based on the acquisition, obtaining and accumulation of the Company's shares.

In the Matching Share Plan 2018–2020, the participant receives a fixed amount of matching shares against an investment in Verkkokauppa.com Oyj's shares. The Matching Share Plan 2018–2020 includes three matching periods, calendar years 2018–2020, 2019–2021 and 2020–2022. The Board will resolve annually on the commencement and details of each

matching period. The prerequisite for receiving reward on the basis of this plan is that a person participating in the plan allocates freely transferable company shares held by him or her or acquires company shares up to the number determined by the Board of Directors. Furthermore, the payment of reward is based on the participant's employment or service upon the reward payment.

The rewards from the Matching Share Plan 2018–2020 will be paid partly in the company's shares and partly in cash in 2021, 2022 and 2023. The cash proportion is intended to cover taxes and tax-related costs arising from the reward to the participant. As a rule, no reward will be paid, if a participant's employment or service ends before the reward payment.

In the first matching period, which commenced 2018, the participant receives one matching share for each allocated share, up to a set amount, free of charge after a three-year vesting period, provided that the other conditions stipulated for the receipt of the share-based incentive by the terms of the plan are still satisfied at the time. The rewards to be paid on the basis of the matching period 2018–2020 correspond to the value of an approximate maximum total of 85,000 Verkkokauppa.com Oyj shares (including also the proportion to be paid in cash).

Remuneration Report

Board of Directors

The remuneration paid to the Board of Directors for Board and Committee work and other tasks during 2018 was as follows:

Name	Position	Board and Committee work	Other benefits from the Company	Number of shares obtained as remuneration ¹⁾	Total (EUR)
Christoffer Häggblom	Chairman	69,500	-	5,107	69,500
Robert Burén	Member	29,250	-	2,552	29,250
Mikael Hagman	Member	27,750	19,220 ²⁾	2,552	46,970
Kai Seikku	Member	42,250	-	2,552	42,250
Samuli Seppälä	Member	54,250	514 ³⁾	2,552	54,764
Arja Talma	Member	32,250	-	2,552	32,250
TOTAL		255,250	19,734	17,867	274,984

¹⁾ Value of said shares included in the remuneration for Board and Committee work

²⁾ Remuneration as an advisor of the Company.

³⁾ Remuneration as CEO of the Company until March 22, 2018.

Chief Executive Officer and Management Team

For the financial period 2018, the base salary of the Company's current CEO Panu Porkka was EUR 317,347.83 including fringe benefits as of March 22, 2018. In addition, during the financial period 2018, he received a short-term incentive payout of EUR 90,000. The CEO and the management team is covered by

the Company's short-term incentive programme and share-based incentive programmes. The payout of the incentives under the first matching period of the Matching Share Plan 2018-2020 occurs in 2021.

The remuneration paid to the CEO and the management team in 2018 is stated in the following table:

Remuneration paid during 2018, EUR	CEO Panu Porkka	Other members of the management team (in aggregate) ¹⁾
Basic salary including fringe benefits	317,348	822,316
Incentive bonus	90,000	-
Long-term incentives	-	-
Total	407,348	822,316

¹⁾ Miika Heinonen, Vesa Järveläinen, Seppo Niemelä, Jussi Tallgren and Henrik Weckström. Figure includes the remuneration paid to Tommi Jylhä-Vuorio as well as Timo Halonen, Esa Hjerppe and Markus Pätilä until the establishment of the Extended Management Team.

The total annual salary with fringe benefits of the previous CEO, Samuli Seppälä, amounted to EUR 514.11 until March 22, 2018, and he did not received any other benefits from the Company during 2018 in relation to this position. The remuneration paid to Samuli Seppälä

for Board and Committee work is presented above under "Remuneration Report – Board Directors".

The Board of Directors', CEO's and the management team's holdings of shares are presented in the Corporate Governance Statement 2018.

Board of Directors



Mikael Hagman

CEO and Board member,
Vitvaruexperten.com Nordic AB
Born 1968, DIHM Diploma in Business Administration
Board member since 2014

Shares and share-based rights and corporations over which control is exercised
5,664 shares

Positions of trust
Chairman of the Board, Mikael Hagman AB
Chairman of the Board, Greasy Lake AB

Working experience
CEO, Media-Saturn Holding Sweden AB, 2008–2013
Member of Strategy Committee

Independent of significant shareholders

Kai Seikku

President and CEO,
Okmetec Oy
Executive Vice President
National Silicon Industry Group (Shanghai, China)
Born 1965, M.Sc. (Econ.)
Board member since 2013

Shares and share-based rights and corporations over which control is exercised
117,938 shares

Positions of trust
Member of the Board of Directors, Robit Oy, 2018–
Member of the Board of Directors, Inderes Oy, 2016–

Working experience
CEO, HKScan Corporation, 2005–2009
CEO, Hasan & Partners Oy, 1999–2004
Chairman of Audit Committee
Member of Nomination and Remuneration Committee

Independent of the Company and significant shareholders

Arja Talma

Board professional
Born 1962, M.Sc. (Econ.), eMBA
Board member since 2018

Shares and share-based rights and corporations over which control is exercised
2,552

Positions of trust
Chairman of the Board, Onvest Oy, 2018–
Chairman of the Board, Serena Properties AB, 2016–
Member of the Board of Directors, Chairman of the Audit Committee, Posti Group Corporation, 2016–
Member of the Board of Directors, Chairman of the Audit Committee, Metso Corporation, 2016–
Member of the Board of Directors, Aktia Bank Abp, 2013–
Chairman of the Audit Committee 2017–, Vice Chairman of the Board 2018–

Working experience
Senior Vice President, Store Sites and Investments, Kesko Corporation, 2013–2015
President and CEO, Rautakesko Ltd, 2011–2013
Senior Vice President, Chief Financial Officer (CFO), Kesko Corporation, 2005–2011
Vice President, Corporate Controller, Kesko Corporation, 2004–2005
Executive Vice President, Oy Radiolinja Ab, 2001–2003
Partner, APA, Auditor, KPMG Wideri Oy Ab, 1987–2001
Member of Audit Committee

Independent of the Company and significant shareholders

Christoffer Häggblom

Managing Partner,
Rite Internet Ventures Holding AB
Born 1981, M.Sc. (Econ.)
Board member since 2009

Shares and share-based rights and corporations over which control is exercised
5,107 shares

In addition, ownership through Rite Internet Ventures Holding AB, which owns indirectly 2,172,576 shares in total.
Positions of trust
Chairman of the Board of Directors, Qliro Group AB, 2018–,
Member of the Board (including subsidiaries), 2017–
Member of the Board of Directors, Lemonsoft Oy, 2016–
Member of the Board of Directors, Acervo AB, 2013–
Member of the Board of Directors, Rite Internet Ventures Holding AB, (including subsidiaries), 2007–

Working experience
Founder and Managing Partner of Rite Internet Ventures Holding AB, 2007–
Chairman of Nomination and Remuneration Committee
Member of Audit Committee
Member of Strategy Committee

Independent of the Company and significant shareholders

Samuli Seppälä

Consultant
Born 1975, High school graduate
Board member since 1998

Shares and share-based rights and corporations over which control is exercised
22,285,048 shares

Positions of trust
Member of the Board of Directors, F. Sergejeffin Olut-tehdas Osakeyhtiö 2014–

Working experience
Founder, CEO and Purchasing Director, Verkkokauppa.com Oy, 1992–2018
Chairman of Strategy Committee
Member of Audit Committee
Member of Nomination and Remuneration Committee

Robert Buren

Consultant
Born 1970, MSc studies, Computer Science and Technology
Board member since 2017

Shares and share-based rights and corporations over which control is exercised
8,552 shares

Positions of trust
Member of the Board of Directors, Qliro AB, 2018–
Member of the Board of Directors, Gaming Innovation Group, 2018–
Member of the Board of Directors, Eaton Gate Gaming Ltd, 2016–
Member of the Board of Directors, Bredband2 i Skandinavien AB, 2014–
Member of the Board of Directors, Cygni AB, 2006–

Working experience
CIO, Bisnode, 2016–2017
CIO, SBAB Bank, 2015
CTO, Unibet, 2011–2015
Member of Strategy Committee
Independent of the Company and significant shareholders

Management team



Henrik Weckström

CTO,
Verkkokauppa.com Oyj
Born 1976, M.Sc. (Tech.)
Member of the management
team since 2008

**Shares and share-based rights
and corporations over which
control is exercised**
10,824 shares

Working experience
CIO, Verkkokauppa.com Oyj, 2000–2015

Vesa Järveläinen

Commercial Director,
Verkkokauppa.com Oyj
Born 1983, High school graduate
Member of the management
team since 2017

**Shares and share-based rights
and corporations over which
control is exercised**
10,000

Working experience
Purchasing Director,
Verkkokauppa.com Oyj, 2018
Vice Purchasing Director,
Verkkokauppa.com Oyj, 2015–2017
Purchasing Manager,
Verkkokauppa.com Oyj, 2010–2015

Miika Heinonen

Logistics Director,
Verkkokauppa.com Oyj
Born 1976, BBA
Member of the management
team since 2011

**Shares and share-based rights
and corporations over which
control is exercised**
8,583

Working experience
Warehouse Manager,
Verkkokauppa.com Oyj, 2005–2011

Panu Porkka

CEO,
Verkkokauppa.com Oyj
Born 1977, Studies at commerce
Member of the management
team since 2018

**Shares and share-based rights
and corporations over which
control is exercised**
45,000 shares

Working experience
CEO, Suomalainen kirjakauppa 2017–2018
Sales director, Tokmanni, 2013–2016

Jussi Tallgren

CFO,
Verkkokauppa.com Oyj
Born 1966, M.Sc. (Econ.)
Member of the management
team since 2012

**Shares and share-based rights
and corporations over which
control is exercised**
38,100 shares

Working experience
CFO, Veikon Kone Oy, 2009–2012

Seppo Niemelä

**Director of Marketing
and Communications**
Verkkokauppa.com Oyj
Born 1981, M.Sc. Engineering
Member of the management
team since 2018

**Shares and share-based rights
and corporations over which
control is exercised**
10,000 shares

Working experience
Head of marketing and campaign,
Lidl Finland 2013–2018