
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 Growth Market 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 2020 adopted 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.

Company structure

Verkkokauppa.com Oyj, domiciled in Helsinki, Finland is the sole operating company and it has no subsidiaries. During 2019, the Company dissolved its dormant subsidiary, Arctecho Oü located in Estonia.

The Company’s governance is organised through the General Meeting, the Board of Directors (the “**Board**”), and the Chief Executive Officer (the “**CEO**”).

Further, the Company has a management team led by the CEO. The Company has one reporting segment.

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.

Usually General Meetings handle the matters placed on its agenda by the Board and its committees. According to the Finnish Companies Act, shareholders may also request the Company’s Board to place a matter on the agenda of the next General Meeting. The Company states well in advance on its website investors.verkkokauppa.com/en the date by which a shareholder must declare his or her demands for matters to be dealt with at the Annual General Meeting.

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

- Adoption of the financial statements;
- Decision on the use of profit, such as dividends;
- Decisions on the number, election and remuneration of members of the Board;
- Discharging the members of the Board and the CEO from liability;
- Election of the Auditor and the decision on the Auditor’s remuneration; and
- Other proposals made by the Board or a shareholder, such as:
 - Amendments to the Articles of Association; and

- Special authorizations to the Board (e.g. authorization to decide on payment of an additional dividend, on a share issue or on the repurchase of the company’s own shares)

At the General Meeting, the decisions are primarily made by a simple majority vote. The CEO, the chairperson and the members of the Board 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 shall participate in the General Meeting that decides on his or her election.

A notice of the General Meeting is published as a company release three weeks to three months before the General Meeting. The agenda, decision-making proposals and other meeting documents are available afterwards at investors.verkkokauppa.com/en.

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.

Board of Directors

The Board oversees the management and operations of the Company. It also decides on significant matters related to strategy, investments, organization and finances.

The Board has two committees that report to the Board: the Audit Committee and Nomination and Remuneration Committee. The Board elects the members of these committees from among the Board members at its constitutive meeting after the Annual General Meeting. The Board has confirmed written charters for both committees.

Composition and term

Under the Articles of Association, the Board consists of at least four (4) and at most eight (8) members. The members of the Board are elected by the Annual General Meeting of the shareholders and the term of office of the members of the Board 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. However, the General Meeting may take into account all recommendations stipulated by the CG Code regarding the composition of the Board, especially with regards to meeting the independence and other requirements applicable to the companies listed on a regulated market or on a multilateral trading facility in Finland. The Board elects one of its members as the chairperson of the Board and may elect a deputy chairperson.

Current composition of the Board of Directors

The Board consists of the following six (6) members elected at the Annual General Meeting held March 28, 2019 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, convened after the Annual General Meeting, **Christoffer Häggblom** was elected as the Chairman of the Board.

Based on the evaluation of independence, the Board concluded that **Christoffer Häggblom, Robert Burén, Mikael Hagman, Kai Seikku** and **Arja Talma** are all independent of the Company and its significant shareholders. Samuli Seppälä is neither independent of the Company nor of its significant shareholder as he has been the CEO of the Company in the last three years and he himself is a significant shareholder of the Company.

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

Duties of the Board of Directors

The duties of the Company’s Board are set forth in the Companies Act and other applicable legislation. The Board 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;
- 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.

Duties of the Board Committees

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. During 2019, the Audit Committee has consisted of **Kai Seikku** (Chairman), **Arja Talma** (Vice chairman as of March 28, 2019), **Christoffer Häggblom** and **Samuli Seppälä**. 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 CEO and the other senior members of executive management. During 2019, the Nomination and Remuneration Committee 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.

During 2019, the Board discontinued the Strategy Committee.

Participations in Board and Committee meetings 2019

Name	Position	Board	Audit Committee	Nomination and Remuneration Committee
Christoffer Häggblom	Chair, Chair of Nomination and Remuneration Committee	21 / 21	5 / 5	3 / 3
Robert Burén	Member	21 / 21	-	-
Mikael Hagman	Member	21 / 21	-	-
Kai Seikku	Member, Chair of Audit Committee	18 / 21	3 / 5	3 / 3
Samuli Seppälä	Member	21 / 21	5 / 5	3 / 3
Arja Talma	Member, Vice Chair of Audit Committee	20 / 21	5 / 5	-

The Board held 21 meetings during 2019 (2018: 21 meetings). The average ratio of attendance at the meetings was 97 percent (2018:96 percent). In addition to the duties specified in the Board’s charter, in 2019, the Board focused on improvements in the financial reporting process and on the effective implementation of the strategy. In addition to the duties specified in the charter, the Nomination and Remuneration Committee’s work was linked to the preparation of the remuneration policy to be presented at the Annual General Meeting 2020, as well as to the development of long-term incentive structures. The Audit Committee focused on financial reporting process as well as the development of risk management procedures.

Decision-making

Meetings of the Board are convened by its chairperson. The Board constitutes a quorum when more than half of the members are present at the meeting. When votes are cast, the majority opinion will be the Board’s decision and, in the case of a tie, the chairperson will have the casting vote.

The Board 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 is disqualified from participating in the handling of a matter pertaining to a contract or other transaction between the member of the Board 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 may not participate in the handling of a matter if the member of the Board is involved in the matter under assessment in another capacity.

Meeting practice

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

The secretary of the Board is **Robert Tallberg**.

The Board 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 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 have a broad expertise from different fields and business areas. The diversity of the Board 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, the requirements placed by the Company’s strategy, operations and development phase as well as the sufficient diversity of the Board are taken into account. The diversity of the Board 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 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 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 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.

Principles concerning related party transactions

The Board has adopted the principles concerning related party transactions. In accordance with the principles, the Audit Committee of the Board is tasked with monitoring and supervising the Company’s policies for related party transactions. The Audit Committee monitors and assess how agreements and other legal acts between the Company and its related parties meet the requirements of ordinary activities and arm’s-length terms. The Audit Committee also reviews the reporting of related party transactions in the financial statements and reports to the Board on regular basis. The Board maintains a list of the Company’s related parties.

In accordance with the principles, the management team member in charge of the transaction in the Company’s operations has the responsibility to, in advance, investigate, assess and identify whether the transaction in question is potentially a related party transaction. Given the Company’s business model in the retail sector, the nature of its day-to-day operations and use of standardized general terms and conditions, the related party transactions mainly apply to the procurement of services or potentially significant one-time offers or tender processes. The Company estimates that related party transactions, which would be outside the ordinary course of business or made on other than arm’s length basis are fairly infrequent and limited in extent.

Should the management team member or other individual involved identify a transaction to be made with a related party or have reason to believe that the transaction is to be made with a related party, such management team member or other individual involved should escalate the matter to the Board secretary. The Board secretary assists the person to evaluate the nature and materiality of the transaction as well as to assess whether the transaction warrants a decision by the Board. The Audit Committee prepares such matters concerning related party transactions for the Board decision.

Management team

Management team members during 2019

Name	Position	Time period
Panu Porkka	CEO	January 1 – December 31, 2019
Mikko Forsell	CFO	September 2 – December 31, 2019
Miika Heinonen	Logistics Director	January 1 – December 31, 2019
Vesa Järveläinen	Commercial Director	January 1 – December 31, 2019
Kalle Koutajoki	Chief Sales Officer	February 25 – December 31, 2019
Seppo Niemelä	Marketing and Communications Director	January 1 – December 31, 2019
Taina Suorsa	HR Director	January 1 – December 31, 2019
Jussi Tallgren	CFO	January 1 – August 20, 2019
Henrik Weckström	CTO	January 1 – December 31, 2019

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. The management team assists the CEO in running the Company. The management team members prepare matters that are to be put before the Board 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 CEO can be found on the spread “Management team”.

Chief Executive Officer

The CEO is responsible for the day-to-day management of the Company in accordance with the instructions and guidance given by the Board 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 CEO primarily presents the matters handled in meetings of the Board and is responsible for preparing draft resolutions. The Board elects the CEO and decides on the remuneration of the CEO and on other terms of the CEO contract.

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, 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 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. 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 has approved 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 decides on the Company's risk management policy, which defines the framework and principles for the risk management. 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 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 Growth Market of Nasdaq Helsinki, shall have entered into an agreement with a certified adviser. The certified adviser of Verkkokauppa.com is Nordea Bank Oyj.

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

The Board 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 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 **Robert Tallberg**, Legal counsel, as the insider officer.

The Market Abuse Regulation (MAR), which entered into force on July 3, 2016, includes 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.

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 reports to the Board 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 shall be included in the notice of the General Meeting. The auditor's fees for 2019 were approximately EUR 94 thousand (2018: 113 thousand) and fees paid to the auditor for non-audit services in 2019 were approximately EUR 24 thousand (2018: 23 thousand).

PricewaterhouseCoopers Oy, a firm of Authorised Public Accountants, has acted as the auditor of the Company since 2016 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 2019

This Remuneration Statement by Verkkokauppa.com Oyj (the “**Company**”) has been prepared in accordance with the Finnish Corporate Governance Code 2015.

Board of Director’s Nomination and Remuneration Committee will present the remuneration policy of the governing bodies to the Annual General Meeting of the Company to be held March 31, 2020 for an advisory resolution of approval. The remuneration policy defines the principles and decision-making processes for the remuneration of the company’s governing bodies, i.e. the board of directors as well as the managing director and possible deputy managing director. In addition, the agenda of the Annual General Meeting to be held March 31, 2020 includes the establishment of the shareholders’ nomination board and the approval of the charter of the shareholders’ nomination board.

For the year 2020, the Company will prepare a remuneration report in accordance with the Corporate Governance Code 2020 for the annual general meeting.

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. The Board of Directors resolves on the remuneration and other benefits of the CEO and the management team operating under the CEO, based on the recommendation by the Nomination and Remuneration Committee.

Valid authorizations concerning remuneration

The Annual General Meeting the Company held on March 28, 2019 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 2019, the Board of Directors repurchased a total of 52,000 shares and resolved to issue a total of 35 337 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 28, 2019, 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 2020 are the following:

- EUR 12,000 for the Chairman of the Audit Committee
- EUR 10,000 for the Vice 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.

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 comprises 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 program 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 2019, the performance targets were based 75% on the 2019 sales target and 25% on the 2019 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).

In the second matching period, which commenced 2019, 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 2019–2021 correspond to the value of an approximate maximum total of 45,000 Verkkokauppa.com Oyj shares (including also the proportion to be paid in cash).

On February 13, 2020, the Company announced a performance matching share plan for the CEO and each of the members of the management team that would span the calendar years 2020–2022. Due to this, the third Matching Period 2020–2022 of the Matching Share Plan 2018–2020 will not be implemented, and the second matching period will thus remain the final matching period of the said Matching Share Plan.

Remuneration Report

Board of Directors

The remuneration paid to the Board of Directors for Board and Committee work and other tasks during 2019 (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	84,000 (69,500)	-	10,097 (5,107)	84,000 (69,500)
Robert Burén	Member	35,000 (29,250)	-	5,048 (2,552)	35,000 (29,250)
Mikael Hagman	Member	35,000 (27,750)	- (19,220 ²⁾)	5,048 (2,552)	35,000 (46,970)
Kai Seikku	Member	51,000 (42,250)	-	5,048 (2,552)	51,000 (42,250)
Samuli Seppälä	Member	45,000 (54,250)	- (514 ³⁾)	5,048 (2,552)	45,000 (54,764)
Arja Talma	Member	45,000 (32,250)	-	5,048 (2,552)	45,000 (32,250)
Total		295,000 (255,250)	- (19,734)	35,337 (17,867)	295,000 (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 2019, the base salary of the Company’s CEO **Panu Porkka** was EUR 419,389.63 including fringe benefits (As of March 22, 2018 EUR 317,347.83). In addition, during the financial period 2019, he received a short-term incentive payout of EUR 109,320 (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 2019 (2018 in brackets) is detailed in the following table:

Remuneration paid during 2019, EUR	CEO Panu Porkka	Other members of the management team (in aggregate) ¹⁾
Basic salary including fringe benefits	419,390 (317,348)	1,227,423 (822,316 ²⁾)
Incentive bonus	109,320 (90,000)	30,154 (-)
Long-term incentives	-	-
Total	519,710 (407,348)	1,257,578 (822,316)

¹⁾ Mikko Forsell, Miika Heinonen, Vesa Järveläinen, Kalle Koutajoki, Seppo Niemelä, Taina Suorsa and Henrik Weckström. Figure includes the remuneration paid to Jussi Tallgren during 2019.
²⁾ 2018 figure also includes 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 Board of Directors’, CEO’s and the management team’s holdings of shares are presented in the Corporate Governance Statement 2019.

Board of Directors

Christoffer Häggblom
Chair of the Board



Robert Burén
Board Member



Mikael Hagman
Board Member



Kai Seikku
Board Member



Samuli Seppälä
Board Member



Arja Talma
Board Member



Board of Directors

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

15,204 shares

In addition, ownership through Rite Internet Ventures Holding AB, which owns indirectly 2,172,576 shares

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

Independent of the Company and significant shareholders

Robert Burén

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

13,600 shares

Positions of trust

Member of the Board of Directors, Gaming Innovation Group, 2018–

Member of the Board of Directors, Eaton Gate Gaming Ltd, 2016–2020

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

Independent of the Company and significant shareholders

Mikael Hagman

CEO and Board member

Vitvaruexpernten.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

10,712 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

Independent of the Company and significant shareholders

Kai Seikku

President and CEO

Okmetic Oyj

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

122,986 shares

Positions of trust

Member of the Board of Directors, Robit Oyj, 2018–

Member of the Board of Directors, Inderes Oy, 2016–

Member of the Board of Directors, Soitec S.A., 2019–

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

Samuli Seppälä

Consultant

Born 1975, High school graduate

Board member since 1998

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

22,110,096 shares

Positions of trust

Member of the Board of F. Sergejeffin Olut-tehdas Osakeyhtiö 2014–

Working experience

Founder, CEO, Verkkokauppa.com Oyj, 1992–2018

Member of Audit Committee

Member of Nomination and Remuneration Committee

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

7,600 shares

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

Vice chair of the Audit Committee

Independent of the Company and significant shareholders

Management team

Panu Porkka
Chair



Mikko Forsell



Miika Heinonen



Vesa Järveläinen



Kalle Koutajoki



Seppo Niemelä



Taina Suorsa



Henrik Weckström



Management Team

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
60,000 shares

Positions of trust
Member of the Board of Directors, Solteq Plc, 2019–

Working experience
CEO, Suomalainen Kirjakauppa 2017–2018
Sales director, Tokmanni 2013–2016
COO, Lidl Switzerland 2009–2010

Kalle Koutajoki

Chief Sales Officer
Verkkokauppa.com Oyj
Born 1976, M.Sc. Engineering
Member of the management team since 2019

Shares and share-based rights and corporations over which control is exercised
5,000 shares

Working experience
CEO and Founder, Digital Goodie 2009–2019
Vice President and managing director, eCommerce, Wayfinder 2007–2009
Vice President, Product marketing and Operations, Navicore 2005–2007

Mikko Forsell

CFO
Verkkokauppa.com Oyj
Born 1974, M.Sc. (Econ), M.Sc. Engineering
Member of the management team since 2019

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

Working experience
CFO, HKScan Oyj, 2018–2019
CFO, Metsä Tissue Oyj (Metsä Group), 2014–2017
Vice President Purchasing, Metsä Tissue Oyj (Metsä Group), 2012–2013
Vice President Finance projects, Metsä Tissue Oyj (Metsä Group), 2009–2012
Group Controller, Metsä Tissue Oyj (Metsä Group), 2005–2009

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
14,967 shares

Working experience
Head of marketing and campaign, Lidl Finland 2013–2018
Advertising manager, Lidl Finland 2011–2013
Purchasing manager, Lidl Finland 2006–2011

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
13,971 shares

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

Taina Suorsa

HR Director
Verkkokauppa.com Oyj
1977, M.Sc. Agriculture and Forestry
Member of the management team since 2019

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

Working experience
HR manager, Verkkokauppa.com 2014–2018
HR manager, Suur-Seudun Osuuskauppa SSO 2011–2014
Development manager, Suur-Seudun Osuuskauppa SSO 2008–2011

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
15,000 shares

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

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
15,000 shares

Working experience
CIO, Verkkokauppa.com Oyj, 1999–