

Verkkokauppa.com Oyj Remuneration Report 2020

This Remuneration Report (“**Remuneration Report**”) sets out how Verkkokauppa.com Oyj (“**Verkkokauppa.com**” or “**Company**”) has implemented its Remuneration Policy in the financial year 2020. The Remuneration Report provides information concerning the remuneration of the Company’s Board of Directors (“**Board**”) and CEO (“**CEO**”) between 1 January 2020 and 31 December 2020. The Remuneration Report has been prepared in accordance with the requirements of the Shareholders’ Rights Directive (EU 2017/828). In Finland, the requirements of the Directive have mainly been implemented in the Limited Liability Companies Act (624/2006, as amended), the Securities Markets Act (746/2012, as amended), the Decree of the Ministry of Finance (608/2019) and the Finnish Corporate Governance Code 2020.

The Board’s Remuneration Committee has prepared the Remuneration Report for review by the Board, and the Board has approved it for submission to the General Meeting. The shareholders will make an advisory decision on the approval of the Remuneration Report at the Annual General Meeting 2021.

Introduction

Overview of Remuneration in the Financial Year 2020

The remuneration of the Verkkokauppa.com governing bodies is based on the Company’s Remuneration Policy (“**Remuneration Policy**”) that was presented for an advisory decision at the Annual General Meeting held on 31 March 2020. In the financial year 2020, the Company’s remuneration decision-making process as defined in the Remuneration Policy has been followed in the decision-making related to the Verkkokauppa.com remuneration. The Board has not applied the

possibility to deviate from the Remuneration Policy temporarily during 2020 and the Board has not identified a need to apply clawback conditions to variable remuneration paid.

The remuneration applied in accordance with the current Remuneration Policy in 2020 has supported the Company’s long-term financial success and shareholder value creation. The CEO’s overall earning opportunity has been set to be competitive, and the performance-based short-term and long-term incentive plans have emphasized the importance of strong operative and financial performance as well as shareholder value creation in the CEO’s remuneration. In addition, the long-term incentive plan has strongly promoted the alignment of the CEO’s and shareholders’ interests.

In 2020, Verkkokauppa.com had long-term and short-term incentive plans in place for the CEO. Under the long-term Incentive plan, the matching periods 2018–2020 and 2019–2021 of the Matching Share Plan 2018–2020 as well as the new Performance Matching Share Plan 2020–2022 decided by the Board on 13 February 2020 were in place in 2020. In the new Performance Matching Share Plan, the reward is based on the Company’s total shareholder return (TSR), including dividends. Both Matching Share Plans are based on the participants’ own investment in the Verkkokauppa.com share and on matching shares earnable against the own investment. The features of long-term incentive plans are described in more detail in the section “*CEO Remuneration*” on page 63.

In 2020, the short-term incentive’s focus was on improved profitability and growth, and the CEO’s performance criteria were set to 25% revenue growth and 75% improvement in profitability. The CEO achieved and in part exceeded the maximum targets set by the Board, and thus earned the maximum remuneration

set on him for the short-term incentive, i.e. a reward equivalent to four (4) months’ fixed salary. Application of the performance criteria and rewards payable for the reportable financial year are described in more detail in the section “*CEO Remuneration*” on the page 63.

Development of Financial Performance and Remuneration in Verkkokauppa.com

Development of Financial Performance in 2016–2020

In 2016–2020, Verkkokauppa.com has grown significantly; the revenue as a whole has increased by more than 49%, meaning the annual growth has averaged 10.5%. The operating profit (EBIT) has grown even stronger over the same period, as a whole by more than 55%, or an average of 11.6%.

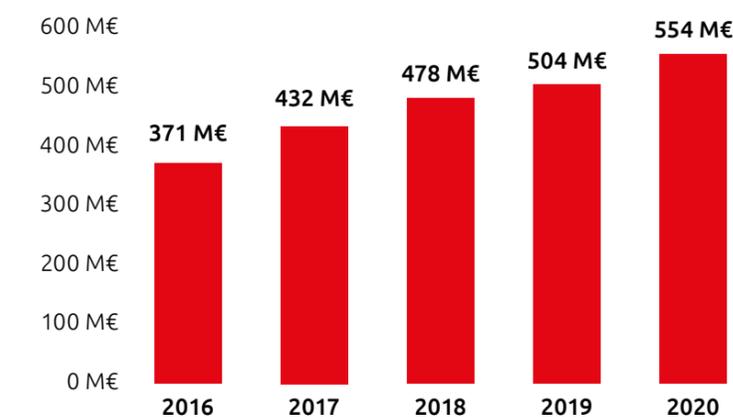
As the revenue has grown relatively steadily, the operating profit (EBIT) has reflected the rigorous competitive environment that prevailed. The operating profit (EBIT) increased significantly in 2020, in part due to strong demand in the online sales channel resulting from the COVID-19 pandemic and a focus on profitability alongside growth. The emphasis on profitability is also reflected in the CEO’s short-term incentive performance criteria, as described on page 64.

Including dividends, the return generated to shareholders in 2016–2020 has totaled approximately 15%.

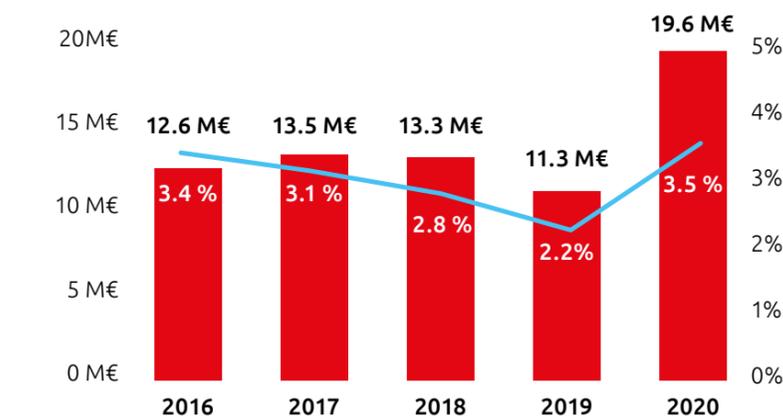
Share price development 2016–2020 Dividends per share 2016–2020 0,91€ in total



Revenue



Comparable operating profit



In the graphs the figures for FY 2016 follow Finnish Accounting Standards (FAS). The IFRS figures for FY 2017 are unaudited.

Development of Remuneration in 2016–2020

Remuneration paid to the CEO, in euros

	2016	2017	2018	2019	2020
Samuli Seppälä (until 22 March 2018)					
Fixed base salary + fringe benefits	8,916	2,270	514		
Short-term incentive					
Long-term incentive					
Total remuneration	8,916	2,270	514		
Panu Porkka (as of 22 March 2018)					
Fixed base salary + fringe benefits			317,348	419,390	454,068
Short-term incentive			90,000	109,320	0
Long-term incentive					
Total remuneration			407,348	528,710	454,068

Development

Fixed base salary + benefits		-75%	13,903 %	32%	8%
Total remuneration		-75%	17,867%	30%	-14%

Board annual fees

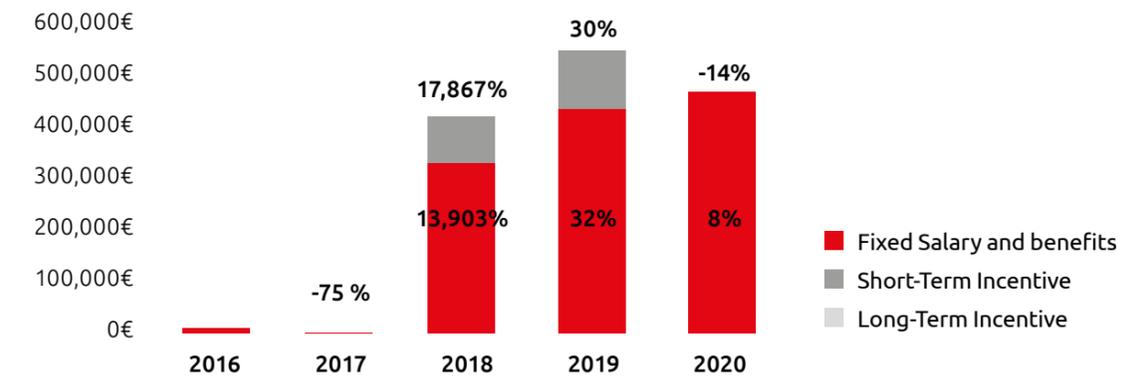
	2016	2017	2018	2019	2020
Chairperson	40,000	40,000	70,000	70,000	70,000
Development from previous year		0%	75%	0%	0%
Member	20,000	20,000	35,000	35,000	35,000
Development from previous year		0%	75%	0%	0%

Average employee remuneration

	2016	2017	2018	2019	2020
Average annual salary development		2.5%	4.0%	2.6%	5.3%

Average employee remuneration is calculated based on the average number of employees as part of the salaries recorded in the income statement. Commercial sector's collective agreement is applied to e.g. employees working in stores and logistics operations.

Remuneration Paid to the CEO by Elements



CEO Samuli Seppälä waived his cash salary from 1 January 2016 to 31 December 2016 and from 1 January 2017 to 31 December 2017. The portion of cash salary for the period from 1 January 2016 to 30 September 2017 was distributed the Company's employees.

Board Remuneration in 2020

Remuneration paid to Verkkokauppa.com Board members during 1 January 2020 – 31 December 2020

(Remuneration paid during 1 January 2019 – 31 December 2019 in brackets)

Member	Committee Membership	Board Annual Fee in Total	Portion of Annual Fee paid in Shares (Number of Shares)	Committee Fee €	Other Fees €	Total €
Christoffer Häggblom, Chairperson	Chairperson of Remuneration Committee Member of Audit Committee	70,000 (70,000)	8,024 (10,097)	14,000 (14,000)	-	84,000 (84,000)
Robert Burén		35,000 (35,000)	4,012 (5,048)	-	-	35,000 (35,000)
Mikael Hagman (until 4 January 2021)		35,000 (35,000)	4,012 (5,048)	-	-	35,000 (35,000)
Kai Seikku	Chairperson of Audit Committee Member of Remuneration Committee	35,000 (35,000)	4,012 (5,048)	16,000 (16,000)	-	51,000 (51,000)
Samuli Seppälä	Member of Audit Committee Member of Remuneration Committee	35,000 (35,000)	1,246 (5,048)	10,000 (10,000)	-	45,000 (45,000)
Arja Talma	Vice Chairperson of Audit Committee	35,000 (35,000)	4,012 (5,048)	10,000 (10,000)	-	45,000 (45,000)

In accordance with the decision of the Annual General Meeting held on 31 March 2020, the remuneration payable to Verkkokauppa.com Board members is the following:

- Chairperson, Annual fee, 70,000 euros
- Member, Annual fee, 35,000 euros

Half of the annual fees of the Board members is intended to be paid in the Company's shares 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 delivered as remuneration to the Board members are not subject to any ownership or transfer restrictions.

Annual fees for the members of the Board Committees for the term ending at the close of the Annual General Meeting 2021 are the following:

- Chairperson of Audit Committee, 12,000 euros
- Vice Chairperson of Audit Committee, 10,000 euros
- Each member of Audit Committee, 6,000 euros
- Chairperson of Remuneration Committee, 8,000 euros
- Each member of Remuneration Committee, 4,000 euros

Committee fees 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.

CEO Remuneration in 2020

Application of Performance Criteria and payable Rewards

In 2020, The CEO of Verkkokauppa.com had a performance-based short-term incentive and a long-term performance matching share plan 2020–2022 launched on 13 February 2020 in place. The aim of the short-term incentive is to guide towards achieving short-term financial and operative targets and to award for the achievements in accordance with the Company's business strategy. The aim of the long-term incentive plan is to award for the achievement of strategic and financial targets and for the long-term shareholder value creation, to align the interests of the CEO and the Company's shareholders as well as to accumulate the CEO's ownership in the Company in accordance with the share ownership guidance.

In 2020, the performance criteria for the short-term incentive plan were based on the revenue growth of 25% and on the comparable operating profit (EBIT) growth of 75%. The maximum CEO remuneration under the short-term incentive plan in the financial year 2020 was equivalent to four (4) months' fixed salary. The targets set by the Board for the financial year 2020 were achieved at 100%, and the reward earned by the CEO for the financial year was 120,000 euros. The reward will be paid in spring 2021.

On 13 February 2020, the Board launched a new share-based long-term incentive plan, the Performance Matching Share Plan 2020–2022. The Performance Matching Share Plan is based on the own investment in the Verkkokauppa.com share and on matching shares earnable against the own investment. The number of matching share earnable based on this plan is based on the Company's total shareholder return (TSR) in 2020–2022. The reward earned based on this plan will be confirmed and paid in spring 2023.

Share-based incentive plans in place in the financial year 2020

During the financial year 2020, the matching periods 2018–2020 and 2019–2021 of the Matching Share Plan 2018–2020 launched by the Board on 16 May 2018, as well as the Performance Matching Share Plan 2020–2022 launched by the Board on 13 February 2020 were in place.

Under the Matching Share Plan 2018–2020, a certain number of matching shares are delivered to the participant against their own investment in Verkkokauppa.com shares. This plan consists of 3 matching periods, calendar years 2018–2020, 2019–2021 and 2020–2022. On 13 February 2020, the Board decided that the plan's last matching period does not begin but is replaced by the new Performance Matching Share Plan 2020–2022.

In the Matching Share Plan 2018–2020, the prerequisite for receiving reward is that a person participating in the plan allocates freely transferable Company's shares they own to the plan or acquires the Company's shares up to the number confirmed by the Board. In addition, the reward payment is based on the participant's valid employment or service at the time of the reward payment. The rewards are paid partly in the Company's shares and partly in cash. The cash portion is intended to cover taxes and tax-related cost arising from the reward to the participant. As a rule, no reward will be paid, if the participant's employment or service terminates before the reward payment.

For the first matching period that began in 2018, the participant receives 1 free matching share for each share allocated to the plan after a three-year matching period, provided that the conditions defined in the terms and conditions of the plan for the receipt of the matching share are met at that time. The CEO fulfilled the set conditions at 100% during the matching period, and a gross reward worth 10,000 Company shares, including the cash portion, will be paid to the CEO in spring 2021.

For the second matching period that began in 2019, the participant receives 1 free matching share for each share allocated to the plan after a three-year

matching period, provided that the conditions defined in the terms and conditions of the plan for the receipt of the matching share are met at that time.

In the Performance Matching Share Plan 2020–2022, the prerequisite for participating and receiving reward is that a person participating in the plan allocates freely transferable Company's shares they own to the plan or acquires the Company's shares up to the number confirmed by the Board. In addition, the reward payment is based on the participant's valid employment or service at the time of the reward payment. The rewards are paid partly in the Company's shares and partly in cash. The cash portion is intended

to cover taxes and tax-related cost arising from the reward to the participant. As a rule, no reward will be paid, if the participant's employment or service terminates before the reward payment.

In the Performance Matching Share Plan 2020–2022, the participant has a possibility to earn 1–3 matching shares for each share allocated to the plan up to a certain number of shares after a three-year matching period. The number of earnable matching shares is based on the Company's total shareholder return (TSR) in 2020–2022.

Overview of share-based incentive plans in place for the CEO in the financial year 2020

Plan	Board decision on the plan	Share price on the decision date	Performance criteria	Maximum reward as a number of gross shares	Reward outcome, % of maximum level	Reward earned, as a number of gross shares	Reward payment date	Net shares paid	Share price on the payment date
Matching Share Plan 2018–2020	16 May 2018	5.980 €	Personal investment and continuing share ownership	10,000	100%	10,000	March 2021	–	–
Matching Share Plan 2019–2021	21 December 2018	4.157 €	Personal investment and continuing share ownership	10,000	To be confirmed in spring 2022	To be confirmed in spring 2022	Spring 2022	–	–
Performance Matching Share Plan 2020–2022	13 February 2020	4.064 €	Personal investment, continuing share ownership and TSR	120,000	To be confirmed in spring 2023	To be confirmed in spring 2023	Spring 2023	–	–

Remuneration paid to CEO in financial year 2020

Fixed base salary + fringe benefits	Short-term incentive ¹	Long-term incentive ²	Total remuneration paid 2020
454,068 €	0 €	-	454,068 €

¹ Based on the financial year 2019 performance, no short-term incentive, which would have been paid in 2020, was earned.

² No rewards payable based on long-term incentives in 2020.

Structure of Remuneration Paid to the CEO in 2020



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 which are traded on the official list of Nasdaq Helsinki Ltd. (“**Nasdaq Helsinki**”). Verkkokauppa.com adheres to the corporate governance principles and complies in all its activities with the relevant laws and regulations and implements the corporate governance recommendations. Verkkokauppa.com’s governance is subject to the Company’s Articles of Association and the laws of Finland, in particular the Companies Act, the Accounting Act, securities markets legislation, as well as other regulations and provisions related to the governance of a public limited liability company. Furthermore, Verkkokauppa.com’s operations are guided by the Company’s values, its Code of Conduct and its policies and internal operating guidelines.

In addition, Verkkokauppa.com also complies with the Corporate Governance Code 2020 adopted by the Securities Market Association (the “**CG Code**”). If the Company in the future departs from any of the recommendations of the CG Code, it shall disclose the departure and provide reasons therefor. The Corporate Governance Code is available online at www.cgfinland.fi.

The Company’s Corporate Governance Statement is available on the Company’s website <https://investors.verkkokauppa.com/en/governance>.

Company structure

Verkkokauppa.com Oyj, domiciled in Helsinki, Finland is the sole operating company and it has no subsidiaries.

The Company’s governance is organised through the General Meeting, the Shareholders’ Nomination Board, 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 as well as the Shareholders’ Nomination Board. Shareholders may also, in accordance with the Finnish Companies Act, 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 stock exchange release three weeks to three months before the General Meeting. The agenda, decision-making proposals and other meeting documents are subsequently available at investors.verkkokauppa.com/en.

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. Each share entitles its holder to one vote. Instructions for participation by nominee registered shareholders are available in the notice of the General Meeting.

Shareholders’ nomination board

The Annual General Meeting of the Company resolved on 31 March 2020 that a shareholders’ nomination board consisting of the Company’s major shareholders or persons appointed by such shareholders be

established for the purpose of preparing, annually and otherwise when appropriate, proposals concerning the composition of the Board and the election and remuneration of the members of the Board (the “**Nomination Board**”). The Nomination Board operates and its charter applies until otherwise decided by the General Meeting.

The Nomination Board consists of four members, three of whom represent the three largest shareholders of the Company and who hold the largest number of votes in the Company on the last banking day in May preceding the next Annual General Meeting. The Board Chair acts as the fourth member of the Nomination Board of the shareholders.

The duties of the Nomination Board include:

- to prepare and present to the General Meeting a proposal on the remuneration of the members of the Board and the Board committees, in accordance with the remuneration policy;
- to prepare and present to the General Meeting a proposal on the number of the members of the Board;
- to prepare and present to the General Meeting, in consideration of the Company’s diversity policy, a proposal on the members of the Board; and
- to seek for prospective successors for the members of the Board.

The Nomination Board convenes when summoned by the Chair of the Nomination Board. Should a shareholder choose not to use the right to appoint a member, the right is as a rule transferred to the next largest shareholder in the shareholder register, who would not otherwise have the right to appoint a member. The Nomination Board shall submit its proposal to the Board every year, by the last business

day of February preceding the next Annual General Meeting. The Nomination Board is established to serve until further notice and the term of the members of the Nomination Board shall end upon the nomination of the following Nomination Board.

The composition of the Nomination Board since September 2020 has been the following:

- **Samuli Seppälä**, Founder of Verkkokauppa.com, representing himself,
- **Peter Lindell**, Partner and Chair of Board of Rite Ventures, appointed by Rite Ventures Finland AB,
- **Erkka Kohonen**, Senior Portfolio Manager, appointed by Varma Mutual Pension Insurance Company,
- **Christoffer Häggblom**, Chairperson of the Board of Verkkokauppa.com Oyj

Peter Lindell has acted as Chair of the Nomination Board.

Nomination Board proposals for the 2021 AGM

The Nomination Board convened 6 times before publication of its proposal. The ratio of attendance at the meetings was 100 per cent. In addition, the member candidates were interviewed between the meetings. The Nomination Board discussed on the size of the Board, its composition and diversity, and the key areas of expertise that are seen as benefitting the company the most. The Nomination Board also examined the remuneration of Board. On 22 February 2021, the Nomination Board announced its proposal to the Board for the notice of the Annual General Meeting. The Nomination Board resolved to propose to the Annual General Meeting that:

- the Board consists of seven (7) members
- the following persons be elected to the Board for a term ending at the close of the Annual General Meeting 2022:
 - Proposed to be re-elected as members: **Christoffer Häggblom, Kai Seikku, Samuli Seppälä** and **Arja Talma**

- Proposed to be elected as new members: **Mikko Kärkkäinen, Frida Ridderstolpe** and **Johan Ryding**

- the Board elects a Vice Chairperson in addition to the Chairperson of the Board amongst themselves.

The nominees to the Board have indicated to the Nomination Board that if elected, they will elect **Arja Talma** as the Chairperson of the Board and **Christoffer Häggblom** as the Vice Chairperson of the Board. Of the current members, **Robert Burén** has informed that he is not available for re-election to the Board.

All nominees have given their consent to the election. All nominees are deemed independent of the company and its major shareholders with the exception of **Samuli Seppälä**.

The annual fee to be paid to the members of the Board to be elected at the Annual General Meeting for the term of office ending at the close of the Annual General Meeting in 2022 is proposed to be as follows:

- EUR 70,000 for the Chairperson of the Board,
- EUR 55,000 for the Vice Chairperson of the Board, and
- EUR 35,000 for each member of the Board.

As a rule, 50 % of the annual fee will be paid in Verkkokauppa.com Oyj shares in four equal instalments, each instalment being purchased or transferred within the two-week period beginning on the date following the announcement of each of the company's interim reports and the company's financial statements bulletin for 2021. The rest of the annual fee is proposed to be paid in cash, which is used to cover taxes arising from the fees.

The annual fees payable to members of the committees of the Board for the term of office ending at the close of the Annual General Meeting in 2022 are proposed to be the following:

- EUR 12,000 for the Chairperson of the Audit Committee,
- EUR 10,000 for the Vice Chairperson of the Audit Committee,
- EUR 6,000 for each member of the Audit Committee,
- EUR 8,000 for the Chairperson of the Remuneration Committee, and
- EUR 4,000 for each member of the Remuneration Committee.

The fees of the committees are proposed to be paid in cash. It is additionally proposed that the members of the shall be compensated for reasonable accrued travel and lodging expenses as well as other potential costs related to Board and Committee work. The proposed fees correspond to the fees resolved upon at the Annual General Meeting held 31 March 2020, with the exception of the remuneration payable to the new role of Vice Chairperson of the Board.

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 the 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 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 Annual General Meeting held March 31, 2020 elected the following six (6) Board members 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 Chair 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 both 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.

On January 4, 2021 **Mikael Hagman** resigned from his Board duties.

Information reported on the members of the Board can be found under the heading "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 2020, the Audit Committee has consisted of **Kai Seikku** (Chair), **Arja Talma** (Vice Chair), **Christoffer Häggblom** and **Samuli Seppälä**. The majority of the members of the Audit Committee are independent of the Company and the Company's

Participations in Board and Committee meetings 2020

Name	Position	Board	Audit Committee	Remuneration Committee
Christoffer Häggblom	Chair, Chair of Remuneration Committee	25 / 25	4 / 4	3 / 3
Robert Burén	Member	25 / 25	-	-
Mikael Hagman ¹⁾	Member	23 / 23	-	-
Kai Seikku	Member, Chair of Audit Committee	22 / 25	4 / 4	3 / 3
Samuli Seppälä	Member	25 / 25	5 / 5	3 / 3
Arja Talma	Member, Vice Chair of Audit Committee	24 / 25	4 / 4	-

¹⁾ Member of the Board until January 4, 2021.

significant shareholders. Qualification requirements regarding the members of the committee have been taken into consideration when appointing the members.

The Remuneration Committee shall prepare the Company's Remuneration Policy and Remuneration Report to be presented to the Annual General Meeting as well as ensure the efficient preparation of and remuneration matters in relation to Board members, the CEO and the other senior members of executive management. During 2020, the Remuneration Committee has consisted of **Christoffer Häggblom** (Chair), **Kai Seikku** and **Samuli Seppälä**. The majority of the members of the Remuneration Committee are independent of the Company and the Company's significant shareholders.

The former Nomination and Remuneration Committee was amended to Remuneration Committee due to the establishment of the Shareholders' Nomination Board by the Annual General Meeting held March 31, 2020.

The Board held 25 meetings during 2020 (2019: 21 meetings). The average ratio of attendance at the meetings was 97 percent (2019:97 percent). In

addition to the duties specified in the Board's charter, in 2020, the Board focused on the evaluation of measures brought on by the COVID-19 pandemic, improvements in the financial reporting process and on the furtherance of strategy work. In addition to the duties specified in the charter, the Remuneration Committee's work was linked to the preparation of the remuneration policy to be presented at the Annual General Meeting 2020, the development of long-term incentive structures as well as the preparation of the remuneration report to be presented to the Annual General Meeting 2021. In addition to the transition to the official list of Helsinki Stock Exchange, the Audit Committee focused on financial reporting process as well as the development of risk management and internal audit procedures.

Decision-making and meeting practice

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.

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 legal counsel Robert Tallberg. The Board conducts annual performance self-evaluations, in addition to brief feedback sessions following each longer 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.

The Shareholders' Nomination Board shall in the preparation of the proposal for the composition of the Board take into account the requirements placed by the Company's strategy, operations and development phase as well as the sufficient diversity of the Board. 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 number of members and composition of the Board is prepared by the

Nomination Board. The proposal by the Nomination Board 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, representatives of both genders are included in the Board candidate search and evaluation process and the objective is to actively communicate to the shareholders of the Company.

During 2020 one Board member was female and the remaining five (5) members 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 assesses 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, that person should escalate the matter to the Board secretary and the Company's Finance department. Together with the Company's Finance department, the Board secretary shall analyse the nature of the transaction, i.e. whether the transaction is part of the Company's ordinary course of business and implemented under arm's-length terms and its materiality as well as 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 2020

Name	Position	Time period
Panu Porkka	CEO	January 1, 2020 – December 31, 2020
Mikko Forsell	CFO	January 1, 2020 – December 31, 2020
Miika Heinonen	Logistics Director	January 1, 2020 – December 31, 2020
Vesa Järveläinen	Commercial Director	January 1, 2020 – December 31, 2020
Kalle Koutajoki	Chief Sales Officer	January 1, 2020 – December 31, 2020
Seppo Niemelä	Marketing and Communications Director	January 1, 2020 – December 31, 2020
Taina Suorsa ¹	HR Director	January 1, 2020 – December 31, 2020
Henrik Weckström	CTO	January 1, 2020 – December 31, 2020

¹⁾ Member of the management team until February 15, 2021 and succeeded by Saara Tikkanen as HR Director.

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, investments 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 under the heading "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 laws

and regulations 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 Policy and Remuneration Report

In accordance with the CG Code, the Company presented its Remuneration Policy for governing bodies to the Annual General Meeting held March 31, 2020. The general meeting approved the remuneration policy and it is available on the Company's website. The Company will present a remuneration report for governing bodies and a minor amendment to the Remuneration Policy to the Annual General Meeting to be held in 2021.

Internal control, risk management and internal audit

Internal control

Internal control operating models are in line with the risk management process. The goal of risk management is to support the strategy and the achievement of goals by anticipating and responding to potential business threats and opportunities. Internal control and risk management related to financial reporting seek sufficient assurance about the reliability of financial reporting and that the financial statements have been prepared in accordance with applicable laws and regulations, accounting principles (IFRS) and other requirements for listed companies. The areas of internal control are the control environment (COSO), risk assessment, control functions, communications and monitoring. The Board of Directors and the CEO has overall responsibility for the organization of internal control and risk management systems.

Overview of risk management

The Company's Board has approved a risk management operating model for the Company, which is based on the ISO 31000 Standard. The objective of the Company's 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.

Risk management is managed operationally by a risk manager. Risk management has its own steering group, which aims to survey the state of risk

management on a quarterly basis as well as to guide the work within the organization. Risk management acts as a control and monitoring tool in the Company as one part of internal control.

In accordance with the risk management model, the Company's company-level risks and the risks of each department are assessed. In addition, risk assessments are targeted at different objects based on compliance or the basis of risk.

The risk management policy is supported by internal risk managements principles and guidelines for implementing risk management. The risk management model guides risk management according to the annual cock and is based on the model of continuous improvement.

Different stakeholders are kept informed on risk management based on predetermined criteria. In terms of the annual reporting and the development feedback, an annual plan is always created for the following year.

The Audit Committee regularly monitors and evaluates the implementation of the Company's risk management system. The company's operative management is responsible for the practical measures related to risk management in accordance with the Company's risk management policy and principles.

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

The Company's CFO and finance department are responsible for implementing financial reporting. Reporting is based on information generated by commercial and administrative processes as well as financial management systems. The company's finance department determines the control measures of the financial reporting process, which are e.g. various instructions, process descriptions, reconciliations and analyses to ensure the accuracy of the information

used in the reporting as well as the reporting.

The results of financial reporting are monitored and deviations from forecasts and the previous year are analysed regularly. The aim of the analyses is to find possible errors in reporting and to produce essentially correct information about the Company's finances. The company's finance department is responsible for the effectiveness and coverage of internal control. Internal Audit is responsible for evaluating financial reporting processes. Risks related to financial reporting are assessed in accordance with the company's risk management principles. Deficiencies identified in internal audit and risk assessment are addressed in accordance with the risk classification.

Overview of internal audit

Internal audit enhances the performance of the supervisory duty of the Company's Board. The purpose of internal audit is to contribute to ensuring that the Company's operations are efficient and effective, information is up-to-date and reliable, and that established policies and procedures are adhered to.

Internal audit helps the organization achieve its goals by evaluating and examining its operations and monitoring compliance with the Company's guidelines.

In its audit reports, the internal audit function makes recommendations for the development of systems and processes. The Board's Audit Committee approves the annual internal audit plan, in which audit targets are selected in accordance with the company's strategic objectives, assessed risks, priorities defined by the Board and the Company's executive management, and the rotation principle. The internal audit function reports to the Board's Audit Committee. In addition, the CEO, the management team and the management of the audited unit are informed of the results of the audit.

The audits are carried out by external partners. Prior to fieldwork at the internal audit site, the

internal audit team collects pre-material and examines the information and materials related to the audit site. In connection with the field work, additional observations concerning the object of inspection are recorded.

Internal audit reports contain key findings, conclusions and recommendations for the development of controls. The responsible management of the audited target develops an action plan to manage the identified risks and to develop controls to address the deficiencies identified during the audit. The persons responsible for the Company's internal audit regularly monitors the implementation of the action plan.

Whistleblowing channel for reporting suspected violations

Through the Company's reporting channel, it possible if need be anonymously, report suspicions of misconduct or policy violations for internal investigation. All notifications made through the reporting channel will be investigated in accordance with the confidential whistleblowing process. During 2020, one report was made through the whistleblowing channel. In the case, there were no grounds to suspected illicit activities.

Disclosure

The key principles of the communication and disclosure of the Company are timeliness, consistency, impartiality, and transparency.

The purpose of the Company's investor relations function is to support the fair value of Verkkokauppa.com's financial instruments by providing the financial market with consistent, correct, relevant, and reliable information on the Company to ensure that capital market participants have transparent and clear a picture of the Company, its operations, objectives, strategy and financial situation. The aim is to guarantee

that all market participants receive simultaneously the information that the Company communicates.

The primary communication channel for up-to-date information for all stakeholders is Verkkokauppa.com's website (www.verkkokauppa.com). Verkkokauppa.com aims to provide on its website reliable and extensive information to enable investors to form an accurate understanding of the Company. The Company publishes also materials used in investor and analyst meetings on its website.

Verkkokauppa.com's official reporting language is Finnish. The stock exchange releases and financial reports, which are published under the disclosure obligation, are published in Finnish and English.

The Board has adopted a disclosure policy, 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 Nasdaq Helsinki. 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) 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 publish the transactions with a stock exchange release within two (2) business days from the receipt of the notification. 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 2020 were approximately EUR 92 thousand (2019: 94 thousand) and fees paid to the auditor for non-audit services in 2020 were approximately EUR 214 thousand, the increase relating mainly to services rendered and necessary in connection with the listing on Helsinki Stock Exchange (2018: 24 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.

Board of Directors

Christoffer Häggblom
Chair of the Board



Robert Burén
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

23,228 shares
In addition, ownership through Rite Internet Ventures Holding AB, which owns indirectly 2,172,576 shares

Positions of trust

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

Board member, CDON AB, 2018–

Board member, Nelly Group AB, 2017–

Board member, Acervo AB, 2013–

Board member, 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

17,612 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

Kai Seikku

President and CEO

Okmetic 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

144,498 shares

Positions of trust

Member of the Board of Directors, Robit Oy, 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

18,288,342 shares

Positions of trust

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

Working experience

Founder, CEO, Verkkokauppa.com Oy, 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

11,612 shares

Positions of trust

Board Chair, Serena Properties AB, 2016–

Board member, Chairman of the Audit Committee, Metso Outotec Corporation, 2020–

Board member, 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

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

14,724 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

Management team

Panu Porkka
Chair



Mikko Forsell



Miika Heinonen



Vesa Järveläinen



Kalle Koutajoki



Seppo Niemelä



Saara Tikkanen



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

85,000 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

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

36,000 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

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

28,971 shares

Working experience

Warehouse Manager, Verkkokauppa.com Oyj, 2005–2011

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

35,000 shares

Working experience

Purchasing Director, Verkkokauppa.com Oyj, 2018

Vice Purchasing Director, Verkkokauppa.com, 2015–2017

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

25,000 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

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

30,967 shares

Working experience

Head of marketing and campaign, Lidl Finland 2013–2018

Advertising manager, Lidl Finland 2011–2013

Purchasing manager, Lidl Finland 2006–2011

Saara Tikkanen

HR Director

Verkkokauppa.com Oyj

Born 1982, M.Sc. (Econ)

Member of the management team since 2021

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

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Working experience

HR director, Edenred Finland Oy 2017–2021

HR manager, ISS Palvelut 2013–2017

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

30,000 shares

Working experience

CIO, Verkkokauppa.com Oyj, 1999–

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