



Corporate Governance Statement

2016

TOKMANNI

Corporate Governance Statement 2016

General

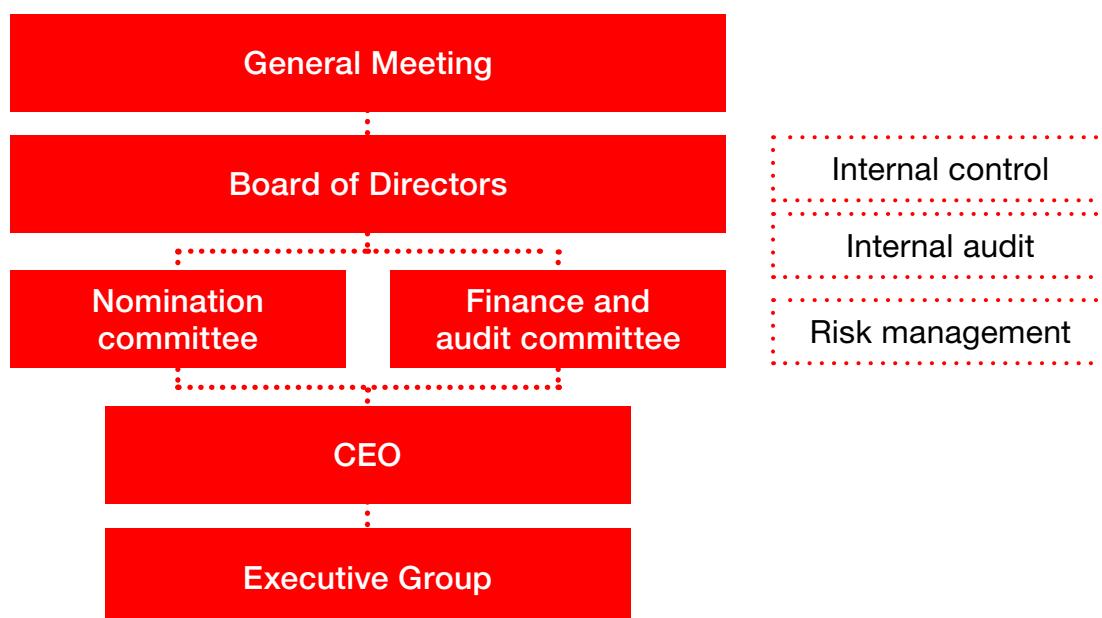
Governance at Tokmanni Group (hereinafter also referred to as "Tokmanni" or the "Group") is based on the Articles of Association approved by the General Meeting of Shareholders, the Finnish Limited Liability Companies Act and the rules and regulations issued by Nasdaq Helsinki Ltd with regard to listed companies. Tokmanni complies with the Finnish Corporate Governance Code for listed companies issued by the Securities Market Association in 2015. The code is available at www.cgfinaid.fi. This report has been prepared separately from the Board of Directors' report.

The Finance and Audit Committee of Tokmanni's Board of Directors has reviewed the Corporate Governance Statement.

Regulatory framework

The duties of Tokmanni's governing bodies are based on Finnish law. In addition to the Finnish Corporate Governance Code for listed com-

panies, Tokmanni complies with the corporate governance principles defined by its Board of Directors. The corporate governance principles are based on the Limited Liability Companies Act and the Securities Markets Act. In addition, Tokmanni observes other laws and decrees, its Articles of Association and the Guidelines for Insiders issued by Nasdaq Helsinki Ltd (Helsinki Stock Exchange). Tokmanni prepares its consolidated financial statements, interim reports and business reviews in accordance with international financial reporting standards adopted in Europe (International Financial Reporting Standards, IFRS), the Securities Markets Act, applicable regulations and guidelines of the Financial Supervisory Authority and the rules of Nasdaq Ltd (Helsinki Stock Exchange). The Board of Directors' report, which is included in Tokmanni's financial statements, is prepared in accordance with the Accounting Act and the guidelines and statements of the Accounting Standards Board.



Governing bodies

In accordance with Tokmanni's single-level governance model, its management falls within the responsibility of the General Meeting of Shareholders, the Board of Directors and the CEO, whose duties are primarily determined in line with the Finnish Limited Liability Companies Act. The Annual General Meeting elects the members of the Board of Directors and appoints the auditors. The Board of Directors is responsible for the company's strategic management. The Board of Directors appoints the CEO, who is responsible for the company's day-to-day management. The Executive Group supports the CEO in managing the Group.

General meeting of shareholders

In accordance with the Finnish Limited Liability Companies Act and the Articles of Association, the General Meeting of Shareholders is Tokmanni's highest decision-making body and it is convened at least once a year. If necessary, the company may also hold Extraordinary General Meetings. According to the Articles of Association, the Annual General Meeting must be held within six (6) months of the end of the financial period. The Annual General Meeting decides on issues that fall within its responsibility in accordance with the Limited Liability Companies Act and the Articles of Association. These include adopting the financial statements, distributing the profits on the balance sheet, discharging the members of the Board of Directors and the CEO from liability, determining the number of members of the Board of Directors, and electing the Chair of the Board, the members of the Board and the auditor and determining the fees paid to them.

The invitation to the Annual General Meeting must be published on the company's website or in one or more widely circulated daily newspapers no sooner than three months and no later than three weeks before the meeting, but at least nine days before the record date of the meeting. In addition, Tokmanni publishes the invitation to the meeting by means of a stock exchange release immediately after the Board of Directors has decided to convene a General Meeting of Shareholders.

The agenda for the meeting and the proposed decisions concerning the composition of the Board of Directors, the auditors and the fees

paid to the members of the Board of Directors, among other aspects, as well as other documents related to the meetings, must be published on the company's website no later than three weeks before the General Meeting of Shareholders. As a rule, the Chair of the Board, the members of the Board, the CEO and the company's auditor must attend each Annual General Meeting, as must the proposed Board members.

To be entitled to attend an Annual General Meeting, a shareholder must respond to the company no later than the date specified in the invitation to the meeting. This date may not be sooner than ten days before the meeting.

A shareholder has the right to have a matter processed by an Annual General Meeting that falls within the responsibility of an Annual General Meeting. With regard to such matters, the demand must be presented to the Board of Directors in writing in a timely manner to allow sufficient time to have the matter included in the invitation to the meeting. Before the end of the financial period immediately preceding the Annual General Meeting, the company publishes on its website a date by which a shareholder must announce their demand, as well as a postal address or email address to which the demand must be sent.

All of the documents related to a General Meeting of Shareholders must be published on the company's website no later than two weeks after the meeting and kept available on the website for at least five years after the meeting.

Annual General Meeting 2016 and Extraordinary General Meeting

Tokmanni Group's Annual General Meeting 2016 was held in Mäntsälä on 31 March 2016. The meeting adopted the financial statements and discharged the members of the Board of Directors from liability for the financial year 2015. In addition, the meeting decided on increasing the company's share capital, entering its shares into the book-entry system and converting the company into a public company.

On 12 April 2016, the company held an Extraordinary General Meeting, which decided on amending the Articles of Association and authorised the Board of Directors to decide on a directed share issue valid until 31 December 2016, and the election of new Board members, among other issues.

Board of Directors

Composition

According to Tokmanni's Articles of Association, the company's Board of Directors consists of three (3) to eight (8) members. Their term of office runs until the end of the Annual General Meeting immediately following the meeting in which they were elected. The Annual General Meeting elects the Chair and other members of the Board.

According to Recommendation 10 of the Finnish Corporate Governance Code, the majority of the members of the Board must be independent of the company and at least two of the members who are independent of the company must also be independent of its major shareholders. The Board assesses the independence of its members annually and updates its assessments according to need.

The Nomination Committee prepares proposals for the nomination and remuneration of Board members for the Annual General Meeting and contacts major shareholders about matters related to such proposals, if necessary. In addition to the candidates' competence and personal qualities, the Board assesses their cooperation abilities and ability to proactively support and challenge the executive management in a constructive manner.

The invitation to the Annual General Meeting includes a suggestion for the composition of the Board. In addition, a proposal for the composition of the Board submitted by shareholders who represent at least 10% of the votes provided by the shares in the company is included in the invitation, provided that the suggested candidates have given their consent and the proposal is submitted to the company in a timely manner in order to be included in the invitation.

After the invitation to the meeting has been published, the candidates are announced separately in a similar manner. Tokmanni publishes information about the candidates on its website in conjunction with publishing the invitation to the meeting.

Diversity principles

The composition of the Board of Directors should reflect the company's operations and the markets in which it operates. In order for the Board to work as effectively as possible, its members must have excellent qualifications and sufficiently diverse backgrounds. Tokmanni's principles concerning the diversity of the Board consider experience, broad-based education and competence, as well as gen-

der balance. To achieve the determined targets, the Nomination Committee carefully considers the diversity principles when preparing a proposal for the composition of the Board. The targets determined in the diversity principles are estimated to have been achieved to a sufficient degree in 2016.

Board of Directors in 2016

The 2016 Annual General Meeting elected Harri Sivula as the Chairman of the Board and Robert Furuhjelm, Christian Gylling, Seppo Saastamoinen and Sven-Olof Kulldorff as the members of the Board. On 12 April 2016, Tokmanni's Extraordinary General Meeting decided to increase the number of members of the Board to seven and elected Kati Hagros and Thérèse Cedercreutz as new members of the Board. The increase in the number of members of the Board and the election of new Board members were conditional upon the completion of the Initial Public Offering.

Of the members of Tokmanni's Board of Directors, Seppo Saastamoinen is not independent of the company or its major shareholders. Saastamoinen served as the deputy CEO of Tokmanni from 2003 to 2006. He also founded Maxi-Makasiini and Maxi-Kodintukku and has served as Chairman of the Board of Directors of Tarjousmaxi, which is part of the Group. In addition, Saastamoinen has indirect holdings in Rockers Tukku Oy, which on 31 December 2016 had a holding of 15.01% in Tokmanni. Robert Furuhjelm and Christian Gylling are not independent of the company's major shareholders. Both work for Nordic Capital, which on 31 December 2016 had a holding of 30.50% in Tokmanni.

Operations of the Board of Directors

The general objective of the Board of Directors is to direct the company's business operations and strategy in a manner that ensures a continuous and significant increase in shareholder value. The Board of Directors processes all matters that fall within its responsibility in accordance with the law, other regulations and the company's Articles of Association. In addition, the Board of Directors is responsible for the organisation of the company's management and operations, and it is obligated to act always in the best interests of the company. The Board of Directors prepares matters for the Annual General Meeting, decides on convening the Annual General Meeting and ensures that the decisions of the Annual General Meeting are executed. In addition, the Board appoints the

CEO and the deputy CEO, participates in decision-making concerning the appointment and dismissal of the other members of the Executive Group, approves the principles of the remuneration systems and makes decisions concerning the remuneration of the management. The Board is also responsible for ensuring that the company has sufficient resources for planning and for information and control systems with regard to operational risk management and performance control.

In addition, the Board is responsible for matters that cannot be considered to be part of the Group's day-to-day administration. These include approving the Group's strategic plan and long-term targets; approving the Group's annual business plan and budget; making decisions concerning investments, acquisitions and divestments that are significant or deviate from the Group's strategy; approving strategic development projects; and making decisions concerning significant financial arrangements.

In its Board Charter, the Board has defined in more detail its duties as a whole, the duties of its Chair and other members and its practical ways of working. The Board conducts an annual self-evaluation of its operations and working methods. The purpose of the assessment is to determine how the Board has succeeded in performing its duties over the year and to provide a foundation for evaluating the Board's operations.

The Board convened 12 times in 2016, with an average attendance rate of 92%.

Board member	Meeting attendance
Harri Sivula	12/12
Robert Furuhjelm	12/12
Christian Gylling	12/12
Sven-Olof Kulldorff	11/12
Seppo Saastamoinen	11/12
Thérèse Cedercreutz	7/7
Kati Hagros	6/7

Remuneration of the Board

The remuneration of the Board of Directors is described under "Salary and remuneration report".

Committees of the board

Since Tokmanni became listed on Nasdaq Helsinki, its Board of Directors has had two permanent committees: the Nomination Committee and the

Finance and Audit Committee. The Board appoints the members and the chairs of the committees. The committee members' term of office is the same as that of the members of the Board. The committees' practical ways of working are defined in more detail in their rules of procedure, which are approved by the Board. The committees prepare matters for the Board and have no decision-making power of their own.

Nomination committee

After Tokmanni became listed on Nasdaq Helsinki, its Board of Directors decided to establish a Nomination Committee at its initial meeting. The Nomination Committee prepares matters concerning the nomination and fees of the members of the Board. From among its members, the Board appoints at least three members to the Nomination Committee. The majority of the members of the Nomination Committee must be independent of the company. The CEO or the members of the Executive Group cannot be appointed to the Nomination Committee. The committee appoints one of its members as its Chair.

The Board determines the duties of the Nomination Committee in Committee Charter that it confirms. The Nomination Committee prepares proposals for the appointment of Board members for the Annual General Meeting. If necessary, the Nomination Committee contacts major shareholders with regard to matters concerning the election of the members of the Board. The Nomination Committee also prepares matters concerning the remuneration of the members of the Board. In addition, the Nomination Committee monitors the achievement of the Board's diversity targets. Based on this monitoring, the committee reports to the Board annually and suggests changes, if needed.

The Chair of the Nomination Committee convenes the committee when necessary. The Chair also presents the committee's proposals to the Board and regularly reports to the Board on the committee's meetings.

At its constitutive meeting, Tokmanni's Board of Directors elected Robert Furuhjelm, Christian Gylling and Seppo Saastamoinen as the members of the Nomination Committee. The Nomination Committee did not convene in 2016 as nomination related topics were handled by the Board of Directors.

Finance and audit committee

Tokmanni's Finance and Audit Committee monitors the company's financial reporting and prepares matters for the Board that concern Tokmanni's

financial standing, financial reporting, auditing and risk management. The Finance and Audit Committee consists of three members of the Board. The majority of the members of the Finance and Audit Committee must be independent of the company, and at least one of its members must be independent of the company's major shareholders. The members of the committee appoint the Chair of the committee from among themselves. The members of the committee must have the qualifications required for their duties, and at least one of the members must be independent and have expertise related to accounting or auditing in particular.

The Board determines the duties of the Finance and Audit Committee in the rules of procedure that it confirms.

The Finance and Audit Committee has the following key duties:

- Monitoring the statutory auditing of financial statements and consolidated financial statements;
- Preparing a proposal for the selection of the auditor;
- Monitoring the company's reporting process and principles and accounting principles for financial statements;
- Monitoring the effectiveness and compliance of the company's internal control, internal auditing and risk management systems;
- Preparing and executing the Board's special assignments.

After the 2016 Annual General Meeting, the Board elected Robert Furuhjelm, Christian Gylling and Kati Hagros as the members of the Finance and Audit Committee. Christian Gylling served as the Chairman of the committee. The committee convened three times in 2016, with an attendance rate of 89%.

Finance and audit committee members	Meeting attendance
Christian Gylling, chairman	3/3
Robert Furuhelm	2/3
Kati Hagros	3/3

CEO and deputy CEO

The company's CEO and deputy CEO are selected by the Board of Directors. The CEO's terms of employment are presented in writing in his employment contract. The CEO is responsible for managing the company's business operations and administration in accordance with the Articles of Association, the Limited Liability Companies Act and the instructions provided by the Board. The Executive Group assists the CEO with his work.

The CEO is responsible for the day-to-day management and governance of the company's business operations, with the aim of ensuring a significant and continuous increase in shareholder value. The CEO prepares matters for the Board to decide on, develops the company in line with the targets agreed upon with the Board and ensures that the Board's decisions are executed appropriately. The CEO is obligated to ensure that the company's operations comply with the applicable laws and regulations as they stand at any given time. The CEO cannot be elected as Chairman of the Board.

The deputy CEO takes care of the CEO's duties if the CEO is prevented from attending to their duties.

Tokmanni Group's CEO is Heikki Väänänen and Sixten Hjort Deputy CEO.

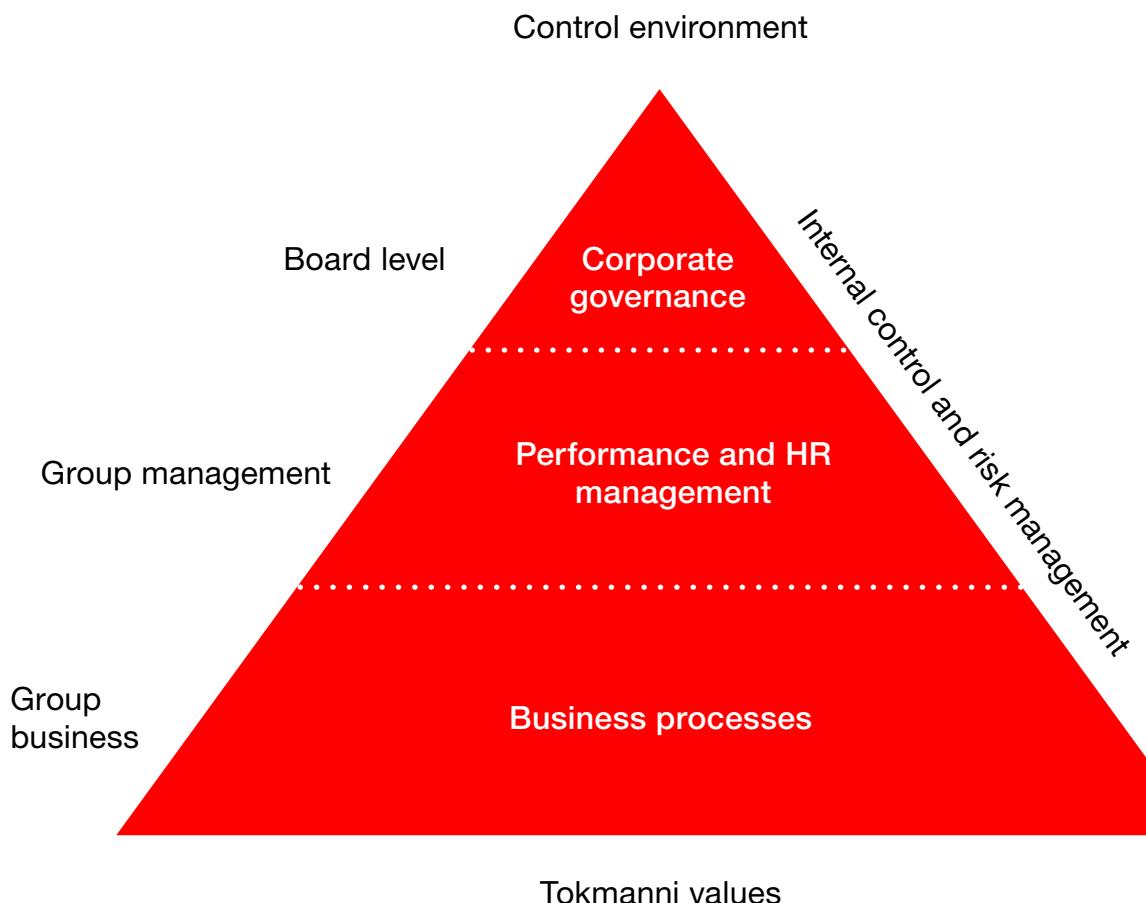
Executive Group

The Executive Group is responsible for the management of the Group's business operations as a whole. The members of the Executive Group have specific authorisations in their respective areas of responsibility, and they are obligated to develop the Group's operations in line with the targets set by the Board and the CEO. The Board participates in electing the members of the Executive Group and in determining their terms of employment.

In 2016, Tokmanni's Executive Group consisted of Heikki Väänänen (CEO), Sixten Hjort (CFO, deputy CEO), Panu Porkka (Sales Director), Karri Pulli (Sourcing Director), Tomi Hakanpää (Marketing Director), Sami Vilkki (Supply Chain Director), Sirpa Huuskonen (HR Director, as of 3 May 2016) and Pasi Karhupää (CIO). Jari Laine (Business Development Director) served as a member of the Executive Group until 10 August 2016.

Information about the members of the Executive Group and their areas of responsibility is presented below under "Executive Group". The decision-making process and key principles concerning the remuneration of the members of the Executive Group is described under "Salary and Remuneration report".

Internal control structure and risk management



Control system

The general governance principles lay the foundation for Tokmanni's business operations. To guarantee the appropriate operation of the governance model, Tokmanni's Board of Directors has defined a set of principles for internal control. The company's internal control system is based on these principles. The purpose of the internal control system is to ensure that the company's operations are appropriate and efficient, that its financial and operational reporting is reliable and that regulations and the Code of Conduct are followed.

Internal control covers all organisational levels and is an essential part of all of Tokmanni's business operations. Tokmanni's values, Code of Conduct, Group-level policies, accounting principles, operating guidelines, processes, practices and organisational structures help the management and ultimately the Board of Directors ensure that Tokmanni achieves its targets, that its business operations are managed ethically and

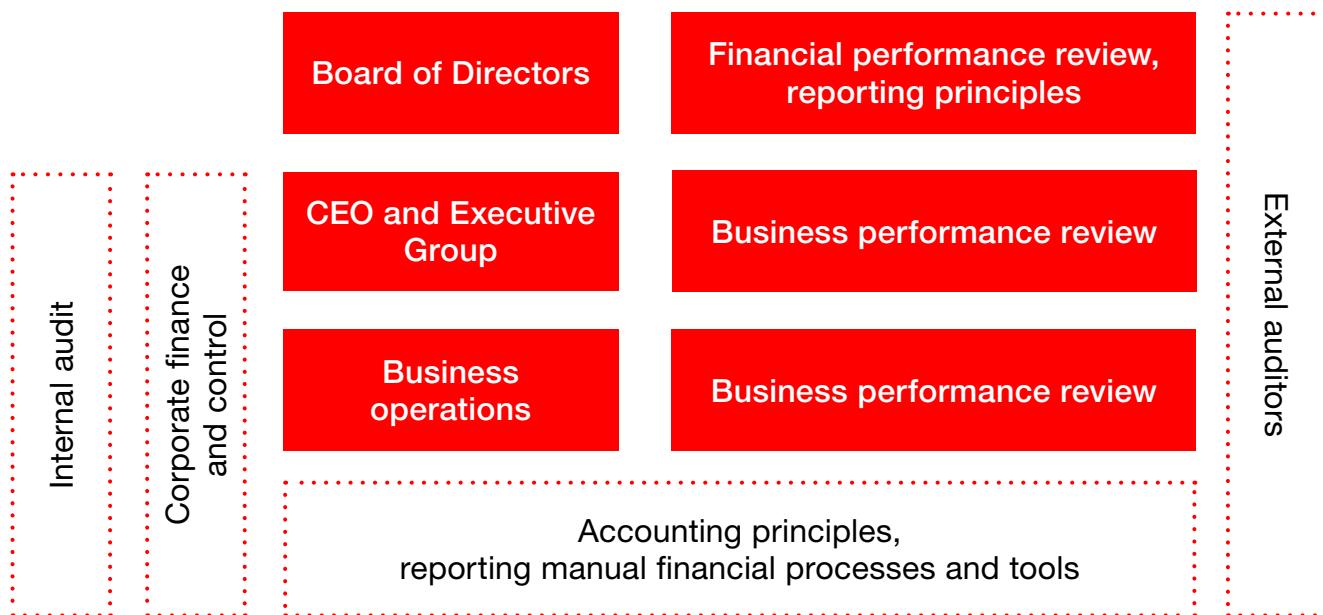
in compliance with all applicable laws and regulations, that its assets are managed responsibly and that its financial reporting is appropriate.

Internal audit

Internal audit is an essential part of corporate governance at Tokmanni. Tokmanni's internal audit unit is responsible for internal auditing within the Group. Administratively, the unit reports to the CFO. However, in matters related to internal auditing, the unit reports to the Finance and Audit Committee. The purpose of internal auditing is to monitor and ensure that the company's business operations are efficiently managed and profitable, that its risk management is at a sufficient level and that its internal and external reporting is accurate and appropriate.

Internal auditing helps Tokmanni comply with good governance practices, provides the company's management with an independent perspective on examining its operations and helps the company achieve its targets by providing a

Internal control related to financial reporting



systematic and disciplined approach to assessing and enhancing the efficiency of risk management, monitoring and governance processes.

The operating principles and key procedures for internal auditing are defined in the operating guidelines confirmed by the Finance and Audit Committee. The internal audit unit prepares a three-year plan that is implemented in line with a separately approved annual plan. In accordance with the plan, the internal audit unit also independently carries out audits on different parts of the company. In addition, it may conduct special audits and stipulated audits in cooperation with auditors and external experts.

Auditing

The company has one auditor, which shall be an auditing firm authorised by the Finland Chamber of Commerce. The Annual General Meeting appoints the auditor for the financial year in progress at the time. The auditor's term of office runs until the end of the Annual General Meeting immediately following the meeting during which they were appointed. The auditor is responsible for auditing the consolidated financial statements and the parent company's financial statements, accounting and governance. The auditor submits a statutory auditor's report on the financial statements to the company's

shareholders. In addition, the auditor regularly reports to the Board of Directors.

In addition to general qualification requirements, the auditor must meet specific statutory requirements concerning independence in order to ensure reliable and independent auditing.

The 2016 Annual General Meeting appointed KPMG Oy as Tokmanni's auditor, with Ari Eskelinen as the principal auditor. The auditing-related fees paid to KPMG totaled 99 K€ in 2016. In addition, EUR 273 K€ was paid in fees for other services, including those related to the company's initial public offering.

Internal control related to financial reporting

With regard to financial reporting, the purpose of internal control is to ensure that the reporting is reliable and complies with widely accepted accounting principles, as well as the applicable laws and regulations and internal reporting principles. Tokmanni's financial reporting framework is based on Group-level guidelines and financial processes and on a common reporting platform. This framework is supported by Tokmanni's values, integrity and high ethical principles, as well as regular training and the exchange of information at meetings concerning financial processes.

The overall responsibility for the internal control of financial reporting rests with the Board of Directors. The Board evaluates business performance. The Board has appointed a Finance and Audit Committee, which regularly monitors compliance with the principles of financial reporting, as well as the accuracy of the financial reporting, as part of its duties. On a monthly basis, the CEO and the members of the Executive Group report on financial development and outlook for the period in progress.

The internal audit unit has a systematic plan for auditing financial reporting. The financial function maintains common guidelines for financial reporting, serves as the owner of financial processes and monitors reporting platforms in a centralised manner. The financial function is responsible for the application and interpretation of the accounting principles concerning financial statements. These principles are recorded in Tokmanni's accounting manual.

In addition to financial information, the reporting covers key financial indicators in terms of the Group's business operations. The Group's financial result and future outlook are evaluated on a monthly basis.

Communications

To ensure an efficient and well-functioning internal control environment, Tokmanni seeks to ensure the openness, transparency, accuracy and timeliness of its internal and external communications. Information about internal tools for financial reporting – such as the accounting principles and the guidelines and disclosure policy concerning financial reporting – is available on Tokmanni's intranet. Tokmanni provides its employees with the necessary training on matters related to internal control and the use of internal control tools. In so doing, Tokmanni clearly communicates to its employees that the responsibilities related to internal control are taken seriously. Tokmanni's CFO and the person in charge of internal auditing regularly report to the Finance and Audit Committee on the results of the work related to internal control. Observations, recommendations and proposed decisions and measures arising from the work of the Finance and Audit Committee are reported to the Board of Directors after each committee meeting.

Monitoring

The functionality of internal control, risk management and reporting systems is monitored continuously as part of the company's day-to-day management. The Group's financial administra-

tion monitors the functionality and reliability of the reporting processes across the Group. The financial reporting processes also fall within the internal audit unit's sphere of monitoring.

Risks and risk management

Risk management is part of Tokmanni's management system and internal control. The purpose of Tokmanni's risk management is to support the company's values and strategy and the continuity of its business operations by anticipating and managing any risks associated with its operations. The goal is to assess risks systematically to promote thorough planning and decision-making.

Risk management at Tokmanni has the following targets:

- Stressing the importance of risk awareness and proactive risk management;
- Maintaining the company's competitiveness and gaining a competitive edge;
- Ensuring sufficient risk management at Group level in line with Tokmanni's risk tolerance and risk appetite;
- Managing risks as part of business operations, planning and decision-making in line with predetermined duties and responsibilities.

Risk management includes all parts of the organisation and all risk types, from strategic to operational. Risk management supports the management and the Board in order to ensure that the company can implement its strategy efficiently. Tokmanni operates in line with the risk management profile approved by the Board of Directors.

Risks are assessed regularly and reported to the CEO, the Executive Group, the Financial and Audit Committee and the Board of Directors in accordance with Tokmanni's risk management policy.

Risks that may affect Tokmanni are divided into strategic, operational, financial and hazard risks.

- **Strategic risks**

Strategic risks threaten the Group's achievement of its strategic targets. These risks are typically related to changes in the operating environment, competitors' actions and the planning and organisation of the Group's business operations.

- **Operational risks**

Operational risks are related to losses arising from the deficiency or failure of internal processes,

personnel resources or systems. These risks typically concern operational decision-making, the allocation of resources, the quality of operational processes or products, the functionality of information systems, agreements and compliance with laws and regulations, as well as employees' knowledge and skills.

- **Financial risks**

Financial risks include liquidity and credit risks and market risks, which include currency and interest rate risks, for example.

- **Hazard risks**

Hazard risks cause damage to people, property or the environment. They arise from external or internal events, such as accidents, safety failures or natural phenomena.

Risks and uncertainty factors that were considered to be significant in 2016 are described in the Board of Directors' report for 2016 and on the company website.

Key procedures related to insider management

Tokmanni complies with laws governing the securities markets. These include the Market Abuse Regulation of the European Union and the Finnish Securities Markets Act, as well as European Securities and Markets Authority (ESMA) and the Finnish Financial Supervisory Authority (FIVA) rules and regulations. In addition, Tokmanni complies with the Guidelines for Insiders published by Nasdaq Helsinki in 2016.

Tokmanni publishes notifications on transactions conducted by persons discharging managerial responsibilities (PDMR), and persons closely associated with them in accordance with the provisions of the MAR. Persons discharging managerial responsibilities refer exclusively to members of the Board of Directors, CEO, deputy CEO and CFO of Tokmanni Group. The people listed above must also determine their related parties (individuals and companies) who are subject to a similar disclosure obligation.

The PDMR's listed above may not trade in Tokmanni's securities during the closed window, which begins 30 days before the publication of each business or interim report or financial statements release, or preliminary information related to these, and ends on the day immediately following the disclosure of this information. If a business or interim

report or financial statements release is published more than 30 days after the end of the review period or financial year, the closed window begins at the end of the review period or financial year.

In addition, Tokmanni's Insider Policy recommends that insiders may trade in Tokmanni's securities and perform other measures related to these securities during the 21 day period (open window) that begins on the day immediately following the disclosure of the result for the period or the disclosure of a business or interim report by means of a financial statements release, provided that the insider does not have other undisclosed insider information and that the insider is not included in a project-specific insider register during that time. Trading may also be possible outside the open window with permission from Tokmanni's CFO (the person in charge of insider issues). Trading is permitted outside the open window only if the person in charge of insider issues provides the insider in question with a written estimate stating that there are no obstacles to trading. The estimate will be valid for seven days, and the transaction must be completed during that time.

In conjunction with the preparation of significant projects, the company also maintains a project-specific insider register. Insiders will be informed in writing about their inclusion in the insider register. They will also be provided with instructions concerning insider obligations.

Tokmanni Group's insider register is maintained by the company's financial management unit. Investor Relations at Tokmanni is responsible for the timely disclosure of business transactions carried out by executives and their related parties.

PDMR shareholdings on 31 December 2016

Name	Number of shares
Harri Sivula	450,000
Thérèse Cedercreutz	640
Robert Furuhjelm	0
Christian Gylling	0
Kati Hagros	0
Sven-Olof Kulldorff	0
Seppo Saastamoinen	0
Heikki Väänänen	600,000
Sixten Hjort	202,500

Salary and remuneration report 2016

Decision-making process and key remuneration principles

Board of Directors

The Annual General Meeting decides on the fees paid to the members of the Board of Directors for one term of office at a time. Matters related to the Board of Directors' fees are prepared by Tokmanni's Nomination Committee. The committee submits its proposal to the Board of Directors annually before the Board convenes the Annual General Meeting. When preparing matters, the committee may use external experts. In line with its charter, the committee also presents its proposal and reports on its operations to the Annual General Meeting.

The CEO and members of the Executive Group

The Board of Directors decides on the CEO's salary, fees and terms of employment and participates in decision-making concerning the salaries, fees and terms of employment of the other members of the Executive Group. In addition, the Board decides on matters related to the company's remuneration systems and incentive plans.

Key remuneration principles

Board of Directors

The Annual General Meeting decides on the fees paid to the members of the Board of Directors for one term of office at a time.

The EGM 2016 decided on the following fees to the Board of Directors:

- EUR 84,000 to the Chairman
- EUR 30,000 to the other members.

In addition, the following meeting fees are paid for each meeting of the Board and the committees:

- EUR 1,000 to members residing in Finland;
- EUR 2,000 to members residing in other European countries.

The annual fee and meeting fees are paid in cash. Travel expenses are compensated for in accord-

ance with Tokmanni's Travel Policy. The members of the Board are not included in the company's share-based incentive system or bonus system.

Fees paid to Board members in 2016

Name	2016 (EUR)
Harri Sivula*	212,000
Robert Furuhjelm	27,000
Christian Gylling	28,000
Sven-Olof Kullendorff	30,000
Seppo Saastamoinen	25,000
Kati Hagros**	24,500
Thérèse Cedercreutz**	23,500
Total	370,000

* In 2016, Harri Sivula (Chairman of the Board) was paid EUR 84,000 in consultation fees that concerned additional duties related to the role of Chairman of the Board in the 2015 vesting period.

** Member of the Board since 1 May 2016.

The CEO and members of the Executive Group

The Board of Directors determines the fees paid to the CEO and other members of the Executive Group, as well as their key remuneration principles. The fee paid to the CEO and other members of the Executive Group consists of an annual salary and bonus. The Board determines the conditions of the bonus system annually. Bonuses will be paid to the CEO and the members of the Executive Group based on the achievement of the company's profitability targets and other financial targets for the financial year. In 2016, the maximum variable salary was 50% of the CEO's total salary and 25% of the total salaries of the other members of the Executive Group. Tokmanni's Board of Directors has decided to amend the company's remuneration principles as of 2017, which is subject to the AGM's approval of a share issue. The incentive plan for the Executive Group and key employees will consist of a short-term annual fee and a long-term share-based incentive system. With regard to the Executive Group, part of the short-term annual fee will be paid as additional pension insurance.

The CEO's terms of employment and fringe benefits

Basic salary

The total salary paid to the CEO in 2016 was EUR 365,594, including a car, a mobile phone and a housing and garage benefit until 30 September 2016.

Performance bonus

The performance bonus is based on conditions approved by the Board of Directors. In 2016, the maximum bonus was 50% of the annual basic salary. No performance bonus was paid to the CEO in 2016.

Share-based performance bonus

-

Pension arrangement

The Employees Pensions Act provides pension security based on service time and earnings. The CEO's age of retirement is determined in accordance with the Act.

Terms of notice

The CEO has a mutual notice period of six months. In addition, the CEO will be paid 12 months' salary if his employment is terminated by the company.

Incentive plans

Short-term incentive plans

Annual incentive bonuses are determined in line with Tokmanni's financial targets and the agreed-upon personal targets. The amount of the annual incentive bonus varies from two weeks' salary to two months' salary according to the requirements of the work or the employee's position, based on their annual salary. All of Tokmanni's employees are included in the incentive bonus system, with the exception of logistics employees. In addition to a monthly basic salary, an efficiency-based personal production bonus is paid to logistics employees.

Long-term incentive plans

The members of Tokmanni's Board of Directors and other selected key employees were entitled to buy Tokmanni shares at fair value as part of a long-term incentive plan for 2013–2016. Tokmanni's Board of Directors has decided to amend the company's remuneration principles as of 2017, which is subject to AGM's approval of a share issue. The incentive plan for the Executive Group and key employees will consist of a short-term annual fee and a long-term share-based incentive system.

Fees paid to the CEO and members of the Executive Group

	Salary (including fringe benefits), EUR	Performance bonus, EUR	Share-based performance bonus, EUR	Total in 2016, EUR
CEO Heikki Väänänen	365,594	0	-	365,594
Other members of the Executive Group, total	1,140,032	0	-	1,140,032

Members of the Board of Directors



Harri Sivula

Chairman of the Board, Member of the Board since 2012, Chairman since 2012, born 1962, M.Sc. (Admin.)
Independent of the company and its major shareholders

Key work experience: GS1, CEO (since 2015), Restel Oy, CEO (2011–2014), Onninen Oy, CEO (2006–2010), Kesko Oyj, Ruoka-Kesko, Deputy Managing Director; Ruoka-Kesko, Division Director (1987–2006)
Holding in Tokmanni Group Corporation on 31 December 2016: 450,000 shares

Therese Cedercreutz

Member of the Board since 2016, born 1969, M.Sc. (Econ.)
Independent of the company and its major shareholders

Key work experience: Barmer-Cedercreutz, CEO (since 2016), 358 Creative Agency, Managing Director (2015–2016), 358 Creative Agency, COO (2013–2014), Spoiled Milk Creative Agency, VP, Business Development (2011–2013), F-Secure Oyj, Director, Global Consumer Business and Marketing (2010–2011), THQ Wireless, VP, Sales and Business Development, EMEA (2003–2009)
Holding in Tokmanni Group Corporation on 31 December 2016: 640 shares

Robert Furuhjelm

Member of the Board since 2012, born 1969, M.Sc. (Econ.)
Independent of the company, not independent of its major shareholders

Key work experience: Nordic Capital, Partner (since 2003), Enskilda Securities Corporate Finance, Director, London and Helsinki (1996–2003), Goldman Sachs London, Investment Banking Division, Analyst (1994–1996)
Holding in Tokmanni Group Corporation on 31 December 2016: 0 shares

Christian Gylling

Member of the Board since 2012, born 1979, M.Sc. (Econ.)
Independent of the company, not independent of its major shareholders

Key work experience: Nordic Capital, Principal (since 2008), Apax Partners Holdings Ltd, Senior Associate (2005–2008), Goldman Sachs London, Investment Banking Division, Analyst (2003–2005)
Holding in Tokmanni Group Corporation on 31 December 2016: 0 shares



Kati Hagros

Member of the Board since 2016, born 1970, M.Sc. (Eng.), M.Sc. (Soc.)

Independent of the company and its major shareholders

Key work experience: Aalto University, Chief Digital Officer (since 2016), KONE Corporation, SVP, Digitalization Strategy, Service Business (2015–2016), KONE Corporation, SVP, Global Development, and CIO and Head of Global Development (2010–2015), Nokia Corporation, Vice President, IT, Finland and the UK (2007–2009), Nokia Corporation, Vice President, Quality, Finland and the UK (2004–2007), Nokia Mobile Phones, Asia-Pacific, various positions (1997–2004)

Holding in Tokmanni Group Corporation on 31 December 2016: 0 shares

Sven-Olof Kulldorff

Member of the Board since 2012, born 1954, M.Sc. (Eng.)

Independent of the company and its major shareholders

Key work experience: Företagsledare REGO, CEO (since 2007), ICA Group, EVP (Supply) and deputy CEO (2004–2007), IKEA, CPO of Ikea Group and CEO of Ikea Netherlands, among other positions (1978–2004)
Holding in Tokmanni Group Corporation on 31 December 2016: 0 shares
Kulldorff is a shareholder in REGO AB, which owned 300,000 shares in Tokmanni Group Corporation

Seppo Saastamoinen

Member of the Board since 2013, born 1960, Diploma in Business Administration

Not independent of the company or its major shareholders

Key work experience: Board professional (since 2007), Tokmanni, Deputy CEO (2006–2007), Tarjousmaxi, Founder and Board member (2003–2006), Maxi-Makasiini and Maxi-Kodintukku, Founder and CEO (1978–2003)
Holding in Tokmanni Group Corporation on 31 December 2016: 0 shares
Saastamoinen has indirect holdings in Rockers Tukku Oy, which owned 8,836,825 shares in Tokmanni Group Corporation

Members of the Executive Group



Heikki Väänänen

CEO since 2009, born in 1958, BSc (Econ.), MBA, joined the company in 2009

Key work experience: Stockmann Group, Deputy CEO, responsible for the department stores (2004–2008), CEO, Seppälä Oy (2001–2004)

Positions of trust: Finnish Commerce Federation, Board member (since 2013), Finnish Grocery Trade Association, Board member (since 2009), Tilakarhut Oy, Board member (since 2008)

Holding in Tokmanni Group Corporation on 31 December 2016: 600,000 shares



Sixten Hjort

Deputy CEO since 2009, CFO since 2005, member of the Executive Group since 2005, born in 1955, MSc (Econ.), joined the company in 2005

Key work experience: Vogue Group Oy, CFO (1998–2005), Partner, Authorised Public Accountant, Ernst & Young Oy (1979–1998)

Positions of trust: Ota-Tuote Oy, Chairman of the Board (since 2000), Fixcel Group Oy, Chairman of the Board (since 2015), Mäntsälän Yrityskehitys Oy, Board member (since 2011), Silexium Oy, Board member (since 2007), Haaslahti Oy, Chairman of the Board (since 2016)

Holding in Tokmanni Group Corporation on 31 December 2016: 202,500 shares



Tomi Hakanpää

Marketing Director since 2015, member of the Executive Group since 2015, born in 1971, MSc (Econ.), joined the company in 2015

Key work experience: DDB Helsinki, Strategy Director (2004–2015), Cloetta Fazer AB, Category Director (2002–2004), Fazer Confectionery Ltd, Marketing Manager (1999–2002), Fazer Confectionery Ltd, Product Group Manager (1997–1999) Holding in Tokmanni Group Corporation on 31 December 2016: 50,000 shares



Sirpa Huusonen

HR Director since 2016, member of the Executive Group since 2016, born in 1961, LLM (trained on the bench), joined the company in 2016

Key work experience: ISS Palvelut Oy, HR Director, member of Management Team (2004–2016), Engel Palvelut Oy, HR Manager (2002–2004), Helsinki Metropolitan Area Council, Administrative Manager (1997–2002), UL Oikeuspalvelu Oy, Finnish Foreign Trade Law Office Ltd, Legal Counsel (1995–1997)

Positions of trust: Helsinki Regional Chamber of Commerce, Vice Chair of the Education and Labour Committee (since 2009), Helsinki Regional Chamber of Commerce, member of the Merit Board (since 2015)

Holding in Tokmanni Group Corporation on 31 December 2016: 600 shares



Pasi Karhapää

Chief Information Officer since 2007, member of the Executive Group since 2009, born in 1970, BSc (Tech.), joined the company in 2007

Key work experience: Bauhaus & Co., ICT Manager (2005–2007), Business Director, Data-Info Vantaa (2000–2004)

Positions of trust: A.I.D. Advanced Internet Design, Chairman of the Board (since 1998)

Holding in Tokmanni Group Corporation on 31 December 2016: 78,750 shares



Karri Pulli

Sourcing Director since 2013, member of the Executive Group since 2013, born in 1963, MSc (Econ.), joined the company in 2013

Key work experience: Best Friend Group Oy, Managing Director (2011–2013), Best Friend Group Oy, Director of Operations (2010–2011), Best Friend Group Oy, Commercial Director (2008–2010), Finnish Food and Drink Industries' Federation, Head of Commercial Operations (2007–2008), Kesko, various managerial positions (1992–2007)
Holding in Tokmanni Group Corporation on 31 December 2016: 48,000 shares



Sami Vilkki

Supply Chain Director since 2015, member of the Executive Group since 2010, born in 1970, B.Sc. (Tech.), joined the company in 2006

Key work experience: Tokmanni, Logistics Manager (2006–2015), Valio Oy, Logistics Manager (2005–2006), Valio Oy, Warehouse Manager (2000–2004)

Positions of Trust: Osuuskunta TYÖPOOLI Andelslag, Board member (2011–2015)

Holding in Tokmanni Group Corporation on 31 December 2016: 63,000 shares

Panu Porkka

Sales Director and member of the Executive Group from 2013 to 2016, born in 1977, student of economics and business administration, joined the company in 2013

Business Development Director Jari Laine left the company on 10 August 2016.

TOKMANNI