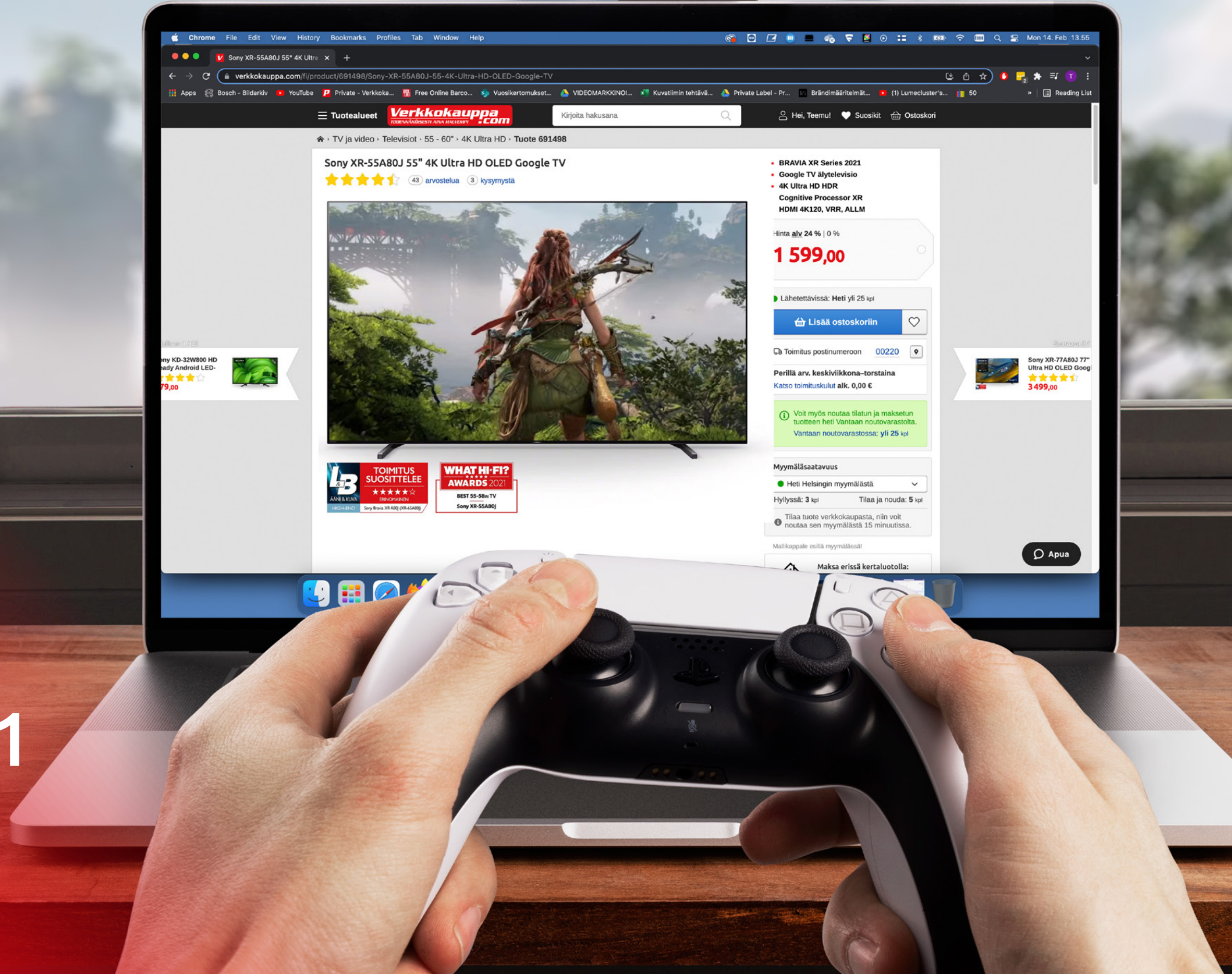




Verkkokauppa.com Oyj

# Corporate Governance Statement 2021 and Remuneration Report





# Verkkokauppa.com's Annual reporting 2021

Verkkokauppa.com has published four separate reports, which together form the company's Annual reporting for 2021. The reports are available in Finnish and English, and the reporting components are the Company brochure, Report of the Board of Directors and the Financial Statements, Statement of non-financial information, and Corporate Governance statement including the Remuneration report. The Statement of non-financial information is about company's sustainability work and its progress during 2021. Reports can be read and downloaded on the [Verkkokauppa.com website](https://www.verkkokauppa.com) as separate pdf files.





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# Corporate Governance Statement 2021

The Corporate Governance Statement of Verkkokauppa.com has been prepared in accordance with the current regulations and is published separately from the Report of the Board of Directors. The Audit Committee of the Board has considered this Report.

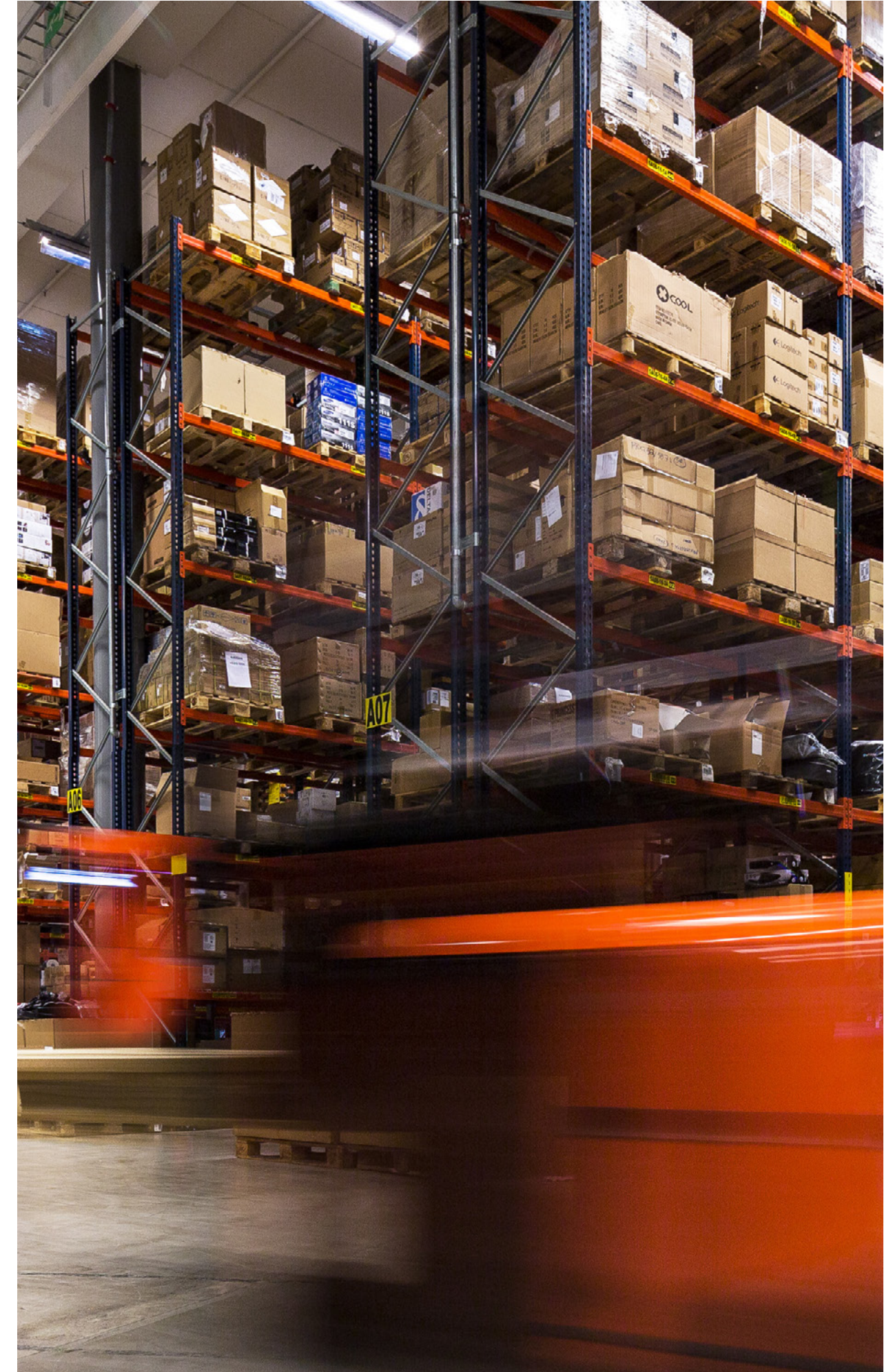
Verkkokauppa.com Oyj is a Finnish public limited company whose shares have been traded on the Nasdaq Helsinki Oy stock exchange since June 5, 2020. Verkkokauppa.com adheres to the corporate governance principles and complies in all its activities with the relevant laws and regulations, and implements 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, and 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. The Corporate Governance Statement is presented separately from the Annual Report.

Verkkokauppa.com prepares financial statements, half-yearly financial statements and interim financial reports in accordance with International Financial Reporting Standards (IFRS) adopted by the EU, the Securities Markets Act and applicable Financial Supervisory Regulations and Guidelines, and Nasdaq Helsinki Regulations. The company's Annual Report and financial statements have been prepared in accordance with the Finnish Companies Act, the Accounting Act, the Securities Markets Act and the guidelines and statements of the Accounting Board. In accordance with the

Finnish Accounting Act, Verkkokauppa.com publishes a statement of non-financial information, including information on the taxonomy of sustainable finance, as part of the Board's Report. The Audit Report covers the company's financial statements.

Through its governance, Verkkokauppa.com also complies with the Securities and Exchange Commission's Corporate Governance Code, which entered into force in 2020. If Verkkokauppa.com deviates from one of the recommendations in the Management Code, it must explain and justify the derogation. The Finnish Corporate Governance Code is available at [www.cgfinland.fi](http://www.cgfinland.fi).

The Corporate Governance Statement for Verkkokauppa.com is available on the company's website at <https://investors.verkkokauppa.com/fi/governance>.

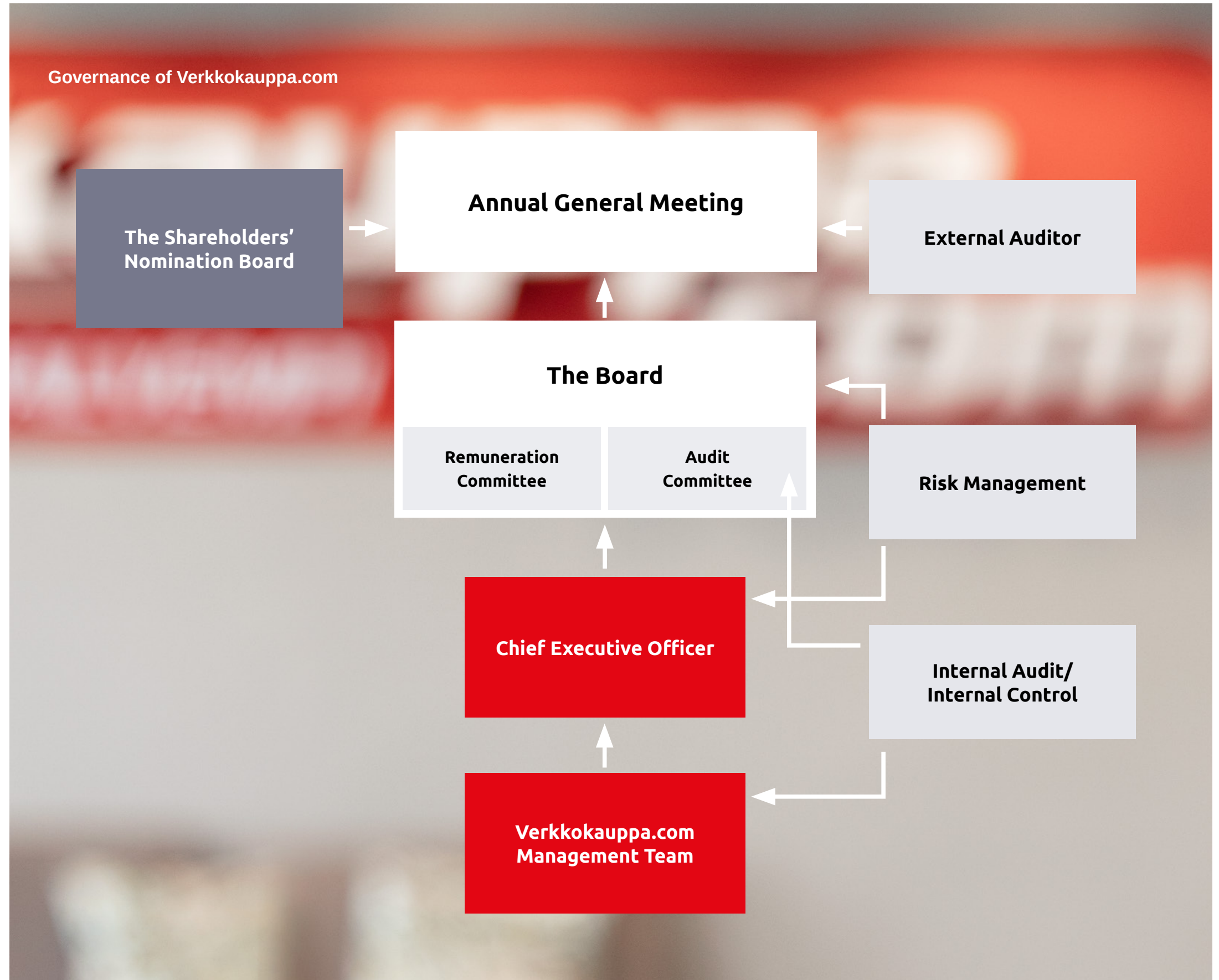




## Verkkokauppa.com's governance structure

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

The company's governance is organized through the Annual General Meeting, the Shareholders' Nomination Board, the Board, and the CEO. In addition, the company has a Management Team led by the CEO. The company has one reporting segment.



## Annual General Meeting

The highest decision-making power in Verkkokauppa.com is exercised by the company's shareholders at the Annual General Meeting, where they can speak, ask questions and vote. The Annual General Meeting is held by the end of June each year and deals with the matters specified in the Articles of Association, and the matters proposed to it.

In general, the Annual General Meeting addresses matters on the agenda of the Board and its committees, as well as the Shareholders' Nomination Board. In addition, shareholders may request the Board to add items to the agenda of the next Annual General Meeting, in accordance with the Companies Act. Verkkokauppa.com will publish, in due time, the date by which shareholders must notify their request for proceedings to be held at the Annual General Meeting on its investor website at <https://investors.verkkokauppa.com>.

Key matters subject to the decision-making power of an Annual General Meeting include:

- The adoption of the financial statements;
- The decision on the use of profit, such as dividends;
- The decisions on the number, election, and remuneration of members of the Board;
- The discharging the members of the Board and the CEO from liability;
- The 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 given to the Board (e.g. the authorization to decide on the payment of an additional dividend, on a share issue or on the repurchase of the company's own shares)

As a rule, decisions by the Annual General Meeting are made with a simple majority of votes. The Annual General Meeting is attended by the President and CEO, the Chairperson of the Board and the members of the Board. The Auditor also attends the Annual General Meeting. The candidates proposed for election to the Board attend the Annual General Meeting, which decides on their election.

### Annual General Meeting notice and documents

Notice of the Annual General Meeting is published as a stock exchange release no earlier than three months and no later than three weeks before the meeting. The agenda, proposed resolutions, and other meeting materials will then be available on the Company's investor website <https://investors.verkkokauppa.com/fi/general-meeting>.

### Voting

Shareholders entered in the shareholders' register maintained by Euroclear Finland Oy on the recorded date of the Annual General Meeting are entitled to participate in the Annual General Meeting and exercise voting rights. Each share has one vote. Instructions on the participation of nominee registered shareholders in the General Meeting can be found in the notice of the meeting.

## Annual General Meeting in 2021

The Annual General Meeting was held in Helsinki on March 25, 2021. The company's Board decided on an exceptional meeting procedure to limit the spread of the Covid-19 pandemic under the temporary law (677/2020), so the Annual General Meeting was held without the presence of shareholders and their proxies at the meeting venue. Shareholders had the opportunity to exercise their rights as shareholders at the Annual General Meeting by voting (either in person or by proxy), submitting counter-proposals, and asking questions in advance. A total of 95 shareholders were represented at the Annual General Meeting, representing 65.9 percent of the company's shares.

The Annual General Meeting approved the 2020 financial statements, discussed the Remuneration Policy and granted discharge to the members of the Board and the CEO for the financial year 2020. The Annual General Meeting approved a dividend of EUR 0.056 per share, and a supplementary dividend of EUR 0.22 per share (i.e. a total of EUR 0.276 per share). The Company will pay a total of EUR 12,345,341.17 in dividends.

In accordance with the proposal of the Shareholders' Nomination Board, the number of Board members was set at seven, and **Christoffer Häggblom** (Vice Chairperson), **Kai Seikku**, **Samuli Seppälä**, and **Arja Talma** (Chairperson) will continue as Board members. **Mikko Kärkkäinen**, **Frida Ridderstolpe**, and **Johan Ryding** were elected as new Board members.

PricewaterhouseCoopers Oy, the firm of auditors, was elected as the Company's Auditor, and **Ylva Eriksson**, Authorized Public Accountant, acts as the Principal Auditor.

The Annual General Meeting approved Board authorizations to decide on the repurchase of own shares and on a share issue.

Verkkokauppa.com published a stock exchange release on the decisions of the Annual General Meeting and the Board's organizational meeting on March 25, 2021. The stock exchange release is available on the Company's investor website <https://investors.verkkokauppa.com/fi>.

## Shareholders' Nomination Board

The company's Annual General Meeting held on March 31, 2020 decided to establish a Shareholders' Nomination Board consisting of the company's largest shareholders, or persons nominated by them, to prepare annually and otherwise, if necessary, proposals regarding the composition of the Board and the election and remuneration of its members. The Nomination Board functions, and its rules of procedure remain in force, until the Annual General Meeting decides otherwise.

The Nomination Board consists of three members, the company's three largest shareholders, or representatives appointed by these shareholders. Shareholders' nomination rights are based on the number of votes cast on the last working day of May, preceding the Annual General Meeting. The Chairperson of the Board is an expert member of the Nomination Board.

Further information on the Nomination Board and its full rules of procedure are available on the company's investor website <https://investors.verkkokauppa.com/fi/shareholders-nomination-board>.

## Composition of the Shareholders' Nomination Board

On June 21, 2021, the three largest shareholders of Verkkokauppa.com, as of May 31, 2021, appointed the representatives of the Nomination Board as follows:

Shareholder	Ownership as of May 31, 2021	A representative on the Nomination Board	Status on the Nomination Board	Presence during 2021–2022
<b>Samuli Seppälä</b> , Verkkokauppa.com's founder and principal owner	35.4%	<b>Samuli Seppälä</b>	Member	5/5
Varma Mutual Pension Insurance Company	8.6%	<b>Erkka Korhonen</b> , Senior Portfolio Manager	Chairperson	5/5
Mandatum Life Insurance Company	4.9%	<b>Jukka Järvelä</b> , Senior Portfolio Manager, Mandatum Asset Management	Member	5/5

The Nomination Board also includes **Arja Talma**, Chairperson of the Board of Verkkokauppa.com, as an expert member.

### Nomination Board Proposals for the 2022 Annual General Meeting

Before the proposal was published, the Nomination Board met 5 times. The attendance of members of the Nomination Board at meetings was 100 percent. The committee discussed the size, composition and diversity of the Board and the key areas of expertise that it considers to be most beneficial to the company. The Committee also reviewed the remuneration of the Board. On 17 February 2022, the Nomination Board submitted its proposals to the Board for the convening of the Annual General Meeting. The Committee decided to propose to the Annual General Meeting that:

- The Board consists of a total of seven members;
- That all the current Board members be re-elected for a term of office ending at the close of the Annual General Meeting of 2023:
  - The current Board consist of **Arja Talma** (Chair), **Christoffer Häggblom** (Vice Chair), **Mikko Kärkkäinen**, **Frida Ridderstolpe**, **Johan Ryding**, **Kai Seikku** and **Samuli Seppälä**
- The Board elects a Vice Chairperson and a Chairperson from among its members.

The nominees for election to the Board have informed the Shareholders' Nomination Board that, if elected, they will elect Arja Talma as Chairperson of the Board and Christoffer Häggblom as Vice Chairperson of the Board.

All candidates have given their consent to the posts. All candidates are independent of the company and its major shareholders, except **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 2023, is proposed 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 percent of the annual bonus will be paid in Verkkokauppa.com Oyj shares in four equal installments, with each installment to be acquired or delivered within two weeks starting from the day following the publication of each interim report and financial statement release for the year 2022. The remainder of the annual fee is proposed to be paid in cash to cover the taxes arising from the fee.

The following annual fees are proposed to be paid to the members elected to the Board Committees for the period ending at the close of the Annual General Meeting in 2023:

- EUR 12,000 for the Chairperson of the Audit Committee,
- EUR 10,000 for the Vice Chairperson of the Audit Committee,
- EUR 6000 for each member of the Audit Committee,
- EUR 8000 for the Chairperson of the Remuneration Committee, and
- EUR 4000 for each member of the Remuneration Committee.

Fees for committees are proposed to be paid in cash. In addition, it is proposed that the members of the Board of Directors be reimbursed for reasonable actual travel and accommodation expenses, and other possible costs associated with the work of the Board of Directors and the committees.

The proposed fees correspond to the fees decided at the Annual General Meeting on March 25, 2021.



## The Board

The Board supervises the management of the company and its operations. It also decides on important issues relating to strategy, investment, model of action, and financing.

The Board of Directors has two committees that report to the Board: The Audit Committee and the Remuneration Committee. The Board elects the members of the committees from among its members at the organizational meeting of the Board held after the Annual General Meeting. The Board of Directors has established written rules of procedure for both committees.

### Composition and term

According to the Articles of Association, the Board consists of at least four and no more than eight members. The members of the Board are elected at the Annual General Meeting and their term of office expires at the end of the Annual General Meeting following their election.

The Articles of Association do not impose any restrictions on the number of terms of office of Board members, nor do they in any way limit the discretion of the Annual General Meeting in the election of Board members. However, the Annual General Meeting may take into account the recommendations of the Corporate Governance Code governing the composition of the Board, in particular independence requirements and other requirements applicable to companies listed on a regulated market in Finland. The Board elects one of its members as Chairperson and may also elect a Vice Chairperson.

### Duties of the Board

The duties of the Board come from the Companies Act and other applicable legislation. The Board is responsible for the Company's administration. Its tasks include:

- Deliberating and deciding on the company's strategy;
- Verifying the business plan and budget, as well as financing transactions (as far as not falling under the responsibility of the shareholders);
- Deliberating on and approving interim reports and/or interim management statements, the annual accounts and reports by the Board;
- Verifying internal controls, risk management systems and reporting procedures;
- Deciding on possible bonus and incentive schemes for management and possible general or special pension schemes, profit sharing schemes, or bonus schemes for employees of the company;
- Deciding on any contracts which, given the scope and nature of the company's activities, are of unusual nature or significant importance, such as long-term lease contracts;
- Monitoring related party transactions; and
- Appointing or dismissing the CEO. The President and CEO appoints other employees who are members of the company's Management Team. Appointments are approved by the company's Board.

### Duties of the Board Committees

The Board of Verkkokauppa.com has established two committees: the Audit Committee and the Remuneration Committee.

**The Audit Committee** is responsible for preparing the Board's monitoring and control tasks in relation to the company's financial reporting system, the effectiveness of internal controls and audit and risk management systems, and the independence of the Auditor. The majority of the members of the Audit Committee are independent of the company and its significant shareholders. The criteria for the

qualification of members of the committee have been taken into account.

The role of the **Remuneration Committee** is to prepare the company's Remuneration Policy and Remuneration Report to be presented to the Annual General Meetings, and to ensure the effective preparation of remuneration matters in relation to the election of the Board, the CEO and other senior management. The majority of the members of the Remuneration Committee are independent of the company and its significant shareholders.

### Decision-making and meeting practice

The Chairperson convenes the Board. The Board of Directors has a quorum when at least half of its members are present at the meeting. Through voting, the majority opinion constitutes the Board's decision. In the event of a tie, the Chairperson has the casting vote.

The Board is always obliged to act in the company's interests, and in such a way that its actions 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 meets as often as necessary to fulfill its responsibilities. The CEO ensures that the Board has access to sufficient information to assess the company's operations and financial situation. Robert Tallberg, the company's lawyer in charge of legal affairs, acts as Secretary to the Board. The Board of Directors reviews its own operations annually, and after each longer meeting the Board organizes a short feedback session.

### Independence of the Board

According to the Corporate Governance Code, the majority of the Board members must be independent of the Company. At least two members of the Board who are independent of the Company must also be independent of the company's significant shareholders.

The Board assesses the independence of its members. The members of the Board confirm the information necessary to assess



their independence annually and undertake to inform the Company, without delay, of any changes that may occur during the year of activity.

In 2021, all members of the Board of Directors were assessed as independent of the company and its significant shareholders, except **Samuli Seppälä**. He is Verkkokauppa.com's founder and a significant shareholder, with a 35.4 percent share ownership, and a member of the Shareholders' Nomination Board.

### **Principles concerning the diversity of the Board**

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

It is in the interests of the company and its shareholders that the members of the Board have broad expertise in different fields and areas of business. The Board's diversity supports the company's business and development, open debate, and independent decision-making.

The Shareholders' Nomination Board must take into account the company's strategy, the requirements of the company's operations and its stage of development, as well as the necessary diversity of the Board, when preparing the proposal for the composition of the Board. The diversity of the Board is examined from different perspectives. The key factors for the company are educational and professional background, strong, diverse and complementary skills, experience and knowledge of the business areas of importance to the company, and age and gender balance.

The company's Shareholders' Nomination Board prepares a proposal for the number and composition of the Board. The Shareholders' Nomination Board's proposal to the Annual General Meeting for the composition of the Board is based on the qualifications of each candidate, and the company seeks to select Board members whose experience and profile match the company's current and future business needs. The members of the Board are elected annually at the Annual General Meeting.

The company's objective is to have both genders represented on the Board of Directors and to achieve a more balanced gender distribution in the long term on the Board of Directors. In order to achieve this goal, the process of seeking and evaluating new Board members is linked to candidates from both genders and the goal is actively communicated to shareholders.

### **Board diversity in 2021**

The Board members had the necessary skills, experience and know-how of Verkkokauppa.com's most important business, social and market conditions, taking into account the company's current and future needs. Strong industry expertise, stock exchange company experience, development and implementation skills for growth strategy, and knowledge of the economy were found among the members of the Board. In 2021, two members of the Board were women and five were men. Two members of the Board were Swedish citizens and five were Finnish citizens. Three Board members live in Finland and four live abroad.

### **Principles concerning related party transactions**

The Company's Board has adopted a policy on related party transactions. According to the company's policy on related party transactions, the Board's Audit Committee is responsible for monitoring and supervising the Company's related party transactions. The Audit Committee monitors and assesses how contracts and other legal actions between the company and its related parties meet the requirements of normal business and market conditions. The Audit Committee processes related party transactions to be reported in the financial statements. The Audit Committee reports regularly to the Board. The Board keeps a list of parties related to the company.

Under the company's policy on related party transactions, a member of the company's Management Team has a responsibility to investigate, assess, and determine in advance whether a transaction within the scope of that member's responsibility is a potential related party transaction. Given the company's business model in retail, the

nature of its daily activities, and the use of general terms, related party activities are mainly concerned with the purchase of services or potentially significant one-off offers or tender processes. According to the company's assessment, related party transactions that are not part of normal business activities, or are carried out on a non-market basis, are both relatively rare and limited in scope.

If a Director or other relevant person identifies, or has reason to believe, that a transaction would be entered into with a related party, that person must notify the Secretary to the Board and the company's financial administration. The Secretary to the Board of Directors assesses the nature of the business together with the financial management, i.e. whether the transaction was made as part of the company's normal business and on market terms, the materiality of the transaction, and whether the transaction requires a decision by the Board of Directors. The Audit Committee prepares such related party transactions for decision by the Board.



## The Board of Directors and its committees in 2021

On March 25, 2021, the Annual General Meeting elected the following seven members to the Board for a term of office ending at the close of the next Annual General Meeting: **Christoffer Häggblom**, **Mikko Kärkkäinen**, **Frida Ridderstolpe**, **Johan Ryding**, **Kai Seikku**, **Samuli Seppälä** and **Arja Talma**. At the organizational meeting of the Board following the Annual General Meeting, **Arja Talma** was elected Chairperson of the Board and **Christoffer Häggblom** was elected Vice Chairperson of the Board. The composition of the Board committees was decided as follows; **Christoffer Häggblom** (Chairperson), **Kai Seikku** and **Arja Talma** were elected as members of the Remuneration Committee, and **Kai Seikku** (Chairperson), **Arja Talma** (Vice Chairperson) and **Christoffer Häggblom** were elected as members of the Audit Committee.

The Board has assessed **Christoffer Häggblom**, **Mikko Kärkkäinen**, **Frida Ridderstolpe**, **Johan Ryding**, **Kai Seikku** and **Arja Talma** to be independent of the Company and its significant shareholders. The overall assessment of independence shows that **Christoffer Häggblom**'s independence is not compromised, despite his continuous membership on the Board for more than 10 years. The Board has not identified any other factors or factor that would undermine **Christoffer Häggblom**'s independence. **Samuli Seppälä** is not independent of the company or its significant shareholders, as he has been a member of the company's Board for more than 20 consecutive years, he is the founder of the Company and has served as its long-term CEO, and is himself a significant shareholder of the Company.

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

Name	Position	Board	Audit Committee	Remuneration Committee
<b>Christoffer Häggblom</b>	Vice Chairperson, Chairperson of the Remuneration Committee, member of the Audit Committee	19 / 19	4 / 4	4 / 4
<b>Mikko Kärkkäinen</b>	Member	14 / 14	-	-
<b>Frida Ridderstolpe</b>	Member	14 / 14	-	-
<b>Johan Ryding</b>	Member	14 / 14	-	-
<b>Kai Seikku</b>	Chairperson of the Audit Committee, member of the Remuneration Committee	18 / 19	4 / 4	4 / 4
<b>Samuli Seppälä</b>	Member	19 / 19	1 / 1	1 / 1
<b>Arja Talma</b>	Chairperson, Vice Chairperson of the Audit Committee, member of the Remuneration Committee	19 / 19	4 / 4	4 / 4

<sup>1)</sup> Member of the Board until January 4, 2021.

In 2021, the Board of Directors convened 19 times (2020: 25 times). The average attendance rate was 97 percent (2020: 97%).

In 2021, in addition to its tasks as defined in the Rules of Procedure, the Board focused on the evaluation of the measures to be taken as a result of the continuation of the Covid-19 pandemic, their implementation, and the implementation of an updated strategy and investments. In addition to the tasks defined in the Rules of Procedure, the work of the Remuneration Committee was related to the preparation of the Remuneration Policy and Report discussed at the Annual General Meeting, and the development of long-term incentive schemes. The work of the Audit Committee focused on the development of financial reporting, risk management, and internal audit procedures.



## Members of the Board of Verkkokauppa.com as of December 31, 2021





**Board of Directors at Verkkokauppa.com**

**Arja Talma**

Chairperson, Vice Chair of the Audit Committee, Member of Remuneration Committee. Board member since 2018

Born in 1962, Finnish citizen

Education: Master of Science (Econ.), eMBA

Main occupation: Professional Board Member

*Positions of trust*

Member of the Board, Aktia Pankki Oyj 2013–2022

Member of the Board, Metso Outotec Oyj 2020–

Member of the Board, Glaston Oyj 2021–

*Work experience*

Senior Vice President, Store Sites and Investments, Kesko Corporation 2013–2015

President, Rautakesko Oy 2011–2013

Senior Vice President, 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

Shareholdings in Verkkokauppa.com as of 31

December 2021: 14,261 shares

Independent of the Company and its significant shareholders

**Christoffer Häggblom**

Vice Chairperson of the Board, Chairperson of the Remuneration Committee and member of the Audit Committee, Board member since 2009.

Born in 1981, Finnish citizen.

Education: Master of Science (Econ.)

Main occupation: Managing Partner, Rite Internet Ventures Holding AB

*Positions of trust*

Chairperson of the Board, Lemonsoft Oy 2020–

Member of the Board, CDON AB 2018–

Member of the Board, Nelly Group AB 2017–

Member of the Board, Acervo AB 2013–

Member of the Board, Rite Internet Ventures Holding AB (including subsidiaries) 2007–

*Work experience*

Founder and Managing Partner of Rite Internet Ventures Holding AB, 2007–

Shareholding in Verkkokauppa.com as of 31

December 2021: 26,669 shares In addition, ownership of Rite Internet Ventures Holding AB, which indirectly owns a total of 1,612,576 shares.

Independent of the Company and its significant shareholders

**Kai Seikku**

Chairperson of the Audit Committee, Member of Remuneration Committee Board Member since 2013

Born in 1965, Finnish citizen

Education: Master of Science (Econ.)

Main occupation: President and CEO, Okmetic Oyj Executive Vice President, National Silicon Industry Group (Shanghai, China)

*Positions of trust*

Member of the Board, Inderes Oy 2016–

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

*Work experience*

CEO, HKScan Oyj, 2005–2009

CEO, Hasan & Partners Oy, 1999–2004

Shareholding in Verkkokauppa.com as of 31

December 2021: 146,049 shares

Independent of the Company and its significant shareholders

**Samuli Seppälä**

Board Member since 1998

Born in 1975, Finnish citizen

Education: High School Graduate

Main occupation: Consultant

*Positions of trust*

Member of the Board, F. Sergejeff's Beer Factory Corporation 2014–

*Work experience*

Founder, CEO, Verkkokauppa.com Oyj 1992–2018

Shareholding in Verkkokauppa.com as of 31

December 2021: 15,957,000 shares

Independent of the Company, not independent on significant shareholder



### **Frida Ridderstolpe**

Board Member since 2021

Born in 1978, Swedish citizen

Education: Studies in Economics, Human Geography and Archeology

Main occupation: Head of Digital Development and eCommerce, Axfood

#### *Positions of trust*

Member of the Board, Kokaihop Media AB 2019–

#### *Work experience*

Head of various ecommerce and business development related positions, Axfood 2018–

Head of various ecommerce and retail related positions, H&M 2014–2018

Various retail related managerial positions, Gant Sweden AB 2008–2014

Shareholding in Verkkokauppa.com as of 31

December 2021: 1,613 shares

Independent of the Company and its significant shareholders

### **Johan Ryding**

Board Member since 2021

Born in 1979, Swedish citizen

Education: Master of Science in Business and Economics

Main occupation: Entrepreneur

#### *Work experience*

CEO and Founder, Sportamore AB 2009–2020

Various retail managerial positions, Nike EMEA 2003–2010

Shareholding in Verkkokauppa.com as of 31

December 2021: 1,637 shares

Independent of the Company and its significant shareholders

### **Mikko Kärkkäinen**

Board Member since 2021

Born in 1975, Finnish citizen

Education: D.Sc., (Tech)

Main occupation: CEO, RELEX Solutions

#### *Positions of trust*

Retail Logistics Excellence – RELEX Oy,

Member of the Board 2005–

#### *Work experience*

CEO and Co-Founder, RELEX Solutions 2006–

Project Manager, Helsinki University of Technology 2004–2005

Researcher, Helsinki University of Technology, 2000–2004

Supply Chain Consultant, Sedeco Consulting 1998–2001

Shareholding in Verkkokauppa.com as of 31

December 2021: 1,613 shares

Independent of the Company and its significant shareholders.

### **Muut hallituksen jäsenet vuonna 2021**

#### **Robert Burèn**

Independent member of the Board of

Verkkokauppa.com, 2017–March 25, 2021

Born in 1970, Swedish citizen, M.Sc (Computer Science)

#### **Mikael Hagman**

Independent member of the Board of

Verkkokauppa.com, 2014–January 4, 2021

Born in 1968, Swedish citizen, Degree in Commerce (DIHM)



## Chief Executive Officer

The Board elects the CEO and decides on the remuneration, and the other terms of the CEO's contract. The CEO is responsible for the management and development of the company in accordance with the instructions and regulations issued by the Board, and implements the Board's decisions. The CEO is responsible for the day-to-day management of the company in accordance with the instructions and orders issued by the Board. The CEO also ensures that the company's accounts are legal and that the company's financial and treasury management is reliably organized. The CEO reports to the Board on the company's financial condition, business environment, and other important matters. The CEO also acts as Chairperson of the Group's Management Team.

The CEO primarily presents the issues on the agenda to the Board, and drafts the Board's proposals for decisions.

Verkkokauppa.com Oyj's CEO is **Panu Porkka**. The CEO, and his related parties, do not have essential business relationships with the company. Details of the CEO can be found in the management and ownership information section below. The financial benefits awarded to the CEO's employment are described in the Remuneration Report.

## Management Team

The Management Team is an institution composed of the company's executive management, the activities of which are not regulated by law. The Management Team is responsible for the long-term strategic development of the Company.

The members of the Management Team deal with matters relating to the management of the company in their respective areas, in accordance with the instructions given by the Board. The Management Team assists the CEO in the management of the company. The members of the Management Team prepare matters to be submitted to the Board for decision, such as the Company's strategy, budget

and policies, as well as major acquisitions, investments, and divestments. In addition, the Management Team will address issues related to reporting, internal and external communication, personnel development, recruitment and the working conditions of employees, and investor relations.

Verkkokauppa.com's Management Team consists of the CEO, **Panu Porkka**, **Mikko Forsell** (CFO), **Miika Heinonen** (Logistics Director), **Vesa Järveläinen** (Commercial Director), **Kalle Kouttajoki** (Strategy and Development Director), **Seppo Niemelä** (Marketing and Communications Director), **Saara Tikkanen** (Human Resources Director), **Jyrki Tulokas** (CTO) and **Pekka Litmanen** (Sales Director).

The Management Team is chaired by the CEO, who appoints the Secretary to the Management Team. **Marja Mäkinen**, the Secretary to the Management Team, is responsible for the Company's Investor Relations and Corporate Communications. The personal and ownership information about, and responsibilities of the members of the Management Team are described in the corporate management section. The decision-making order and key principles for the remuneration of the members of the Management Team, other than the CEO, are described on the company's investor website <https://investors.verkkokauppa.com/fi/remuneration-reporting>.

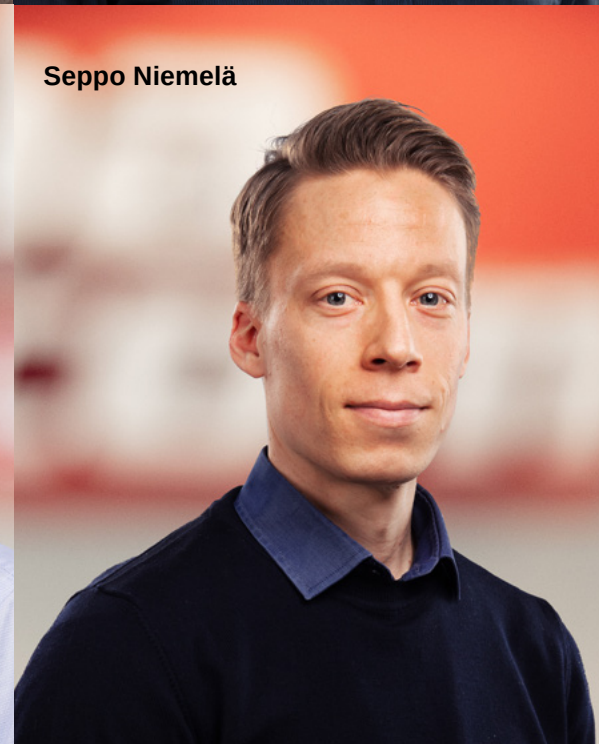
## Management of the Company

### Management Team members during 2021

Name	Position	Time period (if not a full year)	Ownership of Verkkokauppa.com shares as of December 31, 2021
<b>Panu Porkka</b>	CEO		90,000
<b>Mikko Forsell</b>	CFO		37,200
<b>Miika Heinonen</b>	Logistics Director		31,471
<b>Vesa Järveläinen</b>	Commercial Director		37,500
<b>Kalle Koutajoki</b>	Sales Director until October 11, 2021, after which Chief Strategy and Development Officer		25,000
<b>Seppo Niemelä</b>	Director of Marketing and Communications		40,001
<b>Saara Tikkanen</b>	HR Director	Since 15 February 2021	2,500
<b>Henrik Weckström</b>	CTO	Until 30 August 2021	
<b>Jyrki Tulokas</b>	CTO	Since 1 September 2021	5,050
<b>Pekka Litmanen</b>	Chief Experience Officer (CXO)	Since 11 October 2021	5,200



## CEO and members of the Management Team





## CEO and members of the Management Team

### Panu Porkka

CEO  
Born in 1977, Finnish citizen  
Business studies  
Member of the Management Team since 2018

#### *Positions of trust*

Member of the Board, Solteq Oyj 2019–

#### *Work experience*

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

### Mikko Forsell

CFO  
Born in 1974, Finnish citizen  
M.Sc. (Econ.), M.Sc. Engineering  
Member of the Management Team since 2019

#### *Work 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

### Pekka Litmanen

Chief Experience Officer (CXO)  
Born in 1980, Finnish citizen  
Bachelor of Business Administration, MBA  
Member of the Management Team since 2021

#### *Work experience*

SVP, Head of Customer Relationships and Loyalty, SOK Corporation 2019–2021  
Vice President, Customer Experience, Alko Inc. 2016–2018  
Director of Development, Elisa Corporation 2014–2016  
Head of Customer service process, Elisa Corporation 2008–2014

### Miika Heinonen

Logistics Director  
Born in 1976, Finnish citizen  
Bachelor of Business Administration  
Member of the Management Team since 2011

#### *Work experience*

Warehouse Manager, Verkkokauppa.com Oyj 2005–2011

### Seppo Niemelä

Director of Marketing and Communications  
Born in 1981, Finnish citizen  
M.Sc. Engineering  
Member of the Management Team since 2018

#### *Work experience*

Head of Marketing and Campaign, Lidl Finland 2013–2018  
Advertising Manager, Lidl Finland 2011–2013  
Purchasing Manager, Lidl Finland 2006–2011

### Vesa Järveläinen

Commercial Director  
Born in 1983, Finnish citizen  
High School Graduate  
Member of the Management Team since 2017

#### *Work experience*

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

### Saara Tikkanen

HR Director  
Born in 1982, Finnish citizen  
M.Sc (Econ)  
Member of the Management Team since 2021

#### *Work experience*

HR director, Edenred Finland Oy 2017–2021  
HR manager, ISS Palvelut Oy 2013–2017

### Kalle Koutajoki

Chief Strategy and Development Officer  
Born in 1976, Finnish citizen  
M.Sc. Engineering  
Member of the Management Team since 2019

#### *Work experience*

Chief Sales Officer, Verkkokauppa.com Oyj 2019–2021  
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

### Jyrki Tulokas

CTO  
Born in 1975, Finnish citizen  
M.Sc (Econ)  
Member of the Management Team since 2021

#### *Work experience*

CTO, F-Secure Corporation 2019–2021  
EVP, Cyber Security Products and Services, F-Secure Corporation 2017–2019  
EVP, Strategy and Corporate Development, F-Secure Corporation 2015–2017  
VP, Business Development and product Management, F-Secure Corporation 2008–2015  
Head of Business Development, Suunto Oy, 2005–2008



## Remuneration Policy and Remuneration Report

In accordance with the Corporate Governance Code, Verkkokauppa.com's Remuneration Report and Remuneration Policy was presented to the Annual General Meeting on March 25, 2021.

## Internal control, risk management and internal audit

### Internal control

Internal control policies are in line with the risk management process. The aim of risk management is to support strategy and the achievement of objectives by anticipating and responding to potential business threats and opportunities. Internal control and risk management related to financial reporting seek sufficient certainty as to the reliability of financial reporting, and that the financial statements have been prepared in accordance with the laws and regulations in force, the accounting principles (IFRS), and other requirements imposed on listed companies. The internal control components are the control environment (COSO), risk assessment, supervisory functions, communication, and monitoring. The Board and the CEO have 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 approach for the Company based on the ISO 31000 standard. The purpose of the Company's risk management is according to the risk management model:

- To increase the organization's risk awareness and proactive risk management
- To increase the competitiveness of the organization by reducing negative risks and increasing positive risks
- To ensure a sufficient level of risk management for the whole organization

- To manage risks as part of business activities and define responsibilities of risk management in the organization

Risk management is managed operationally by the risk manager. Risk management has its own steering group, whose purpose is to review the status of risk management on a quarterly basis and to guide the work of the organization. Risk management functions as a means of control and monitoring within the Company, as one of the components of internal control.

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

The Risk Management Policy is supported by internal risk management principles and guidelines for the implementation of risk management. The risk management model guides risk management in accordance with the annual clock and is based on the continuous improvement model.

Risk management is reported to different stakeholders according to pre-defined criteria. An annual plan is created for the following year in relation to the Annual Report and development feedback.

The Audit Committee regularly monitors and assesses the implementation of the Company's risk management system. The Company's operational management is responsible for the practical actions of risk management within the framework of the Risk Management Policy and principles.

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

Financial reporting is carried out by Verkkokauppa.com's CFO and finance department. The reporting is based on information provided by commercial and administrative processes and financial management systems. The financial reporting process is monitored by the company's financial department, including different guidelines,

process descriptions, reconciliations, and analyses, to ensure the accuracy of the information used in reporting.

The results of financial reporting are monitored, and deviations from forecasts and from the previous year are analyzed on a regular basis. The analyses are used to identify possible errors in reporting and to provide materially correct information about the company's finances. The company's financial department is responsible for the efficiency and completeness of the internal control. The 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. The deficiencies identified in the internal audit and risk assessment are addressed according to the risk classification.

### Inspection activities

#### *Overview of internal audit*

The internal audit will enhance the performance of the supervisory responsibilities of Verkkokauppa.com's Board. The objective of the internal audit is to contribute to ensuring that the company operates efficiently and effectively, that information is up to date and reliable, and that policies and practices are followed.

Internal audits help an organization to achieve its objectives by assessing and examining its activities and monitoring compliance with guidelines.

The internal audit function provides recommendations for the development of systems and processes in its audit reports. The Board's Audit Committee approves the annual internal audit plan, which selects audit targets in accordance with the company's strategic objectives, the assessed risks, the 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 entity are informed of the results of the audit.

Audits are carried out by external partners. Before performing field work at the internal audit site, the internal audit collects pre-material and focuses on the information and materials relevant to the audit site. During the course of the field work, additional observations about the object of inspection are recorded.

The internal audit reports contain key findings, conclusions, and recommendations for the development of controls. The site management must establish an action plan to manage the identified risks and develop controls to address the deficiencies identified during the audit. The person responsible for the internal audit of the Company regularly follows the implementation of the action plan.

## External audit

The main task of the statutory audit is to ensure that the financial statements provide correct, accurate and adequate information on the Company's activities and financial situation during the financial year. The Auditor reports to the Board of Directors at least once a year, and quarterly to the Board's Audit Committee. The remuneration of the Auditor is disclosed to Verkkokauppa.com's shareholders.

According to the Articles of Association, the Auditor must be an audit firm approved by the National Board of Patents and Registration. The Annual General Meeting elects an Auditor whose term of office expires at the end of the Annual General Meeting following the election. The Board's proposal for the Auditor will be included in the notice of the Annual General Meeting. The Auditor's audit fees in 2021 were approximately EUR 104 (approximately EUR 92,000 in 2020). In 2021, the Auditor was not paid for non-audit services (in 2020, approximately EUR 214,000 related to the main listing on Nasdaq Helsinki).

PricewaterhouseCoopers Oy, a firm of Authorized Public Accountants, has acted as the Auditor of the Company since 2016, with **Ylva Eriksson**, Authorized Public Accountant, being the Principal Auditor.

## Code of Conduct

In 2021, Verkkokauppa.com introduced an updated Code of Conduct, which was approved by the Board. The updated Code of Conduct was approved by the Board. The Code of Conduct is based on the Company's common values, which lay the foundations for all activities. An online training program on the Code of Conduct for all staff was implemented, and will form part of the new employee orientation. During the year, 82% of all employees had completed the training.

## Whistleblowing channel for reporting suspected violations

The Company has a reporting channel through which employees and other stakeholders can report concerns about misconduct of violation of the Code of Conduct. The channel can be used anonymously if necessary and all reports made through the reporting channel will be subject to internal investigation and will be investigated in accordance with the reporting procedure. In 2021, one notification was reported through the reporting channel. There was no reason to suspect misconduct in the case.

## 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 correct valuation of Verkkokauppa.com's financial instruments by providing consistent, correct, relevant, and reliable information about the Company to the financial markets to ensure that parties to the capital markets have a transparent and clear view of the Company, its activities, objectives, strategy, and financial situation. The aim is to ensure that all market participants receive the information communicated by the Company at the same time.

Verkkokauppa.com's website ([www.verkkokauppa.com](http://www.verkkokauppa.com) and <https://investors.verkkokauppa.com>) is the main communication channel for communicating up-to-date information to all stakeholders. Verkkokauppa.com's aim is to provide reliable and comprehensive

information on its website, enabling investors to form the right picture of the Company.

Verkkokauppa.com's official reporting language is Finnish. Stock exchange releases and financial reports subject to reporting obligation are published in both Finnish and English.

Verkkokauppa.com's Disclosure Policy has been approved by the Company's Board and is available on the Company's investor website <https://investors.verkkokauppa.com/fi/disclosure-policy>.

## Insider administration

### Coordination and control of insider issues

Verkkokauppa.com complies with the insider rules published by Nasdaq Helsinki Oy, which apply to companies whose shares are traded on Nasdaq Helsinki. The Insider Guidelines approved by Verkkokauppa.com's Board complement other insider regulations and define the procedures for insiders and insider management. Verkkokauppa.com's insider guidelines are regularly updated and their compliance is continuously monitored. Verkkokauppa.com's lawyer in charge of legal affairs, Robert Tallberg, is responsible for insider dealing.

### Related party activities

#### *Persons in management positions*

The Market Abuse Regulation (MAR) contains, in particular, provisions relating to the Company's duty to disclose information, the management of inside information, the reporting and disclosure of transactions by managers and their related parties, and insider lists.

#### *Obligation to notify*

Executives and their related parties must report their transactions in the Company's financial instruments to the insider guidelines within two days, and to the Financial Supervisory Authority within three days of the transaction. The Company is obliged to report transactions with stock exchange releases within two days of receipt of the notification.



Persons holding managerial positions must inform the related parties in writing of the existence of such a duty.

#### *Closed period*

The closed period under the Market Abuse Regulation, during which transactions in the Company's financial instruments are prohibited, is 30 calendar days before the publication of the issuer's interim or annual financial statements, and applies to persons holding managerial positions. The Company applies the closed period after the end of each quarter of the calendar year until the day following the publication of the financial statement or annual financial statements. However, the closed period must always include at least 30 calendar days preceding the publication of the financial statement or annual financial statements. In certain specific cases, the issuer may allow transactions in a closed period on a case-by-case basis.

## **Shareholders' agreements**

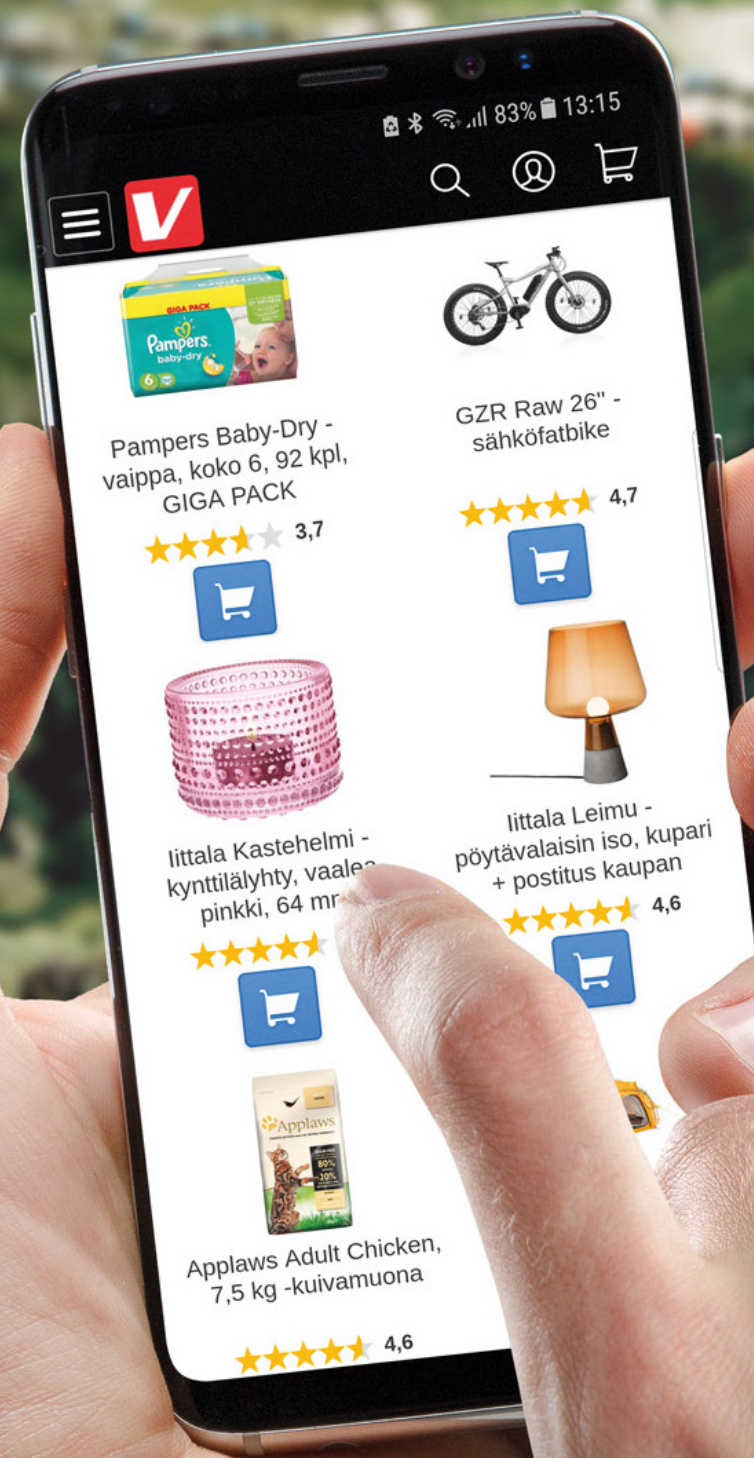
The Company is not aware of any shareholders' agreements regarding the shares of the Company.





Verkkokauppa.com Oyj

# Remuneration Report 2021





## Verkkokauppa.com Oyj Remuneration Report 2021

This Remuneration Report sets out how Verkkokauppa.com Oyj has implemented its Remuneration Policy in the financial year 2021. The Remuneration Report provides information concerning the remuneration of the company's Board of Directors and CEO during 2021. The Remuneration Report has been prepared in accordance with the requirements of the Second 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 2022.

## Introduction

### Overview of remuneration in the financial year 2021

The remuneration of Verkkokauppa.com's governing bodies is based on the company's remuneration policy that was presented for an advisory decision at the Annual General Meeting held on 25 March 2021. In 2021, the company's remuneration decision-making process as defined in the Remuneration Policy has been followed in the decision-making related to Verkkokauppa.com's remuneration. The Board has not applied the possibility to deviate from the remuneration policy temporarily during 2021 and the Board has not identified a need to apply any clawback provisions to variable remuneration paid.

The remuneration applied in accordance with the current remuneration policy in 2021 has supported the company's long-term financial success and shareholder value creation. The CEO's overall earning opportunity has been set as 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 2021, Verkkokauppa.com had long-term and short-term incentive plans in place for the CEO. Under the long-term Incentive plan, the matching period 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 2021. 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 [26](#).

In 2021, the short-term incentive's focus was on improved profitability and growth, and the CEO's performance criteria were set to 25 percent revenue growth and 75 percent improvement in profitability. The CEO partly achieved the criteria of the revenue growth set by the Board and did not achieve the criteria for the profitability improvement, and thus earned a portion of the 25 percent of the maximum reward equivalent to six (6) 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 page [26](#).

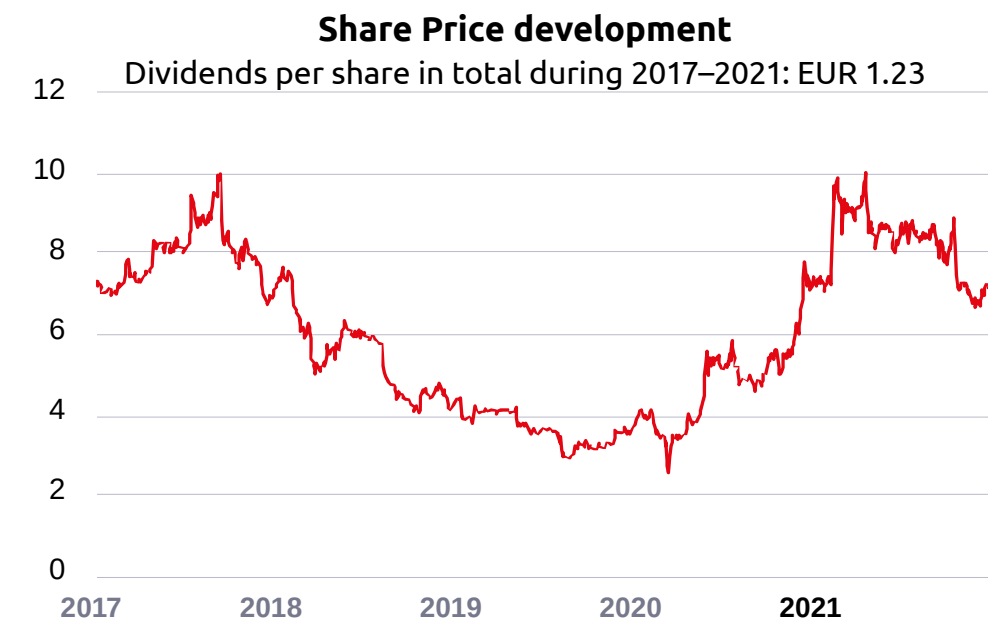
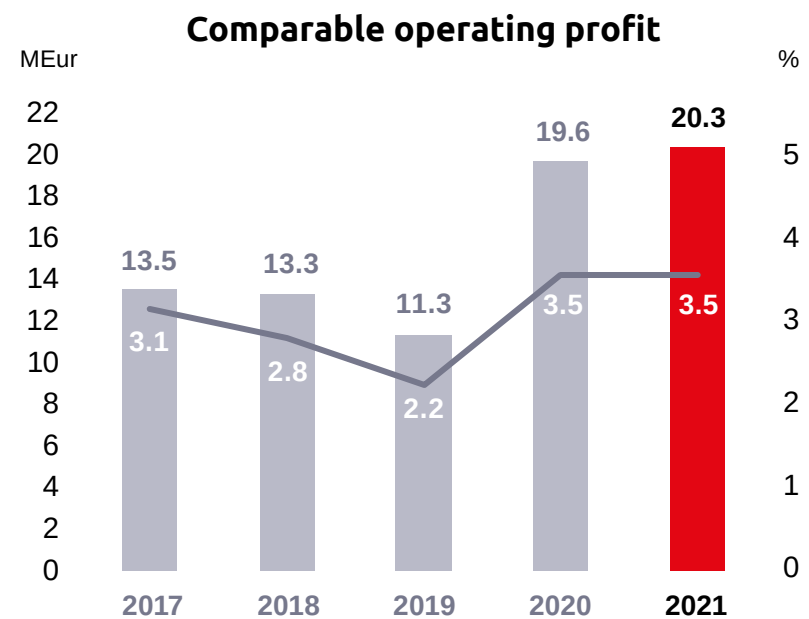
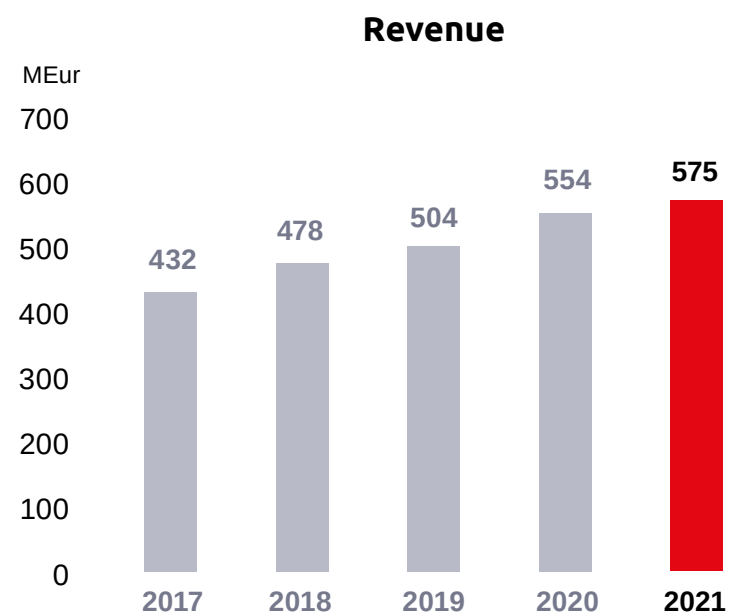
## Development of Financial Performance and Remuneration in Verkkokauppa.com

### Financial Performance 2017–2021

In 2017–2021, Verkkokauppa.com's revenue has grown considerably; the revenue as a whole has increased by more than 33 percent, meaning the annual growth has averaged 7.4 percent. Over the same period, the operating profit (EBIT) has grown as a whole by more than 50 percent, or an average of 10.7 percent.

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. This trend continued in 2021. The emphasis on profitability is also reflected in the CEO's short-term incentive performance criteria, as described on page 26.

Including dividends, the return generated to shareholders in 2017–2021 has totaled approximately 14 percent.



The IFRS figures for 2017 are unaudited.



## Development of Remuneration in 2017–2021

### Remuneration paid to the CEO, EUR

	2017	2018	2019	2020	2021
<b>Samuli Seppälä (until 22 march 2018)</b>					
Fixed base salary + fringe benefits	2,270	514	-	-	-
Short-term incentive	-	-	-	-	-
Long-term incentive	-	-	-	-	-
<b>Total remuneration</b>	<b>2,270</b>	<b>514</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Panu Porkka (as of 22 march 2018)</b>					
Fixed base salary + fringe benefits	-	317,348	419,390	454,068	441,544
Short-term incentive	-	90,000	109,320	0	120,000
Long-term incentive	-	-	-	-	96,910
<b>Total remuneration</b>	<b>-</b>	<b>407,348</b>	<b>528,710</b>	<b>454,068</b>	<b>658,454</b>
<b>Development</b>					
Fixed base salary + benefits	-	13,903 %	32%	8 %	-3%
Total remuneration	-	17,867%	30%	-14%	45%

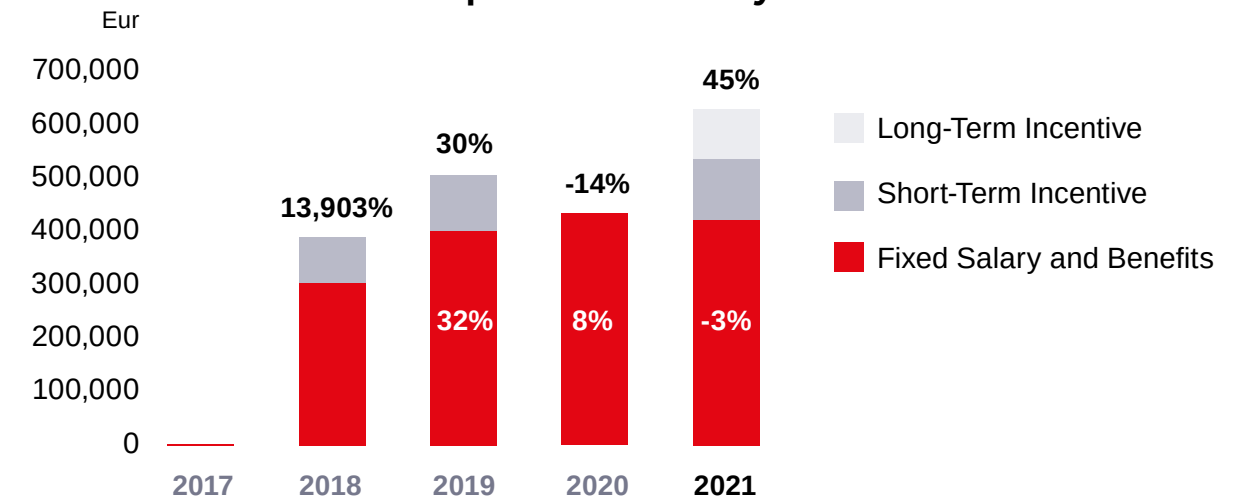
### Board annual fees

	2017	2018	2019	2020	2021
Chairperson, EUR	40,000	70,000	70,000	70,000	70,000
Development from previous year	-	75%	0%	0%	0%
Vice chairperson (new position 2021)	-	-	-	-	55,000
Development from previous year	-	-	-	-	-
Member, EUR	20,000	35,000	35,000	35,000	35,000
Development from previous year	-	75%	0%	0%	0%

### Average employee remuneration

	2017	2018	2019	2020	2021
Average annual salary development	-	4.0%	2.6%	5.3%	-0.9%

### Remuneration paid to the CEO by elements



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

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.

## Board remuneration in 2021

### Remuneration paid to Verkkokauppa.com Board Members During 1 January 2021 – 31 December 2021

(1 January 2020 – 31 December 2020)

Member	Committee Membership	Board Annual Fee in Total, EUR	Portion of annual fee paid in shares (Number of shares)	Committee fee, EUR	Other fees, EUR	Total, EUR
Arja Talma, Chairperson	Vice Chairperson of Audit Committee Member of Remuneration Committee since 25 March 2021	70,000 (35,000)	3,678 (4,012)	14,000 (10,000)	-	<b>84,000</b> (45,000)
Christoffer Häggblom, Vice Chairperson	Chairperson of Remuneration Committee Member of Audit Committee	55,000 (70,000)	3,441 (8,024)	14,000 (14,000)	-	<b>69,000</b> (84,000)
Robert Burén (until 25 March 2021)		8,750 (35,000)	453 (4,012)	-	-	<b>35,000</b> (35,000)
Mikael Hagman (until 4 January 2021)		- (35,000)	- (4,012)	-	-	<b>35,000</b> (35,000)
Mikko Kärkkäinen (since 25 March 2021)		26,250 (-)	1,613 (-)	-	-	<b>26,250</b> (-)
Frida Ridderstolpe (since 25 March 2021)		26,250 (-)	1,613 (-)	-	-	<b>26,250</b> (-)
Johan Ryding (since 25 March 2021)		26,250 (-)	1,637 (-)	-	-	<b>26,250</b> (-)
Kai Seikku	Chairperson of Audit Committee Member of Remuneration Committee	35,000 (35,000)	2,066 (4,012)	16,000 (16,000)	-	<b>51,000</b> (51,000)
Samuli Seppälä	Member of Audit Committee Member of Remuneration Committee, both until 25 March 2021	35,000 (35,000)	0 (1,246)	10,000 (10,000)	-	<b>45,000</b> (45,000)

In accordance with the decision of the Annual General Meeting held on 25 March 2021, the remuneration payable to Verkkokauppa.com Board members is the following:

- Chairperson, annual fee, EUR 70,000
- Vice Chairperson, annual fee, EUR 55,000
- Member, annual fee, EUR 35,000

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 2022 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 2021

### Application of performance criteria and payable rewards

In 2021, 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 2021, the performance criteria for the short-term incentive plan were based on the revenue growth of 25% and on the comparable operating profit (comparable EBIT) growth of 75%. The maximum CEO remuneration under the short-term incentive plan in the financial year 2021 was equivalent to six months' fixed salary. The targets set by the Board for the financial year 2021 were achieved at circa six percent, and the reward earned by the CEO for the financial year was 10,900 euros. The reward will be paid in spring 2022.

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 participants' 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 2021

During 2021, the matching period 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 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. 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 2022.

**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 0-3 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 2021

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	EUR 5.98	Personal investment and continuing share ownership	40,000	100%	40,000	March 2021	5,000	EUR 9.394
Matching Share Plan 2019–2021	21 December 2018	EUR 4.14	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	EUR 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	-	-

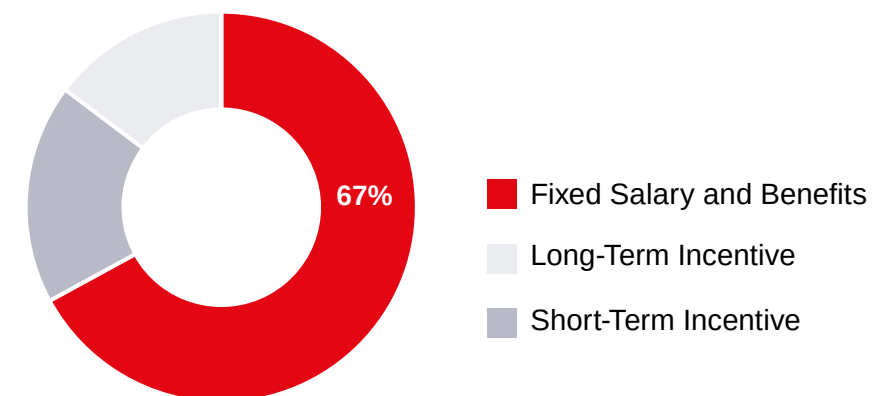
### Remuneration paid to CEO in 2021

Short-term incentive	Short-term incentive <sup>1</sup>	Long-term incentive <sup>2</sup>	Total remuneration paid 2021
EUR 441,5448	EUR 120,000	EUR 96,910	<b>EUR 658,454</b>

<sup>1</sup> Includes short-term incentive based on the financial year 2020 performance, paid in 2021.

<sup>2</sup> Payment of net 5,000 shares based on matching period 2018-2020 in the Matching Share Plan 2018-2020.

### Structure of Remuneration Paid to the CEO in 2021





# Verkkokauppa.com

empowers its customers to follow their passion by providing a wide product assortment of around 80,000 products. Verkkokauppa.com Oyj serves its retail and corporate customers through its webstore, megastores, 24h kiosk and network of collection points as well as fast deliveries and various services. As Finland's most popular and most visited domestic online retailer, its deliveries cover around 75 percent of the Finnish population within the next day. The Company has four megastores: in Oulu, Pirkkala, Raisio, and Helsinki, where its headquarters is also located. Verkkokauppa.com employs more than 750 people and its shares are listed on the Nasdaq Helsinki stock exchange with the ticker VERK.



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