

# CORPORATE GOVERNANCE STATEMENT 2018

## 1. INTRODUCTION

Tikkurila Oyj (later referred to also as "Tikkurila" or "Group" both in relation to Tikkurila Oyj and the Group it forms) has prepared this corporate governance statement based on existing legislation and regulations. This corporate governance statement is issued separately from the Board of Directors' report, and is also available on the website [www.tikkurilagroup.com](http://www.tikkurilagroup.com), as well as is included in the 2018 Annual Review.

## GENERAL PRINCIPLES AND FRAMEWORK

Tikkurila's governance principles and decision-making processes are based on:

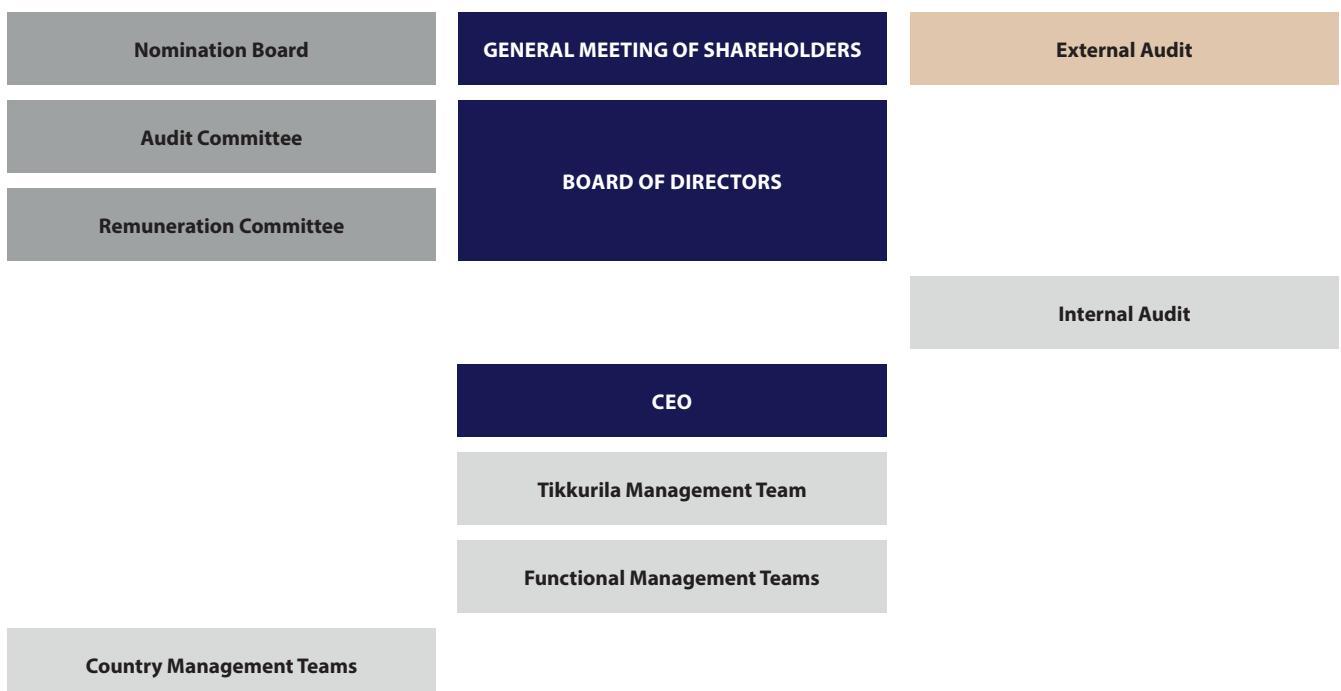
- Finnish Companies Act;
- Finnish Securities Market Act;
- Finnish Corporate Governance Code;
- Articles of Association of Tikkurila;
- standards issued by the Finnish Financial Supervision Authority;
- rules and regulations of Nasdaq Helsinki Oy;
- Helsinki Takeover Code, issued by the Securities Market Association; and
- other legislation or regulations applicable to Tikkurila's business.

Information about the governance practices of Tikkurila is also available on the corporate website.

As a major part of Tikkurila's business is either directly or indirectly dependent on markets outside of the domicile of Tikkurila Oyj, relevant local (i.e. non-Finnish) laws and regulations are also taken into account in Tikkurila's operations. Furthermore, Tikkurila has issued internal policies and guidelines where governance aspects are taken into account or instructed.

## 2. TIKKURILA'S GOVERNING BODIES

The following diagram summarizes the key governing bodies of Tikkurila:



The main duties of the Group's governing bodies are to major extent defined by the Finnish Companies Act.

## ANNUAL GENERAL MEETING OF SHAREHOLDERS (AGM)

The Annual General Meeting is the supreme decision-making body of Tikkurila Oyj, and the tasks of the AGM are based on and defined in the Finnish Companies Act, Tikkurila's Articles of Association and any other relevant regulations. As stipulated by the Companies Act, the Annual General Meeting shall be held once a year, at the latest before the end of June. The AGM resolves on e.g.:

- the adoption of the financial statements of the previous financial year;
- the use of profit as stated by the adopted and audited financial statements;
- the number of members on the Board of Directors;
- the election of members of the Board of Directors;
- the remuneration of the members of the Board of Directors;
- the election of the Auditor;
- the compensation to be paid to the Auditor;
- the discharging from liability of the members of the Board and the CEO;
- any proposals by the Board of Directors or by the shareholders or group of shareholders related to e.g. authorizations granted to the Board, share buy-backs or granting of special rights related to shares; and
- any changes in the Articles of Association.

Tikkurila Oyj has one class of shares; therefore, all shares have equal voting rights at the General Meetings of shareholders. More detailed information on the process of the Annual General Meetings can be found in the Tikkurila's Articles of Association, which are available on the company's web page, [www.tikkurilagroup.com/articles-of-association](http://www.tikkurilagroup.com/articles-of-association).

The decisions of the 2018 Annual General Meeting of shareholders are presented in the 2018 Board of Directors' report, and the meeting materials and key decisions are published on the company's web page. The 2019 Annual General Meeting will be held on April 11, 2019.

## NOMINATION BOARD

Tikkurila has a Nomination Board consisting of shareholders or representatives of shareholders to prepare and present annually a proposal for the next Annual General Meeting concerning the chairman, vice chairman and members of the Board of Directors, as well as their remuneration. Representatives of the three largest shareholders are elected to the Nomination Board. In addition, the Chairman of the Board of Directors of Tikkurila shall act as an expert member of the Nomination Board.

The Nomination Board was convened so that each of Tikkurila's three largest shareholders registered (as of May 31, 2017 and May 31, 2018 respectively) as shareholders in the shareholders' register maintained by Euroclear Finland Ltd were requested to appoint one member to the Nomination Board. In addition, the Chairman of the Board of Directors of Tikkurila acted as an expert member of the Nomination Board.

During 2018, the Nomination Board had the following members: Annika Paasikivi, President & CEO, Oras Invest Oy; Reima Rytsölä, Deputy CEO, Investments, Varma Mutual Pension Insurance Company; and Mikko Mursula, Deputy CEO, Investments, Ilmarinen Mutual Pension Insurance Company. Moreover, Jari Paasikivi, the Chairman of the Board of Directors of Tikkurila Oyj, acted as the expert member of the Nomination Board.

During 2018, the Nomination Board had three (2017: two) meetings, and the attendance rate was 100 (100) percent.

## PREPARATION PROCESS FOR THE BOARD NOMINATION AND THE DIVERSITY OF THE BOARD OF DIRECTORS

Nomination Board, consisting of shareholders or their representatives, annually prepares proposals for the Annual General Meeting in relation to the number of the members of the Board, the composition of the Board, the Chairman and Vice Chairman of the Board, as well as the remuneration of the Board members. Proposals take into account both the articles of association of the Company, as well as all relevant legislation. When designing the composition of the Board of Directors, the Nomination Board of Tikkurila assesses the composition from the viewpoint of the company's current and future business needs, while taking into account the diversity of the Board.

The diversity of the Board of Directors will be assessed from various viewpoints. Tikkurila's Board of Directors shall have sufficient and complementary experience and expertise in the key industries and markets relevant to Tikkurila's business. In addition, an essential element is the personal characteristics of the members and their diversity.

For example the following factors are considered and taken into account when electing Board members:

### Professional expertise

- knowledge of the company's value creation drivers
- industry
- relevant markets
- accounting and finance
- governance

### Personal characteristics

- education
- gender
- age
- personality
- culture

The company's aim is that the Board of Directors represents expertise in different industries and markets, diverse professional and educational

background, diverse age distribution and both genders. Concerning gender diversity the objective is that both genders are represented in the Board by at least two members.

The realization of the diversity principles is monitored and reported in the company's Corporate Governance Statement and Corporate Responsibility Report.

## BOARD OF DIRECTORS

The duties and responsibilities of the Board of Directors are governed by the Finnish Companies Act and other relevant legislation. The Board of Directors oversees the management and business operations of Tikkurila. The main duties of the Board include:

- to approve the strategy of Tikkurila;
- to decide on long-term financial and operational goals;
- to approve major business plans;
- to decide on any major corporate restructuring, merger, acquisition or divestment;
- to decide on major investments as well as major expenses, commitments and internal policies;
- to decide on key funding and risk management issues and related pledges and commitments;
- to appoint and dismiss the CEO, and to confirm the appointment and remuneration of the members of the Tikkurila Management Team;
- to monitor and evaluate the performance of the CEO;
- to ensure the adequacy of planning, information and control systems, as well as the handling of financial reporting and risk management;
- to make proposals for, including but not limited to proposing the dividend payout, and to convene the Annual General Meeting;
- to oversee that the Group's policies are applied; and
- to ensure that the supervision of the accounting and financial matters, and any audits thereby, are properly organized.

The Board of Directors represents all the shareholders and shall always work to the best advantage of the Group and all the shareholders of Tikkurila Oyj.

In accordance with the Articles of Association, the Board of Directors of Tikkurila Oyj comprises 3–7 members elected by the Annual General Meeting for a term that lasts until the end of the next Annual General Meeting. The Board is convened by the Chairman. The Board of Directors has a quorum when more than half of its members attend the meeting. The CEO and the CFO of Tikkurila attend the Board meetings presenting the issues being discussed or decided upon, and the General Counsel or CFO acts as the Secretary of the Board.

During the financial year 2018, Tikkurila Oyj's Board of Directors had the following five members for the full year:

- Harri Kerminen, member of the Board continuously from 2012
- Riitta Mynttinen, member of the Board continuously from 2011
- Pia Rudengren, member of the Board continuously from 2009
- Jari Paasikivi (Chairman), member of the Board continuously from 2008, Chairman from 2010
- Petteri Walldén (Vice Chairman) member of the Board continuously from 2008, Vice Chairman from 2010

At the shareholders meeting on April 12, 2018, one Board member decided to discontinue her Board membership:

- Eeva Ahdekivi, member of the Board continuously from 2009

At the shareholders meeting on April 12, 2018, two new Board members were elected:

- Catherine Sahlgren
- Heikki Westerlund

At the end of 2018, the Board had altogether seven members. All of the Board members are independent of the company, and other members than Jari Paasikivi are also independent of major shareholders. Chairman of the Board, Jari Paasikivi, is the Chairman of the Board of Oras Invest Oy, and hence he is not independent of the key shareholders, as Oras Invest Oy owns approximately 18 percent of Tikkurila Oyj's shares.

In order to ensure the effectiveness of the Board of Directors' work, the Board annually conducts a self-evaluation, the results of which are used to develop the working methods of the Board, as well as to enhance the cooperation between the Board and the CEO.

During 2018, the Board had 11 (2017: 12) meetings, and the average attendance rate was 100 (99) percent.

### REMUNERATION OF THE BOARD OF DIRECTORS

The Annual General Meeting decided in April 2018 on the remuneration to be paid to the members of the Board. According to that decision, the Board remuneration in 2018 was the following:

- Chairman of the Board, EUR 64,000 per year;
- Deputy Chairman of the Board and Chairman of the Audit Committee, EUR 40,000 per year; and
- other members of the Board, EUR 32,000 per year.

The annual remuneration of the Board members was paid as a combination of shares and cash so that approximately 40 percent of the annual remuneration was paid as Tikkurila shares: either from shares already owned by Tikkurila or, if this is not possible, in shares acquired from the market, and 60 percent was paid in cash.

In addition, a meeting-specific fee was paid for the amount of:

- EUR 600 per meeting to members living in Finland; and
- EUR 1,200 per meeting to members living in other countries.

Moreover, EUR 600 was decided to be paid per telephone or video

meeting. The meeting-specific fee was also paid for any committee meetings. Members' travel expenses related to meetings were compensated in accordance with Tikkurila's Group travel policy. The meeting-specific fees were paid to members' bank accounts.

There were no employment relationships or service contracts between the Board members and Tikkurila.

### AUDIT COMMITTEE

In 2018, Pia Rudengren was the Chairman of the Audit Committee. Moreover, Riitta Mynttinen acted as the Audit Committee member for the full financial year, Eeva Ahdekivi until April 12, 2018, and Heikki Westerlund from April 12, 2018.

The Audit Committee assists the Board in fulfilling its oversight responsibilities for the financial reporting process, internal control, audit processes, and for monitoring compliance with laws, regulations and internal policies.

The Audit Committee of Tikkurila does not have any executive power. The Audit Committee is responsible for preparing and handling issues, such as:

- to assess and oversee the preparation of financial statements, half-year financial reports and business reviews, as well as statutory non-financial reporting, and to review the results of the impairment testing of the assets;
- to assess risks and to review risk management policies and actions;
- to evaluate Tikkurila's compliance with laws, regulations and Tikkurila's internal Code of Conduct financial reporting principles as well as corporate social responsibility initiatives;
- to confirm audit plans for both external audit and internal audit;
- to prepare the election of auditors;
- to pre-approve the non-audit services of the external audit firm or grant mandate to management to do so within pre-set limits; and
- to review the corporate governance statement.

During 2018, the Audit Committee met 6 (2017: 5) times. The attendance rate was 100 (100) percent. CFO Jukka Havia acted as the secretary of the Committee, and Tikkurila's principal auditor Toni Aaltonen was present in the meetings and presented reports to Audit Committee. In addition, Tikkurila's internal auditor Juha Halonen reported audit findings to the

### SUMMARY OF THE ATTENDANCE AND REMUNERATION OF THE BOARD OF DIRECTORS, 2018

Name	Position	Board of Directors	Audit Committee	Remuneration Committee	Total gross remuneration
		# of meetings attendance	# of meetings attendance	# of meetings attendance	EUR all fees total
Eeva Ahdekivi	Member (until 12.4.2018)	3/3	1/1		1,800
Harri Kerminen	Member	11/11		5/5	40,400
Riitta Mynttinen	Member	11/11	6/6		48,800
Jari Paasikivi	Chairman and Chairman of Remuneration Committee	11/11		5/5	72,400
Pia Rudengren	Member and Chairman of Audit Committee	11/11	6/6		56,200
Catherine Sahlgren	Member (from 12.4.2018)	8/8			39,200
Heikki Westerlund	Member (from 12.4.2018)	8/8	5/5		39,200
Petteri Walldén	Vice Chairman	11/11		5/5	48,400
<b>TOTAL</b>		<b>74/74 (100%)</b>	<b>18/18 (100%)</b>	<b>15/15 (100%)</b>	<b>346,400</b>

#### Audit Committee.

In financial year 2018, the Audit Committee reviewed Tikkurila's regular financial reports before Board meetings, discussed results guidance and guidelines related to it, reviewed internal and external audit reports and audit plans as well as prepared the election of Auditor, to be presented to the Annual General Meeting.

#### REMUNERATION COMMITTEE

Remuneration Committee discusses and proposes remuneration of Tikkurila CEO and other members of Tikkurila Management Team as well as any share-based incentive schemes. In 2018 Jari Paasikivi was the Chairman of the Remuneration Committee, and Petteri Walldén and Harri Kerminen were the other members of the Committee. During 2018 the Remuneration Committee met five times (2017: three), and the average attendance rate was 100 (100) percent.

#### CHIEF EXECUTIVE OFFICER (CEO)

The Board of Directors appoints the CEO and decides upon his/her remuneration and other benefits. The CEO is in charge of the day-to-day management of Tikkurila. The CEO's responsibilities are based on the Finnish Companies Act, the Finnish Corporate Governance Code and the guidance and authorization given by the Board of Directors.

The CEO's duties include managing the business according to the instructions issued by the Board of Directors, presenting the matters to be dealt with in the Board of Directors' meeting, implementing the matters resolved by the Board of Directors and other issues determined in the Companies Act.

The Board of Directors elected Elisa Markula as the new CEO, and she started on April 12, 2018. Group CFO Jukka Havia acted as the Interim CEO in the beginning of 2018 until that date.

#### TIKKURILA MANAGEMENT TEAM

The Tikkurila Management Team is chaired by the CEO, and it assists the CEO in the management and development of Tikkurila. The CEO proposes the appointment of the Tikkurila Management Team members, and the Board of Directors approves the appointment as well as approves the remuneration for the members of the Tikkurila Management Team. Tikkurila has operations in multiple countries, and hence also has legal entities in various countries. The CEO is the decision-maker for any major decisions, which do not require the Board of Directors' resolution.

The composition of Tikkurila Management Team is the following at the year-end 2018:

- Elisa Markula, CEO
- Jukka Havia, CFO
- Melisa Bärholm, Senior Vice President, HR
- Fredrik Linde, Senior Vice President, Operations
- Petri Miettinen, Senior Vice President, Sourcing
- Meri Vainikka, Senior Vice President, Offering

Anders Rotkirch, Senior Vice President, Transformation and ICT started as a new member of Tikkurila Management Team, on January 1, 2019. In addition, Oskari Vidman has been elected, to start on July 1, 2019, as the Senior Vice President, Sales.

During 2018 there were the following key changes in relation to the Tikkurila Management Team:

- Elisa Markula was elected by the Board of Directors as the CEO from April 12, 2018;
- Janno Paju, Senior Vice President, Sales, left Tikkurila on May 7, 2018;
- Fredrik Linde, Senior Vice President, Operations, was elected as Tikkurila Management Board member as from June 1, 2018;
- The role of Petri Miettinen, Senior Vice President, changed from Operations to Sourcing as from June 1, 2018

#### REMUNERATION OF THE MANAGEMENT MEMBERS REPORTING DIRECTLY TO THE CEO

The Board of Directors decides the remuneration as well as key employment terms for all group management members that directly report to the CEO.

#### REMUNERATION OF THE TIKKURILA MANAGEMENT TEAM IN 2018, SUMMARY

Tikkurila Management Team members were included in the 2018 annual cash-based management bonus scheme, and in the share-based commitment and incentive plans, which were established in 2016 and in 2018. The content of these incentive systems is described in more detail in a separate Remuneration Statement.

Summary of the Remuneration of the Tikkurila Management Team:

#### REMUNERATION IN 2018, GROSS, IN EUR

accruals basis, i.e. not presented on cash basis

Konsernin johtoryhmä	Fixed Salary	Fringe Benefits	Subtotal, Fixed Remuneration	Annual Bonus	Share-Based Remuneration**	Subtotal, Variable Remuneration	Total Remuneration
CEO							
Elisa Markula 4-12/2018	275,784	10,438	286,221	54,164	47,262	101,426	387,648
Jukka Havia (Interim CEO) 1-4/2018	71,635	3,375	75,011	0	0	0	75,011
Other management Team members, total *	979,237	51,654	1,030,891	141,485	106,669	248,154	1,279,045
<b>Tikkurila Management Team, total</b>	<b>1,326,656</b>	<b>65,467</b>	<b>1,392,123</b>	<b>195,650</b>	<b>153,931</b>	<b>349,581</b>	<b>1,741,704</b>

\* Melisa Bärholm, Petri Miettinen and Meri Vainikka 1-12/2018; Janno Paju 1-5/2018; Fredrik Linde 6-12/2018, Jukka Havia (for CFO role) 5-12/2018

\*\* IFRS 2 standard based annual personnel expense as recognized in 2018 Group income statement. In year 2018, no payments were made based on share-based incentive plans.

More detailed information about the remuneration of the Group management, and the Board of Directors, is available at the separate Remuneration Statement. Moreover, there is more information about the

share-based long-term incentives for management at the notes to the Group financial statements.

### 3. STATUTORY AUDIT, INTERNAL CONTROL, INTERNAL AUDIT AND OTHER GOVERNANCE INFORMATION

#### STATUTORY AUDIT

According to the Articles of Association of Tikkurila Oyj, Tikkurila has one ordinary auditor that shall be an auditing firm approved by the Finnish Central Chamber of Commerce. For the financial year 2018, KPMG Oy Ab was re-elected as the auditor.

The Audit Committee of the Board prepares the election process of auditors. The aggregate duration of the principal auditor cannot exceed seven years. The current principal auditor, Toni Aaltonen from KPMG Oy Ab has started in the role of the principal auditor in 2012, and therefore the seven-year tenure for Toni Aaltonen will be reached at the Annual General Meeting in April 2019.

The auditor has a statutory responsibility to audit Tikkurila Oyj's accounting (based on Finnish accounting legislation), consolidated Group accounts (based on IFRS), the Board of Directors' report, financial statements with all notes, as well as the administration of the company. Tikkurila's financial year is equal to the calendar year. When the corporate governance statement is issued as a separate report, the auditor shall check that the statement has been issued and that the description of the main features of the internal control and risk management systems in relation to the financial reporting process are consistent with the financial statements.

The auditor is elected by the Annual General Meeting for one year's term of service. The auditor reports to the Board of Directors at least once a year, and participates in Audit Committee meetings.

During 2018 the Group had a total of EUR 447 thousand (2017: EUR 433 thousand) audit related expenses and EUR 18 (47) thousand expenses for other services provided by KPMG, the Auditor of Tikkurila. During the financial year 2018, the Group companies had additional audit services from other audit companies than KPMG for a total of EUR 36 (26) thousand.

From 2017 Tikkurila has had a written pre-approval policy for non-audit services, where the Audit Committee of the Board of Directors has been specified as the body to govern this topic. The policy e.g. defines the services that may not at any circumstances be provided by the statutory auditor, and for those services that are permissible pre-approval and reporting processes have been created.

#### INTERNAL CONTROL

Tikkurila maintains an internal control system, the purpose of which is:

- to safeguard the value of its assets; and
- to ensure the effectiveness and efficiency of its operations, including
- the reliability of financial and operational reporting;
- compliance with applicable regulations, policies and practices; and
- consistency of its operations with set objectives.

Internal control is an integral part of all Tikkurila's operations and covers all levels of the company. The entire personnel of the company is responsible for internal control, and its effectiveness is monitored by managers as part of operational management.

The main components of internal control are:

- management and organizational culture;
- risk assessment;
- control activities;
- reporting and communication; and
- monitoring and auditing.

Tikkurila's Values, Code of Conduct and group-level policies provide the basis for corporate governance and internal control in the company. Every employee has the right and duty to report, anonymously if needed, to the Group's Compliance Officer or Group Internal Audit any violations of the law and the Code of Conduct.

#### FINANCIAL REPORTING PROCESS

Every Tikkurila Group subsidiary reports on a monthly basis income statement, balance sheet, cash flow statement and forward-looking estimates and forecasts in accordance with IFRS principles and based on pre-set reporting model, Group finance manual and timetable. Moreover, each subsidiary reports additional notes to the income statement and balance sheet, as well as their off-balance sheet liabilities, at the end of each quarter. The parent company consolidates all subsidiary reports and generates consolidated and segment reporting, which is the basis for monthly reporting to the Board of Directors and to the Group management.

Subsidiaries' reporting timetable is followed on a daily basis. Local and group controllers are responsible for ensuring that reporting is timely and correct. In addition business controllers at countries and at functions analyze historical and forward-looking reporting. Group management and functional management regularly visits the business units. The financial reporting of each Group company is one part of top management reporting, and hence under regular follow-up.

#### INTERNAL AUDIT

The internal audit provides an independent appraisal and assurance for the review of operations within the Group in order to support the management and the Board of Directors in fulfilling their oversight responsibilities. The Audit Committee has confirmed the Internal Audit Charter for Tikkurila. The purpose is to evaluate and contribute to the improvement of risk management, control and governance systems in the Group. The internal audit function has the complete and unrestricted access to all activities of Tikkurila. Internal audit focuses on both regular business unit auditing as well as business process audits. Annual internal audit plans are based on the assessment of each topic's importance and risks for Tikkurila. Internal audit and statutory audit regularly co-operate and share information.

From the beginning of 2011, Tikkurila has had its own internal audit function, including an in-house internal auditor who reports to the Audit Committee of the Board of Directors. In 2018 internal audit function surveyed sales and sourcing activities in multiple countries, and made country audits in e.g. in China and Sweden. The current internal auditor Juha Halonen started on February 1, 2018.

## PRINCIPLES OF RISK MANAGEMENT

The aim of risk management is to safeguard business continuity in all conditions, to optimally utilize business opportunities in a feasible way and with conscious risk taking, as well as not to exceed the pre-set total risk level. The aim is also to ensure product and personnel safety, and moreover, to comply with internal policies and guidelines. Risk management is part of Group’s strategic and operational planning, and it also is linked to internal control activities.

Tikkurila tries systemically to anticipate, identify, analyze, assess and manage the key risks, which are classified into the following categories: strategic, operational, financial and hazard risks. The main principle is to have a systematic risk management process in place, so that the company can define and attain an optimal total risk level in relation to its risk tolerance while at the same time ensuring continuity of the business.

Tikkurila’s risk management is based on the Finnish listed entities’ corporate governance code, as well as on Tikkurila’s risk management policy. There are also other internal policies defining in more detail the goals, segregation of duties and risk limits of the management.

The Board of Directors of Tikkurila Oyj decides on the key risk management principles and approves the risk management policy, and the Audit Committee of the Board has an oversight role to assist the Board to control the risk management processes. Group functions are in charge of the risk management inside their own scope of activities.

Tikkurila’s risk management is based on the three lines of defense framework. Group functions – sales, offering, operations, sourcing, ICT, finance and HR – implement commonly agreed self-evaluation model in their own areas. The results and outcome of the risk management process is regularly reported internally and externally, as part of Tikkurila Oyj’s statutory reporting.

To gain cost advantages and to keep the total risk level in control part of Tikkurila’s risk management activities is centralized; e.g. key investment decisions, and certain insurance and finance solutions are always decided at the Group level.

The diagram below shows the risk management layers, as well as the key bodies and persons involved in the risk management activities in Tikkurila Group:

## MANAGEMENT OF INSIDER ISSUES

Upon entry into force of the Market Abuse Regulation (EU) N:o 596/2014 (MAR) on 3 July 2016 Tikkurila amended the instructions and procedures in relation to its insider administration in order to comply with the requirements of the new regulation. New instructions and procedures relate, inter alia, to disclosure requirements, management and supervision of insider information, notification and disclosure of transactions of Managers and persons closely associated with them as well as maintenance of insider lists. The Company establishes and maintains project-specific insider lists as the need arises. Currently the Company does not have a list for permanent insiders.

Managers in Tikkurila and persons closely associated with them have the obligation to notify the Company and the Finnish Financial Supervisory Authority (“FIN-FSA”) of transactions with Tikkurila’s financial instruments.

Tikkurila has determined the following persons as Managers:

- Members of the Board of Directors;
- CEO
- CFO

Closely associated persons include, in respect of each Manager, a spouse or a registered partner or a common-law spouse, a dependent child, a relative who has shared the same household for at least one year on the date of the transaction concerned and a legal person, trust or partnership, the managerial responsibilities of which are discharged by a Manager or by a closely association person mentioned above, which is directly or indirectly controlled by such a person, which is set up for the benefit of such a person, or the economic interests of which are



More detailed information about the risks relevant to Tikkurila is presented at the Review of the Board of Directors, which is part of the official financial statements for financial year 2018.



substantially equivalent to those of such a person.

Tikkurila Oyj complies with the relevant legislation and e.g. the Insider Guidelines issued by the Nasdaq Helsinki Oy, according to which insiders should trade in company shares only at a time when the marketplace has the fullest possible information on circumstances influencing the value of the company's share. Accordingly, and based on the Group insider policy, persons defined to be Managers under these regulations and also persons, as specified by the Company, that have access to financial information may not trade company's securities during the period that starts at the end of a reporting period and lasts until the publication of the following half-year report, business review (Q1 and Q3) or financial statement bulletin; and in any way, these limitations start at least 30 days prior to the announcement of such information.

#### MANAGEMENT OF RELATED PARTY ISSUES

Tikkurila's related party consists of the members of the Board of Directors of group's parent company, members of Tikkurila Management Team, and the members of the Board and management of key subsidiaries. Moreover, also subsidiaries, associated companies and major shareholders of the parent company are considered related parties. Also entities controlled by the close relatives of the members of the Board of Directors and of the Management Board are considered related parties. Tikkurila has a specific group-level policy on related parties, which governs the management and reporting of related party issues. Company also has a written list of related parties.

As a general rule, transactions with related parties are carried out at market-based terms and conditions, and potential conflicts of interest shall be avoided. Either the Board of Directors of Tikkurila or the shareholders' meeting of Tikkurila has to give their prior written consent for any significant related party transaction.

#### SILENT PERIOD

Tikkurila observes a silent period (closed window) before it publishes financial statements and half-year financial report and business reviews (Q1 and Q3). From the beginning of July 2016, based on the new regulations of the EU's Market Abuse Directive, the silent period begins thirty days before financial statements or half year financial report or business reviews for quarterly performance for the period in question has been published. During the silent period, Tikkurila's spokespersons are not available for meetings with capital market representatives and may not discuss Tikkurila's performance or market development.

#### GUIDANCE

If and when Tikkurila provides guidance to the market, this guidance is published in the form of an official outlook statement published in half-year financial report, business reviews (Q1 and Q3), financial statements and the review of the Board of Directors. Tikkurila will provide outlook statements only for a period for which the company has a reasonable visibility. The outlook includes management's descriptive estimate on revenue and profitability. The estimate may also include other elements. No other forward-looking statements or answers to questions concerning the future performance are given unless the company decides to update the guidance and publish a stock exchange release regarding the update. Any such updates are published without undue delay.

#### COMMUNICATIONS

Tikkurila is committed to transparency, which means that it communicates in a proactive, open, credible, consistent, unbiased and timely manner.

Tikkurila's shares are listed on the Nasdaq Helsinki stock exchange. Tikkurila will strictly adhere to all regulatory disclosure requirements for publicly listed companies. Tikkurila complies with the Finnish Corporate Governance Code issued by the Finnish Securities Market Association. In addition, Tikkurila's internal policies, such as Corporate Responsibility and Code of Conduct, guide communication activities.

The aim of Tikkurila communications is to support the correct valuation of the company shares by providing the markets with sufficient information on financial position, strategy and objectives. The Board of Directors has approved the disclosure policy that defines the guidelines in communications to financial markets and investors and other parties. The Tikkurila web site contains all information made public according to the disclosure requirements for listed companies.

#### APPLICATION OF THE FINNISH CORPORATE GOVERNANCE CODE

On October 1, 2015, revised Governance Code was accepted by the Finnish Securities Market Association. This revised code came into force for financial year 2016, and Tikkurila has applied these revised recommendations since 2016. The Code is based on the so-called "comply or explain" principle. Tikkurila fully complies with the recommendations in the Code.

## 4. MORE DETAILED INFORMATION ABOUT THE MEMBERS OF THE BOARD OF DIRECTORS AND OF TIKKURILA MANAGEMENT TEAM

## INFORMATION ON THE MEMBERS OF THE BOARD OF DIRECTORS

**Jari Paasikivi**

Born 1954, M.Sc. (Econ.)

Chairman of the Board, Oras Invest Ltd, since 2018 (CEO of Oras Invest Ltd 2006-2018)

Chairman of the Board since 2010, Vice Chairman of the Board 2008-2010

Chairman of the Remuneration Committee since 2012

Expert member of the Nomination Board since 2011

Independent of the company, not independent of a significant shareholder

Finnish citizen

Tikkurila shares on Dec 31, 2018: 80,475 (Dec 31, 2017: 78,762)

## Career history

- President and Chief Executive Officer, Oras Ltd, 2002-2007
- Managing Director, Oras Ltd, 1994-2001
- Plant Director, Oras Ltd, 1989-1994

## Positions of trust

- Kemira Oyj, Vice Chairman of the Board of Directors since 2012, Chairman of the Board of Directors since 2014
- Kemira Oyj, Member of the Nomination Committee since 2009
- Oras Ltd, Member of the Board of Directors since 1982, Chairman of the Board of Directors since 2013
- Varma Mutual Pension Insurance Company, Vice Chairman of the Board of Directors 2014-2016
- Chairman of the Board of Directors since 2017

**Petteri Walldén**

Born 1948, M.Sc. (Eng.)

Vice Chairman of the Board since 2010, Member of the Board since 2008

Member of the Remuneration Committee since 2012

Independent Board member

Finnish citizen

Tikkurila shares on Dec 31, 2018: 9,969 (Dec 31, 2017: 8,898)

## Career history

- President & CEO, Alteams Oy, 2007-2010
- President & CEO, Onninen Oy, 2001-2005
- President & CEO, Ensto Ltd, 1996-2001
- President, Nokia Cables, 1990-1996
- President & CEO, Sako Ltd, 1987-1990

## Positions of trust

- Componenta Oyj, Chairman of the Board of Directors since 2017
- Savonlinna Opera Festival Patrons' Association, Chairman of the Board of Directors since 2015
- Savonlinna Opera Festival Ltd., Chairman of the Board of Directors since 2015
- Alteams Oy, Member of the Board of Directors since 2007
- Nokian Tyres plc., Chairman of the Board of Directors since 2006
- Efla Oy, Member of the Board of Directors 2014 - 2018

**Riitta Mynttinen**

Born 1960, B.Sc. (Chem. Eng.), MBA

Independent Advisor, since 2014

Member of the Board since 2011

Member of the Audit Committee since 2012

Independent Board member

Finnish citizen

Tikkurila shares on Dec 31, 2018: 6,114 (Dec 31, 2017: 5,258)

## Career history

- Vice President, Minerals Technologies Inc., 2005-2014
- Director, Rohm and Haas Company, 1998-2005
- Director, Ferro Corporation, 1996-1998
- Manager, Rohm and Haas Company, 1987-1996
- Research Chemist, NIF, 1986-1987
- Research Chemist, Tikkurila Oy, 1984-1986

## Positions of trust

- Boreal Plant Breeding Ltd., Chairman of the Board since 2016
- Terrafame Ltd., Member of the Board since 2018

**Pia Rudengren**

Born 1965, M.Sc. (BA & Econ.)

Member of the Board since 2009

Member of the Audit Committee since 2010, Chairman from 2017

Independent Board member

Swedish citizen

Tikkurila shares on Dec 31, 2018: 7,278 (Dec 31, 2017: 6,207)

## Career history

- Executive Vice President, W Capital Management AB, 2001-2005
- Chief Financial Officer, Member of the Management Group, Investor AB, 1998-2001

## Positions of trust

- AcadeMedia AB, Member of the Board of Directors since 2017
- Boliden AB, Member of the Board of Directors since 2017
- Kappahl AB, Member of the Board of Directors since 2013
- Social Initiative Norden AB, Member of the Board of Directors since 2008, Chairman of the Board of Directors since 2011
- Duni AB, Member of the Board of Directors since 2007

**Harri Kerminen**

Born 1951, M.Sc. (Eng.), MBA

Member of the Board since 2012

Member of the Remuneration Committee since 2012

Independent Board member

Finnish citizen

Tikkurila shares on Dec 31, 2018: 5,366 (Dec 31, 2017: 4,510)

## Career history

- President and CEO, Kemira Oyj, 2008-2012
- President, Kemira Pulp & Paper business area of Kemira Oyj, 2006-2007
- President, Kemira Specialty business area, 2000-2006
- Managing Director, Kemira Pigments Oy, 2002-2003



- Vice President, Human Resources, Kemira Chemicals Oy, 1996–2000
- Manager, Oulu plant of Kemira Oyj, 1994–1996
- Production Manager, Kemira Kemi AB, 1990
- Project Manager, plant construction projects in Finland, Sweden, Belgium and the US, Kemira Oy/Kemira Oyj, 1989–1994

#### Positions of trust

- Spinverse Group, Chairman of the Board of Directors since 2015
- SK Spice Holdings S.A.R.L, Member of the Board of Directors since 2015
- LUT, Lappeenranta University of Technology, Member of the Advisory Board since 2015
- Harjalvalta Oy, Vice Chairman of the Board of Directors since 2014
- Magsort Oy, Chairman of the Board of Directors since 2014
- Metgen Oy, Chairman of the Board of Directors since 2012
- Normet Oy, Member of the Board of Directors since 2012

#### Catherine Sahlgren

Born 1962, M. Sc. (BA and Econ.)  
CEO, Teknikmagasinet AB since 2016

Member of the Board since 2018  
Independent Board Member  
Swedish citizen  
Tikkurila shares on Dec 31, 2018: 856

#### Career history

- Managing Director Northern Europe, Selecta Group 2006-2016
- Managing Director, Nordic Area, Selecta Group 2004-2006
- Managing Director, Scandinavia, Selecta Group 2001-2004
- Chief Executive Officer, Euroseek.com 2000-2001
- Managing Director, Pressbyrån 1998-2000

#### Positions of trust

- Future, Member of the Board of Directors since 2015
- Arkitektkopia, Member of the Board of Directors since 2006

#### Heikki Westerlund

Born 1966, M. Sc. (Econ.)  
Member of the Board since 2018  
Member of the Audit Committee since 2018  
Independent Board member  
Finnish citizen  
Tikkurila shares on Dec 31, 2018: 10,856

#### Career history

- CEO, CapMan Plc, 2013-2017
- Chairman, CapMan Plc, 2010-2013
- CEO, CapMan Plc, 2005-2010
- Head of CapMan Buyout team, 2002-2005

#### Positions of trust

- Kemppi Oy, Member of the Board of Directors since 2018
- Duuri Oy, Member of the Board of Directors since 2018
- Orion Oyj, Chairman of the Board of Directors since 2017
- Kasvuryhmä, Chairman of the Nomination Committee since 2017

#### Eeva Ahdekivi (until April 12, 2018)

Born 1966, M. Sc. (Econ.), DBA  
Managing Director, Hartwall Capital Oy Ab, 2015-2018

Member of the Board 2009-2018  
Member of the Audit Committee 2010-2018, Chairman 2010-2017  
Independent Board member  
Finnish citizen

#### Career history

- Investment Director, Solidium Ltd, 2009-2015
- Senior Financial Specialist, Government Ownership Steering Department of the Prime Minister's Office, 2007-2009
- Director, Pohjola Asset Management Ltd, 2004-2006
- Partner, Conventum Oyj, 1997-2003
- Director, Merita Corporate Finance Oy, 1995-1997

#### Positions of trust

- John Nurminen Foundation, Member of the Board of Directors since 2014



Jari Paasikivi



Petteri Walldén



Riitta Mynttinen



Pia Rudengren



Harri Kerminen



Catherine Sahlgren



Heikki Westerlund

## INFORMATION ON THE MEMBERS OF THE TIKKURILA MANAGEMENT TEAM

### Elisa Markula

Born 1966, M.Sc. (Econ.)

Chief Executive Officer (CEO) from April 12, 2018

Chairman of the Tikkurila Management Team from April 12, 2018

Finnish citizen

Joined Tikkurila in 2018

Tikkurila shares on Dec 31, 2018: No shares.

#### Career history

- Senior Vice President, Paulig Group, Managing Director, Oy Gustav Paulig Ab (Coffee division) 2010-2018
- Country Manager, Oy Suomen LEGO Ab (Finland) 2006-2009
- Sales Director, Oy Snellman Ab 2003-2006
- Key Account Manager and Trade Marketing Manager, Oy SCA Hygiene Products Ab 2000-2003
- Brand Manager, Oy SCA Hygiene Products Ab 1998-1999
- Area Marketing Manager, Fazer Chocolates Ltd 1993-1998

#### Positions of trust

- Olvi Oyj, Member of the Board, since 2015
- The Association of Finnish Advertisers (Mainostajien liitto), Member of the Board, since 2014
- The Chemical Industry Federation of Finland, Member of the Board, since 2018
- Finnish-Russian Chamber of Commerce (FRCC), Member of the Board, since 2018
- Association of Finnish Paint industry (VTY), Member of the Board, since 2018

### Jukka Havia

Born 1968, M. Sc. (Econ.)

Chief Financial Officer (CFO) since 2010

Member of Tikkurila Management Team since 2010

Finnish citizen

Joined Tikkurila in 2010

Tikkurila shares on Dec 31, 2018: 14,000 (Dec 31, 2017: 14,000)

#### Career history

- Deputy Chief Executive Officer, Ruukki Group plc., 2008-2010
- Chief Financial Officer, Ruukki Group plc., 2005-2008
- Director of Finance, Student Union of the Helsinki School of Economics, 2001-2005
- Managing Director, KY-Palvelu Oy, 2001-2005
- Financial Director, RSL Com Finland Oy, 1997-2001
- Controller, Oy Canon Ab, 1995-1997

#### Positions of trust

- Lapti Group Oy, Member of the Board of Directors since 2017
- Leipurin Oyj, Member of the Board of Directors since 2014
- Student Union of Aalto University, Member of the Finance Committee 2010-2018, Chairman 2016-2018

### Melisa Bärholm

Born 1967, M. Sc. (Psychology)

Senior Vice President, Human Resources since May 1, 2017

Member of Tikkurila Management Team since May 1, 2017

Finnish citizen

Joined Tikkurila in 2017

#### Career history

- HR Director, Tikkurila, BU Finland 01/2017-04/2017
- Founder & Consultant, MBM Coaching Oy, 2014-2016
- Vice President, HR, Rovio Entertainment Ltd, 2012-2014
- HR Director, Suunto Oy, 2007-2011
- HR Director, Sako Oy, 2004-2007
- HR Director, Itella Oyj, 2002-2004
- Development Manager, Nokia Oyj, 1999-2002
- HR Consultant, Nokia Networks, 1996-1999

### Fredrik Linde

Born 1971, M. Sc. (Eng), eMBA

Senior Vice President, Operations since June 1, 2018

Member of Tikkurila Management Team since June 1, 2018

Swedish citizen

Joined Tikkurila in 2009

#### Career history

- Vice President, Supply Chain Planning, Tikkurila Oyj 2017-2018
- General Manager, Kefa Drytech AB (acquired by Tikkurila in 2014), 2014-2016
- Vice President, Supply Chain Scandinavia, Tikkurila Oyj/Tikkurila Sverige AB 2010-2017
- Vice President, Head of Production & Logistics, Alcro-Beckers AB 2009-2010
- Director, API Production, AstraZeneca Sweden 2008-2009
- Associate Director, API Production, AstraZeneca Sweden 2007-2008

### Petri Miettinen

Born 1968, M.Sc. (Econ.)

Senior Vice President, Sourcing since June 1, 2018

Member of Tikkurila Management Team since 2007

Finnish citizen

Joined Tikkurila in 2007

#### Career history

- Senior Vice President, Operations, from May 1, 2017, until May 30, 2018, Tikkurila
- Senior Vice President, Supply Chain Management & HSEQ since 2007 until April 30, 2017, Tikkurila
- Vice President, Sourcing and Logistics, Marine business, ABB, 2002-2007
- Vice President, controlling (in addition to normal duties), Marine business, ABB, 2003-2004
- Business Controller, Marine business, ABB, 2000-2002
- Controller, Project Manager, Electric Machine business, ABB, 1997-2000

#### Positions of trust

- Katu-Karhu Oy, Member of the Board since 2016

### Meri Vainikka

Born 1971, M. Sc. (Econ.)

Senior Vice President, Offering since May 1, 2017

Member of Tikkurila Management Team since May 1, 2017

Finnish citizen

Joined Tikkurila in 2017

Career history

- Marketing and Communications Director, Tikkurila, BU Finland, 01/2017-04/2017
- Marketing Director, Non-Alcohol drinks, Hartwall Oy, 03/2016-12/2016
- Marketing Director, Alcohol drinks, Hartwall Oy, 2015-2016
- Marketing Manager, Hartwall Oy, 2012-2014
- Marketing Manager, L'Oréal Finland Oy, 2010-2012
- Marketing Manager, Mars Finland Oy, 2008-2010 and 1998-2003
- Program Manager, South Karelia University of Applied Sciences, Business Administration 2004-2008

**Anders Rotkirch (since January 1, 2019)**

Born 1980, M. Sc. (Tech.)

Senior Vice President, Transformation and ICT

Member of the Management Team since January 1, 2019

Finnish citizen

Joined Tikkurila in 2019

Career history

- Finance Director, Coffee Division of Paulig Group, 2015–2018

- Group Business Controller, Paulig Group, 2013–2015
- Business Controller, Paulig Group, 2011–2013
- Manager, Ernst & Young, Advisory Services, 2011
- Senior Consultant, Ernst & Young, Advisory Services, 2010–2011
- Consultant, Ernst & Young, Advisory Services, 2007-2009

**Janno Paju (until May 7, 2018)**

Born 1971, Degree in Economics

Chief Commercial Officer since 2012 until April 30, 2017, where after Senior Vice President, Sales until May 7, 2018

Member of Tikkurila Management Team from 2000 until 2018

Estonian citizen

Employed by Tikkurila 1993-2018

Career history

- Senior Vice President, SBU East, Tikkurila Oy, 2009-2011
- Group Vice President, Deco Eastern Europe business area, Tikkurila Oy, 2004-2009
- President, Tikkurila Polska S.A., 2000-2004
- Vice President, Commerce, Tikkurila-Baltcolor Sp.z.o.o., 1998-2000



**Elisa Markula**



**Jukka Havia**



**Melisa Bärholm**



**Fredrik Linde**



**Petri Miettinen**



**Meri Vainikka**



**Anders Rotkirch**

**Tikkurila Oyj**

P.O. Box 53, Kuninkaalantie 1  
FI-01301 Vantaa  
Finland  
Tel. +358 20 191 2000  
🌐 [www.tikkurilagroup.com](http://www.tikkurilagroup.com)

Investors online

🌐 [www.tikkurilagroup.com/investors](http://www.tikkurilagroup.com/investors)

Investor relations contacts

**Tikkurila Communications**

[communications.tikkurila@tikkurila.com](mailto:communications.tikkurila@tikkurila.com)

Format of e-mail addresses: [firstname.lastname@tikkurila.com](mailto:firstname.lastname@tikkurila.com)