

# Tikkurila Corporate Governance Statement 2010

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 the Finnish Corporate Governance Code, the latest version of which came into force on October 1, 2010. This corporate governance statement is issued separately from the Board of Directors' report, and is also available on our website, [www.tikkurilagroup.com](http://www.tikkurilagroup.com), as well as included in the 2010 Annual Report of Tikkurila.

## General principles and framework

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

- the Finnish Companies Act;
- the Finnish Securities Market Act;
- the Finnish Corporate Governance Code;
- the Articles of Association of Tikkurila Oyj;
- the standards issued by the Finnish Financial Supervision Authority;
- the rules and regulations of Nasdaq OMX Helsinki Ltd.;
- the Helsinki Takeover Code, issued by the Finnish Central Chamber of Commerce; and
- other legislation or regulations (e.g. the EU-level REACH Directive) applicable to the Group's business

The Corporate Governance Code can be found in full at [www.cgfinland.fi](http://www.cgfinland.fi).

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

As the Group's business is, either directly or indirectly to a major extent, dependant on markets outside of the domicile of Tikkurila Oyj, relevant local (i.e. non-Finnish) laws and regulations must also be taken into account in the Group's operations.

## Overview of Tikkurila's Governing Bodies

The following diagram summarizes the key governing bodies of Tikkurila:



\*Tikkurila established a so-called Nomination Committee in August 2010. Although technically the body has, for the latter half of 2010, been called a "Committee", fundamentally the Board of Directors of the Group has decided that it will be a body organized by and governed by the major shareholders of the Company with a task of proposing to the Annual General Meeting of shareholders the nomination and remuneration of the members of the Board of Directors. Therefore, going forward, the nomination body is planned to be elected by the major shareholders and to be called a Nomination Board. This has already been reflected in the diagram above, as well as elsewhere in the text of this document.

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

In March 2010, Tikkurila Oyj was spun off out of Kemira Oyj, and listed on the Helsinki Stock Exchange on March 26th, 2010; hence, the legal status of the Company was changed from Oy (limited liability company)

to Oyj (public limited liability company). Therefore, from March 2010, the regulations related to listed public entities have been applied to Tikkurila as an independent entity.

### General Meeting of Shareholders

The General Meeting (GM) is the supreme decision-making body of Tikkurila Oyj, and the tasks of the GM 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 (AGM) 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 of 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 President and CEO;
- any proposals by the Board of Directors or by the shareholders or group of shareholders related to e.g. authorisations granted to the Board, share buy-backs or granting of special rights related to shares; and
- any change in the Articles of Association.

Tikkurila Oyj has one share serie; 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 Tikkurila's Articles of Association, which are available on the Company's web page, [www.tikkurilagroup.com](http://www.tikkurilagroup.com).

The decisions of the Shareholders' meetings during 2010 are presented in the interim report for January-March 2010, which is available on Tikkurila's web page. When the Company held its Annual General Meeting in February 2010, Tikkurila Oyj was a private limited company (Oy) and had only one shareholder. All the meeting materials and decisions of Shareholders' meetings will be published on the Company's web page. The Annual General Meeting of 2011 is scheduled to take place on March 31, 2011.

### Nomination Board

In September 2010, the four biggest shareholders of Tikkurila Oyj, based on shareholding at the end of August 2010, established the Nomination Board. The Nomination Board consists of five members, four of them being members outside the Board of Directors of Tikkurila and representing the four largest shareholders of the company on August 31, 2010. The fifth member of the Nomination Board is the Chairman of the Board of Directors of Tikkurila Oyj, who acts as an expert member. The members of the Nomination Committee at the time of publication of this report were: Pekka Paasikivi, Chairman of the Board of Directors of Oras Invest Oy; Kari Järvinen, Managing Director of Solidium Oy; Harri Kerminen, President and CEO of Kemira Oyj; Risto Murto, Executive Vice President, Chief Investment Officer of Varma Mutual Pension Insurance Company; and Jari Paasikivi, Chairman of the Board of Directors of Tikkurila Oyj. The Nomination Board prepares the nomination and remuneration proposals of the members of the Board of Directors to the Annual General Meeting. During 2010, the Nomination Board convened two times.

### 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 the Group;
- to decide on long-term financial and operational goals;
- to approve annual budgets and medium-term business plans;
- to decide on any major corporate restructuring, merger, acquisition or divestment;
- to decide on major investments and major expenses and commitments;
- to decide on key funding and risk management issues and related pledges and commitments;
- to approve or confirm the appointment and remuneration of the Group management;
- to appoint and dismiss the Group President and CEO, and to approve the members of the Tikkurila Management Board;
- to monitor and evaluate the performance of the Group President and 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 disclosure policy is applied; and
- to ensure that the supervision of the accounting and financial matters, and any audits thereby, are properly organized.

The Board of Directors represent 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 that have been 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, which is elected by the Board within its members immediately after the Annual General Meeting of the Shareholders. The Board of Directors has a quorum when more than half of its members attend the meeting. The President and CEO, as well as the CFO, of the Group attend the Board meetings presenting the issues being discussed or decided upon, and the Group Vice President, Legal Affairs, acts as the Secretary of the Board.

During 2010, the Board of Directors concentrated firstly to finalize the listing process, which was concluded at the end of March, and secondly, to implement the revised Group strategy agreed upon at the end of 2009, including e.g. the change of the organization structure of Tikkurila. As a key strategic target for the Group, the Board stated that Tikkurila shall become the leading paint company in the Nordic countries and Eastern Europe, including Russia. The Board also set medium-term financial targets in relation to organic revenue growth, EBIT margin, return on capital employed and gearing ratio. Moreover, the Board stated that at least 40 percent of after-tax profits, excluding any non-recurring items, should be distributed to the Shareholders as dividends.

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 President and CEO.

According to the decision of the Annual General Meeting that took place in February 2010, the Board has five members. The members of the Board are Jari Paasikivi (Chairman), Petteri Walldén (Vice Chairman), Eeva Ahdekivi, Ove Mattsson and Pia Rudengren.

All of the Board members are independent of the Company, and except for Jari Paasikivi, they are also independent of the significant shareholders. Chairman of the Board, Jari Paasikivi, is the CEO of Oras Invest

Oy. Oras Invest Oy owns over 10 percent of Tikkurila Oyj's shares. Eeva Ahdekivi is employed by Solidium Oy, which held more than 10 percent of Tikkurila shares until November 25, 2010.

During 2010, the Board held ten meetings, and the attendance rate was 98 percent.

The members of the Board of Directors are presented in more detail on pages 7–8.

The Annual General Meeting decides on the remuneration to be paid to the members of the Board. According to the decision, the Board remuneration was the following:

- Chairman of the Board, EUR 54,000 per year;
- Deputy Chairman of the Board, EUR 36,000 per year; and
- other members of the Board, EUR 30,000 per year.

The annual remuneration of the Board members was paid as a combination of shares and cash so that 40 percent of the annual remuneration was paid as 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 during 2010 for the amount of:

- EUR 600 per meeting to members living in Finland;
- EUR 1,200 per meeting to members living in other EU countries; and
- EUR 2,400 per meeting to members living outside the EU.

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 in cash.

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

### Remuneration paid to the Board of Directors

	Jan 1–Dec 31, 2010*	Jan 1–Dec 31, 2009**
Harri Kerminen, Chairman of the Board until February 8, 2010	-	-
Jari Paasikivi, Chairman of the Board as from February 8, 2010 (Vice Chairman until Feb 8, 2010)	74,400	40,400
Petteri Walldén, Vice Chairman of the Board as from February 8, 2010	49,300	35,400
Eeva Ahdekivi	44,700	35,400
Ove Mattsson	47,100	40,800
Pia Rudengren	50,700	38,400
Total	266,200	190,400

\*40 percent of the annual fee for 2010 was paid with Tikkurila's shares, equal to EUR 72,000, which is included in the fees presented above.

\*\* For the year 2009, the entire compensation was paid in cash. Since the Chairman, Harri Kerminen, was employed by Kemira, he did not receive any remuneration.

### Audit Committee

The Chairman of the Audit Committee is Eeva Ahdekivi, and the members are Pia Rudengren and Jari Paasikivi.

As defined in the Corporate Governance Code, the Audit Committee members shall have the needed qualifications, and at least one member must have expertise in financial management, accounting or auditing, in order to accomplish the Audit Committee's tasks.

The Audit Committee assists the Board in fulfilling its oversight responsibilities for the financial reporting process, the system of internal

control, the audit process, and Tikkurila's process for monitoring compliance with laws and regulations and the Tikkurila Code of Conduct.

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

- to assess and oversee the preparation of Tikkurila's financial statements and interim reports, and to review the results of any impairment testing;
- to evaluate Tikkurila's compliance with laws, regulations and Tikkurila's internal Code of Conduct and Corporate Social Responsibility programs;
- to approve audit plans for both external audit and internal audit;
- to prepare the election of auditors; and
- to review the Group's risk management policies and action;
- to review Tikkurila's corporate governance statement.

During 2010, the Audit Committee met four times. The attendance rate was 100 percent. The Group's Chief Financial Officer, Jukka Havia, acted as the Secretary of the Committee.

### President and CEO

The Board of Directors appoints the President and CEO and decides upon his/her remuneration and other benefits. The President and CEO is in charge of the day-to-day management of the Company and the Group it forms. The President and 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.

Erkki Järvinen has been the President and CEO of Tikkurila since January 2009. The President and 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.

### Tikkurila Management Board

The Tikkurila Management Board is chaired by the President and CEO, and it assists the CEO in the management and development of the Company.

In 2010, the Tikkurila Management Board was comprised of the following persons:

- Erkki Järvinen, President and CEO, Group (Chairman)
- Jukka Havia, Chief Financial Officer, Group
- Janno Paju, Senior Vice President, SBU East
- Arto Lehtinen, Senior Vice President, SBU Finland
- Niklas Frisk, Senior Vice President, SBU Scandinavia
- Ilpo Jousimaa, Senior Vice President, SBU Central Eastern Europe
- Petri Miettinen, Group Vice President, Supply Chain & HSEQ
- Kenneth Sundberg, Group Vice President, R&D

The President and CEO proposes the appointment of the Tikkurila Management Board members, and the Board of Directors approves the appointments as well as approves the compensation for the members of the Management Board.

The Tikkurila Management Board has three preparatory bodies set to prepare and discuss operational issues to be decided on by the Tikkurila Management Board:

- Business Board  
Chaired by Janno Paju  
Including: SBU leaders, Business Development, Marketing
- Operations Board  
Chaired by Petri Miettinen  
Including: Supply Chain Management, R&D, Marketing

- Corporate Office

Chaired by Jukka Havia

Including: Finance, HR, IT, Legal, Communications

Moreover, the Business Board, Operations Board and Corporate Office act as steering groups for internal projects in their area of expertise, unless any project-specific steering groups are established.

Tikkurila has operations in multiple countries, and hence also has a large number of legal entities in various countries. The President and CEO is the decision-maker for any major decisions, which do not require the Board of Directors' resolution, and the Group or regional management teams make the operational decisions. The Boards of Directors of Tikkurila's subsidiaries do not have any operational or other major decision-making power, but the subsidiary boards ensure that local legal entities are managed in accordance with local laws and regulations, as well as in accordance with the Tikkurila Group's internal policies.

### Remuneration of the Tikkurila Management Board members

The Board of Directors determines the President and CEO's and other executives' salaries and other remuneration, as well as employment terms. The President and CEO and other executives form the Management Board of the Tikkurila Group.

Remuneration of the Management Board consists of total salary and performance-based bonuses. Total salary includes salary in money and taxable benefits. Performance-based bonuses are determined by the achievement of performance targets for each financial year. The performance-based bonuses consist of cash bonuses.

In 2010 or previous years, Tikkurila has not had a share or share-based incentive systems in use.

### Remuneration of the President and CEO in 2010

The total salary, including taxable benefits, paid during the financial period of 2010 to President and CEO Erkki Järvinen was EUR 570,000. There was a bonus accrued to the CEO for the financial year of 2010, and it will be paid in March 2011. The bonus may not exceed 50 or 100 percent, depending on the program, of his annual salary.

President and CEO Erkki Järvinen is entitled to retire at the age of 63 and has a defined contribution-based supplementary pension plan. In 2010, the cost of the supplementary pension was EUR 53,000. The pension is based on a defined contribution pension scheme.

A six-month period of notice applies to the President and CEO. In addition, the President and CEO will receive a severance pay equaling his 12-month salary if the Company terminates his employment.

The President and CEO was a member of the long-term incentive program 2009–2010 and bonus system of 2010. The principles of the incentive systems are described in more detail in the sections "Long-term Incentive program 2009–2010" and "Bonus System for 2010".

### Remuneration of the Tikkurila Management Board in 2010

Tikkurila has a long-term incentive program covering the years 2009–2010 and a bonus system for 2010. The principles of the incentive systems are described below.

#### Long-term Incentive program 2009–2010

On May 4, 2009, the Board of Directors of Tikkurila approved a long-term incentive program (the "LTI Program") for 2009 and 2010.

Participants in the LTI Program are the 13 persons who were members of the Tikkurila Management Board in May 2009. The LTI Program is based on cumulative operative operating profit (between EUR 80 million and EUR 115 million), and the payment of the incentive is subject to Tikkurila's cash flow being positive both in 2009 and 2010. The maximum incentive percent is 100 percent (Tikkurila Group's President and CEO), or 50 percent (strategic business unit Senior Vice Presidents) or 30 percent (other Management Board members in May 2009) of the respective annual salaries.

#### Bonus System for 2010

On February 2, 2010, the Board of Directors of Tikkurila approved a new bonus system for 2010.

Participants in the new bonus system are the members of the Tikkurila Management Board, employees on the management team level and functions of the business units, managing directors of the companies belonging to the Tikkurila Group as well as selected managers and experts in specific positions in companies belonging to the Tikkurila Group, altogether 130 persons currently. Bonus criteria for 2010 consist of the Tikkurila Group and business unit operating profit and cash flow, as well as individual targets. Receiving a bonus is subject to fulfilling two to four different objectives. All targets must be measurable in figures, and at least 80 percent must be financial targets.

### Auditor (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 2010, KPMG Oy Ab was elected as auditors, and KPMG has been auditing Tikkurila Oyj since 2006.

The Audit Committee of the Board prepares the election process of Auditors. The aggregate duration of the principal auditor cannot exceed seven years. Therefore, taken into account that the Finnish Audit Act came into force in 2007, the current principal auditor, Pekka Pajamo of KPMG, can remain in that role until no later than the financial year 2013.

The Auditor has a statutory responsibility to audit Tikkurila Oyj's accounting (based on Finnish accounting legislation), the Tikkurila Group's consolidated accounts (based on IFRS), the Board of Directors' report, financial statements with all notes, as well as the administration of the

### Remuneration paid to CEO and other Management Board members \*

EUR	Annual salary with fringe benefits	Performance bonus paid in 2010	2010 total	2009 total	Cost of supplementary pension plans in 2010
President and CEO	450,000	120,000	570,000	510,000	53,000
Other Management Board members	995,000	96,000	1,091,000	2,238,000	85,000
<b>Total</b>	1,445,000	216,000	1,661,000	2,748,000	138,000

\*The Management Board (excl. President and CEO) comprised 7 persons in 2010 and 12 persons in 2009.

Company. Tikkurila's financial year is equal to the calendar year. The Auditor primarily reports via the Audit Committee but also takes part in at least one Board meeting.

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.

During 2010, the Group paid a total of EUR 417,000 for auditing services and EUR 374,000 for other services for KPMG.

## 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. The internal policies and the Code of Conduct have been communicated to all staff in the Tikkurila Group. The Company also provides training concerning the main policies for people who need to know the policies in question.

Every employee has the right and duty to report, anonymously if needed, to the Group's Compliance Officer any violations of the law and the Code of Conduct.

Each year, the target is to evaluate the need for further pragmatic steps to develop the internal controls. During 2010, the Group has made efforts to clarify and intensify the internal controls, and to have more coherent group-wide application of equal practices and processes. As examples of the practical issues being evaluated and/or decided upon and/or implemented, the following issues can be highlighted:

- at the time of listing the Company to the Nasdaq OMX Helsinki Stock Exchange, a thorough internal and external diligence process was carried out, and a prospectus was published;
- training and education of personnel has been constantly carried out;
- internal policies and manuals have been written and/or updated, including but not limited to Group Risk Management Policy, Group Business Control Manual, Group Finance Manual, Group Investment Manual, Group HSEQ Principles;
- internal audit function has been reorganized with internal resources to run the function going forward;
- in the beginning of 2010, a risk appraisal project was carried out with an external expert organization;
- the Group's Treasury operations and related software have been set up, including e.g. interest rate and foreign exchange rate risk management principles, and later during 2010, the Treasury operations and guidelines have been reviewed by an external expert;

- the organization structure of the Group was changed at the end of 2009 with a target to establish more unified processes across the Group;
- at the end of 2010, principles have been decided, and subprojects started, as to how the Group's IT software application portfolio (including e.g. CRM, ERP and EHS solutions) will be developed and/or changed going forward;
- in order to have more controlled internal whistle blowing opportunities and governance control overview, the Group Vice President for Legal Affairs has also been elected to act as the Compliance Officer of the Group, and in cooperation with the Group's Internal Auditor to set up the needed processes to ensure that the Code of Conduct is followed.

## Internal audit

The internal audit provides 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 purpose is to evaluate and contribute to the improvement of risk management, control and governance systems in the Group. The internal audit function has complete and unrestricted access to all activities of Tikkurila.

The internal audit function regularly reports to the Audit Committee of the Board, and the President and CEO of Tikkurila acts as the administrative superior for the Internal Auditor. Internal audit plans and findings are subject to regular review with the external auditors during the course of the year.

Tikkurila's internal audit function was purchased as a service from Kemira Oyj until the end of 2010. From the beginning of 2011, Tikkurila has had its own internal audit resources, including a dedicated Internal Auditor, who will be, to the required extent, helped by third-party experts to carry out the internal audit activities.

## Risk Management

The goal of risk management is to identify risks that may hinder the Company from achieving its business objectives. A risk can be defined as any uncertainty that affects Tikkurila's business objectives and ability to reach its results.

Tikkurila's business involves a number of risks, some of which could be of substantial nature. As the Group's business operations are divided into several geographical areas and diverse product and customer segments, the amount, likelihood and impacts of different risks may vary between the Group's business units. The materialization of such risks may have a major adverse effect on Tikkurila's business, financial position or results of operations. The Group's internal control, internal audit and risk management aim at decreasing the adverse effects of possible risk materializations to a relevant extent.

Tikkurila divides its risks into four main categories:

- strategic risks;
- operational risks;
- financial risks; and
- hazard risks.

Tikkurila endeavors to identify, analyze, evaluate and treat risks systematically and proactively. Tikkurila's objective is to reach the desired aggregate risk level and ensure the continuity of operations.

Tikkurila aims at systematic and proactive identification, analysis, evaluation and treatment of various risk categories, such as strategic, operational, accident and financial risks. Tikkurila's objective is to determine and maintain the desired aggregate risk level in relation to the Group's risk tolerance, while ensuring business continuity.

Tikkurila's risk management is based on the Finnish Corporate Governance Code and on Tikkurila's Code of Conduct. In addition, Tikkurila has Group guidelines and policies in place that specify management objectives, responsibilities and risk limits in greater detail.

Tikkurila's Board of Directors defines the main principles of Tikkurila's risk management and approves the Group's risk management policy, and the Audit Committee assists the Board in risk management supervision. The business units and functions are responsible for the risks involved in their activities and for the related risk management.

In Tikkurila, each business unit and function performs its overall risk management in conformity with the jointly agreed risk self-assessment methodology. All units use a common risk register, managed and coordinated by the Group's Risk Manager, to monitor known or expected risks. The results of the risk management process are regularly reported, both internally and as part of Tikkurila's external reporting.

Some risk management measures are performed centrally in order to generate cost benefits and ensure a sufficient level of protection. These include insurance coverage for certain risks, such as general third-party and product liability, cargo, property damage and business interruption insurance for major production sites, as well as the hedging of treasury risks.

The responsibility for the implementation of the Group's risk management activities lies with the President and CEO as well as the Tikkurila Management Board. The Board of Directors is responsible for approving key policies and principles of risk management processes, as well as defining Tikkurila's overall level of risk tolerance. The Board of Directors and its committees approve and follow up the reporting procedures, and monitor the adequacy, appropriateness and effectiveness of the Group's business and administrative processes.

### Management of insider issues

As provided by the Finnish Securities Markets Act, Tikkurila Oyj's insiders consist of insiders subject to disclosure requirements, permanent company-specific insiders and project-specific insiders.

On the basis of their positions, Tikkurila's insiders subject to disclosure requirements comprise Board members, the Managing Director, members of the Management Board and the responsible auditor representing the independent firm of public accountants. Tikkurila Oyj's permanent company-specific insiders comprise certain other persons separately specified by the Group General Counsel and approved by the President and CEO of Tikkurila.

Tikkurila Oyj complies with the Insider Guidelines issued by the NASDAQ OMX Helsinki Ltd, according to which insiders should trade in Company shares 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 resolution of the Board of Directors, Tikkurila's permanent insiders 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 interim report or financial statement bulletin.

Tikkurila's Legal function maintains Tikkurila Oyj's insider register and updates information on the Company's insiders subject to statutory disclosure requirements to be entered in the public insider register of Euroclear Finland Oy. Information relating to insiders subject to statutory disclosure requirements is available on the company's website.

### Silent Period

Tikkurila observes a silent period (closed window) before it publishes financial statement release and interim reports. The silent period begins when the reporting period in question ends and continues until the financial statements or interim report 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

Tikkurila gives guidance in the form of an official outlook statement published in interim reports, financial statements and the review of the Board of Directors. Tikkurila will provide outlook statements only for a period for which the company has 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 once reasonable visibility and accuracy of future prospects exist.

### Communications

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

Tikkurila's shares are listed on the NASDAQ OMX Helsinki stock exchange. Tikkurila will strictly adhere to all regulatory disclosure requirements for listed companies. Tikkurila complies with the Finnish Corporate Governance Code ("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.

### Deviations from the Finnish Corporate Governance Code (which came into force on October 1, 2010)

The Finnish Corporate Governance Code, which came into force on October 1, 2010, has altogether 55 recommendations. The Code also has the so-called "comply or explain" principle. Tikkurila complies fully with almost all recommendations in the Code, but there were the following deviations during 2010, as it has been considered that the alternative way of organizing the below-mentioned issues better suits Tikkurila's current situation, and as they also partially reflect the transition of the Company into a new listed entity:

#### Recommendation 28, Nomination Committee

Tikkurila has had a nomination committee since August 2010, established by the Board of Directors. The nomination committee has not been formed from the members of the Board, as required in Recommendation 28 of the Corporate Governance Code, but rather consists of members nominated by the four largest shareholders of Tikkurila.

#### Recommendation 31, Remuneration Committee

Tikkurila does not have a separate remuneration committee, but the nomination board will also make proposals to the shareholders as to the remuneration of the members of the Board; and moreover, to a relevant extent, the Board of Directors uses their discretion and authority to decide upon the remuneration of the Group President and CEO as well as other members of the management team.

# Board of Directors



## Jari Paasikivi

Born 1954  
 Member of the Board since 2008 and Chairman since 2010. Member of the Audit Committee since 2010. Member of the Nomination Board since 2010. Independent of the company, not independent of the significant shareholder.  
 Finnish citizen.  
 M.Sc. (Econ.), President & CEO, Oras Invest Ltd  
 Tikkurila shares on Dec 31, 2010: 33,200

### Career history

Jari Paasikivi has been the Chief Executive Officer of Oras Invest since 2006. Paasikivi served in various positions at Oras Ltd between 1989 and 2007, including as the President and the Chief Executive Officer between 2002 and 2007, the Managing Director between 1994 and 2001 and a Plant Director between 1989 and 1994.

### Positions of trust

Jari Paasikivi has been a member of various companies' Boards of Directors. He has been the Chairman of the Board of Directors of Uponor Corporation since 2008 and a member of the Supervisory Board of the Finnish Scout Foundation since 2008, the Deputy Chairman and a member of the Board of Directors of the Central Chamber of Commerce of Finland since 2007, a member of the Board of Directors of the Federation of Finnish Technology Industries since 2006 and a Deputy Chairman since 2010, a member of the Board of Directors of Oras Ltd since 2005 and the Chairman of the Board of Directors of Vakka-Suomi Youth Foundation since 1998.

## Petteri Walldén

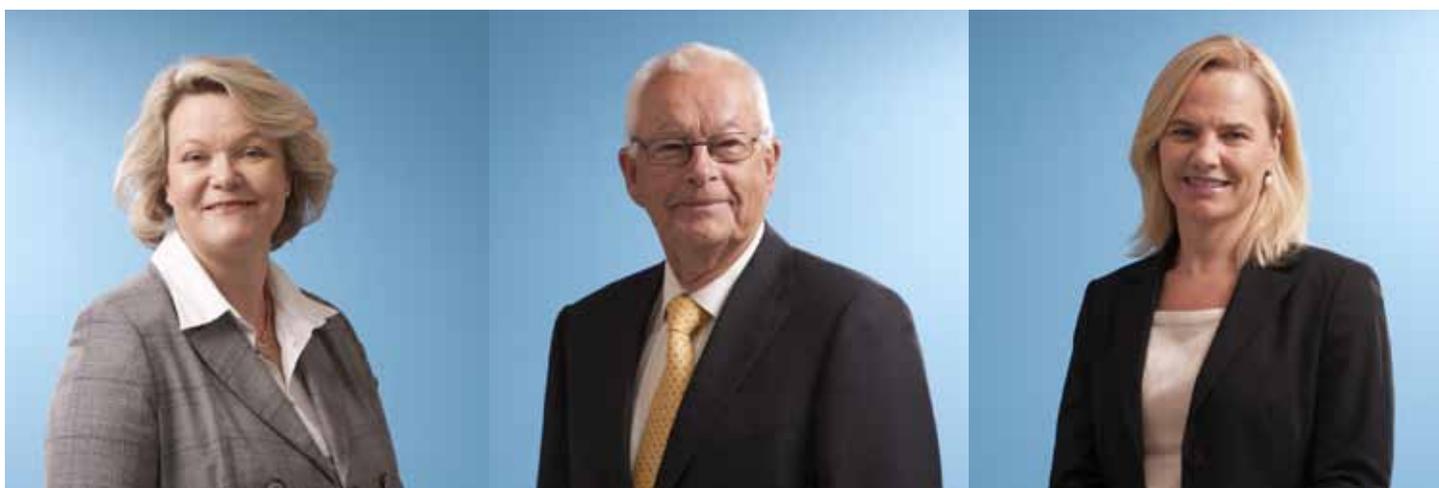
Born 1948  
 Member of the Board since 2008 and Vice Chairman since 2010.  
 Independent Board member.  
 Finnish citizen.  
 M.Sc. (Eng.)  
 Tikkurila shares on Dec 31, 2010: 2,494

### Career history

Petteri Walldén served as the President and Chief Executive Officer of Alteams Oy between 2007 and 2010, of Onninen Oy between 2001 and 2005 and of Ensto Ltd. between 1996 and 2001. He has also served as the President of Nokia Cables Ltd. and of Sako Ltd.

### Positions of trust

Petteri Walldén has been a member of the Board of Directors of Mesera Oy since 2010, a member of the Board of Directors of Comptel Corporation and of Teleste Corporation since 2009, a member of the Board of Directors of Kuusakoski Group Oy since 2007, the Chairman of the Board of Directors of Nokian Tyres plc since 2006, a member of the Board of Directors of eQ Corporation since 2005, a member of the Board of Directors of SE Mäkinen Logistics Ltd since 1995 and a member of the Board of Directors of the Haemopathy Research Foundation since 1991.



### Eeva Ahdekivi

Born 1966  
Member of the Board since 2009. Chairman of the Audit Committee since 2010.  
Independent Board member.  
Finnish citizen.  
M. Sc. (Econ.), Investment Director, Solidium Oy  
Tikkurila shares on Dec 31, 2010: 1,135

#### Career history

Eeva Ahdekivi has been the Investment Director of Solidium since 2009. Prior to that, she was the senior financial specialist at the Prime Minister's Office in the ownership steering department between 2007 and 2009, the Director of Pohjola Asset Management Ltd between 2004 and 2006 and the partner of Conventum Oyj between 1997 and 2003. Ahdekivi has also served as the Director of Merita Corporate Finance Oy.

#### Positions of trust

Eeva Ahdekivi has been the auditor of Young Enterprise Finland since 2006.

### Ove Mattsson

Born 1940  
Member of the Board since 2009.  
Independent Board member.  
Swedish citizen.  
Ph.D., Board Professional  
Tikkurila shares on Dec 31, 2010: 6,804

#### Career history

Ove Mattsson has served as a member of the Board of Management of Akzo Nobel nv and COO of Akzo Nobel Coatings between 1994 and 2000, the President and CEO of Nobel Industries AB between 1991 and 1994 and the President of Casco Nobel AB between 1978 and 1991.

#### Positions of trust

Ove Mattsson has been a member of the Board of Directors of Fabryo Corporation Srl since 2008, the Chairman of the Board of Directors of Biotage AB since 2007, a member of the Board of Directors of Arctic Island Ltd since 2003 and the Chairman of the Board of Directors of Aromatic AB since 2003.

### Pia Rudengren

Born 1965  
Member of the Board since 2009. Member of the Audit Committee since 2010.  
Independent Board member.  
Swedish citizen.  
M.Sc. (BA & Econ.), Board Professional  
Tikkurila shares on Dec 31, 2010: 773

#### Career history

Pia Rudengren was Executive Vice President of W Capital Management AB between 2001 and 2005. Between 1990 and 2001, Rudengren held a variety of positions at Investor AB, ultimately serving as Chief Financial Officer and a member of the Management Group between 1998 and 2001.

#### Positions of trust

Pia Rudengren has been a member of the Board of Directors of Metso Corporation and of Swedbank AB since 2009, of Social Initiative AB since 2008, of Duni AB and of WeMind Digital Psykologi AB since 2007. Since 2006, Rudengren has worked as a board professional, serving on the Boards of Directors of several companies in Sweden.

# Management Board



## Erkki Järvinen

Born 1960

### President and CEO

Chairman of the Management Board and President and CEO since 2009.

Finnish citizen.

M.Sc. (Econ.)

Joined Tikkurila in 2009.

Tikkurila shares on Dec 31, 2010: –

### Career history

Erkki Järvinen served as the President and CEO of Rautakirja Corporation between 2001 and 2008, and as the Senior Vice President of Kiosk Operations in Rautakirja Corporation between 1997 and 2001. Prior to joining Rautakirja, Järvinen held positions in companies that belonged to the Cultor Group, as Vice President, Marketing (Nordic) in Vaasamills Ltd between 1991 and 1996, as Managing Director of Siljans Knäcke AB between 1995 and 1996 and as Marketing Manager in Vaasamills Ltd between 1990 and 1991. Järvinen served as Product Manager and Marketing Manager in Fazer Bakeries, Oy Karl Fazer Ab between 1984 and 1990.

### Positions of trust

Erkki Järvinen has been a member of the Board of Directors of the Chemical Industry Federation of Finland and of the Association of Finnish Paint Industry since 2010, of the Association of Finnish Advertisers since 2009, of Sannäsin Kartano Oy since 2008 and of the Economic Information Office since 2007.

## Jukka Havia

Born 1968

### Chief Financial Officer (CFO)

Member of the Management Board since 2010.

Finnish citizen.

M. Sc. (Econ.)

Joined Tikkurila in 2010.

Tikkurila shares on Dec 31, 2010: –

### Career history

Jukka Havia has been the Chief Financial Officer of Tikkurila since 2010. Previously, Havia worked for Ruukki Group Plc as the Chief Financial Officer since 2005 and the Deputy Chief Executive Officer since 2008. Prior to that, he worked as the director of finance at the Student Union of the Helsinki School of Economics and as a managing director in KY-Palvelu Oy between 2001 and 2005, as the financial director of RSL Com Finland Oy between 1997 and 2001 and as controller at Oy Canon Ab between 1995 and 1997.

### Positions of trust

Jukka Havia is the Chairman of the Board of the Finnish Transport Safety Agency, as well as a member of the finance committee of the student union of Aalto University. He also acts as a deputy auditor of the National Union of University Students in Finland.

## Kenneth Sundberg

Born 1965

### Group Vice President, R&D

Member of the Management Board since 2010.

Finnish citizen.

M.Sc. (Eng.), Doctor of Technology

Joined Tikkurila in 2010.

Tikkurila shares on Dec 31, 2010: –

### Career history

Kenneth Sundberg has been the Group Vice President, Research and Development of Tikkurila since 2010. Prior to joining Tikkurila, Sundberg was the Head of Innovation Center Paper and R&D Site Head at Ciba Finland Oy between 2007 and 2009, the Managing Director of Top Analytica Ltd. between 2006 and 2007, the Head R&D, Sizing and Starch at Ciba Specialty Chemicals Oy between 2004 and 2006 and the Research Manager for a specialty group of Raisio Chemicals Oy between 2002 and 2004.

### Positions of trust

Kenneth Sundberg has been a member of the Industrial Advisory Board of the Åbo Akademi Process Chemistry Center (ÅAU) since 2005.

## Petri Miettinen

Born 1968

### Group Vice President, Supply Chain & HSEQ

Member of the Management Board since 2007.

Finnish citizen.

M.Sc. (Econ.)

Joined Tikkurila in 2007.

Tikkurila shares on Dec 31, 2010: –

### Career history

Petri Miettinen has been the Group Vice President, Supply Chain of Tikkurila since 2007. In 2008, the HSEQ (Health, Safety, Environment and Quality) was also transferred to his area of responsibility. Prior to joining Tikkurila, Miettinen served at ABB; in the ABB Marine business as the Vice President of Sourcing and Logistics between 2002 and 2007, Vice President, controlling in addition to his normal duties between 2003 and 2004 and Business Controller between 2000 and 2002 and previously in the ABB electric machine business as Controller and Project Manager between 1997 and 2000.

Management Board members from left to right: Erkki Järvinen, Jukka Havia, Kenneth Sundberg, Petri Miettinen, Arto Lehtinen, Ilpo Jousimaa, Niklas Frisk, Janno Paju. The Management Board posed with Tikkurila's Touching installation.



### Arto Lehtinen

Born 1958

#### Senior Vice President, SBU Finland

Member of the Management Board since 2008.

Finnish citizen.

Graduate from Business College

Joined Tikkurila in 1981.

Tikkurila shares on Dec 31, 2010: 2,000

#### Career history

Arto Lehtinen has been the Senior Vice President of SBU Finland of Tikkurila since 2009, and prior to that, he was the Vice President for Tikkurila Group Marketing between 2008 and 2009 and Marketing Director for Tikkurila Paints Oy/Deco Finland between 2000 and 2008. Since 1991, Lehtinen has held various positions in the sales and marketing of Tikkurila's products, especially decorative paints, in Finland. Between 1981 and 1990, he worked in the financial department of Tikkurila.

### Ilpo Jousimaa

Born 1957

#### Senior Vice President, SBU Central Eastern Europe

Member of the Management Board since 2003.

Finnish citizen.

M.Sc. (Econ)

Joined Tikkurila in 1987.

Tikkurila shares on Dec 31, 2010: 1,574

#### Career history

Ilpo Jousimaa has been the Senior Vice President of SBU Central Eastern Europe of Tikkurila since 2009. Jousimaa has served in various positions in Tikkurila Group since 1987. Between 2005 and 2009, he was the President of the Industrial Coatings business unit and between 2002 and 2004, the Vice President of Tikkurila Deco West and of Tikkurila Deco East. He has acted as the President of Tikkurila Polska S.A. between 2004 and 2005, of Vivacolor companies (Estonia, Latvia, Lithuania) between 1998 and 2002 and of AS Flora Kommerts (a company not belonging to Tikkurila) between 1997 and 1998.

### Niklas Frisk

Born 1975

#### Senior Vice President, SBU Scandinavia

Member of the Management Board since 2007.

Swedish citizen.

MBA

Joined Tikkurila in 1995.

Tikkurila shares on Dec 31, 2010: 1,000

#### Career history

Niklas Frisk has been the Senior Vice President of SBU Scandinavia of Tikkurila since 2009 and the Managing Director of Alcro-Beckers AB/President, Deco Scandinavia since 2006. Prior to that, he served in other positions at Alcro-Beckers AB between 2002 and 2006. Since 1995, he has held various positions in Dickursby Färg, later called Tikkurila AB after merging with Alcro-Beckers.

#### Positions of trust

Niklas Frisk has been the Chairman of the Board of Directors of SVEFF (The Swedish Paint and Painting Ink Makers' Association) since 2007. He is also the Chairman of the Board of Directors of Tikkurila Danmark A/S, Tikkurila Norge A/S, Tikkurila AB and Måleributiken AB, as well as a member of the Board of Happy Homes AB.

### Janno Paju

Born 1971

#### Senior Vice President, SBU East

Senior Vice President, SBU East  
Member of the Management Board since 2000.

Estonian citizen.

Degree in Economics

Joined Tikkurila in 1993.

Tikkurila shares on Dec 31, 2010: 325

#### Career history

Janno Paju has been the Senior Vice President of SBU East of Tikkurila since 2009. Prior to that, he was the Group Vice President of Tikkurila's Deco Eastern Europe business area between 2004 and 2009. He served as the President of Tikkurila Polska S.A. between 2000 and 2004 and as the Vice President of Commerce of Tikkurila-Baltcolor Sp.z.o.o. between 1998 and 2000.