

# CORPORATE GOVERNANCE STATEMENT 2016

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 in the 2016 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;
- Helsinki Takeover Code, issued by the Securities Market Association; and
- other legislation or regulations applicable to the Group's business.

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

## OVERVIEW OF 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.:

- adoption of the financial statements of the previous financial year;
- use of profit as stated by the adopted and audited financial statements;
- number of members on the Board of Directors;
- election of members of the Board of Directors;
- remuneration of the members of the Board of Directors;
- election of the Auditor;
- compensation to be paid to the Auditor;
- 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. 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, [http://www.tikkurilagroup.com/corporate\\_governance/articles\\_of\\_association/](http://www.tikkurilagroup.com/corporate_governance/articles_of_association/).

The decisions of the shareholders' meeting in 2016 are presented in the 2016 Board of Directors' report, and all of the meeting materials and decisions are published on the company's website. The Annual General Meeting in 2017 will be held on April 4, 2017.

## 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 the company 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 shareholders in the shareholders' register maintained by Euroclear Finland Ltd were requested to appoint one member to the Nomination Board.

During 2016 the members of the Nomination Board were: Pekka Paasikivi, Chairman of the Board of Directors of Oras Invest Oy; Timo Ritakallio, President and CEO of Ilmarinen Mutual Pension

Insurance Company; and Reima Rytsölä, Executive Vice President, Investments, of Varma Mutual Pension Insurance Company. The fourth member of the Nomination Board was Jari Paasikivi, the Chairman of the Board of Directors of Tikkurila Oyj.

During 2016, the Nomination Board met three times (2015: twice), and the attendance rate was 89 (100) percent.

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

The Nomination Board, consisting of shareholders or their representatives, annually prepares proposals for Board composition and Board member remuneration for the Annual General Meeting. 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.

The following key 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. The objective regarding gender diversity is for each gender to be represented on 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 are to:

- approve the strategy of the Group;
- decide on long-term financial and operational goals;
- approve business plans;
- decide on any major corporate restructuring, merger, acquisition or divestment;
- decide on major investments as well as major expenses, commitments and internal policies;
- decide on key funding and risk management issues and related pledges and commitments;
- approve or confirm the appointment and remuneration of the Group management;
- appoint and dismiss the Group President and CEO, and to confirm the appointment of the members of the Tikkurila Management Board;
- monitor and evaluate the performance of the Group President and CEO;
- ensure the adequacy of planning, information and control systems, as well as the handling of financial reporting and risk management;
- make proposals for, including but not limited to proposing the dividend payout, and to convene the Annual General Meeting;
- oversee that the Group's policies are applied; and
- 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 President and CEO, as well 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 the financial year 2016, Tikkurila Oyj's Board of Directors had the following six members for the full year:

- Eeva Ahdekivi, member of the Board continuously from 2009
- 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

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 CEO of Oras Invest Oy, and hence he is not independent of the key shareholders, since Oras Invest Oy owns approximately 18 percent of Tikkurila Oyj's shares.

During 2016, the Board of Directors continued to restructure the Group's operations in difficult market conditions, e.g. in Russia, to ensure profitability and to find new sources of growth.

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 cooperation between the Board and the President and CEO.

During 2016, the Board had 10 (2015: 9) meetings, and the average attendance rate was 98 (98) percent.

#### REMUNERATION OF THE BOARD OF DIRECTORS

The Annual General Meeting decided in April 2016 on the remuneration to be paid to the members of the Board. According to that decision, the Board remuneration in 2016 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 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 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 in cash to members' bank accounts.

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

#### AUDIT COMMITTEE

In 2016, Eeva Ahdekivi was the Chairman of the Audit Committee, and the other members of the Committee were Pia Rudengren and Riitta Mynttinen.

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 as well as other 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:

- assessing and overseeing the preparation of financial statements, business reviews and half year financial report, and reviewing the results of impairment testing of assets;
- assessing risks and reviewing risk management policies and actions;
- evaluating Tikkurila's compliance with laws, regulations and Tikkurila's internal Code of Conduct financial reporting principles as well as corporate social responsibility initiatives;
- confirming audit plans for both external and internal audit;
- preparing the election of auditors;
- pre-approving the non-audit services of the external audit firm; and
- reviewing the corporate governance statement.

During 2016, the Audit Committee met five (2015: 5) times. The attendance rate was 100 (100) percent. The Group's 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 reported audit findings to the Audit Committee.

In financial year 2016, the Audit Committee oversaw and edited the Group business reviews and half year financial report before Board

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

Name	Position	Board of Directors				Audit Committee			Remuneration Committee			all fees total
		# of meetings attendance	EUR	EUR	EUR	EUR	EUR	# of meetings attendance	EUR	EUR	EUR	
Eeva Ahdekivi	Member and Chairman of Audit Committee	10/10	15,993	24,007	40,000	5,400	45,400	5/5	3,000			48,400
Harri Kerminen	Member	9/10	12,786	19,214	32,000	4,800	36,800			1/1	600	37,400
Riitta Mynttinen	Member	10/10	12,786	19,214	32,000	9,000	41,000	5/5	5,400			46,400
Jari Paasikivi	Chairman and Chairman of Remuneration Committee	10/10	25,586	38,414	64,000	5,400	69,400			1/1	600	70,000
Pia Rudengren	Member	10/10	12,786	19,214	32,000	9,000	41,000	5/5	5,400			46,400
Petteri Walldén	Vice Chairman	10/10	15,993	24,007	40,000	5,400	45,400			1/1	600	46,000
<b>TOTAL</b>			<b>95,930</b>	<b>144,070</b>	<b>240,000</b>	<b>39,000</b>	<b>279,000</b>		<b>13,800</b>		<b>1,800</b>	<b>294,600</b>

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 the Auditor, presented to the Annual General Meeting 2016. Moreover, the new set-up for internal audit, including a dedicated third-party service provider, was launched and followed up, and certain further development actions were taken during the year.

## REMUNERATION COMMITTEE

In March 2012 the Board of Directors of Tikkurila Oyj established the Remuneration Committee to discuss and propose remuneration of Tikkurila's Group management. In 2016 Jari Paasikivi was the Chairman of the Remuneration Committee, and Petteri Walldén and Harri Kerminen were the other members of the Committee. During 2016 the Remuneration Committee met once (3 times), and the average attendance rate was 100 (100) percent.

## 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, and 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 Tikkurila.

The composition of the Tikkurila Management Board is the following:

- Erkki Järvinen, President and CEO (Chairman)
- Jukka Havia, Chief Financial Officer, also acting as Chairman of the Nordic Area Board (Finland and Sweden)
- Janno Paju, Chief Commercial Officer, also acting as Chairman of the Business Board and Chairman of Area Boards for Denmark and Norway
- Petri Miettinen, Group Vice President, Supply Chain & HSEQ, also acting as Chairman of the Area Boards for Russia, Central Asia and China

- Kenneth Sundberg, Group Vice President, RD&I, also acting as Chairman of the Area Boards for Poland, the Baltics and Germany

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 remuneration for the members of the Management Board. The members of the Tikkurila Management Board have remained the same since 2012.

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, that do not require a Board of Directors' resolution.

The heads of regional business units have from summer 2015 reported to internal operative decision making units, so-called Area Boards, where the Group management has both direct participation and decision making authority in key strategic decisions up until preset limits. The Business Board prepares commercial issues at the Group level for the Tikkurila Management Board in relation to sales, marketing, product portfolio management and brand management.

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

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

## REMUNERATION OF THE PRESIDENT AND CEO IN 2016

During financial years 2016 and 2015 gross salary expenses, presented in the chart at the bottom of this page, were recognized, on an accrual basis, in the group accounting in relation to the remuneration of Erkki Järvinen, the President and CEO of Tikkurila Oyj.

For financial year 2017, the annual cash-based bonus may not exceed 58.33 percent of the CEO's annual salary.

In addition to the abovementioned items, the President and CEO Erkki Järvinen is entitled to retire at the age of 63 and has a defined contribution-based supplementary pension plan. In 2016, the cost of the supplementary pension was EUR 70,355.00 (2015: EUR 67,005.00). The pension is based on a defined contribution scheme.

Moreover, he belongs to the share-based commitment and incentive plan, decided by the Board in 2012, for which for his part in 2016 an IFRS-based expense of EUR 0.00 (350,956.19) was recognized in Group IFRS accounts in addition to the figures in the table

Gross salary expenses of the President and CEO	2016		2015	
	EUR	%	EUR	%
Fixed salary	EUR 429,445.35	81%	EUR 430,877.65	73%
Fringe benefits	EUR 15,100.80	3%	EUR 13,735.17	2%
Bonuses	EUR 87,285.06	16%	EUR 145,388.39	25%
<b>Salaries total</b>	<b>EUR 531,831.21</b>	<b>100%</b>	EUR 590,001.21	100%

above. Based on this plan, in December 2014 Erkki Järvinen was granted 7,000 Tikkurila Oyj shares and in March 2015 altogether 25,539 shares. In total during years 2012 – 2016 Erkki Järvinen was granted 32,539 shares and paid EUR 648,449.88 in cash-based compensation via the share-based plan. At the end 2016, based on the plan's conditions, it is assumed that further share-based and cash-based compensations in coming financial years will total EUR 0.00.

The President and CEO was a member of the 2016 annual cash-based management bonus scheme and the share-based commitment and incentive plans introduced in 2012 and in 2016. The content of these incentive systems is described in more detail in the "Cash-based Annual Bonus Scheme" and "Share-based Commitment and Incentive Plans".

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 agreement.

#### REMUNERATION OF THE TIKKURILA MANAGEMENT BOARD IN 2016

Tikkurila Management Board members were included in the 2016 annual cash-based management bonus scheme, and in the share-based commitment and incentive plans, which were established in 2012 and in 2016. The content of these incentive systems is described in more detail in the "Cash-based Annual Bonus Scheme" and "Share-based Commitment and Incentive Plans".

Summary of Remuneration of the Tikkurila Management Board is presented in the chart at the bottom of this page.

#### CASH-BASED ANNUAL BONUS SCHEME

On April 6, 2016, the Board of Directors of Tikkurila Oyj approved the principles for the annual cash-based bonus scheme for 2016 for the members of the Tikkurila Management Board. Bonus criteria consisted of the 2016 Tikkurila Group revenue growth and operative EBIT. Furthermore, bonus schemes were implemented in 2016 for other management personnel and for local key employees based on locally agreed targets.

#### SHARE-BASED COMMITMENT AND INCENTIVE PLANS:

##### 2012 Plan: performance periods 2012-2014, 2013-2015 and 2014-2016

In order to commit and motivate key personnel, the Board of Directors of Tikkurila Oyj decided on a share-based plan on February 15, 2012. This plan included three performance periods. The Board of Directors of the company decided on the performance criteria of

the plan and their targets at the beginning of each performance period. The prerequisite for participation in the plan and receipt of reward provides that a key employee purchased Tikkurila's shares from the market in accordance with the terms and conditions of the plan.

The potential reward for performance period 2012-2014 was based on Tikkurila Group's Operative Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) and Net Debt during 2012-2014. Any key employee participating in the plan had the possibility to earn a reward if their employment or service contract continued at least until spring 2015 and if he/she still owned the shares originally purchased at the time of reward payment. The amount of the reward depended on the number of purchased shares and fulfillment of the performance criteria. Rewards were partially paid in December 2014 and partially in spring 2015. Roughly half of the compensation was paid in company shares and half in cash.

The potential reward for performance period 2013-2015 was based on Tikkurila Group's Operative Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) and Net Debt during 2013-2015. Any key employee participating in the plan had the possibility to earn a reward if their employment or service contract continued at least until spring 2016 and if he/she still owned the shares originally purchased at the time of reward payment. The amount of the reward depended on the number of purchased shares and fulfillment of the performance criteria. Rewards were paid in spring 2016 fully in cash to participants' bank accounts.

The potential reward for performance period 2014-2016 was based on Tikkurila Group's Operative Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) and Net Debt during 2014-2016. Any key employee participating in the plan had the possibility to earn a reward if the employment or service contract continued at least until spring and if he/she still owns the shares originally purchased at the time of reward payment. The amount of the reward depended on the number of purchased shares and fulfillment of the performance criteria. No rewards were paid based on this tranche as the pre-set targets were not reached.

The target group of the share-based plan currently consists of nine key employees, which are members of the Group management or significant business area management. The key persons were chosen by the Board of Directors. With effect from the second quarter of 2012, Tikkurila has recorded personnel expenses into the Group income statement according to the IFRS 2 standard and according to the share purchases conducted by each of the participants.

#### MANAGEMENT REMUNERATION IN 2016, GROSS, IN EUR MILLION

accruals basis, i.e. not presented on cash basis • figures rounded to 0.1 million

	persons	Fixed Salary	Fringe Benefits†	Subtotal, Fixed Remuneration	Annual Bonus	Share-Based Remuneration*	Subtotal, Variable Remuneration	Additional Pension	Total Remuneration
President and CEO	1	0.4	0.0	0.4	0.1	0.0	0.1	0.1	0.6
Other management board members, total	4	0.7	0.0	0.8	0.1	0.0	0.1	0.0	0.9
<b>Tikkurila Management Board, total</b>	<b>5</b>	<b>1.1</b>	<b>0.1</b>	<b>1.2</b>	<b>0.2</b>	<b>0.0</b>	<b>0.2</b>	<b>0.1</b>	<b>1.5</b>

\* IFRS 2 standard based annual personnel expense as recognized in 2016 Group income statement

Additional information on the share-based commitment and incentive plan, and its financial impact, is available in note 37 included in the 2016 consolidated financial statements. For this plan, during the financial year 2016 a total of EUR 0.0 million (2015: EUR 0.9 million) was recognized as personnel expenses in the Group income statement, and at the end of 2016 the total cumulative bookkeeping value of the plan amounted to about EUR 3.2 million (31.12.2015: EUR 3.2 million).

Based on this share-based plan, in December 2014 a total of 20,500 Tikkurila Oyj shares were paid to the nine participants of the plan and in March 2015 a total of 79,539 shares were paid. In addition to the shares, cash compensation was also paid to the participants.

#### **2016 Incentive Program: Performance Share Plan 2015-2019 and Matching Share Plan 2016-2018**

In April 2016, the Board of Directors of Tikkurila Oyj approved a new share-based incentive program for Group key employees. The new program consists of a Performance Share Plan 2015-2019 and a Matching Share Plan 2016-2018. The aim of the new program is to combine the objectives of the shareholders and the key employees in order to increase the value of the company in the long-term, to bind the key employees to the company, and to offer them competitive reward plans based on earning and accumulating the company's shares.

For this program, during the financial year 2016 a total of EUR 0.03 million was recognized as personnel expenses in the Group income statement, and at the end of 2016 the total cumulative bookkeeping value of the program amounted to about EUR 0.1 million.

#### **Performance Share Plan 2015-2019**

The performance share plan includes three performance periods, calendar years 2015-2017, 2016-2018 and 2017-2019. Approximately 10 key employees, including the members of the Tikkurila Management Board, belong to the target group of the performance periods 2015-2017 and 2016-2018.

The potential reward of the plan for performance periods 2015-2017 and 2016-2018 will be based on Tikkurila Group's average EBITDA-based intrinsic values for 2015-2017 and 2016-2018, respectively. The rewards to be paid on the basis of the performance periods 2015-2017 and 2016-2018 will amount to an approximate maximum total of 250,000 Tikkurila Oyj shares. In addition, the company will pay taxes and tax-related costs arising from the reward to the participants in connection with the reward payment. The Board of Directors will resolve on the details of the performance period 2017-2019 at the beginning of the performance period.

The potential reward from the plan will be paid partly in the company's shares and partly in cash in 2018, 2019 and 2020. The cash proportion is intended to cover taxes and tax-related costs arising from the reward to the participants. As a rule, no reward will be paid, if a participant's employment or service ends before the reward payment. The reward amounts to be earned through the plan will be capped if the limits set by the Board of Directors for the payable reward of a performance period are reached.

#### **Matching Share Plan 2016-2018**

The matching share plan includes one vesting period, calendar years 2016-2018. Eligibility for the reward requires the participant in the plan to acquire the company's shares up to the number determined by the Board of Directors and to be under an employment or service contract with the Company at the time of payment of the reward. The reward from the plan will be paid partly in the Company's shares and partly in cash in 2019.

The matching share plan is intended for selected key employees determined by the Board of Directors, who have not participated in the share-based plan launched in 2012. The rewards to be paid on the basis of the vesting period 2016-2018 will amount to a maximum total of 4,000 Tikkurila Oyj shares. In addition, the company will pay taxes and tax-related costs arising from the reward to the participants in connection with the reward payment.

#### **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 2016, KPMG Oy Ab was re-elected as 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 served as principal auditor since 2012.

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 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. 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 is consistent with the financial statements.

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

During 2016, the Group incurred a total of EUR 448 thousand (2015: EUR 431 thousand) audit related expenses and EUR 86 (125) thousand in expenses for other services provided by KPMG, the Auditor of Tikkurila. During the financial year 2016, the Group companies employed additional audit services from audit companies other than KPMG to a total value of EUR 74 (67) thousand.

#### **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.

In 2016, the following internal control themes were emphasized: the implementation process of the new ERP focusing on changes in business processes and related process controls, the development of risk management process and actions, and enhancing business unit management and support via Area Boards.

#### FINANCIAL REPORTING PROCESS

Every Tikkurila Group subsidiary reports on a monthly basis an income statement, balance sheet, cash flow statement and future forecast in accordance with IFRS principles and based on a pre-set reporting model, Group finance manual and timetable. Moreover, at the end of each quarter each subsidiary reports additional notes to the income statement and balance sheet, as well as their off-balance sheet liabilities. 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 timetables are followed on a daily basis and local and group controllers are responsible for ensuring that reporting is timely and correct. In addition, the Group's analytics center, which is independent of business units and functions, analyzes historical and forward-looking reporting e.g. between reporting entities, compared to historical development and in relation to pre-set budgets or other targets.

Group management and business unit management regularly visit the business units. The financial reporting of each Group company is part of top management reporting and is hence subject to regular monitoring.

#### INTERNAL AUDIT

The internal audit ensures the independent appraisal and assurance 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 contrib-

ute 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 focuses on both regular business unit auditing as well as business process audits. Annual internal audit plans are based on assessment of the materiality of risks to the Tikkurila Group.

The internal audit function regularly reports to the Audit Committee of the Board. Internal audit plans and findings are also subject to regular review with the external auditors during the course of the year.

From the beginning of 2011, Tikkurila has had its own internal audit function, including an in-house internal auditor assisted, to the required extent, by third-party experts to carry out internal audit activities. Internal resources have also been utilized in carrying out certain internal audit tasks. At the end of 2015 the Board of Directors decided to change the internal audit so that an external expert organization was selected to carry out the major part of internal audit activities as an outsourced service. However, the Group will still maintain an internal resource responsible for internal audit actions.

#### INTERNAL AUDIT ACTIVITIES DURING 2016

During 2016, the internal audit function assessed the current situation and earlier audits in relation to environmental and site risks, and initiated audits to gain further insight into selected areas of potential environmental risk. In addition, product portfolio management practices were audited. In one business unit sales processes were evaluated. Furthermore, cyber security risks in relation to industrial internet and user awareness were studied, and one country-specific audit was finalized. Finally, group's risk management policy and current risk management practices were audited.

From 2012, Tikkurila has implemented a group-wide whistle-blowing application enabling any employee or external partner to anonymously report online any suspected violations. During 2016 a few reports were received via the application and duly settled, but no significant violations were reported via the system.

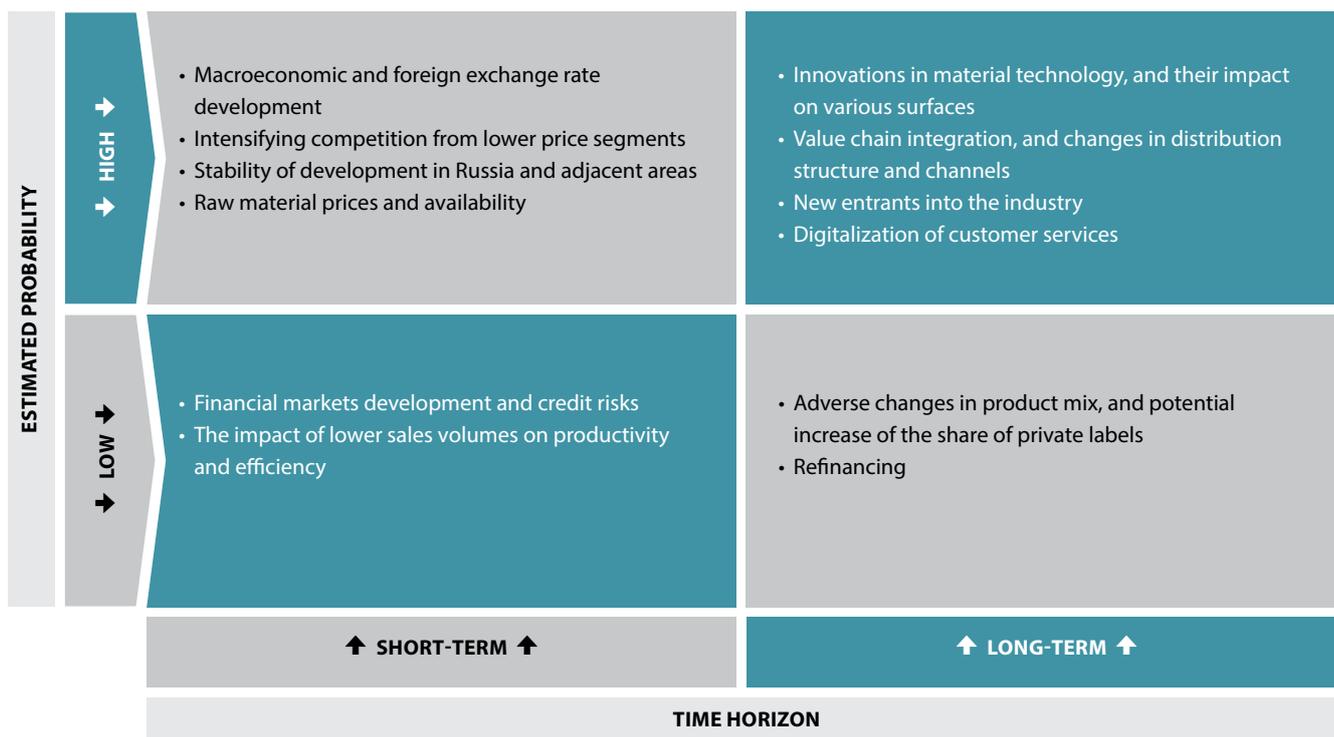
#### PLAN FOR INTERNAL AUDIT ACTIVITIES DURING 2017

Based on the internal audit plan confirmed by the Audit Committee, in 2017 the target is to audit business development and project management related themes, RDI projects, the implementation process of the new Group ERP solution, as well as to continue the audit process actions started in 2016 in relation to environmental issues. Furthermore, audits are planned for evaluating the effectiveness and practices of the Group's marketing and sales promotion activities, and for the raw material and packaging material sourcing process. The internal audit function will also continue to monitor the implementation of the recent years' audit recommendations.

#### RISKS

Tikkurila's business involves a number of risks, some of a potentially substantial nature. As the Group's business operations are divided into several geographical areas and into diverse product and customer segments, the amount, likelihood and impacts of various risks may vary between the Group's business units. The materialization of such risks may have a major adverse effect on Tikkurila's

## TIKKURILA RISK CHART



business, financial position or results of operations.

The Group's risks are various in nature and include strategic risks, operational risks, financial risks and hazard risks. Risks are assessed and managed according to the type and characteristics of each risk. In Tikkurila's view the main risks are strategic and operational, but all categories present risks that may have a significant impact on Tikkurila's business.

The key risks relevant to Tikkurila identified by the Board of Directors are presented in the chart above based on certain simplified assumptions and on the situation prevailing at the end of 2016. The risks are divided according to their most relevant time horizon, although most have both short- and long-term implications. A rough probability assessment is also included in the table.

#### Risks related to the general economic situation

The macroeconomic situation in Finland, Russia and the countries adjacent to Russia has remained challenging in recent years, which has led to decreasing demand for Tikkurila's products. Consumer purchasing power has also declined and demand, especially in Russia, is switching towards lower priced products.

Although the Russian ruble strengthened somewhat during 2016 compared to the situation at the beginning of that year, currencies relevant to Tikkurila's business areas have fluctuated significantly and depreciated against the euro, which has had, and still might have, an adverse impact on Group revenue, profitability and cash flows. On the other hand, the relative share of Group revenue held by Russia and SBU East has decreased.

Furthermore, both the United States and the European Union have issued various sanctions against Russia, which have further deteriorated the business environment. Although these sanctions have

so far not had any considerable direct impact on Tikkurila's business, they may force Tikkurila to change its production and logistics set-up to ensure competitiveness. The sanctions also affect financing terms.

In the eastern markets the availability of financing has in general become tighter and interest rates have remained high, which has increased credit risks. Tikkurila has not experienced any major bad debt losses, but in future counterparty risks might be enhanced and cause losses, even though Tikkurila has a diversified customer base.

In the short term, the prices of certain key raw materials and packaging materials for Tikkurila's products have started to trend up from the second half of 2016. Tikkurila believes that prices for raw materials will rise as time goes on. It is possible that the Group will be unable to transfer the rise in costs to its end product prices completely or without delays. There are significant availability and price development related uncertainties linked with titanium dioxide in 2017. Uncertainties linked to raw materials may have an impact on market share development, the general competition situation or the product range.

#### Risks linked to the industry and Tikkurila's operational activities

Digitalization has accelerated, which can in the future affect Tikkurila's production and customer service structures. Moreover, it will provide additional opportunities for the end-users of paint products to purchase competitively across geographical borders.

Technological advances may potentially have a considerable impact on the use of construction materials and thereby coatings solutions; hence, paint demand may decline, the magnitude and structure of Tikkurila's sales may change, and there might be conse-

quences for Tikkurila's technology investments.

Increasing customer demand volatility combined with real-time data utilization might force the need for structural changes to Tikkurila's production technology and equipment. Better understanding of end customer needs is crucial now and for the future.

Competition in the paint industry has intensified and in the present challenging economic climate, the importance of sales price is emphasized. Furthermore, private label products launched by retailers are competing for the same end customers as traditional paint manufacturers' brands.

Certain companies operating in construction-related industries have expanded into paint products in order to provide a more extensive offering to professional customers, whose role is increasing. These aspects could affect Tikkurila's product and customer portfolio, and hence have an adverse impact on profitability.

Due to both the general market situation and intensified competition, Tikkurila's sales volumes have been in decline in recent years, especially in SBU East and within the lower price categories, which has had a negative impact on revenue and profitability, and which, in addition, may in future further deteriorate the development of operational efficiency and productivity.

High volatility and fast technological change also create additional challenges in recruiting competent personnel and developing know-how within the Group. Relevant competencies and diversified talent base are essential safeguards for future growth.

Details on risks relevant to Tikkurila are presented in the 2016 Board of Directors' Report.

## 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 and its ability to reach results.

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

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. In accordance with the Three Lines of Defense model, the first line of defense implementing risk management activities is operative management: Tikkurila's business units and functions are responsible for identifying, reporting and monitoring the risks involved in their activities and for related risk management. The second line of defense comprises centralized group-level risk management, compliance and internal control of resources. The internal audit function acts as the third line of defense: the internal audit checks how the internal control is functioning and uses a risk-based approach to offer assurance services to the Board of Directors in relation to how the first and second lines of defense function.

Tikkurila's business units and functions perform overall risk management in conformity with a risk self-assessment methodology, in which risk registers are employed. Third-party advisors are used to the relevant extent in risk assessment or risk management development. Current risks are regularly reported, both internally to the management and the Board, and as part of Tikkurila's external reporting. The reports summarize the nature of the risk and its perceived probability and impact.

Some risk management measures are performed centrally in order to generate cost benefits and ensure a sufficient level of protection. These include insurance cover 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 management of financial risks. Major investment and acquisition risks are assessed by the Management Board and Tikkurila Oyj's Board.

Responsibility for 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 the key policies and principles of the risk management processes. The Board of Directors and the Audit committee approve and monitor the reporting procedures, and monitor the adequacy, appropriateness and effectiveness of the Group's business and administrative processes.

## RISK MANAGEMENT ACTIVITIES DURING 2016

In 2016, the Group continued its risk management activities based on previous years' decisions. Difficult market conditions were met particularly in the SBU East area; for example the volatility of foreign exchange rates was very high. To manage these risks the group has, for example, decreased the share of imports and made contingency plans to mitigate potential consequences of the sanctions imposed against Russia. At the Group level, numerous actions have also been carried out to increase efficiency and to adjust operations in order to have better flexibility and lower reliance on single counterparties. In addition, the group managementsystem has been fine-tuned to speed up decision making.

## PLAN FOR RISK MANAGEMENT ACTIVITIES DURING 2017

The starting point for the risk management in 2017 is to implement, in a feasible way, the findings and recommendations of the 2016 internal audit report on risk management. At the same time, it will be considered whether risk management should be more tightly linked to a broader governance, risk management and compliance (GRC) framework, also from the points of view of organizing the work and allocating responsibilities. Moreover, group management will assess key strategic and operational risks, and seek to prioritize the risks and related mitigation actions – with respect to opportunities as well as threats.

## MANAGEMENT OF INSIDER ISSUES

Upon entry into force of the Market Abuse Regulation (EU) N:o 596/2014 (MAR) on 3 July 2016 Tikkurila has amended the instructions and procedures in relation to its insider administration in order to comply with the requirements of the new regulation. The new instructions and procedures relate, for example, 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. The Company does not currently hold a list of permanent insiders. Upon entry into force of the Market Abuse Regulation Tikkurila has updated its Disclosure Policy.

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 substantially equivalent to those of such a person.

#### CLOSED PERIOD

Tikkurila applies a closed period of 30 days before the announcement of financial reports. During this period, persons discharging managerial responsibilities within Tikkurila are prohibited to trade on the company's share on own account or for the account of a third party, directly or indirectly.

#### SILENT PERIOD

Tikkurila observes a silent period (closed window) before it publishes financial statement release, half-year financial report and business reviews. From the beginning of July 2016, based on the new regulations of the EU's Market Abuse Directive, the silent period begins at the latest thirty days before financial statement release or half-year financial report or business reviews for quarterly performance for the period in question have 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 its financial statement release, half-year financial report 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 the management's descriptive estimate of revenue and profitability. The estimate may also include other elements. No other forward-looking statements or answers to questions concerning future performance are given unless the company decides to update the guidance and publish a stock exchange release regarding the update. Any such updates will be published without undue delay.

#### 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 Helsinki stock exchange. Tikkurila will strictly adhere to all regulatory disclosure requirements for 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 correct valuation of the company shares by providing the markets with sufficient information on its financial position, strategy and objectives. The Board of Directors has approved the disclosure policy that defines the guidelines for communications to financial markets and investors and other parties. The Tikkurila website contains all information made public according to the disclosure requirements for listed companies.

#### APPLICATION OF THE FINNISH CORPORATE GOVERNANCE CODE

The Finnish Corporate Governance Code, which came into force on October 1, 2010, includes 55 recommendations. The Code also follows the "comply or explain" principle. Tikkurila fully complies with the recommendations of the Code. On October 1, 2015, a revised Governance Code was accepted by the Finnish Securities Market Association. This revised code came into force for the financial year 2016, and Tikkurila applied the revised recommendations for the first time in its 2016 corporate governance statement.

# DETAILED INFORMATION ON THE MEMBERS OF THE BOARD OF DIRECTORS AND OF THE TIKKURILA MANAGEMENT BOARD

## BOARD OF DIRECTORS

### Jari Paasikivi

Born 1954, M.Sc. (Econ.)  
CEO, Oras Invest Ltd, since 2006

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

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, 2016: 77,356 (Dec 31, 2015: 76,149)

#### 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 2012-2014, Chairman of the Board of Directors since 2014
- Kemira Oyj, Expert Member of the Nomination Committee since 2014
- 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 since 2014

### 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, 2016: 8,019 (Dec 31, 2015: 6,972)

#### 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

- 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
- Efla Oy, Member of the Board of Directors since 2014
- Staffpoint Holding Oy, Member of the Board of Directors since 2012
- Kuusakoski Group Oy, Member of the Board of Directors since

2007

- Nokian Tyres plc., Chairman of the Board of Directors since 2006
- Ledil Oy, Chairman of the Board of Directors 2015-2016
- Teleste Corporation, Member of the Board of Directors 2009-2016
- SE Mäkinen Logistics Ltd, Member of the Board of Directors 1996-2016

### Eeva Ahdekivi

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

Member of the Board since 2009

Chairman of the Audit Committee since 2010

Independent Board member

Finnish citizen

Tikkurila shares on Dec 31, 2016: 6,835 (Dec 31, 2015: 6,150)

#### 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

### Riitta Mynttinen

Born 1960, Chemical Engineer (B.Sc.), MBA

Member of the Board since 2011

Member of the Audit Committee since 2012

Independent Board member

Finnish citizen

Tikkurila shares on Dec 31, 2016: 4,555 (Dec 31, 2015: 3,718)

#### 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
- Mint of Finland, Member of the Board of Directors since 2010
- Okmetic Oyj, Member of the Board of Directors, 2015-2016

**Pia Rudengren**

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

Member of the Board since 2009

Member of the Audit Committee since 2010

Independent Board member

Swedish citizen

Tikkurila shares on Dec 31, 2016: 5,328 (Dec 31, 2015: 4,491)

**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**

- 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
- Swedbank AB, Member of the Board of Directors since 2009
- 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, 2016: 3,807 (Dec 31, 2015: 2,970)

**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



The members of the Board of Directors from left to right: Petter Walldén, Pia Rudengren, Riitta Mynttinen, Jari Paasikivi, Harri Kerminen and Eeva Ahdekivi

## 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
- Harjavalta Oy, Member 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
- Finnair Oyj, Member of the Board of Directors 2011-2016, Vice Chairman of the Board of Directors 2012-2016

## TIKKURILA MANAGEMENT BOARD

**Erkki Järvinen**

Born 1960, M.Sc. (Econ.)

President and CEO since 2009

Chairman of the Management Board since 2009

Finnish citizen

Joined Tikkurila in 2009

Tikkurila shares on Dec 31, 2016: 46,539 (Dec 31, 2015: 46,539)

## Career history

- President and CEO, Rautakirja Corporation, 2001-2008
- Senior Vice President, Kiosk Operations, Rautakirja Corporation, 1997-2001
- Vice President, Marketing (Nordic), Vaasamills Ltd, 1991-1996
- Managing Director, Siljans Knäcke AB, 1995-1996
- Marketing Manager, Vaasamills Ltd, 1990-1991
- Product Manager, Marketing Manager, Fazer Bakeries, Oy Karl Fazer Ab, 1984-1990

## Positions of trust

- YIT Oyj, Member of the Board of Directors since 2013
- CEPE (European Council of Paint, Printing Ink and Artists' Colours Industry), Member of the Board of Directors since 2013
- Snellman Ltd, Member of the Board of Directors since 2011, Vice Chairman of the Board since 2013
- East Office of Finnish Industries Ltd, Member of the Board of Directors since 2011
- Association of Finnish Paint Industry, Member of the Board of Directors since 2009, Chairman of the Board since 2016
- Chemical Industry Federation of Finland, Member of the Board of Directors since 2009
- Association of Finnish Advertisers, Member of the Board of Directors since 2009
- Helsinki Chamber of Commerce, Member of the Board of Directors since 2013
- Helsinki Chamber of Commerce, Vantaa Regional Office, Member of the Board of Directors since 2010, Chairman of the Board of Directors since 2013
- Economic Information Office, Member of the Board of Directors since 2007
- Confederation of Finnish Industries (EK) in Helsinki, Member of the Regional Offices since 2011
- Finnish-Russian Chamber of Commerce (FRCC), Member of the Board of Directors since 2013

**Jukka Havia**

Born 1968, M. Sc. (Econ.)

Chief Financial Officer (CFO) since 2010

Member of the Management Board since 2010

Finnish citizen

Joined Tikkurila in 2010

Tikkurila shares on Dec 31, 2016: 14,000 (Dec 31, 2015: 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

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

**Janno Paju**

Born 1971, Degree in Economics

Chief Commercial Officer since 2012

Member of the Management Board since 2000

Estonian citizen

Joined Tikkurila in 1993

Tikkurila shares on Dec 31, 2016: 14,300 (Dec 31, 2015: 14,025)

## 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

**Petri Miettinen**

Born 1968, M.Sc. (Econ.)

Senior Vice President, Supply Chain Management & HSEQ since 2007

Member of the Management Board since 2007

Finnish citizen

Joined Tikkurila in 2007

Tikkurila shares on Dec 31, 2016: 14,000 (Dec 31, 2015: 14,000)

## Career history

- 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
- Finnish Association of Purchasing and Logistics (LOGY), Member of the Board since 2014

**Kenneth Sundberg**

Born 1965, M.Sc. (Eng.), Doctor of Technology, eMBA

Senior Vice President, Research, Development and Innovation (RDI) since 2010

Member of the Management Board since 2010

Finnish citizen

Joined Tikkurila in 2010

Tikkurila shares on Dec 31, 2016: 14,000 (Dec 31, 2015: 14,000)

## Career history

- Head of Innovation Center Paper, Ciba, 2007-2009
- Managing Director, Top Analytica Ltd., 2006-2007
- Head R&D, Sizing and Starch, Ciba Specialty Chemicals Oy, 2004-2006
- Research Manager, Specialty group, Raisio Chemicals Oy, 2002-2004

## Positions of trust

- Johan Gadolin Process Chemistry Centre – PCC at Åbo Akademi University, Member of Forum of Society since 2015



The Members of the Tikkurila Management Board from left to right: Jukka Havia, Petri Miettinen, Erkki Järvinen, Janno Paju and Kenneth Sundberg