

## CORPORATE GOVERNANCE STATEMENT 2015

### General

The governance of Taaleri Plc (hereinafter Taaleri or the Company) is based on Finnish legislation, Taaleri's Articles of Association and the Finnish Corporate Governance Code 2015, with the exceptions outlined below. Taaleri has one series of share and the shares have been traded on the main list of the Helsinki Stock Exchange since 1 April 2016. The Company observes the rules and regulations concerning listed companies issued by Helsinki Stock Exchange as well as the regulations of the Finnish Financial Supervisory Authority.

Taaleri Plc's Series B shares were traded in the First North marketplace of NASDAQ OMX Helsinki Ltd from 2013 until 31 March 2016. Although the Finnish Corporate Governance Code 2015 is intended for listed companies, Taaleri for the most part also complied with the Code before its admission to the main list.

On 29 March 2016, Taaleri Plc submitted an application to Helsinki Stock Exchange for the Company's shares to be admitted to trading on the main list as of 1 April 2016. After submitting the application, Taaleri has complied with the Finnish Corporate Governance Code in its entirety and, following a General Meeting of Shareholders and a meeting of the Board of Directors held on 7 April 2016, also with respect to the exceptions to the Code that applied in 2015.

On 7 April 2016, in accordance with a proposal of the Company's Board of Directors, Taaleri Plc's Annual General Meeting elected a female Board member, which represents the fulfilment of the gender diversity of the Board (RECOMMENDATION 9). On 7 April 2016, the Board of Directors decided, in accordance with the Finnish Corporate Governance Code (RECOMMENDATIONS 16 and 17), to establish a Remuneration Committee and an Audit Committee to enhance the work of the Board of Directors.

The Finnish Corporate Governance Code 2015 can be viewed on the Securities Market Association website at [www.cgfinland.fi/en/](http://www.cgfinland.fi/en/).

This statement is published separately from the Report of the Board of Directors.

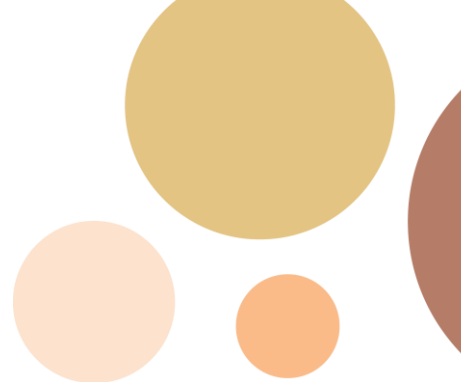
### Statement for 2015

The Company notes the following exceptions to compliance with the Finnish Corporate Governance Code with respect to 2015:

1. In 2015 Taaleri Plc had no committees in accordance with the Code (RECOMMENDATIONS 14–18) nor a Shareholders' Nomination Board
2. In 2015 the Board of Directors of Taaleri Plc did not implement gender diversity in accordance with the Code (RECOMMENDATION 9)

### Governance structure

The administration, management and supervision of Taaleri Plc are divided between the General Meeting of Shareholders, the Board of Directors and the CEO. An internal audit unit reporting to the Board of Directors is responsible for internal auditing, and external auditing is carried out by auditors. The CEO manages operational business with the assistance of the Executive Board.



## General Meeting of Shareholders

The General Meeting of Shareholders is Taaleri Plc's ultimate decision-making body. Each of the Company's shares entitles its holder to one vote at a General Meeting. The Company's Annual General Meeting was held on 20 March 2015. The meeting was attended by a total of 133 shareholders, representing nearly 56.6% of the Company's shares and 70.8% of votes. The minutes of the Annual General Meeting can be viewed on the Company's website at [www.taaleri.com/en/investor-relations/general-meetings](http://www.taaleri.com/en/investor-relations/general-meetings).

In addition, an Extraordinary General Meeting of Shareholders was held on 12 February 2015, where it was resolved to increase the number of shares through a free share issue and to grant to the Board of Directors an authorisation to issue shares to finance the acquisition of Garantia Insurance Company Ltd. The meeting was attended by a total of 19 shareholders, representing 44.6% of the Company's shares and 60.2% votes. The minutes of the Extraordinary Meeting of Shareholders can be viewed on the Company's website at [www.taaleri.com/en/investor-relations/general-meetings](http://www.taaleri.com/en/investor-relations/general-meetings).

Matters to be resolved at the Annual General Meeting include the election of Members of the Board of Directors and the auditor, the remuneration to be paid to them, the adoption of the financial statements and consolidated financial statements, the release of the Board members and the CEO from liability, and the disposal of profits shown in the balance sheet.

A General Meeting may also deal with other matters specified in the Finnish Limited Liability Companies Act as being the business of General Meetings, such as increases or decreases of the share capital, issuances of shares, acquisitions of own shares, and amendments to the Articles of Association. In addition, General Meetings deal with matters included on the agenda by shareholders as set out in the Limited Liability Companies Act. An Extraordinary Meeting of Shareholders is convened when the Board of Directors considers it necessary or when one must be convened by law.

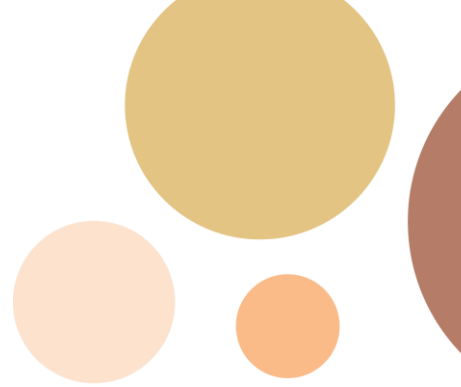
The CEO, the Chairman of the Board and Board members attend General Meetings in order to ensure that the shareholders and the administrative bodies of the Company can interact and shareholders can exercise their right to ask questions. Nominees for election to membership of the Board of Directors must be present at the General Meeting that decides on their election.

## Board of Directors

Taaleri's Board of Directors comprises from three to eight members, who are elected by a General Meeting of Shareholders. Board members elect a Chairman of the Board from amongst their number. The term of office of a Board Member begins at the General Meeting at which he or she is elected, and ends at the close of the next Annual General Meeting. The Board of Directors evaluates the independence of its members and announces which of its members have been deemed to be independent of the Company and of its major shareholders.

On 20 March 2015, the Annual General Meeting elected five Board members. The following were re-elected as Board members:

- Peter Fagernäs, Chairman of the Board, LL.M., b. 1952. Main occupation: Hermitage Ltd, Chairman of the Board
- Pertti Laine, B.Sc.(Econ.), b. 1941. Main occupation: Veikko Laine Ltd, Chairman of the Board
- Vesa Puttonen, D.Sc.(Econ.), b. 1966. Main occupation: Aalto University, School of Business, Professor of Finance
- Juha Laaksonen, BA, b. 1952. Main occupation: Professional Board Member
- Esa Kiiskinen, Graduate in Business, b. 1963. Main occupation: Chairman of the Board of Kesko Corporation



The Board of Directors elected from amongst their number Peter Fagnäs as Chairman of the Board.

All Board members are independent of the Company and major shareholders.

The Board of Directors convened 12 times in 2015. Board members were present at meetings of the Board as follows:

- Peter Fagnäs 11/12 (participation percentage 92%)
- Pertti Laine 9/12 (participation percentage 75%)
- Vesa Puttonen 12/12 (participation percentage 100%)
- Juha Laaksonen 11/12 (participation percentage 92%)
- Esa Kiiskinen 12/12 (participation percentage 100%)

The Board has prepared a charter on its activities, specifying the key tasks and operating principles of the Board and its Chairman. The Chairman of the Board ensures and supervises that the Board efficiently and appropriately discharges the tasks prescribed for it in legislation, the Articles of Association and the charter.

The Board is responsible for the administration and supervision of the Company's operations in accordance with the Finnish Limited Liability Companies Act, the Articles of Association and other applicable legislation, rules and regulations. The Board decides on far-reaching and fundamentally important matters affecting the Group, including

- assessing the Company's strategic direction and deciding on it
- approving the strategic plans of the Company and its business areas and assessing their implementation annually
- assessing and approving the Company's financial targets and major Group-level plans and transactions, and at the same time setting limits on investments, divestments and financial commitments that cannot be exceeded without the Board's approval
- supervising the assessment and management of risks to the Company's strategy and operations
- ensuring that the Company has specified operating principles for internal monitoring, and supervising the effectiveness of monitoring
- appointing the CEO and Deputy CEO and deciding on their dismissal

The charter of the Board of Directors can be viewed in its entirety on the Company's website at [www.taaleri.com/en/investor-relations](http://www.taaleri.com/en/investor-relations).

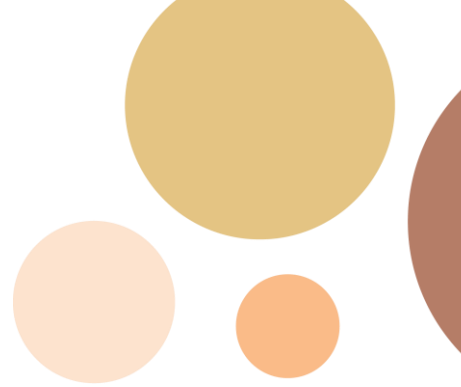
The Board meets regularly according to a meeting schedule confirmed in advance, and also when necessary. The Board has a quorum when more than half of the members are present. The CEO and the Head of Legal and Compliance, who serves as the Secretary of the Board, participate in meetings of the Board. Other members of Taaleri's Executive Board participate in Board meetings on the invitation of the Board.

The Board conducts an annual assessment of its activities and working procedures and develops its activities based on the results of the assessment.

## **Diversity of the Board of Directors**

### *Purpose of diversity of the Board*

Diversity of the Board supports the Company's business operations and its development. Diversity strengthens the activities of the Board by elucidating the views on the Company's development and business management of individuals of different ages, educational backgrounds and experience. Diversity increases open discussion and strengthens the decision-making of Board members.



## *Taking diversity into account in electing Board members*

The Board prepares for General Meetings a proposal on the number of Board members, the individuals to be elected members, and the remuneration of the Board.

When preparing proposals for General Meetings, the Board must take into account the requirement for diversity. In its preparatory work, the Board must assess the requirements set for the qualifications of Board members in the light of the Company's situation and assess how sufficiently diverse the Board is in terms of factors such as the experience of the Board members, their knowledge of the Company's business operations and their education as well as age and gender distribution. Board members must have sufficient expertise and experience as well as the opportunity to devote enough time to Board work, considering the current and planned needs of the Company. The Board must have an adequate number of members.

The Board members must have a range of different areas of expertise that support the achievement of the Company's current strategic objectives. In addition to knowledge of the fields of business, these areas of expertise include:

- finance and treasury
- business management
- strategy development and management as well as
- knowledge of capital market operating mechanisms

Board members must have sufficient education that supports the Company's operations and achievement of objectives. A majority of the Board members must be independent of the Company. At least two members who are independent of the Company must also be independent of the Company's major shareholders.

## *Realisation of diversity*

The Company has fulfilled the requirements for diversity in the composition of the Board of Directors. Four members of Taaleri's Board of Directors have a university degree: one has a doctorate in economics, one a bachelor's degree in law, one a bachelor's degree in economics, one a bachelor's degree in administration, and one is a graduate in business. Of the Board members, all have extensive experience of the capital markets, business and industry, and social structures as well as long entrepreneurial experience. The Board consists only of men, and the Board members have an average age of 61.8 years. Of the terms of office of Board members, the longest is over seven years (Chairman of the Board Peter Fagernäs, who is one of the Company's founders) and the shortest is two years, with the median being three years.

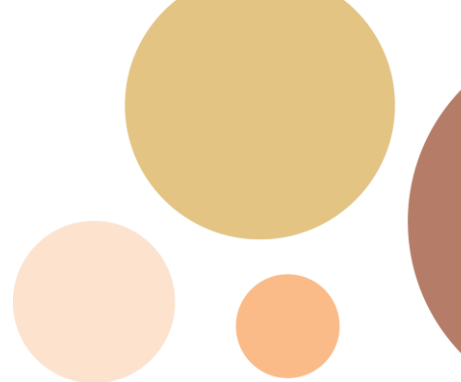
## **Committees of the Board of Directors**

The Board of Directors has not established any committees.

## **CEO**

It is the task of the CEO to attend to the practical management of Taaleri's business operations and to organise administration. He is responsible for preparing matters to be dealt with and decided by the Board of Directors, implementing the decisions of the Board and achieving the goals set by the Board of Directors. The CEO ensures that the Company's bookkeeping complies with the applicable law and that management of funds is handled in a reliable manner. The CEO also serves as the chairman of Taaleri's Executive Board. The Board of Directors appoints the CEO and Deputy CEO and relieves them of their duties.

Since the founding of the Company in 2007, Taaleri Plc's CEO has been Juhani Elomaa MSc.(Pol.) eMBA (b. 1960). Taaleri Plc's Deputy CEO is Karri Haaparinne BBA eMBA (s. 1967).



## Executive Board

Taaleri's Executive Board assists the CEO in planning operations and in operational management and decision-making. It also prepares matters to be dealt with by the Company's Board of Directors. The Executive Board deals with matters concerning business operations as well as the development and supervision of operations.

Executive Board 2015:

- Juhani Elomaa CEO, p. 1960, MSc (Pol.) eMBA, in the Company's service since 2008
- Karri Haaparinne, Deputy CEO, b. 1967, BBA eMBA, in the Company's service since 2008
- Vesa Aho, Managing Director, Garantia Insurance Company Ltd (as of 14 May 2015), b. 1974, MSc(Econ.), in the Company's service since 2015
- Taneli Hassinen, Head of Communications and IR (as of 19 October 2015), b. 1961, in the Company's service since 2015
- Janne Koikkalainen, Head of Legal and Compliance, b. 1971, LL.M, in the Company's service since 2008
- Petri Lampinen, Managing Director, Taaleri Wealth Management Ltd, b. 1967, BBA, Licensed Real Estate Agent, in the Company's service since 2008
- Minna Smedsten, CFO, b. 1976, MSc(Econ.), in the Company's service since 2013

The Head of Legal and Compliance serves as Secretary to the Executive Board. The Executive Board met 17 times in 2015.

## Remuneration

The Annual General Meeting decides on the remuneration paid to the members of the Board of Directors. The Company's Board of Directors decides on the terms of service and employment of the CEO, Deputy CEO and members of the Executive Board as well as their other compensation. More detailed information on remuneration can be found in the Remuneration Statement published on Taaleri Plc's website at [www.taaleri.com/en/investor-relations/](http://www.taaleri.com/en/investor-relations/).

## Auditing

The auditor is elected at the Annual General Meeting to a term of office that ends at the close of the next Annual General Meeting following the auditor's election. In a public limited company, at least one auditor elected by the Annual General Meeting must be an authorised public accountant or an authorised public accounting firm. On 20 March 2015, the Annual General Meeting elected Authorised Public Accountants Ernst & Young Oy as the Company's auditor, with Authorised Public Accountant Ulla Nykky as the chief auditor.

In 2015, the auditor was paid auditing fees of approximately EUR 150,000. In addition, the auditor was paid approximately EUR 149,000 for other services (including all the companies belonging to the same group).

## Insiders and insider administration

The Company complies with insider guidelines approved by the Board of Directors.

The Company's public insiders include the members of the Board of Directors, the CEO and the Deputy CEO, the chief auditor of the auditing firm, and the current members of the Executive Board. As required by law, the insider register contains information on the public insiders, their close relations, and organisations in which they exercise control or influence. The public information contained in the public insider register is available on Taaleri's website.

The Company also has permanent company-specific insiders, who include other executives, the assistants to senior management, and specifically named lawyers and persons attending to communications and financial administration. In addition, the Company has project-specific insiders.

Taaleri has specified an insider administration organisation, which includes the person responsible for insiders and the custodian of the insider register. The insider administration function maintains the insider register, regularly examines the information on insiders, and announces closed and open windows for trading in the Company's shares.

Insiders may not acquire or convey Taaleri securities during the 30-day period before the publication of a financial statement release or interim report or on the day of publication of a financial statement release or interim report (closed window).

It is recommended that project-specific insiders should not trade in Taaleri's securities while the project is pending. It is recommended that investments of permanent insiders in Taaleri's securities should be long-term.

## **Taaleri's internal control and risk management systems for financial reporting**

Taaleri continuously monitors its functions to ensure that the result of its operations is reliable. The objective of internal control is to ensure that the Company's operations are efficient and productive, reporting is reliable and that laws and regulations are complied with. However, the internal control system cannot provide full certainty that realisation of risks can be prevented.

Taaleri's business operations are guided by consistent Group-wide business principles, decision-making authorisations and the Company's values. Internal control is founded on a healthy corporate and management culture as well as specified reporting and its justifications. In particular, internal control is based on financial reports, management reports, risk reports and internal audit reports. The Company's main operations are directed by means of written internal operating policies and procedures.

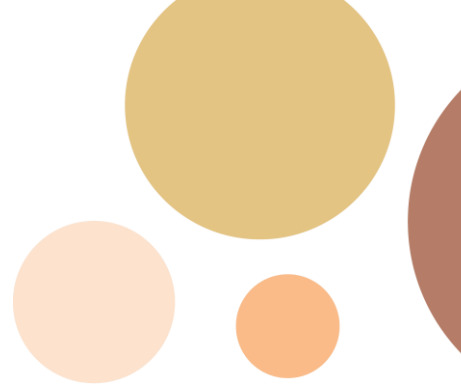
Taaleri's business is based on wealth management and financing. Taaleri's turnover arises from the management and performance fees of wealth management and financing as well as various investment and private equity funds. In addition, the Company's business includes purchases and sales of capital items.

## **Financial control**

The internal control system of the Group and business operations is the responsibility of Taaleri Plc's Board of Directors, the Group's Executive Board, business operations' executive boards, and the financial management and legal affairs functions. An external auditor audits financial reporting on a regular basis and reports directly to the Board of Directors. In ensuring the effectiveness and appropriateness of operations, a key control process is monthly financial reporting, in which actual results are compared with the budget and the implementation of and deviations in strategic projects are monitored.

The financial management and control of operations are supported and coordinated by the Group's financial management function. Taaleri has prepared Group-level reporting models for standardising the financial reporting of the business operations. The reports of the business operations seek to ensure that control covers all important areas of business. This ensures that any deviations from financial objectives are identified, communicated and reacted to efficiently, in an effective, consistent and timely manner.

Financial control measures also include management's on-going business control procedures. Financial reports define the key control indicators that aim to measure and support business efficiency and consistency and to monitor the achievement of set objectives.



The Board of Directors has approved the Group's internal decision-making authorisations.

## Reliability of financial reporting

Monitoring of the reliability of financial reporting is based on the principles and instructions Taaleri has specified for the financial reporting process.

The interpretation and application of financial reporting standards are centralised in the Group's financial management function, which maintains Taaleri's Accounting Manual. The Group's financial management unit oversees compliance with financial reporting standards and instructions.

The supervision of budgeting and reporting processes is based on Taaleri's budgeting instructions. The Group's financial management function is responsible for preparing and maintaining these instructions on a centralised basis. The principles are applied consistently throughout the Group.

## Internal audit

Internal audit is Taaleri Group's assurance function, which is independent of companies' operational activities. Internal audit is a function established by the Group's Board of Directors and it operates administratively under the Group's CEO.

Taaleri Group has outsourced the practical implementation of the Group's internal audit to an external service provider.

The Group's Deputy CEO acts as the contact person for the outsourced internal audit in Taaleri Group and is responsible for arranging the internal audit in the Group.

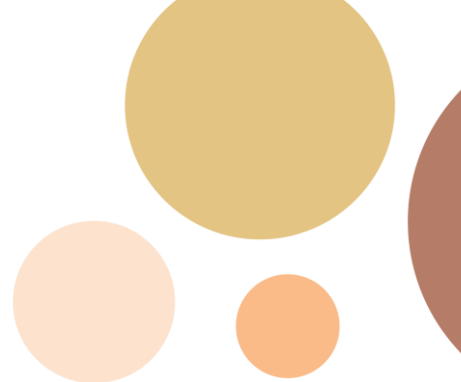
Internal audit work is an independent and objective assessment and assurance activity whose task is to verify the adequacy, effectiveness and efficiency of internal control. Internal audit work supports the Group's senior and operational management (Board of Directors, CEO, supervisors) in steering and supervising operations.

The aim of the Group's internal audit is to support the Group in achieving its objectives by offering a systematic approach to assessing and developing the effectiveness of risk management, monitoring and corporate governance processes. A further goal of internal audit is to produce added value for the organisation and to improve its operations. Responsibility for the effectiveness and adequacy of supervision rests with the Group's Board of Directors, however.

Internal audit work is directed at the internal control, risk management and corporate governance processes of all of the organisation operations. Via audit activity, internal audit provides for the Company's senior and executive management the information necessary for decision-making and supervision, and strives to prevent actions, errors and abuses contrary to the rules.

The tasks of internal audit include:

- assessing the adequacy and effectiveness of control procedures
- assessing the effectiveness of risk management and compliance
- assessing the adequacy of supervisor control
- assessing the economy and efficiency of resource allocation
- assessing means to safeguard assets
- assessing the comprehensiveness and reliability of the capital adequacy management process as well as the sufficiency and effectiveness of control procedures



## Risk management system

The function of risk management is to identify, evaluate, measure, limit and monitor risks caused by business operations that affect the implementation of the Group's strategy. Risk management aims to reduce the probability, impact and threat to Taaleri Group's business of unforeseen risks being realised, and to support the achievement of the targets set in the strategy by ensuring that the principles approved by Taaleri Plc's Board of Directors are observed in business operations. Taaleri Group's risks are divided into five main categories: strategic and business risk, credit risk, liquidity risk, market risk, and operating risks (including compliance risk). The principles of Taaleri's risk and capital adequacy management are described in Note 39 to the financial statements.

Taaleri Group's risk-carrying capacity comprises an optimal capital structure, profitability and qualitative factors of business operations, which also includes, among other things, reliable corporate governance, internal control and the anticipatory management of risks and capital adequacy. Taaleri Group's view of risk-taking is based on considered risk/profit thinking. In its operations, the Group must not take risks that endanger the target level set for the capital adequacy ratio of its own funds (1.5 times the minimum imputed level of own funds).

## Share ownership on 31 December 2015

### Members of the Board of Directors

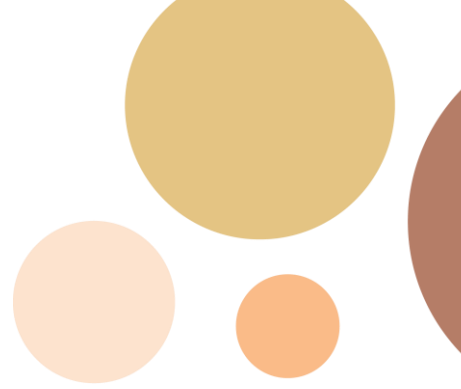
- Peter Fagernäs, no shares
  - Ownership of controlled undertaking (Hermitage Ltd), 2,503,128 shares
- Pertti Laine, no shares
  - Ownership of controlled undertaking (Veikko Laine Ltd), 2,430,694 shares
- Vesa Puttonen, no shares
  - Ownership of controlled undertaking (Enabla Oy), 232,224 shares
- Juha Laaksonen, no shares
  - no controlled undertakings
- Esa Kiiskinen, 78,891 shares
  - Ownership of controlled undertaking (Saija ja Esa Kiiskinen Oy), 78,891 shares
  - Ownership of controlled undertaking (Saija Kiiskinen Oy), 74,714 shares

### CEO and Deputy CEO

- Juhani Elomaa, 1,804,175 shares
  - Ownership of controlled undertaking (E-capital Oy), 101,896 shares
  - Other ownership of related parties, 12,054 shares
- Karri Haaparinne, 1,502,092 shares
  - Ownership of controlled undertaking (Xabis Oy), 2,923 shares
  - Other ownership of related parties, 224,420 shares

Members of the Board of Directors, the CEO and his deputy directly own a total of 11.9% of Taaleri Plc's shares as well as 19.4% of the Company's shares through their controlled undertakings and other related parties. In addition, Taaleri Plc owns a total of 45,000 of its own shares, representing 0.15% of the Company's shares.





## Other Executive Board members

- Vesa Aho, no shares
  - no controlled undertakings
- Taneli Hassinen, no shares
  - no controlled undertakings
- Janne Koikkalainen, 108,000 shares
  - no controlled undertakings
- Petri Lampinen, 530,858 shares
  - no controlled undertakings
- Minna Smedsten, no shares
  - no controlled undertakings