

## **RESTAMAX PLC**

### **CORPORATE GOVERNANCE STATEMENT 2015**

The governance of Restamax Plc (hereinafter 'the Company') is based on the Company's Articles of Association, Finnish law (the Limited Liability Companies Act and the Securities Markets Act, for example) and the Company's Corporate Governance Code. With certain exceptions, the Company applies the Finnish Corporate Governance Code 2010 for listed companies ('Corporate Governance Code'), issued by the Securities Market Association. This statement has been compiled in accordance with recommendation 54 of the Corporate Governance Code. The Corporate Governance Code can be viewed, for example, at the Securities Market Association website at [www.cgfinland.fi](http://www.cgfinland.fi).

This statement has been compiled as a separate report from the annual report of the Board of Directors. The statement is not updated during the financial period, but the up-to-date information of the topics included is presented at the Company's website at [www.restamax.fi](http://www.restamax.fi).

### **ANNUAL GENERAL MEETING**

The tasks of the Annual General Meeting as the highest decision-making body of the Company have been determined in the Limited Liability Companies Act and in the Articles of Association. At the Annual General Meeting, the shareholders exercise their decision-making power in matters related to the Company. The Annual General Meeting is held within six months from the end of the financial period. The Board summons the Annual General Meeting and decides where and when it will be held. The Articles of Association state that the notice of the Annual General Meeting is published for the shareholders' information at least at the Company's website no earlier than three months and no later than three weeks prior to the Annual General Meeting. However, the notice must be published at least nine days before the date of record of the Annual General Meeting.

The Annual General Meeting is attended by the CEO, the auditor, the Chairman of the Board and the other members of the Board, when possible. In addition, the persons proposed for the first time as members of the Board shall participate in the Annual General Meeting, unless there are well founded reasons for their absence. The Annual General Meeting selects the Restamax Plc's Board of Directors and the auditors, decides on their remunerations and discharges the company management from liability. Matters to be discussed at the Annual General Meeting as well as the shareholders' right to participate are defined in Restamax Plc's Articles of Association and in the notice of the Annual General Meeting.

The Board of Directors summons an Extraordinary General Meeting when it considers it necessary or when required by the law.

### **BOARD OF DIRECTORS**

The Board of Directors has general authority in all the Company's matters that have not been designated by law or the Articles of Association to be decided or implemented by other bodies. The Board of Directors is responsible for the Company's administration and the proper organisation of its operations. The Board of Directors confirms the Company's strategy, risk management principles and values observed in the Company's operations, approves its business plan and decides on significant investments.

The operation of the Board of Directors follows current legislation, guidelines issued by the stock exchange, other official regulations and the Company's Articles of Association.

According to the Articles of Association, the Annual General Meeting selects between five and seven members for Restamax Plc's Board of Directors. The term of office of the members of the Board of Directors ends when the following Annual General Meeting is concluded. The Board of Directors selects the CEO from among its members. For the present, the Company's Board of Directors has not considered it necessary to establish audit, nomination or remuneration committees, since it is not required by the scope of the Company's business operations or the efficient discharge of duties of the Board of Directors (deviation from Recommendation 18 of the Corporate Governance Code for Listed Companies).

Since 2005, the Chairman of the Board of Directors has been Timo Laine. The work of the Board of Directors is organised in accordance with the currently valid rules of procedure for the Board of Directors. The

currently valid rules of procedure were accepted by the Company's Board of Directors on 6 August 2013, and they are available in full at the Company's website.

### **Selection, term of office and composition of the members of the Board of Directors**

The Annual General Meeting selects the members of the Board of Directors annually. According to the Articles of Association, the Board of Directors consists of no less than five and no more than seven members. The term of office of the members of the Board of Directors ends when the following Annual General Meeting is concluded.

In addition to the Board members, meetings are attended by the CEO, CFO, the secretary of the Board as well as separately invited persons, when necessary.

The Board of Directors evaluates the independence of its members annually and reports which Board members it defines as independent of the company and of significant shareholders.

In 2015, the members of the Board of Directors of the Company were:

Timo Laine, b. 1966, diploma in marketing, Chairman of the Board

Mikko Aartio, b. 1969, vocational qualification in business and administration for upper-secondary school graduates

Jarmo Viitala, b. 1960, M. Sc. in Economy

Petri Olkinuora, b. 1957, M. Sc. (Tech.), MBA, Vice-Chairman of the Board

Sami Asikainen, b. 1971, vocational qualification in business and administration for upper-secondary school graduates (until 22 April 2015)

Mika Niemi, b. 1966, vocational qualification in business and administration

Timo Everi, b. 1963, BBA, eMBA, (from 22 April 2015)

The Board members independent of the Company and of significant shareholders are Jarmo Viitala, Petri Olkinuora and Timo Everi. The composition of Restamax's Board of Directors deviates from the independence recommendation of the Corporate Governance Code, according to which the majority of the Board members shall be independent of the company and at least two of the persons representing this majority shall be independent of significant shareholders of the company. Three members of the Board (Laine, Aartio and Niemi) are dependent on the company, which is why the composition of the Board does not meet Recommendation 14 of the Corporate Governance Code in this respect.

The justification for this deviation is the Rengasravintolat acquisition, the acquisition of the labour hire service operations and Asikainen's election as Managing Director of Smile Henkilöstöpalvelut Oy, all of which took place during the 2014 financial period.

During the previous financial period, the Board of Directors held twenty-five (25) meetings. Some of the meetings were held by e-mail or telephone.

The attendance of the members of the Board in the 2015 meetings:

Timo Laine 24/25

Mikko Aartio 25/25

Jarmo Viitala 22/25

Petri Olkinuora 24/25

Sami Asikainen 5/5

Mika Niemi 25/25

Timo Everi 18/20

Both genders are not represented in the Board, as instructed in Recommendation 9 of the Finnish Corporate Governance Code, issued by the Securities Market Association. However, the Company's objective is to include both genders in the composition of the Board.

### **Remunerations for the members of the Board of Directors**

The Annual General Meeting decides on the remuneration paid to the members of the Board of Directors. In 2015, the actual remuneration of the Chairman and the Vice-Chairman of the Board was EUR 20,000, and

the remuneration paid to the members of the Board was EUR 10,000 for the financial period. A separate meeting attendance allowance is not paid.

## **CEO AND THE EXECUTIVE TEAM**

Restamax Plc's Board of Directors appoints the CEO of the Company, supervises his or her work and decides on the remuneration and benefits to be paid and the conditions of the post. The CEO is not a member of the Board of Directors. He or she is responsible for the operative administration in accordance with the legislation and the instructions issued by the Board of Directors, under its control.

Since 2005, the Company's CEO has been Markku Virtanen (b. 1970).

The CEO manages the administration of routine matters of the Company in accordance with the instructions and orders issued by the Board of Directors. The CEO is directly responsible for the planning and implementation of the strategy and the corresponding investments, for ensuring that the bookkeeping is carried out as required by the law and that the Company's financial management has been organised in a reliable manner. Restamax Plc's investor relation communications and marketing functions operate directly under the command of the CEO. The CEO monitors the decisions related to the persons at the executive level, as well as other important operative decisions. He or she also ensures that the subsidiaries of the Group operate in the interests of the parent company and endorse the Group's strategy.

Operative business operations are the responsibility of the CEO with the help of the Executive Team. The Executive Team prepares and makes decisions in matters within the CEO's decision-making power.

### **Remuneration of the CEO**

The Board approves of the level of the CEO's remuneration. In addition to the monetary compensation and in line with the Company's currently valid practices, the CEO of Restamax Plc, Markku Virtanen, receives the following fringe benefits: company car and occupational health care in accordance with the Company's policies.

The CEO's contract can be terminated without special grounds by both parties with a term of notice of six (6) months. The retirement age of the CEO is regulated by the law. The CEO does not have retirement benefits that would exceed the statutory employee's pension.

### **The Executive Team**

The tasks of the Executive Team include planning and implementing the Company's strategy, management of business operations, following the result, annual planning, and the management of investments, corporate acquisitions and operational change plans. The Executive Team meets on a weekly basis.

## **AUDITING**

The Articles of Association state that the Annual General Meeting selects the auditors for Restamax Plc. The audit firm selected must be an audit firm accepted by the Central Chamber of Commerce.

The 2015 Annual General Meeting selected authorised public accountants company Deloitte Oy as the auditor.  
Hannu Mattila, APA, acts as the responsible auditor.

The task of the auditor is to inspect the Company's bookkeeping, the accounts of the financial period and the management for the year that he or she has been selected for the task. The assignment ends at the following Annual General Meeting. In practice, the auditing work is carried out during the financial period by inspecting the business operations and administration, and as an actual financial statements audit after the financial period has ended.

In 2015, the auditors of Restamax Group were paid TEUR 179.7 for auditing tasks (in 2014: TEUR 153.5) and TEUR 74.3 for other guidance and consultation services (in 2014: TEUR 115.1).

## **INTERNAL CONTROL**

### **Internal control**

Restamax Plc's internal management and control procedures are based on the Limited Liability Companies Act, the Articles of Association and the internal policies of the Company. The Company's management and control are distributed between the Annual General Meeting, the Board of Directors, and the CEO. Internal control refers to all the procedures, systems and methods that the Company's management employs to ensure efficient, economical and reliable operations.

Restamax Plc's Board of Directors is responsible for organising the internal control. The Board of Directors has the highest responsibility of the Company's visions, strategic goals and the commercial goals set based on them. The Board of Directors also bears the highest responsibility for the supervision of the bookkeeping and financial management and the proper arrangement of operations. The Board of Directors approves the common guidelines for the entire internal control of the Group.

The CEO is directly responsible for the implementation of the strategy and the corresponding investments, for ensuring that the bookkeeping is carried out as required by the law, and that the financial management has been organised in a reliable manner. Operative business operations are the responsibility of the CEO, with the help of the Executive Team. The Company's senior management is responsible for internal control, while the auditors take care of external auditing.

Taking the quality and scope of the business operations into consideration, the Company has not deemed it necessary to establish a special internal audit organisation. Instead, its duties are included in the business organisation's tasks in all the units of the Group.

### **Methods and procedures of internal control**

The CEO is responsible for organising the bookkeeping and control mechanisms in practice. The CEO monitors decisions related to executive level persons, as well as important operative decisions. The CEO also ensures that the Group subsidiaries operate in the interests of the parent company and endorse the Group's strategy. The Group's Executive Team controls business operations and monitors the administration in the Group's daily operations.

The Group has defined clear authorisations for approving investments and matters related to the personnel. The main tasks of the Group's Executive Team:

1. supervision of business operations and finances, and
2. handling investments, corporate acquisitions and expansion and reduction plans significant for the Group.

Internal control is an essential part of the Company's administration and management systems. It covers Restamax's all units and operations. Among other things, internal control must evaluate the sufficiency and efficiency of the risk positions related to the Company's management and administrative systems, operations and data systems that apply to:

- the creativity and integrity of financial and operational data
- the profitability and efficiency of operations
- securing assets
- compliance with laws, orders, and agreements.

## **RISK MANAGEMENT**

Restamax strives to increase the shareholder value within the limits set by legislation and the obligations of society.

Restamax divides risk factors influencing business operations, result and stock exchange value into five main categories: market and business operation risks, risks related to the personnel, technology and data security risks, financing risks and legal risks.

Restamax strives to protect itself against other risks by taking out extensive insurance contracts. These include statutory insurances, liability and property insurances, and legal protection ownership insurances.

The scope of the insurances, values insured and excesses are checked annually together with the Company's insurance company.

The Group's risk management and market change anticipation constitute an integral part of the management's everyday work in order to guarantee the continuity of the business operations. Restamax carries out continuous risk mapping related to its operations and aims to protect itself from identified risk factors in the best possible way.

## **REPORTING AND GUIDANCE SYSTEMS**

The Group employs reporting systems required to efficiently monitor its operations. Internal control is connected to the Company's vision, strategic goals and the business goals defined based on them. The realisation of business goals and the Group's financial development are monitored monthly with a control system covering the entire Group. As an essential part of the control system, the realisation data and up-to-date estimates are examined by the Group's Executive Team on a monthly basis. The control system includes extensive sales reporting, a profit and loss account, estimates for turnover and profit, and operational key figures.