

## **NOHO PARTNERS PLC**

### **CORPORATE GOVERNANCE STATEMENT 2019**

The company complies with the valid Corporate Governance Code of Finnish listed companies approved by the Securities Market Association with any possible exceptions. The Corporate Governance Code, which entered into force on 1 January 2020, is available at [www.cgfinland.fi/en](http://www.cgfinland.fi/en). In 2019, the company complied with the code that entered into force on 1 January 2016.

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 on the company's website at [www.noho.fi](http://www.noho.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 on 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 record date 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 operations of the Board of Directors follow 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 NoHo Partners 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 or Annual General Meeting elects the Chairman. In the composition of the Board of Directors, the goal is to appoint members with diverse and complimentary backgrounds, experience, expertise and from both genders, so that the diversity of the Board of Directors supports NoHo Partners' business and future in the best possible way. 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 discharge of duties of the Board of Directors.

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 of the Board of Directors. The rules of procedure are available on 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 fewer 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 and, when necessary, separately invited persons.

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 2019, the members of the Board of Directors of the company were:

Timo Laine, b. 1966, diploma in marketing, Chairman of the Board  
Direct and controlling interest 5,361,009 shares

Mikko Aartio, b. 1969, vocational qualification in business and administration for upper-secondary school graduates (member of the Board until 1 November 2019)  
Direct and controlling interest 2,198,644 shares

Petri Olkinuora, b. 1957, M. Sc. (Tech.), MBA, Vice-Chairman of the Board  
Direct and controlling interest 12,500 shares

Mika Niemi, b. 1966, vocational qualification in business and administration  
Direct and controlling interest 2,236,789 shares

Mia Ahlström, b. 1967, graduate in business and marketing (member of the Board from 24 April 2019)  
Direct and controlling interest 0 shares

Saku Tuominen, b. 1967, M. Sc. (Econ)  
Direct and controlling interest 4,423 shares

Tomi Terho, b. 1984, M. Sc. (Econ)  
Direct and controlling interest 0 shares

Mikko Kuusi, b. 1989, Finnish matriculation examination and economics studies (member of the Board until 24 April 2019)

Of the Board members, Petri Olkinuora, Saku Tuominen, Tomi Terho and Mia Ahlström are independent of the company and of significant shareholders. Of the Board members, two (Laine and Niemi) are not independent of the company and of a significant shareholder.

During the financial period, the Board of Directors held fifteen (15) meetings. Some of the meetings were held by e-mail or telephone.

Attendance in meetings of the members of the Board in 2019:

Timo Laine 14/15  
Mikko Aartio 8/10  
Petri Olkinuora 14/15  
Mika Niemi 14/15  
Saku Tuominen 14/15  
Tomi Terho 14/15  
Mikko Kuusi 5/6  
Mia Ahlström 9/9

The company's goal is to have diverse industry and market expertise, professional and educational backgrounds and both genders represented on the Board of Directors. The diversity of the Board enables a variety of views in decision-making and ensures high-quality operation as well as promotes efficient monitoring of management. Starting from the Annual General Meeting held on 24 April 2019, the composition of the Board of Directors has met the requirements of Recommendation 9 of the Corporate Governance Code concerning representation by both genders.

## Remuneration of 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 2018, the annual remuneration of the Chairman of the Board of Directors was EUR 25,000, for the Vice-Chairman it was EUR 20,000, and for the members of the Board EUR 10,000. A separate meeting attendance allowance is not paid.

## THE CEO AND THE EXECUTIVE TEAM

NoHo Partners 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 in charge of the parent company's and the Group's operative management and control in accordance with legislation and the guidelines given by the Board of Directors.

The company's CEO during the financial period 2019 was Aku Vikström (b. 1972.) On 31 December 2019, Aku Vikström owned directly and through his controlled entity Jalen Invest Oy a total of 219,919 shares in NoHo Partners Plc.

The CEO manages the administration of routine matters of the company and of the Group 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. The CEO serves as the Chairman of the Executive Team. The CEO monitors decisions related to executive level persons, as well as 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.

### Executive Team

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

On 31 December 2019, the members of the Group's Executive Team were as follows:

Aku Vikström, b. 1972, CEO  
Direct and controlling interest 219,919 shares.

Jarno Suominen, b. 1972, Deputy CEO (CFO until 31 December 2019, Deputy CEO starting from 1 January 2020)  
Direct and controlling interest 261,847 shares.

Juha Helminen, b. 1977, Director of International Operations  
Direct and controlling interest 35,900 shares.

Perttu Pesonen, b. 1976, Development Director  
Direct and controlling interest 90,261 shares.

Anne Kokkonen, b. 1976, HR Director  
Direct and controlling interest 37,302 shares.

Benjamin Gripenberg, b. 1975, CBO, Food Restaurants, Helsinki Metropolitan Area  
Direct and controlling interest 60,581 shares.

Tanja Virtanen, b. 1977, CBO, Food Restaurants, rest of Finland  
Direct and controlling interest 12,700 shares.

Eemeli Nurminen, b. 1983, CBO, Entertainment Restaurants, Helsinki Metropolitan Area  
Direct and controlling interest 12,500 shares.

Paul Meli, b. 1977, CBO, Entertainment Restaurants, rest of Finland  
Direct and controlling interest 206,670 shares.

Tero Kaikkonen, b. 1976, CBO, Fast Casual  
Direct and controlling interest 12,600 shares.

Effective from 1 January 2020, the Executive Team has also included:

Jarno Vilponen, b. 1987, CFO  
Direct and controlling interest 1,200 shares.

## **INSIDER ADMINISTRATION**

NoHo Partners' insider rules apply Nasdaq Helsinki Ltd's insider guidelines and other related legislation, such as the Market Abuse Regulation.

NoHo Partners applies the so-called closed period of 30 calendar days before the publication of the company's financial statements bulletin or any interim report. During the closed period, NoHo Partners Plc's management and personnel participating in financial reporting may not trade (on their own account or that of a third party) in the company's financial instruments.

The company has defined as permanent insiders the persons working in NoHo Partners Group who by virtue of their position or tasks have access to all insider information pertaining to NoHo Partners. In addition to a permanent insiders list, project-specific insider lists will be drafted, as prescribed by Nasdaq Helsinki Ltd.'s insider guidelines.

NoHo Partners Plc publishes, as soon as possible, any insider information which directly concerns NoHo Partners or its financial instruments, unless the prevailing conditions result in the fulfilment of the prerequisites for postponing the publication of the insider information in question.

The company's management personnel and their related parties have an obligation to report to NoHo Partners and to the Financial Supervisory Authority about any business transactions conducted with the financial instruments of NoHo Partners (the so-called management transactions). NoHo Partners publishes the report as a stock exchange release within three days of the business transaction.

The person in charge of NoHo Partners Plc's insider issues is Deputy CEO Jarno Suominen.

## **AUDITING**

The Articles of Association state that the Annual General Meeting selects the auditor for NoHo Partners Plc.

Deloitte Oy served as the company's auditor until the Annual General Meeting 2019. The Annual General Meeting held on 24 April 2019 elected Ernst & Young Oy, a firm of authorised public accountants, as the company's auditor. Juha Hilmola, APA, acts as the company's responsible auditor.

Auditing is carried out in accordance with the relevant acts and the Articles of Association. 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 2019, the auditors of the NoHo Partners Group were paid EUR 342.3 thousand for auditing services (2018: EUR 388.1 thousand) and EUR 217.1 thousand for other advisory and consulting services (2018: EUR 257.8 thousand).

## **INTERNAL CONTROL**

### **Internal control**

NoHo Partners 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.

NoHo Partners 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 are as follows:

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

Internal control is an essential part of the company's administration and management systems. It covers NoHo Partners' 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.

## **RELATED PARTY TRANSACTIONS**

NoHo Partners does not regularly engage with its related parties in business transactions that would be of material significance for the company or would not be part of the company's ordinary course of business or would be made in deviation from customary market terms and conditions. Any material related party transactions that are not part of the company's ordinary course of business and are made in deviation from customary market terms and conditions are handled by the company's Board of Directors. Related party transactions are monitored by the company's financial administration. The company maintains a list of its related parties and reports on related party transactions in its financial statements.

## **RISK MANAGEMENT**

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

NoHo Partners divides the 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 juridical risks.

NoHo Partners 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. NoHo Partners 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 CONTROL 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, an income statement, estimates for turnover and profit, and operational key figures.