

Corporate Governance Statement

Lassila & Tikanoja plc (L&T) complies with the Finnish Corporate Governance Code issued by the Securities Market Association on 15 June 2010. L&T has not deviated from the recommendations of the Code. The code is available on the website of the Securities Market Association at www.cgfinland.fi.

This statement was prepared in accordance with recommendation 54 of the Finnish Corporate Governance Code. The report is issued separately from the Report of the Board of Directors. L&T's Audit Committee has reviewed this report.

In addition to the Code, L&T's corporate governance complies with the laws and regulations of Finland, its Articles of Association, and the Guidelines for Insiders issued by NASDAQ OMX Helsinki. The consolidated financial statements and interim reports have been prepared in accordance with the IFRS reporting standards approved for use in the EU, the Securities Market Act, the standards imposed by the Financial Supervisory Authority, and the rules of the NASDAQ OMX Helsinki. The Report of the Board of Directors and the parent company's financial statements were prepared in accordance with the Accounting Act and the instructions and statements issued by the Accounting Board.

The Annual General Meeting, the Board of Directors and its two Committees, and the President and CEO, assisted by the Group Executive Board, are responsible for company administration and operations.

Business organisation

The business is divided into four divisions: Environmental Services, Cleaning and Office Support Services, Property Maintenance and Renewable Energy Sources. Vice Presidents in charge of the divisions report to the President and CEO.

In Finland each division is organised into business areas. Country Managing Directors are responsible for operations in each country outside Finland. Administration and the management of group-level processes are centralised.

General Meetings

The General Meeting is the supreme decision-making body of Lassila & Tikanoja plc. The General Meeting decides on the matters stipulated in the Companies Act, such as the acceptance of the financial statements and proposed dividend, the release from liability of members of the Board of Directors and the President and CEO, the election of the members of the Board of Directors and the Auditors, and the compensation paid to them. The Annual General Meeting is held by the end of April. When considered necessary, an Extraordinary General Meeting is convened to handle a specific proposal made to a General Meeting. General Meetings are convened by the Board of Directors.

Each share of Lassila & Tikanoja plc entitles to one vote. According to the Articles of Association, at a General Meeting of shareholders no shareholder may cast more than one fifth of the total number of votes represented at the meeting.

Advance information

Shareholders are convened to a General Meeting by a notice published in one newspaper in the company's domicile. The Board of Directors' proposals and the notice to the meeting are also disclosed in a stock exchange release. The prospective director candidates as well as the proposal for Auditors are disclosed in the notice or in a separate stock exchange release before the General Meeting.

The notice of the General Meeting and the related documents will be available on the Group website at least 21 days before the General Meeting.

Attendance of the Board members, President and CEO, Auditor and prospective Board members at a General Meeting

The members of the Board of Directors, President and CEO, principal auditor and prospective directors attend a General Meeting, unless there are well founded reasons for the absence.

Minutes of General Meeting

The minutes of the General Meeting including the appendices will be available on the Group

website within two weeks of the General Meeting.

General Meetings in 2011

The Annual General Meeting was held in Helsinki on 17 March 2011. The meeting was attended by shareholders representing 54.3 per cent of the votes. The members of the Board of Directors, President and CEO, principal auditor and prospective director attended the meeting.

The Extraordinary General Meeting was held in Helsinki on 8 September 2011. The meeting was attended by shareholders representing 34.6 per cent of the votes. The members of the Board of Directors, except Hille Korhonen, and President and CEO attended the meeting.

Board of Directors

Composition and term

In accordance with the Articles of Association, the Board of Directors comprises a minimum of three members and a maximum of seven. The members of the Board of Directors are elected by the Annual General Meeting. The term of the members of the Board of Directors expires at the end of the next Annual General Meeting of Shareholders following his/her election. A person who has attained the age of 70 cannot be elected to the Board of Directors. The Board elects a Chairman and a Vice Chairman from among its members.

The biographical details of the member candidates will be available on the company website before the General Meeting.

The President and CEO is present at Board meetings presenting issues to the Board, and the CFO serves as secretary to the Board.

Duties

The Board of Directors is responsible for the management of the company and for the proper arrangement of the company's operations as well as for the proper arrangement and supervision of the company's accounting and financial management. The Board of Directors decides upon matters, which, considering the scope and size of the operations of the company, are of major importance. The Board of Directors is also responsible for the duties specified in the

Companies Act and the Articles of Association, and in other regulations.

The duties of the Board are defined in a written charter adopted by the Board in 2011, which the Board complies in addition to the Articles of Association and the Finnish laws and regulations. According to the charter, the matters handled by the Board of Directors include:

- › confirming the company's goals
- › deciding on the corporate strategy and confirming divisional strategies
- › establishing a dividend policy and being responsible for the development of the shareholder value
- › deciding on group structure and organisation
- › ensuring the operation of the management system
- › handling and adopting interim report, consolidated financial statements and Report of the Board of Directors
- › confirming the company's operating plan, budget and investment plan
- › deciding on strategically or financially significant investments, corporate acquisitions, disposals or other arrangements as well as financing arrangements and contingent liabilities
- › confirming risk management and reporting practice, financial, disclosure as well as risk management and insurance policies and internal control policy
- › nominating and dismissing the President and CEO and monitoring and evaluating his work
- › deciding on nomination, remuneration and other financial benefits of the President and CEO's immediate subordinates (Group Executive Board).

Meeting practice

The Board of Directors convenes as often as its tasks require. It confirms its annual, regular meetings. Meetings held annually prior to the publication of the financial statements and each interim report, strategy meeting, budget meeting and other meetings confirmed in the annual programme of the Board, are considered regular meetings. In addition to regular meetings, the Board can hold extraordinary meetings, which can be arranged as telephone conferences.

Minutes are prepared of Board meetings, subject to the signature of members of the

Board member meeting participation in 2011

	Board of Directors	Audit Committee	Remuneration Committee
Heikki Bergholm	15/15		10/10
Matti Kavetvuo*	15/15		10/10
Eero Hautaniemi	14/15	7/7	
Hille Korhonen	13/15		10/10
Sakari Lassila**	13/13	6/6	
Miikka Majjala	15/15	7/7	
Juhani Lassila***	2/2	1/1	

The Board of Directors met two times before 17 March 2011 and 13 times after it. Audit Committee met once before 17 March 2011 and six times after it. Remuneration Committee met four times before 17 March 2011 and six times after it.

*Vice Chairman and Member of the Board until 27 December 2011.

** Member of the Board of Directors and Audit Committee since 17 March 2011.

*** Member of the Board until 17 March 2011.

Board of Directors participating in the meeting as well as the President and CEO of the company and secretary to the meeting. These minutes are kept at the company's headquarters.

At the meetings, matters are presented by the President and CEO, who is responsible for ensuring that the Board is provided with sufficient information to assess the operation and financial situation of the company. He also supervises and reports to the Board on the implementation of the Board's decisions. The CFO serves as secretary to the Board.

Performance evaluation

The evaluation of the performance and working methods of the Board is conducted annually as an internal self-evaluation.

Evaluation of independence

The Board has evaluated the independence of its members in accordance with item 15 of the Corporate Governance Code. The evaluation showed that all the members of the Board are independent of the company and of a significant shareholder.

The Board of Directors in 2011

The Board of Directors comprises the following persons: Mr Heikki Bergholm, Chairman, Mr Eero Hautaniemi, Vice Chairman, Mr Sakari Lassila, Mrs Hille Korhonen and Mr Miikka Majjala. Mr Matti Kavetvuo acted as Vice Chairman and member of the Board of Directors until 27 December 2011. Mr Juhani Lassila acted as Vice

Chairman and member of the Board of Directors until 17 March 2011. The Annual General Meeting elected Sakari Lassila as a new member of the Board of Directors. Biographical details of the Directors are given on pages 50-51, and information on their holdings in the company and changes in the holdings during the year are set out on page 48.

The Board of Directors met 15 times during 2011. The average attendance per cent of the members at the meetings was 96.6.

Key themes in Board work included guidance for acquisitions that support core business, leadership and management development, and profitability and cash flow improvement.

Committees

The Board has an audit committee and a remuneration committee.

Audit committee

The audit committee consists of the Chairman of the committee and at least two members, who all are elected annually by the Board of Directors from among its members. The Board shall select one member as Chairman of the committee. The members of the audit committee shall be independent of the company and at least one member shall be independent of a significant shareholder. The members of the audit committee shall have the qualifications necessary to perform the responsibilities of the audit committee, in particular, sufficient

knowledge of bookkeeping, accounting and financial statements practices.

The duties and operating principles of the audit committee are defined in a charter approved by the Board of Directors. The committee will convene at least four times a year.

The duties of the audit committee include:

- › monitoring the financial position and financing
- › monitoring the reporting process of financial statements
- › supervising the financial reporting process
- › monitoring the efficiency of the company's internal control, internal audit and risk management systems
- › reviewing the plans and reports of the company's internal audit
- › reviewing the description of the main features of internal control and risk management systems pertaining to the financial reporting process, which is included in the company's corporate governance statement
- › monitoring the statutory audit of financial statements and consolidated financial statements
- › evaluating the independence of the auditing company
- › evaluating the provision of non-audit services to the company to be audited by the auditing company
- › preparing the proposal for the Auditor of the company
- › maintaining contact with the company's auditor and reviewing the reports prepared to the committee by the Auditor
- › assessment of compliance with laws and provisions.

Remuneration Committee

The remuneration committee has at least three members. The Board shall elect members of the committee from among its members on an annual basis, for the duration of the Board's term. In compliance with the Corporate Governance Code for Listed Companies in Finland, the majority of members must be independent of the company. On an annual basis, the Board of Directors shall likewise select one member as Chairman of the committee, for the term of the Board. The committee will convene at least twice a year.

The duties of the remuneration committee include:

- › handling, evaluating and making statements on the salary structure of the Group

management and personnel and remuneration and incentive schemes

- › monitoring the functionality of the remuneration systems, to ensure that the management's incentive schemes promote the achievement of the company's targets and are based on personal performance
- › handling and preparing other questions related to management and personnel remuneration and drafting statements to the Board regarding them
- › handling and preparing executive appointment issues for consideration by the Board of Directors.

Committees in 2011

Eero Hautaniemi is Chairman of the audit committee and the members are Sakari Lassila and Miikka Majjala. The audit committee met seven times during 2011. The attendance per cent of the members at the meetings was 100.

Heikki Bergholm is Chairman of the remuneration committee and the members are Matti Kavetvuo (until 27 December 2011) and Hille Korhonen. The committee met ten times during 2011. The attendance per cent of the members at the meetings was 100.

Managing Director

Lassila & Tikanoja plc's Managing Director, known as the President and CEO, is appointed by the Board of Directors. The President and CEO is responsible for day-to-day operations in keeping with the instructions of the Board of Directors. He is also responsible for the strategy process. Pekka Ojanpää assumed the position of President and CEO on 1 November 2011. The President and CEO until 13 June 2011 was Jari Sarjo. Ville Rantala served as temporary President and CEO from 13 June to 31 October 2011.

Other Management

The Group Executive Board assists the President and CEO in the management of the company. The members of the Group Executive Board and their areas of responsibility are presented on pages 52-53, and their holdings in the company shares and options and changes in the holdings during the year are set out on page 48.

The HR management board is one of L&T's management forums. Its goal is to establish systematic co-operation with personnel representatives.

Risk management

Objective

L&T's risk management aims to identify significant risk factors, prepare for them and manage them in an optimal way so that company's objectives are achieved. Comprehensive risk management endeavours to manage the Group's risk as a whole and not just individual risk factors.

Responsibilities

The principles of L&T's risk management are approved by the company's Board of Directors. The Board monitors the implementation of risk management and assesses the efficiency of the methods employed. The President and CEO is responsible for the organisation and implementation of risk management.

Principles for financial risk management are defined in the Financial Policy. Principles for insurance risk management are defined in the Risk Management and Insurance Policy.

Identification, assessment and reporting of risks

Risk management forms an integrated part of L&T's management, monitoring and reporting system. Regular monitoring and reporting of risks take place at the group, division and area levels, in units outside Finland as well as within centralised functions defined as being critical, as part of the annual strategy process.

The management of each of the divisions and centralised functions identifies and assesses the most significant risks for its own area of responsibility, prepares contingency plans and determines responsibilities for risk management measures within its organisation. Risk identification and planning primarily take place within divisions, areas and units responsible for business operations. Any risks identified and preparations for them are regularly reported to the President and CEO.

The risk management process is determined in L&T's Integrated Management System.

A risk assessment in all divisions, areas, foreign units as well as centralised functions defined as being critical, is carried out annually to assess strategic, financial, damage-related and operational risk factors. The significance of risks is assessed using a risk matrix, and contingency plans for significant risks are prepared on this basis.

Insider guidelines

The Board of Directors has taken a decision that the Group observes the guidelines for insiders issued by NASDAQ OMX Helsinki. Additionally, it has given a complementary guideline which is in some respects more stringent.

The insider register is maintained in the SIRE service of Euroclear Finland Ltd. Insiders with a duty to declare include members of the Board of Directors, President and CEO, the principal auditor, the Group Executive Board and the Head of Legal Affairs who acts as secretary to the Group Executive Board. Persons included in the company-specific permanent insider register based on their position include the divisional management teams, L&T Biowatti Oy's Board of Directors, HR management board, financial management team, legal counsels, executive assistants and persons participating in group accounting, as well as persons preparing stock exchange releases. Separate project-specific sub-registers are kept for extensive or otherwise significant projects. The Head of Legal Affairs is the person responsible for insider issues.

Lassila & Tikanoja's insiders are not permitted to engage in trading with company shares during the period between the end of the financial period and the disclosure of the result. Insiders must consult the person responsible for insider issues concerning the conformity of any planned trading with the relevant legislation and guidelines.

The shareholdings and option holdings of the public insiders are listed on the Group website.

Auditing

The statutory audit of the financial statements is carried out by PricewaterhouseCoopers Oy, Authorised Public Accountants, elected by the Annual General Meeting.

The auditors and the Board agree on the audit plan annually and discuss the audit's findings. The principal auditor and the auditor manager attend at least one meeting of the Board of Directors annually.

In 2011, the fees paid for statutory auditing to PricewaterhouseCoopers group totalled EUR 203,000. The fees paid to the auditing company and companies belonging to the same chain for non-audit services such as tax, IFRS and due diligence services, totalled EUR 39,000.

Description of the main features of internal control and risk management systems pertaining to Lassila & Tikanoja plc's financial reporting process

The financial reporting principles represent an essential element of L&T's Integrated Management System (IMS). The Group's financial reporting process includes both financial accounting and management accounting. The

internal control and risk management systems and procedures pertaining to the financial reporting process are explained in more detail below. Their purpose is to ensure the financial reports published by the company contain essentially correct financial information.

Audit committee

The audit committee supervises and monitors the efficiency of L&T's financial reporting process and internal control systems. The duties and operating principles of the audit committee are defined in a charter approved by the Board of Directors. The audit committee has reviewed L&T's internal control policy and the Board of Directors has approved it.

The audit committee meets at least four times a year before the publication of interim reports and the financial statements release. In its meetings, the audit committee reviews the financial information presented by the Chief Financial Officer, as well as interim reports and financial statements releases. The auditor is also invited to attend the meetings. The audit committee is presented in more detail on page 45 and members of the audit committee are introduced on page 46.

L&T's financial reporting process

L&T conducts a significant proportion of its business in Finland. Functions having to do with accounting, sales invoicing, accounts payable and receivable, payments and financing in the financial reporting process in Finland are centralised. Organisation of these functions into different teams allows the separation of various finance-related tasks. To support the consistent process in Finland, L&T also runs a centralised accounting system and common account framework.

L&T's foreign subsidiaries each have independent financial management departments operating in compliance with the accounting principles and reporting instructions issued by the Group's financial management. Foreign subsidiaries submit a monthly reporting package to the Group according to the Group's instructions. Financial controllers supervise operations related to foreign subsidiaries' financial management, their financial reports and financial statements. They visit companies assigned to them on a regular basis and conduct inspections and prepare written inspection reports.

L&T's Group financial management is responsible for preparing and updating the Group accounting policies and instructions, and for preparing reporting schedules. The financial management department consolidates subsidiaries' financial statements into consolidated financial

statements which include notes to the financial statements, and prepares interim reports and financial statement releases, official financial statements and the annual report.

Internal control

L&T's operations and financial reports are monitored and compared against budgets and forecasts on different organisational levels. Group management, divisional management and product line management as well as business unit management analyse the results and any nonconformities. Divisional business controllers and financial controllers responsible for foreign operations analyse the financial reports and prepare reports for management use.

L&T's Group financial management has defined and documented the control objectives and control points associated with external financial reporting in 2009. Control points have been specified both for individual companies and for Group accounting, and they represent a minimum requirement imposed by the Group on internal control of financial reporting. Foreign subsidiaries have been informed of the control points, and the financial controllers assess foreign subsidiaries' operations against the specified control points as part of their regular visits.

The company has financing, risk management and insurance, and disclosure policies as well as internal control policy confirmed by the Board of Directors.

Risk management

The risks associated with financial management processes are assessed in the annual risk management process, which is part of L&T's Integrated Management System. Risks identified through risk assessment are prioritised, action plans and schedules are prepared, and persons responsible for implementing the action are named. Implementation of actions is monitored annually. Risk management process is presented on page 46 and in the Report by the Board of Directors on page 8 of the Financial Statements of the Annual Report.

Internal control

L&T has no internal audit organisation of its own. Executive management may invite external experts to conduct internal audit assignments when necessary.

Regular auditing of the financial statements of international units is the duty of the financial controller of international business who works in the finance department. External auditor participates in some of the audits. Auditing activity is also included in the duties of business controllers as needed.

Remuneration paid to the members of the Board of Directors in 2011

	Annual fee*, EUR	Meeting fee, EUR	2011 total, EUR	2010 total, EUR
Heikki Bergholm	46,250	23,500 **	69,750	33,950 **
Matti Kavetvuo	30,500	14,800	45,300	60,050
Eero Hautaniemi	25,750	14,700 **	40,450	33,250 **
Hille Korhonen	25,750	10,000	35,750	32,750
Sakari Lassila	25,750	8,000	33,750	
Miikka Majjala	25,750	9,500	35,250	34,250
Juhani Lassila		2,100	2,100	42,700

* Each member purchases company shares worth of the net amount of the fee (40%)

** Includes a meeting fee from Board meeting of L&T Recoil

Shares held by the members of the Board of Directors

	At 31 December 2011	Percentage of shares and	At 1 January 2011
Heikki Bergholm	778,807	2.01	776,807
Eero Hautaniemi	7,000	0.02	5,000
Matti Kavetvuo*			116,286
Hille Korhonen	2,399	0.01	1,569
Sakari Lassila**	7,368	0.02	
Miikka Majjala	69,272	0.18	68,272
Juhani Lassila***			20,253
Evald and Hilda Nissi Foundation			2,413,584
Total	864,846	2.23	3,401,771

* Member of the Board until 27 December 2011.

** Member of the Board since 17 March 2011.

*** Member of the Board until 17 March 2011.

Shares and share options held by the Group Executive Board

	Shares		2008 options
	31 December 2011	1 January 2011	31 December 2011
Pekka Ojanpää			
Jorma Mikkonen	4,116	4,116	15,000
Ville Rantala	12,175	9,139	
Juha Simola	1,698	1,698	5,000
Henri Turunen	4,989	3,289	3,000

There were no changes in the holdings of options during 2011.

Remuneration Statement

Lassila & Tikanoja plc complies with the Finnish Corporate Governance Code. This Remuneration Statement is prepared in accordance with recommendation 47.

Remuneration of the Board of Directors

Decision-making process and main principles of remuneration

The General Meeting of Shareholders determines the emoluments payable to the members of the Board of Directors in advance, for one year at a time.

In 2011, the following annual fees were decided to be paid: Chairman EUR 46,250, Vice Chairman EUR 30,500 and each member EUR 25,750. The fees are paid so that each member purchases company shares worth of the net amount of the fee (40%) in public trading on NASDAQ OMX Helsinki. In addition, the Annual General Meeting decided on the following meeting fees to be paid to the participants of the board and committee meetings: Chairman of the board EUR 1,000, Vice Chairman of the board EUR 700, board member EUR 500, Chairman of the committee EUR 700 and committee member EUR 500 per meeting.

The members of the Board are not included in the share option schemes and they do not have any pension contracts with the company.

Remuneration of the Board of Directors in 2011

In 2011, Board of Directors met 15 times, audit committee met seven times and remuneration committee met ten times.

Heikki Bergholm is Chairman of the Board. Matti Kavetvuo was Vice Chairman of the Board until 27 December 2011. Eero Hautaniemi is Vice Chairman of the Board since 28 December 2011. Eero Hautaniemi is Chairman of the audit committee and the members are Sakari Lassila and Miikka Majjala. Heikki Bergholm is Chairman of the remuneration committee and the members are Matti Kavetvuo (until 27 December 2011) and Hille Korhonen.

In 2011, the fees decided by the Annual General Meeting were paid to the Board of Directors.

Remuneration of President and CEO and other management

Decision-making process and main principles of remuneration

The Board of Directors determines the salary, bonuses and other benefits of the President

and CEO and the direct subordinates of the President and CEO. The Board has established a remuneration committee. The duties of the committee include among others handling and preparing questions related to management and personnel remuneration and drafting statements to the Board regarding them. The duties of the remuneration committee are presented in detail on page 46.

The remuneration of President and CEO and the members of the Group Executive Board consists of a fixed monthly salary and benefits, of a compensation scheme, of share option schemes and of a share-based incentive programme.

The President and CEO and the members of the Group Executive Board are included the share option scheme and in the share-based incentive programmes directed to the key personnel of the company, which are approved by the General Meeting. The basis for the determination of the reward is decided annually by the Board of Directors. Rewards to be paid for the year 2012 will be based on the EVA result of Lassila & Tikanoja Group excluding L&T Recoil. The maximum share-based payment may equal 4–12 months' salary depending on the responsibilities of the member of the Group Executive Board. The decision on the remuneration is done by the Board of Directors based on the statement drafted by the remuneration committee.

The company has also provided a compensation scheme, the criteria of which are determined annually in advance by the Board of Directors. The bonus is based on operating profit excluding non-recurring items and it may equal 3–6 months' salary, at maximum, depending on the responsibilities of the member of the Group Executive Board. The decision on the remuneration is done by the Board of Directors based on the statement drafted by the remuneration committee.

Separate emoluments are not paid to the members of the Group Executive Board for the memberships of Boards of Directors of the subsidiaries.

President and CEO and members of the Group Executive Board are not covered by any supplementary pension scheme.

Service contract of President and CEO

A written service contract has been drawn up for the President and CEO. According to the contract, the period of notice is 6 months should the company terminate the contract,

and 6 months should the President and CEO terminate the contract. In case the company terminates the contract the President and CEO's salary will be paid for 12 months.

The company has taken out statutory pension and accident insurance for the President and CEO.

Short-term and long-term incentive schemes

Lassila & Tikanoja operates an incentive programme for one year which started in 2012, and option scheme 2008 started earlier. A three-year share-based incentive programme which started in 2009 ended in 2011. The company has also provided a compensation scheme, which is described in more detail above.

Share-based incentive programme 2009–2011

Lassila & Tikanoja plc's Board of Directors decided on 24 March 2009 on a share-based incentive programme to form a part of the incentive and commitment scheme for the company's key personnel. The basis for the determination of the reward is decided annually.

The programme included three earnings periods one year each, of which the first one began on 1 January 2009 and the last one ended on 31 December 2011. Potential rewards were paid during the year following each earnings period partly as shares and partly in cash. The proportion paid in cash covered taxes arising from the reward. No reward was paid if a key person's employment ended before the reward payment. Any shares earned through the incentive programme shall be held for a minimum period of two years following the payment of each reward. After that, the members of the Group Executive Board are still required to hold company shares with a value equal to their gross salary for six months and the other programme participants with a value equal to their gross salary for three months as long as they are employed by the company.

A maximum total of 180,000 Lassila & Tikanoja plc shares could be paid out on the basis of the programme. The shares were obtained in public trading. The Annual General Meeting authorises the Board of Directors to purchase and issue the company shares. In the beginning of 2011, the programme covered 23 persons.

Share-based incentive programme 2012

Lassila & Tikanoja plc's Board of Directors decided on 14 December 2011 on a share-based incentive programme to form a part of

the incentive and commitment scheme for the company's key personnel. The basis for the determination of the reward is decided annually.

Based on the programme a maximum of 65,520 shares of the company can be granted. The company will buy the shares from the stock market. The programme covers 22 persons.

Option scheme 2008

Share options have been granted to the key personnel belonging to the management determined by the Board of Directors. The share options entitle their holders to subscribe for the shares of Lassila & Tikanoja plc at an exercise price and over a period determined in the terms and conditions of the option scheme. Terms and conditions of option schemes are available on L&T's Group website.

Remuneration of President and CEO and other management in 2011

The President and CEO until 13 June 2011 was Jari Sarjo. His salary in 2011 totalled EUR 187,000 including salaries and benefits EUR 156,000 and bonuses EUR 31,000.

Ville Rantala served as temporary President and CEO from 13 June to 31 October 2011. The salary of Rantala for that period totalled EUR 63,000 including salaries and benefits.

Pekka Ojanpää assumed the position of President and CEO on 1 November 2011. The salary of Ojanpää in 2011 totalled EUR 66,000 including salaries and benefits.

The salaries paid to the Group Executive Board totalled EUR 794,000 which includes salaries and benefits EUR 678,000 and bonuses EUR 116,000. The figures include salaries for the period during which the persons in question held an executive position.

No share-based payments will be paid for the year 2011. No options were granted in 2011.

In 2011, EUR 49,000 arising from the pension agreement of the President and CEO, Jari Sarjo, was recognised in the income statement. ■

Board of Directors

Heikki Bergholm

born 1956

M.Sc. (Eng.)

Chairman of the Board since 2011 and member since 2008, Chairman of the Remuneration Committee since 2011 and member since 2010.

Work experience:

Suominen Corporation, President and CEO 2002–2006

The former Lassila & Tikanoja Group, President and CEO 1998–2001, Vice President 1997–1998, President of business units 1986–1997 and CFO 1985–1986

Industrialisation Fund of Finland Ltd, Researcher and development manager 1980–1985

Other Board memberships:

Yarra Investment Oy (2010–), Foundation Institutum Romanum Finlandiae (2011–, COB), L&T Recoil (2010–, COB.), Seniorirahasto Oy (2010–), Forchem Oy (2007–), Componenta Corporation (2002–, COB), MB Funds Oy (2002–), Lakan Betoni Oy (1986–, COB), Suominen Corporation (2001–2011), Kemira Oyj (2004–2007), Pohjola Group plc (2003–2005), Sponda Plc (1998–2004)

Holds 778, 807 Lassila & Tikanoja plc shares.

Eero Hautaniemi

born 1965

M.Sc. (Econ.), CEO of Oriola-KD Corporation 2006–

Vice Chairman of the Board since 28 December 2011 and member since 2007, Chairman of the Audit Committee since 2011 and member since 2009.

Work experience:

GE Healthcare Finland Oy, President 2004–2005

GE Healthcare IT, General Manager of the Oximetry, Supplies and Accessories business area 2003–2004
Instrumentarium Corporation, positions in financial and business management 1990–2003

Other Board memberships:

L&T Recoil (2010–), Nurminen Logistics Plc (2009–)

Holds 7,000 Lassila & Tikanoja plc shares.

Hille Korhonen

born 1961

Licentiate of Technology, Vice President, Operations (responsible for manufacturing, sourcing and logistics strategies) at Fiskars Corporation 2008–, Group Director, Operations at Iittala Group 2003–

Member of the Board since 2009, Member of the Remuneration Committee since 2010.

Work experience:

Executive positions within worldwide delivery chain strategies and processes in Nokia Corporation 2000–2003, Nokia Networks 1998–2000 and Nokia Mobile Phones 1996–1997
Outokumpu Copper, positions in developing logistics and marketing 1993–1996

Other Board memberships:

Nokian Tyres Plc (2006–), Mint of Finland Group (2008–)

Holds 2,399 Lassila & Tikanoja plc shares.

Sakari Lassila

born 1955

M.Sc. (Econ.), Managing Director and partner of Indcrea Oy and a management board member of Cupori Group Oy 2008–

Member of the Board and audit committee since 2011

Work experience:

Carnegie Investment Bank AB, Finland Branch: executive positions, 2002–2005

Alfred Berg Finland Oyj: executive positions within investment banking, 1994–2002

Citibank Oy: head of corporate bank, 1991–1994

Union Bank of Finland: supervisory and executive positions, 1983–1991

Other Board memberships:

Vice Chairman of Board of Evald and Hilda Nissi Foundation (member 1987–)

Holds 7,368 Lassila & Tikanoja plc shares.

Miikka Maijala

born 1967

M.Sc. (Eng.), CEO of Clinius Ltd 2006–

Member of the Board since 2010, Member of the Audit Committee since 2010.

Work experience:

GE Healthcare Finland Oy, Business Segment Manager 2004–2006

Instrumentarium Corporation (currently GE Healthcare Finland Oy), Director, Business Development 2000–2004

Instrumentarium Corporation, supervisory and executive positions within sales, marketing and financial management 1992–2000

Holds 69,272 Lassila & Tikanoja plc shares.

Changes in the Board of Directors: Mr Juhani Lassila acted as Vice Chairman and member of the Board of Directors until 17 March 2011. The Annual General Meeting elected Sakari Lassila as a new member of the Board of Directors. Matti Kavetvuo, Vice Chairman of the Board, announced his resignation from the Board of Directors on 27 December 2011.

President and CEO

Pekka Ojanpää

President and CEO of Lassila & Tikanoja Group since 1 November 2011

The biographical details are on the next page.

The changes in the holdings of the members of the Board and the President and CEO during 2011 are listed on page 48.

Auditor

PricewaterhouseCoopers Oy, Authorised Public Accountants
Principal auditor Heikki Lassila, APA

Group Executive Board



Pekka Ojanpää

born 1966

President and CEO as of 1 November 2011

M.Sc. (Econ.)

Kemira Oyj: President, Municipal & Industrial segment 2008–2011, President of the Kemira Specialty business area 2006–2008 and Executive Vice President of Procurement & Logistics 2005–2006
Nokia Oyj: Vice President, Electromechanics Supply Line Management 2001–2004, Managing Director of Nokia Hungary 1998–2001 and sales and logistics managerial positions in Nokia Mobile Phones 1994–1998



Ville Rantala

born 1971

CFO since 2009, Vice President, Renewable Energy Sources since 2011

M.Sc. (Econ.)

Lassila & Tikanoja plc: President and CEO (acting) 13 June–31 October 2011
L&T Biowatti Oy: Managing Director 2011–2012
Suunto Oy: Director, Finance and Business Development 2007–2009
UPM-Kymmene Corporation: Finance Director of Fine and Speciality Papers Division 2006–2007, Business Controller 2002–2006 and Controller 2000–2002
Salomon Sport Finland Oy: Finance Manager 1999–2000



Jorma Mikkonen

born 1963

Vice President, Environmental Services since 2009

Master of Laws

Lassila & Tikanoja plc: Vice President, Industrial Services 2000–2009, Säkkiwäline Oy: Administrative Director 1999–2000, Legal Counsel 1992–1999
Helsinki Finnish Savings Bank: Legal Counsel 1991–1992



Juha Simola

born 1962

Vice President, Property Maintenance since 2010

Lt. Cdr. (Rtd)

Lassila & Tikanoja plc: Product Line Director 2001–2010
Säkkiwäline Oy: Regional Director 1996–2001, Regional Manager 1993–1996 and District Manager 1991–1993
Suomen Teollisuuden Vartiointi Oy: Head of Department 1989–1991
The Finnish Defence Forces: Officer duties 1985–1989



Henri Turunen

born 1969

Vice President, Cleaning and Office Support Services since 2010

M.Sc. (Eng.), M.Sc. (Econ.)

Lassila & Tikanoja plc: Business Controller 2007–2010, Director, International Development 2005–2007
Conventum Corporate Finance Ltd.: Associate Director 2000–2004
McKinsey & Company: Consultant 1997–2000
Helsinki University of Technology: special teacher, assistant and lecturer 1990–1996



Kirsi Matero

born 1968

HR Director since 1 January 2012

M.Sc. (Econ.)

Atria Plc: Group Vice President, Human Resources 2010–2011
Pfizer Oy: HR Director 2007–2010
Nokia Mobile Phones: Senior Business HR Manager 2004–2007
Nokia Networks and Nokia Mobile Phones: Business HR Manager and Competence Development Manager 1998–2003
Aadulta Oy: Program Manager 1996–1998
Shell Oy: Customer Service Officer, Transport Planner and Product Manager 1993–1995



Tuomas Mäkipeska

born 1978

Business Development Director since 6 February 2012

M.Sc. (Econ.)

Deloitte: Management Consultant, Strategy & Operations 2005–2012
Fiskars Corporation: Project Manager 2004–2005
Rieter Automotive Management AG: Market Analyst 2003
Tapiola Group: Finance Assistant 2000–2002



Antti Tervo

born 1978

Chief Procurement Officer since 14 February 2012

M.Sc. (Econ.)

Siemens, North West Europe: Head of Commodity Management 2009–2012, Work stream Lead, Procurement & Supply Chain Management 2008–2009
Siemens Oy: Director, Procurement 2005–2009, Procurement Manager 2003–2005, Supply Chain Consultant 2001–2003

Changes in Group Executive Board in 2011:

Ville Rantala was appointed as Managing Director of L&T Biowatti Oy and Vice President, Renewable Energy Sources division as of 22 March 2011. Tomi Salo, Managing Director of L&T Biowatti, did not continue in the company.

Pekka Ojanpää was appointed as President and CEO on 13 June 2011. Ojanpää assumed his position as of 1 November 2011. Jari Sarjo, former President and CEO left his position as President and CEO immediately. Ville Rantala, CFO, acted as a temporary President and CEO from 13 June to 31 October 2011.

Kirsi Matero was appointed as HR Director and Group Executive as of 1 January 2012. As of 7 December 2011 HR Director Inkeri Puputti left the company. Tuomas Mäkipeska was appointed as Business Development Director and Antti Tervo as Chief Procurement Officer. They assumed their positions in February 2012.

Säkkiwäline was a group company of Lassila & Tikanoja Group between 1989 and 2001. The parent company Lassila & Tikanoja demerged in 2001 into two new companies, Lassila & Tikanoja plc and Suominen Group plc.

The holdings of Group Executives in the company as well as changes in the holdings in 2011 are listed on page 48.