

CORPORATE GOVERNANCE STATEMENT FROM FINANCIAL YEAR 1 FEBRUARY 2015 - 31 JANUARY 2016

Kotipizza Group Oyj follows in its administration the Finnish listed companies' Corporate Governance Code prepared by the Securities Market Association. The code can be viewed on the Securities Market Association's website www.cgfinland.fi. In case Kotipizza Group Oyj shall deviate from the recommendations of the Code, Kotipizza Group Oyj shall explain the exception and justify it suitably.

This report is drafted as a separate report from the annual report of the Board of Directors. The report will not be updated during the accounting period but the topics it contains and other necessary and up-to-date investor information is displayed on the company's website (ir.kotipizzagroup.com) in its Investors part.

General Meeting and Articles of Association

The supreme decision-making organ of Kotipizza Group Oyj is the General Meeting where shareholders use their power of decision. The agenda of General Meeting is based on the Limited Liability Companies Act according to which the General Meeting nominates members of the Board of Directors, decides on approval of consolidated financial statement and exemption of liability to members of Board of Directors and the CEO.

Notice of General Meeting is published on the website of Kotipizza Group Oyj. In addition, time and place of the meeting as well as the address of the website are published in one national newspaper chosen by the Board of Directors. Agenda of the meeting as well as other related material shall be available on the website of the company before the meeting.

Articles of Association are available on the website of Kotipizza Group Oyj. Amendments to Articles of Association must always be decided in General Meeting.

Board of Directors

Board of Directors is responsible for the administration of the company and the appropriate organisation of its operations. According to Articles of Association the Board of Directors consist of at least five (5) and at the most ten (10) members. The term of the members shall expire when the next General Meeting after the election ends.

Composition of the Board of Directors takes into account the preconditions derived from the phase of development and operations of the company. Members of the Board of Directors shall have sufficient competence and possibility to use enough time for taking care of the task. The Board of Directors shall have both genders. There is no special order according to which the members should be elected.

Members of the Board of Directors

Over the financial year, which ended 31.1.2016, following persons have been members of the Board of Directors in Kotipizza Group Oyj:

Johan Wentzel (b. 1974, M.Sc. (Econ))

Chairman of the Board of Kotipizza Group Oyj since 2011

Notable career:

Sentica Partners Oy, Partner since 2009

Sentica Partners Oy, Investment Director 2008–2009

Kaupthing Bank Oyj, Co-Head of Investment Banking 2004–2008

D. Carnegie AB, Investment Banking 1998–2004

Positions of trust:

Secto Automotive Group, Chairman of the Board 2014–2016, Member of the Board since 2016

Trust Kapital Group TKG Oy Member of the Board since 2016

Teleforce Oy, Chairman of the Board since 2010

Arme Oy, Chairman of the Board since 2008

Corbel Oy, Member of the Board 2008-2011

Investo Omaisuudenhoido Oy, Member of the Board 2010-2012

Mattlidens Skola, Member of the School Board since 2013

Mikael Autio (b. 1983, M.Sc. (Econ))

Member of the Board of Kotipizza Group Oyj since 1.2.2015

Notable career:

Sentica Partners Oy, Investment Manager since 2013

Sentica Partners Oy, Analyst 2010-2013

PwC Consulting Oy, Consultant 2008-2010

Kim Hanslin (b. 1950, Vocational Qualification in Business and Administration)

Member of the Board of Kotipizza Group Oyj since 2012

Notable career:

Daydream Capital Oy, Owner and CEO since 1980

Lexia Attorneys Ltd, Senior Advisor since 2011

Kotipizza Group Oyj, CEO 2011–2012

Tiimari Oyj, CEO 2001–2004

McDonald's Finland, CEO 1991–2000

Carli Gry Finland Oy, CEO 1982 – 1991

Positions of trust:

Finnish Franchising Association, Chairman of the Board 1998 – 2000

Kotipizza Oyj, Member of the Board since 2002

Comforta Oy, Member of the Board 2000 – 2013

Lindstöm Oy, Member of the Board

Pomarfin Oy / Left Foot Company, Chairman of the Board 2001 – 2009

Kalle Ruuskanen (b. 1974, Bachelor of Hospitality Management)

Member of the Board of Kotipizza Group Oyj since 1.1.2015

Notable career:

Freelance Consultant Flow Consulting Oy, Partner since 2014

Select Service Partner Nordic, CEO 2012–2014

Select Service Partner Denmark A/S, CEO 2012

Select Service Partner Finland Oy, CEO 2007–2012

Royal Ravintolat Oy, Operative Director of Business Group 2001–2007

Positions of trust:

Eskimo Finland Oy, Member of the Board since 2015

Muru Dining Oy, Member of the Board since 2014

SSP Finland, Chairman of the Board 2012–2014

SSP Denmark, Chairman of the Board 2012–2014

SSP Sweden, Chairman of the Board 2012–2014

SSP Norway, Chairman of the Board 2012–2014

SSP Estonia, Chairman of the Board 2012–2014

Lemeon Oy, Member of the Board 2008–2011

Petri Parvinen (b. 1977, Ph.D., M.Sc. (Management))

Member of the Board of Kotipizza Group Oyj since 1.1.2015

Notable career:

University of Helsinki, Professor of Strategic Marketing and Management since 2014

Aalto University, Professor of Sales Management since 2009 (part time)

Stanford University, Visiting Researcher 2009–2013

Helsinki School of Economics, Professor since 2007

Helsinki School of Economics, Docent since 2004

Positions of trust:

Mehiläinen Oy, Member of the Board since 2014

Solita Oy, Member of the Board since 2013

Sannäs Kartano Oy, Member of the Board 2012-2016

Finnish Forest Association, Chairman 2015-2016

Minna Nissinen (b. 1968, M.Sc. (Econ))

Member of the Board of Kotipizza Group Oyj since 1.1.2015

Notable career:

Salomaa Yhtiöt Oy, SVP, Strategy since 2016

Alma Media Oyj, SVP, Director Alma Diverso 2012-2015

Alma Media Oyj, SVP, Director Corporate Development and Chain Operations 2005–2011

Alpress Oy, Business Controller 2002–2005

Huurre Group Oy, Group Business Controller 2001–2002

Huurre Group Oy, Controller Nordic Projects 2000–2001

Arthur Andersen Oy, Auditor 1996–2000

Positions of trust:

Nova Vita Kliinik, Member of the Supervisory Board since 2016

Ovumia Oy, Member of the Board since 2015

Media Metrics Finland Oy, Member of the Board 2015-2015

Arena Messaging Oy, Member of the Board 2012-2015

Booxmedia Oy, Member of the Board 2012-2015

Arena Interactive Oy, Member of the Board 2012-2015

Tampereen Tietoverkko Oy, Member of the Board 2008-2015

Rantapallo Oy, Member of the Board 2014--2015

In order to prevent conflicts of interest majority of members of the Board of Directors shall not be dependent on the company. Based on dependence evaluation performed according to recommendation 14 and 15 of the Corporate Governance Code (2010) prepared by the Finnish Securities Market Association, members of Board of Directors of Kotipizza Group Oyj are independent of the company and its significant shareholders apart from Mr. Johan Wentzel, Mr. Mikael Autio and Mr. Kim Hanslin. Mr. Johan Wentzel is a partner of Sentica Partners Oy and Mr. Mikael Autio works as the head of investment in Sentica Partners Oy. Mr. Kim Hanslin has been the CEO of Kotipizza Group Oyj until 2012.

Work of Board of Directors

Board of Directors has drafted a written work agenda. The work agenda shall be drafted and reviewed annually. The work agenda includes times of assembly, participants to be invited as well as meeting practices. The main tasks and operation principles of Board of Directors are also determined in the work agenda.

Board of Directors appoints the CEO and Management Team of the company. Board of Directors follows the result and financial standing of the company on a regular basis. Additionally, Board of Directors follows risk management and appropriateness of the administration of the company.

In addition to its specific duties defined in legislation and the company's Articles of Association, Kotipizza Group Oyj's Board of Directors:

- approves the company's long-term goals and strategy;
- approves the company's business plan, budget and financing plan and monitors their implementation;
- confirms the principles of the company's internal control and risk management;
- reviews the material risks affecting the company's operations and their management, and supervises the adequacy, relevance and efficiency of the company's administrative processes;
- processes and approves, among others, business acquisitions and arrangements and other significant decisions;
- confirms the company's management's duties and areas of responsibility, as well as the reporting system;

- confirms the principles of short and long-term reward and incentive plans offered to personnel, and resolves on these plans and the rewards paid based on them; and
- defines the company's dividend policy.

Board of Directors evaluates its operations and working methods once a year as an internal self-evaluation. Board of Directors aims at evaluating the efficiency of its operations at the end of every innings and at the same time checks whether the work agenda is updated or not. Results of the evaluation shall be taken into account when drafting the next plan of action and composition of Board of Directors.

Meetings and remuneration

Board of Directors meets in general once a month except July, i.e. altogether 11 times in a year.

The members of the Board of Directors were paid the following remuneration during the financial year which ended 31 January 2016:

The Board of Directors proposes to the Annual General Meeting that the following remuneration is paid to the members of the Board of Directors:

- Chairman and Mikael Autio EUR 500 per month
- Members EUR 2 000 per month
- Separate meeting remuneration was not paid.

The members of the Board of Directors have not received during financial year which ended 31 January 2016 any shares or special rights entitling to shares.

Ownership of members of the Board of Directors in Kotipizza Group Oyj:

| Member | Number of shares per 13.4.2016 |
|-----------------|--------------------------------|
| Johan Wentzel | 0 |
| Mikael Autio | 0 |
| Kim Hanslin | 18 006 |
| Minna Nissinen | 250 |
| Petri Parvinen | 0 |
| Kalle Ruuskanen | 1 570 |

CEO

CEO takes care of the executive management of the company in accordance with instructions and orders given by the Board of Directors. The CEO shall supply the Board of Directors and the Members of the Board of Directors with the information necessary for the performance of the duties of the Board of Directors. The CEO is also responsible for securing that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

The CEO may undertake measures that are unusual or extensive in view of the scope and nature of the activities of the company only if so authorised by the Board of Directors or if it is not possible to wait for a decision of the Board of Directors without causing essential harm to the business operations of the company. In the latter case, the Board of Directors shall be notified of the measures as soon as possible. The Board of Directors shall decide on from time to time valid power to approve matters. When necessary and especially in urgent matters the chairman of Board of Directors shall give the CEO instructions on how to proceed.

The CEO shall notify the chairman of Board of Directors on execution of decisions of Board of Directors and preparations for matters to be decided by Board of Directors. The CEO shall prepare an agenda for meetings of Board of Directors. The CEO is responsible for the external and internal communications of the company except for matters relating to the CEO, which fall under responsibilities of the chairman of Board of Directors.

As a CEO of Kotipizza Group Oyj appointed by the Board of Directors works:

Tommi Tervanen (b. 1970, graduate of a commercial institute)

Notable career:

Foodstock Oy, Founder and CEO 2003–2012

Ruokakesko Oy, Head of Selection and Product Manager 1993–2003

Positions of trust:

Finnish Franchising Association, Chairman of Board since 2015

Finnish Franchising Association, Member of Board 2013–2015

The terms and conditions applicable to the CEO have been determined in a written CEO Agreement which has been approved by the Board of Directors. Financial benefits of the CEO are discussed in detail in a separate Remuneration Report of Kotipizza Group Oyj. The Board of Directors is entitled to discharge the CEO. The CEO cannot be chosen as chairman of the Board of Directors.

Ownership of CEO in Kotipizza Group Oyj:

| Name | Number of shares per 13.4.2016 |
|------|--------------------------------|
|------|--------------------------------|

| | |
|----------------|--------|
| Tommi Tervanen | 77 468 |
|----------------|--------|

Management Team

Management Team assists the CEO in managing the operations the company. Tasks of Management Team comprise of planning and executing the strategy, guiding business operations, follow-up of result, annual planning as well as discussing investments, corporate acquisitions and changes in central plans.

Members of the Management Team of Kotipizza Group Oyj:

Chief Financial Officer Timo Pirskanen (b. 1969, M.Sc. (Econ))

Member of Management Team since 2015

Notable career:

Rautaruukki Oyj, Head of Investor Relations 2011–2015
Deutsche Bank AG, Head of Share Research 2004–2011
Advium Partners Oy, Associate, mergers & acquisitions 2002–2004
Menire Advisors Oy, Osakas, Head of Investment 2000–2002
D. Carnegie Bank AB Finland, Analyst 1997–2000
Coopers&Lybrand Oy (nyk. PricewaterhouseCoopers), Auditor 1995–1997

Positions of trust:

Suomen Vainukoirapalvelu, Chairman of Board since 2015
Kiinteistö Oy Pyhäsuites, Member of Board since 2011
Bear Market Capital Oy, Chairman of Board since 2000
Entirem Oy, Member of Board 2000–2002
Terra Nova Group Oy, Member of Board 2000–2002

Chief Operative Officer Olli Väätäinen (b.1966, M.Sc. (Econ))

Member of Management Team since 2013

Notable career:

Kotipizza Group Oyj, Chief Marketing Technology Officer 2013–2015
Sofia Digital Oy, CEO 2005–2007
Outer Rim Oy, CEO 2004–2005
Indeco Oy, owner since 2003
Sentica Partners Oy, Senior Advisor since 2003
Yomi Solutions Oy, CEO 2002
Yomi Vision Oy, CEO 2000–2001
Yomi Media Oy, CEO 1996–2000
Yomi Oy, CEO and owner 1992–1996

Positions of trust:

Descom Oy, member of Board since 2009 and CEO since 2014
Silta Oy, member of Board since 2012
Foodstock Oy, member of Board 2011–2015
Kotipizza Oyj, member of Board 2011–2015
Frankis Group, member of Board 2011–2015
ONH Service Oy, Chairman 2008–2014
atBusiness Oy, Chairman 2006–2013
Kanava Golf Oy, Chairman 2012
Asikkalan Rotaryklubi, President 2009–2010
Corbel Oy, Chairman of Board 2008–2011
Sofia Digital Oy, Chairman of Board since 2008
Openbit Oy, Chairman of Board 2006–2008
Integware Oy, Chairman of Board 2005–2009

Chief Procurement Officer Anssi Koivula (b. 1978, graduate of a commercial institute)

Member of Management Team since 2012

Notable career:

Foodstock Oy, CEO since 2012

Foodstock Oy, Chief Operative Officer 2012

Foodstock Oy, Head Buyer 2003–2011

Kesko, Buyer 1999–2003

Chief Communications Officer Antti Isokangas (b. 1967, M.Sc. (Econ))

Member of Management Team since 2015

Notable career:

Ali Consulting Oy, Founder and CEO, Communications Consultant since 2012

Sulava Oy, Founder and Consultant 2010–2011

Nonparole Oy, Owner and Communications Consultant 2008–2010

Forma Publishing Group, Editor of Veli magazine 2006–2008

Medianorth Group, Editor of Nöjesguiden magazine 2003–2005

BNL Euro RSCG Oy, Communications Consultant 2001–2003

Positions of trust:

Ali Consulting Oy, Member of Board since 2012

Matkailun edistämiskeskus, Member of Management Team 2011–2014

Nonparole Oy, Member of Board since 1997

The financial benefits of the members of Management Team are discussed in detail in a separate Remuneration Report of Kotipizza Group Oyj.

Ownership of Management Team in Kotipizza Group Oyj:

| Member | Number of shares per 13.4.2016 |
|-----------------|--------------------------------|
| Timo Pirskanen | 6 197 |
| Olli Väätäinen | 23 718 |
| Anssi Koivula | 5 747 |
| Antti Isokangas | 4 597 |

Reporting and guidance systems

Kotipizza Group Oyj has necessary reporting systems in order to efficiently follow business operations. Internal control is based on the vision of the company, its strategic and commercial goals.

Achievement of commercial goals and financial development of Kotipizza Group Oyj are followed on a monthly basis with the help of a comprehensive guidance system. As a relevant part of the guidance system Management Team of the company scrutinizes the realization information and up-to-date forecasts. The guidance system includes comprehensive sales reports, profit and loss account, forecasts for turnover and final result as well as other key figures for operations.

According to the guidance system:

- Reports on the volumes of street restaurants' chain trade are given to Management Team on a daily basis
- The Board of Directors and Management Team receive a) monthly report where fulfilled monthly data of the current financial year and key figures are compared to last financial year's corresponding period and budget and b) a year-end forecast updated according to the realization which is compared to the original annual budget.
- The consolidated forecast (EBITDA level) will be updated once a month. The company has functional monitoring and the ability to detect any changes which require updates to the forecasts.
- Overview of the monthly return within the Management Team and Board of Directors. Management Team comments on the trends and deviations from the budget and previous year's comparative figures.
- A review given to the Board of Directors, also contains CEO's review and description of the market conditions.
- The Board of Directors will confirm the revised forecast model and the budgeting process.

Main principles of internal control and risk management

Internal control

The purpose of internal control is to guarantee that operations of Kotipizza Group Oyj are effective and fruitful, control of identified risks sufficient and appropriate and published information reliable. Also compliance with determined operational principles and given guidelines is followed with the help of internal control.

Internal control of Kotipizza Group Oyj is based on the Limited Liability Companies Act, Securities Markets Act, Articles of Association as well as on the internal operational principles of the company. The management and control of the company are divided between the General Meeting, Board of Directors and CEO. By internal control is meant all such activities, systems and methods by the help of which the management aims to secure effective, economical and reliable operations.

The Board of Directors of Kotipizza Group Oyj has the responsibility of arranging internal control, risk management and principles for internal auditing.

The CEO of Kotipizza Group Oyj is responsible for the strategy of the company and compliance with it as well as required investments. The CEO is also obliged to see that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner. The upper management of the company is responsible for internal control. External auditing is taken care of by auditors and internal auditing by an outsourced service provider.

Identified risks and X-factors

Kotipizza Group Oyj will comply the risk management and internal control policies approved by the Board of Directors.

- The CEO and Management Group members evaluate business risks at the same time with the strategy process and annual planning
- The business units' operative management produce risk assessments on their own activities and submit action plans on managing the risks, which will be compiled
- Changes in the strategic and operational risks are dealt within the Management Group, and the vital changes are taken to the Board of Directors for consideration.

The controls of accounting and financial reporting are explained in

- Finance Department's guidelines and regulations
- as regards to outsourcing, partner Accountor Ltd's internal guidelines and regulations.
- The centralized financial department of the parent company deals with financial risk management in accordance with the principles approved by the Board of Directors.
- The principles of the overall risk management; practices in specific areas such as interest rate risk, use of derivative instruments, the placement of excess liquidity

The most significant of identified risks and X-factors are specified on the website of Kotipizza Group Oyj under Risk management. Identified risks are also assessed in interim reports and annual reports of the company.

Internal Auditing

The Company's internal audit function assists the Board of Directors in its supervisory role.

Kotipizza Group Oyj does not currently have a separate internal audit unit and therefore internal auditing resources are strengthened by procuring internal auditing services from external service providers. Operating principles of the internal auditing will be defined by the Board of Directors in a form of separate internal auditing instructions.

The procured internal audit partner assists the Board of Directors in its supervisory role by obtaining information on the adequacy and functionality of risk management and internal control in the Kotipizza Group Oyj and its business units. The internal audit unit assesses the economy and efficiency of resource usage, the reliability of reporting, the protection and security of assets, and compliance with regulations, operating principles and guidelines. Malpractice reports are regularly submitted to the Board of Directors.

Auditing

The purpose of auditors is to make sure that the consolidated financial statements have been drafted in accordance with applicable legislation in a way that they provide right and sufficient information on the result of Kotipizza Group Oyj as well as on its financial standing and other necessary information for the interest groups of Kotipizza Group Oyj.

Other relevant goals of auditors is to secure that the internal control and risk management of the company are arranged appropriately and that the organization complies with drafted principles and guidelines. Distribution between external and internal control has been taken care of by making internal auditing responsible for securing that the company operates in accordance with internal principles and guidelines.

The Annual General Meeting elects the auditor for a term of office that runs until the end of the following Annual General Meeting. Ernst&Young Oy, firm of authorised public accountants, has served as Kotipizza Group Oyj's auditor for the financial year ending 31 January 2016. An authorised public accountant Antti Suominen has been the chief auditor.

Fees paid for auditing are discussed in detail in a separate Remuneration Report of Kotipizza Group Oyj.

Insider Administration

Kotipizza Group Oyj follows NASDAQ OMX Helsinki Ltd's insider guidelines, which is supplemented by the Company's internal insider guidelines. The company maintains a public and company-specific insider register using Euroclear Finland Oy's Sire system.

Insiders subject to disclosure requirements are the members of Kotipizza Group Oyj's Board of Directors, the President & CEO, and the Principal Responsible auditor of the auditing entity. The company also defines the members of Kotipizza Group Oyj Executive Team as insiders subject to disclosure requirements. The share ownership of all insiders subject to disclosure requirements has been made public.

Kotipizza Group Oyj also maintains permanent company-specific registers of people who regularly receive inside information due to their position or duties. Their share ownership has not been made public. When necessary, registers of project-specific insiders are also kept.

The person in charge of insider issues within Kotipizza Group Oyj is the Group CFO.

Ownership of public insiders can be seen on the website of Kotipizza Group Oyj.