

WULFF-GROUP PLC
CORPORATE GOVERNANCE STATEMENT
December 31, 2009



CORPORATE GOVERNANCE STATEMENT

Wulff-Group Plc comprises 24 subsidiaries, which sell and market office supplies, business and advertising gifts, IT and ergonomic products, as well as fair and event marketing services to customers. In addition to Finland, Wulff operates in Sweden, Norway, Denmark, Estonia and Lithuania. The Group also serves its customers online with a web store for office supplies at wulffinkulma.fi and a business and advertising gift service at liikelahjamoottori.fi.

In February 2009, the Group revised its organisation structure, as decided by the Board of Directors, and replaced its five business areas with two divisions. The new divisions are called Contract Customers and Direct Sales. The Contract Customers division includes Entre Marketing Oy, Ibero Liikelahjat Oy, Wulff Oy Ab, KB-tuote Oy and Strålfors Supplies Ab, which is Wulff-Group's latest acquisition (known as Wulff Supplies Ab from 1 January 2010 onwards) and operates in Norway, Sweden and Denmark. The Direct Sales division comprises eleven direct sales companies in Finland, as well as the direct sales businesses in Sweden, Norway, Estonia and Lithuania. Each of the divisions forms an independent business segment.

Wulff-Group Plc's corporate governance is based on the Companies Act, Securities Market Act and authority regulations related to the corporate governance of public limited companies, as well as the Articles of Association. Wulff-Group Plc complies with the Finnish Corporate Governance Code issued by the Securities Market Association.

General meeting

Wulff-Group's highest decision-making powers are exercised by shareholders at the company's general meeting held at least once a year. The Annual General Meeting (AGM) is held annually on the date determined by the Board of Directors within six months of the end of the financial period either in the company's domicile, Helsinki, or in Espoo. Shareholders are invited to general meetings by publishing the notice in at least one newspaper determined by the Board of Directors or by delivering the notice in writing to each shareholder to the address recorded in the shareholder list. The Board of Directors' notice and proposals to the general meeting are also published in stock exchange releases. The proposed Board members and company auditor are made public in the notice to the meeting or in a separate stock exchange release before the general meeting.

The Annual General Meeting handles the tasks pertaining to it according to the Limited Liability Companies Act and Wulff-Group's Articles of Association, which include:

- adopting the income statement and balance sheet
- handling the profit or loss according to the adopted balance sheet, dividend distribution
- discharging the members of the Board of Directors and the CEO of liability
- determining the number of Board members and appointing members for one year at a time
- electing auditors
- determining the fees of Board members and auditors, as well as the criteria for reimbursement of travel expenses
- other matters mentioned in the meeting call.

The general meeting is also authorised to amend the Articles of Association. An Extraordinary General Meeting is summoned, if required, by the Board of Directors.

In 2009 Wulff-Group Plc's Annual General Meeting was held on 24 April. The AGM adopted the financial statements for 2008 and approved a dividend of EUR 0.05 per share, set the number of Board members at six and elected the Board members and auditors. The Annual General Meeting adopted the Board's proposals concerning the authorisation to carry out a share issue and to repurchase company shares.

In 2010 the Annual General Meeting will be held on 23 April.

Board of Directors

Composition and term

The Annual General Meeting elects three to six members to the Board of Directors and at most as many deputy members. The Board's term ends at the termination of the first Annual General Meeting following the election. The Board of Directors consists of the company's major shareholders, who are employed full time by the company, and of outside experts. The Board must have sufficient expertise in at least the following areas: economy and finance, management, marketing and sales. Each Board member acts as an expert in his or her field on the Board.

The Board can have at most two members employed by the company. The Board elects a Chairperson among its members. Should the Chairperson be disqualified or prevented from attending to his/her duties, a Deputy Chairperson is elected among Board members for the duration of the meeting.

The Annual General Meeting of Wulff-Group Plc held on 24 April 2009 elected six members to the Board. Ari Lahti, Ere (Erkki) Kariola, Ari Pikkarainen, Pentti Rantanen, Saku (Sakari) Ropponen and Heikki Vienola were re-elected to the Board. At its organisation meeting on 24 April 2009 the Board of Directors elected Ari Lahti as Chairman.

The majority of Board members must be independent of the company. In addition, at least two of the members in this majority must be independent of the company's major shareholders. In compliance with recommendation 15 of the Corporate Governance Code, four of the Board members are independent of the company and of major shareholders. These members are Ari Lahti, Ere (Erkki) Kariola, Pentti Rantanen and Saku (Sakari) Ropponen. Two of the members – Wulff-Group's CEO Heikki Vienola and Deputy CEO Ari Pikkarainen – are employed by the company, and both own more than 10 per cent of the company's shares.

Current Board of Directors:

Ari Lahti, b. 1963

Chairman of the Board

Responsibilities: Strategy, Financing

Substantial education and experience and other significant positions:

- Chairman of the Board since 2000
- Licentiate in Political Science
- Managing Director and Member of the Board of Icecapital Pankkiiriliike Oy since 1999
- Director of Mandatum Pankkiiriliike 1998-1999
- Director of Pankkiiriliike Protos Oy 1992-1998
- Member of the Board of Oy Veikkaus Ab since 2002
- Wulff ownership 31 December 2009: 10 000 shares i.e. 0.15 per cent of the Group's shares and votes.

Ere (Erkki) Kariola, b. 1948

Member of the Board

Responsibilities: Acquisitions, Internationalisation, Strategic planning

Substantial education and experience and other significant positions:

- Member of the Board since 2006
- Master of Science in Engineering, Master of Economic Sciences
- 3i Group Plc, Senior Advisor 2006-2008
- Managing Director of 3i Finland Oy 2000-2006 and Managing Director of the company's predecessors SFK Finance Oy and Start Fund of Kera Oy since 1991
- President and Member of the Board at Yleiselektronikka Oy 1986-1991
- Member of the Board, Isku Yhtymä Oy since 2007
- Wulff ownership 31 December 2009: no Wulff shares

Ari Pikkarainen, b. 1958

Member of the Board

Responsibilities: Sales and developments of the Sales

Substantial education and experience and other significant positions:

- Member of the Board since 1999
- Deputy CEO of Wulff-Group Plc since 1999
- Managing Director of Suomen Rader Oy, Naxor Finland and Visual Globe Oy 1994-2008
- Sales Manager of Akro Oy 1990-1994
- Sales Manager of Eric Rahmqvist Ab 1984-1989
- Wulff ownership 31 December 2009: 1,391,475 Wulff shares i.e. 21.1 per cent of the shares and votes.

Pentti Rantanen, b. 1945

Member of the Board

Responsibilities: Sales and Marketing

Substantial education and expertise and other significant positions:

- Member of the Board since 2006
- Managing Director of Würth Oy 1976-2003
- Chairman of the Board at Würth since 2004
- Chairman of the Board at Würth Elektronik Oy since 1990
- Member of the Management at Würth Group since 2001
- Chairman of the Board at Ferrometal Oy since 1989
- Wulff ownership 31 December 2009: no Wulff Shares

Saku (Sakari) Ropponen, b. 1957

Member of the Board

Responsibilities: Education, Development of Human Resources

Substantial education and experience and other significant positions:

- Master of Economic Sciences
- Chairman of the Board at Fresh Outdoor Oy since 2006
- Member of the Board at ToPo Helsinki Oy since 2009
- Consultant and Director of Linedrive Oy 1994-2009
- Consultant and Managing Director of Dinger Oy since 2009
- Sales and Marketing Consultant of Mercuri International Oy 1985
- Wulff ownership 31 December 2009: 9,600 Wulff shares i.e. 0.15 per cent of the shares and votes.

Heikki Vienola, b. 1960

Member of the Board

Responsibilities: Economy, Acquisitions

Substantial education and experience and other significant positions:

- Member of the Board since 1999
- Master of Economic Sciences
- CEO of Wulff-Group Plc since 1999
- Managing Director of Vinstock Oy 1984-2004 and Belton Oy 1990-2004
- Member of the Board of Arena Center Oy since 1994
- Wulff ownership 31 December 2009: 2,523,405 Wulff shares i.e. 38.19 per cent of shares and votes.

Tasks of the Board of Directors

The Board of Directors supervises the management of company operations, administration and accounting. It annually confirms a written charter for its activities, which it complies with in addition to the Articles of Association, Finnish legislation and other regulations. The charter lays out the Board's meeting procedures and tasks. As specified in the Board's charter, in addition to the issues specified in legislation and the Articles of Association.

Wulff-Group's Board of Directors:

- approves the company's long-term goals and strategy
- approves the company's action plan, budget and financing plan and supervises their implementation
- handles and adopts interim reports and the financial statements
- decides on individual big and strategically significant investments, such as company acquisitions and acquisitions and disposals of business operations
- appoints the CEO and decides on his/her salaries and wages
- approves risk management and reporting procedures
- draws up the dividend policy
- sets up committees, if needed, to enhance Board work
- appoints the Group's management
- supervises auditing
- assesses the auditor's independence and additional auditing services.

Meeting procedures

The Board of Directors convenes on average once a month during the financial year and more often if needed. The Chairperson of the Board is responsible for convening meetings and for meeting activities. The meeting agenda is prepared by the CEO jointly with the Secretary of the Board. The CEO ensures that the Board of Directors has sufficient information at its disposal to assess the company's operations and financial situation. The CEO is responsible for the implementation of the Board's decisions and reports on it to the Board.

Wulff-Group's Board of Directors convened 12 times in 2009. Two of the meetings were telephone conferences. The average meeting attendance was 90 per cent. At its organisation meeting the Board approved the charter and action plan for 2009 and evaluated the independence of its members. Under the Board's guidance, the company carried out an acquisition in line with its strategy and arranged a related private placement, as well as initiated the repurchase of company shares in the review period.

According to the meeting plan for 2010, the Board of Directors will convene 11 times.

Board committees

Owing to the Group's small size, the company has not considered it to be necessary to set up committees. No need for committee work arose in 2009 either. The Board of Directors handled all of the tasks pertaining to it.

Assessment of Board activities

The Board carries out annual assessments of its operations and operating methods on the basis of a self-evaluation form. The assessment of operations in 2009 was carried out in writing at the end of the period. Based on the assessment, Board work was successful.

Board of Directors' benefits and remuneration

The remuneration paid to Board members is determined by the Annual General Meeting. As decided by the Annual General Meeting held on 24 April 2009 Board members and the Chairman received a monthly reward for Board work amounting to EUR 1,000. Similar to previous years, the CEO and Deputy CEO did not receive compensation for Board membership or meetings in 2009.

Chief Executive Officer

Wulff-Group Plc's CEO is appointed by the Board of Directors. The CEO supervises the company's operational management in compliance with the instructions and guidelines provided by the Board of Directors. The CEO also acts as the Group's Chief Executive Officer and as the Chairman of the Group management. The CEO's benefits include statutory pension. The period of notice is three months, as determined in the employment contract. No separate compensation for the period of notice is included in the contract.

Heikki Vienola, M.Sc. (Econ.), has acted as the CEO of Wulff-Group since 1999. Remuneration for the CEO consists of monetary wages. The CEO's salary in 2009 totalled EUR 47,937 (EUR 50,460 in 2008).

Group management and remuneration of its members

In February 2009, the Group revised its organisation structure, as decided by the Board of Directors, and replaced its five business areas with two divisions. The new divisions are called Contract Customers and Direct Sales. The Contract Customers division includes Entre Marketing Oy, Ibero Liikelahjat Oy, Wulff Oy Ab, KB-tuote Oy and Strålfors Supplies Ab, which is Wulff-Group's latest acquisition (known as Wulff Supplies Ab from 1 January 2010 onwards) and operates in Norway, Sweden and Denmark. The Direct Sales division comprises eleven direct sales companies in Finland, as well as the direct sales businesses in Sweden, Norway, Estonia and Lithuania. Each of the divisions forms an independent business segment.

Following the change in the organisation structure, the Group's new management consists of Heikki Vienola, Group CEO; Ari Pikkarainen, Deputy CEO; Jani Puroranta and Veijo Ågerfalk, Executive Vice Presidents; Petri Räsänen, CFO; and Tarja Törmänen, Communications Director (as of 30 October 2009). The management team convened eleven times, chaired by the Group's CEO. The Managing Directors of subsidiaries are in charge of operational business. Significant decisions, such as big investments, are subject to approval by the Group's CEO. Each subsidiary has its own financial administration, while Group-wide financial administration is handled by the Chief Financial Officer.

Remuneration of senior management consists of monetary wages, fringe benefits and possible performance-based fees and bonuses determined annually. The written contracts for managing directors define the customary mutual period of notice and special compensation. In 2009, Group management received EUR 349,885 in salaries and wages (EUR 681,913 in 2008) and EUR 24,491 in fringe benefits (EUR 52,195). These amounts do not include the CEO's salary. No bonuses were paid to Group management in the review period (EUR 35,627 in 2008).

Current Management Group:

Heikki Vienola, b. 1960

Chairman of the Executive Board

Responsibilities: Strategy, Acquisitions

Substantial education and experience and other significant positions

- Member of the Board since 1999
- Master of Economic Sciences
- CEO of Wulff-Group Plc since 1999
- Managing Director of Vinstock Oy 1984-2004 and Belton Oy 1990-2004
- Member of the Board of Arena Center Oy since 1994
- Wulff ownership 31 December 2009: 2,523,405 Wulff shares i.e. 38.19 per cent of shares and votes.

Ari Pikkarainen, b. 1958

Member of the Executive Board

Responsibilities: Sales and development of the sales

Substantial education and experience and other significant positions:

- Member of the Board since 1999
- Deputy CEO of Wulff-Group Plc since 1999
- Managing Director of Suomen Rader Oy, Naxor Finland Oy and Visual Globe Oy 1994-2008
- Sales Manager of Akro Oy 1990-1994
- Sales Manager of Oy Eric Rahmqvist Ab 1984-1989
- Wulff ownership 31 December 2009: 1,391,475 Wulff shares i.e. 21.1 per cent of the shares and votes.

Jani Puroanta, b. 1974

Member of the Executive Board

Responsibilities: Contract Customers Division

Substantial education and experience and other significant positions: M.Sc. (Econ.), MBA

- Member of the Executive Board since 2008
- Executive Vice President and Head of Contract Customers Division of Wulff-Group Plc since 2009
- Chief Business Development Officer of Wulff-Group Plc 2008-2009
- McKinsey & Company: Engagement Manager, Associate 2006-2007
- OMX Exchanges and Helsinki Exchanges: various positions 1997-2004 e.g, Senior Vice President - Business Development & Support, Senior Vice President - Finnish Derivatives Markets
- Wulff ownership 31 December 2009: 10,000 Wulff shares i.e. 0.15 per cent of the shares and votes.

Veijo Ågerfalk, b. 1959

Member of the Executive Board

Responsibilities: Direct Sales Division

Substantial education and experience and other significant positions:

- Member of the Executive Board since 2004
- Executive Vice President and Head of Direct Sales Division of Wulff-Group Plc since 2009
- Managing Director of Belton Svenska AB since 1998
- Country Manager of Belton Svenska 1993-1998
- Managing Director and Partner of Liftpolen AB 1990-1993
- Wulff ownership 31 December 2009: 45,000 Wulff shares i.e. 0.68 per cent of the shares and votes.

Petri Räsänen, b. 1965

Member of the Executive Board

Responsibilities: Finance

Substantial education and experience and other significant positions: M. Sc. (Econ.)

- Member of the Executive Board since 2005
- CFO of Wulff-Group Plc since 2005
- Internal Auditor of Wulff-Group Plc in 2004
- Finance Director of KB-tuote Oy in 2000-2004
- Finance Director and Executive Director of Cronvall Oy in 1993-2000
- Deputy Finance Director of Cron-Trading Oy in 1991-1993
- Wulff ownership 31 December 2009: 2 090 Wulff shares, i.e. 0.03 per cent of shares and votes.

Tarja Törmänen, b. 1974

Member of the Executive Board

Responsibilities: Communications and Marketing

Substantial education and experience and other significant positions:

- NLP Practitioner, NLP Coach
- Member of the Board since 2009
- Communications Director of Wulff-Group Plc since 2009
- Communications Manager/Brand Manager of Wulff-Group Plc since 2002
- Office Manager of Vista Communication Instruments 2001-2002
- Communications Manager of Previta Oy 2000-2001
- Brand Manager of Belton-Group Plc 1999-2000
- Wulff ownership 31 December 2009: 100 Wulff Shares, i.e. 0.00 per cent of shares and votes.

Risk management, internal control and internal audit

Risk management is part of Wulff-Group's operations management. Wulff's risk management is guided by legislation, business objectives set by shareholders, as well as the expectations of customers, personnel and other important stakeholders.

The Group's risk management aims to systematically and extensively identify and understand any risks that may prevent the achievement of the Group's business objectives, as well as to ensure that risks are appropriately managed when making business-related decisions. Threats to business include risks related to acquisitions, risks related to the staff and its availability, as well as factors related to the general economic development and the company's reputation. The company's risk management supports the achievement of strategic objectives and ensures business continuity. The Board of Directors is in charge of the risk management policy, and its implementation is regularly monitored by internal auditing.

The risk management process aims to identify and assess risks and then plan and implement practical measures to deal with each risk. Possible measures include, for example, avoiding the risk, reducing it in different ways or transferring it with insurance or agreements.

Wulff-Group Plc carries out biannual risk surveys to determine the main risks by their impact and probability. The heads of business areas are responsible for carrying out the surveys and monitoring risks. They report on these activities to Group management. Risks are classified into three categories: strategic, operational and market risks. These are monitored by people specially appointed to the task. The main risks determined in the risk survey are reported to the company's Board of Directors. Every six months, the Board of Directors inspects the implementation of measures taken to minimise risks. The Group has not set up a separate organisation for risk management. Instead, risk management is arranged in compliance with the company's other business operations and organisation structure.

Wulff-Group's 24 subsidiaries operate on their own cash flows. If required, subsidiaries can receive additional financing in the form of a group loan. Overall, the Group has nearly one hundred thousand customers. The impact that its biggest customer has on net sales is less than three per cent. Subsidiaries analyse their own customer losses and are responsible for independently exercising active credit control. In proportion to net sales, credit losses are minor, amounting to less than one per cent. The Group's Chief Financial Officer monitors the financial administration of subsidiaries and is responsible, for example, for monitoring currency and interest rate risks. Wulff-Group is not involved in speculative currency or interest rate trading. The Group's subsidiaries handle IT risk management independently. Financial risk management is described in the notes to the consolidated financial statements under section 25 on page 33.

Ultimate responsibility for accounting and supervision of asset management is held by Wulff-Group Plc's Board of Directors. The Board of Directors is responsible for internal control, while the CEO handles the practical organisation of control and the supervision of its functionality. Business control and supervision are carried out through a Group-wide reporting system. Actual figures and facts are monitored on a monthly basis in each business area and subsidiary. The information includes, among other things, net sales and profit. The CEO presents a report on the Group's situation and development based on monthly reports at the Board of Directors' meetings.

The goal of Wulff-Group Plc's internal auditing is to ensure that the Group's internal processes and operating methods are efficient and correct. Internal audits are carried out on the basis of an annually prepared audit plan, which the Board of Directors approves at the beginning of the year. The Group's internal auditor draws up the plan, presents it to the Board of Directors and reports on the implementation of the measures. The internal auditor reports directly to the Board of Directors.

Main procedures in insider administration

Wulff-Group Plc complies with the Guidelines for Insiders issued by NASDAQ OMX Helsinki Ltd. The public insider register of Wulff-Group Plc is maintained in Euroclear Finland's SIRE system. The public insider register includes the members of the Board of Directors, the CEO, members of Group management and auditors.

Permanent insiders include those who, based on their duties, regularly receive or handle unpublished information that has an impact on the share price. In addition, project-specific insider registers are maintained for acquisitions or other projects that may have a material impact on the share price. Insider issues are the responsibility of the CFO.

Insiders are not allowed to trade in securities issued by Wulff-Group Plc in the 14 days preceding the publication of financial statements reviews and interim reports (closed window). The company avoids investor relations events during the insider trading prohibition.

A list of the people entered in the public insider register, their connections and shareholdings in Wulff-Group Plc is published on the company's website. The company updates public insider information on its website, www.wulff.fi, (insiders with the duty to declare, their related parties and changes in shareholdings) without unnecessary delay, and no later than seven days after the party with the duty to declare has notified the company of changes.

Auditors

According to the Articles of Association, the company has 1–2 auditors. If the Annual General Meeting elects only one auditor, and the auditor is not an authorised public accountant, one deputy auditor must also be elected. Auditors are appointed for an indefinite term.

Wulff-Group Plc has two auditors who have worked as the company's auditors since 1999. The auditors are Nexia Tilintarkastus Oy, Authorised Public Accountants (audit lead partner APA Jukka Havaste), and Juha Lindholm, Certified Auditor. The auditors do not own Wulff-Group Plc's shares.

In addition to their regulatory duties, auditors report on their observations to the Chairman of the Board of Directors when required, and at least once a year to the Board of Directors.

Decisions on the auditors' fees and the bases for remuneration of expenses are made by the Annual General Meeting. Based on a Board decision, auditors can receive reasonable remuneration for non-recurring duties carried out on the basis of separate assignments. The auditing fees paid to Wulff-Group's auditors in 2009 amounted to EUR 69,329 (EUR 69,359 in 2008). They were also paid EUR 23,230 (EUR 30,146 in 2008) for services unrelated to auditing.

Communications

Prior to the publication of financial releases, the company has adopted a two-week "silent period" during which it does not answer questions concerning the company's development and performance.

Wulff-Group publishes all of its stock exchange releases and other matters related to listed companies' obligation to disclose information on its website in Finnish and English. The Annual Report is published in electronic format so that it is equally available to all shareholders. The company's Corporate Governance principles are also available on its website.