

Board of Directors

11 February 2010

Corporate Governance Statement for 2009

The company complies with the Finnish Corporate Governance Code issued by the Securities Market Association effective as from 1 January 2009 (below Recommendation).

Suominen Corporation has not established any committees to prepare matters for consideration by the Board, as the size of the company and the extent of its business are not seen as sufficient to warrant splitting up the Board's work in this way. The Board of Directors discharges the duties of audit committee.

The Recommendation is available on Securities Market Association's website at www.cgfinland.fi

Board of Directors

Composition of the Board of Directors

Suominen Corporation's Annual General Meeting, held on 20 March 2009, elected Heikki Bergholm, Kai Hannus, Juhani Lassila, Mikko Maijala, and Heikki Mairinoja to the Board of Directors. Biographical details of the members are as follows.

Mikko Maijala, b. 1945, Licentiate of Technology

Heikki Mairinoja, b. 1947, M.Sc. (Eng.), B.Sc. (Econ.)

Heikki Bergholm, b. 1956, M.Sc. (Eng.)

Kai Hannus, b. 1945, Licentiate of Technology

Juhani Lassila, b. 1962, M.Sc. (Econ.), Managing Director of Agros Corporation

Charter of the Board of Directors

The Board of Directors is responsible for the administration and appropriate organisation of Suominen's operations. The Board is responsible for taking decisions on matters that are likely to have a major impact on the Company's operations; and convenes according to an annual meeting plan. The main duties of the Board include:

- deciding on the Company's corporate structure and organisation
- nominating and dismissing the President and CEO
- deciding on the salaries, bonuses, and other benefits paid to the President and CEO and his immediate subordinates
- deciding on the Company's salary and incentive system

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- considering and approving annual accounts, annual reports, financial statement releases, and interim reports
- monitoring and supervising the Group's performance and ensuring the effectiveness of its management
- approving the Company's operating policies (financing policy, insurance and risk management policy, and principles for corporate governance)
- deciding on the acquisition and assignment of fixed assets
- deciding on strategically and financially significant investments, acquisitions, divestments, or other arrangements
- deciding on financial borrowings and pledging securities
- considering and approving strategies and action plans
- establishing a dividend policy and confirming the Company's targets.

Meeting practice

The Board of Directors convenes under the direction of the Chairman or, if the Chairman is unable to attend, the Deputy Chairman. Items of business are generally presented by the President and CEO. Minutes are taken by the CFO.

In 2009, the Board convened 12 times of which two meetings were held in the business units. The average attendance rate at meetings was 100%.

Evaluation of independence

The Board of Directors has evaluated the independence of its members on 20 March 2009 and established that all its members are independent of the company and significant shareholders.

Self-evaluation

The Board of Directors reviews its operations and procedures through an annual self-assessment.

Board committees

In view of the number of members of the Board and its meeting schedule, it has not been considered appropriate to divide the Board's operations between separate audit, nomination, and compensation committees. The Board of Directors discharges the duties of audit committee (Recommendation, Section 27) .

President and CEO

The President and CEO of Suominen Corporation is appointed by the Board of Directors, and is responsible for day-to-day operations in accordance with the Companies Act and guidelines and

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instructions provided by the Board of Directors. The President and CEO is responsible for ensuring that the company accounting practices comply with the law and that the financial matters are handled in a reliable manner. The President and CEO acts as the chairman of the Corporate Executive Team and as the direct superior of the Team's members.

Petri Rolig, b. 1963, M.Sc. (Eng.), has had the position of the President and CEO.

A written contract has been made with the President and CEO, under which he shall have a six-month period of notice. Should the Company terminate the President and CEO's contract of employment, an additional compensation corresponding to 12 months' salary shall also be paid. The retirement age of the President and CEO is in compliance with the Finnish Employment Pension Scheme (TyEL).

The Board of Directors determines the salary, bonuses, and other benefits paid to the President and CEO. The company pays the President and CEO a performance bonus on the basis of targets agreed annually, as decided by the Board of Directors. This bonus is equivalent to a maximum of six months' salary. In 2009, the President and CEO's salary and other remuneration and benefits totalled EUR 276 thousand. No performance bonus was paid in 2009, as the Group's operating profit, used as the primary basis for determining payment, was below the necessary threshold.

The President and CEO holds 20,000 Suominen Corporation shares. A total of 207,500 options has been granted to the President and CEO as follows:

Option right	Date issued	Subscription price, €/share	Amount, pcs	Subscription period
2007A	7 June 2007	3.44	25 000	2 May 2009 - 30 Oct. 2010
2007A	27 March 2008	3.44	7 500	2 May 2009 - 30 Oct. 2010
2006C	12 June 2008	1.66	100 000	2 May 2010 - 30 Oct. 2011
2009A	16 June 2009	1.46	75 000	2 May 2011 - 30 Oct. 2012

Description of the main features of the internal control and risk management systems in relation to the financial reporting process

Control environment

Control is imbedded in the organisation of Suominen and takes place as various check-ups in processes and as an encompassing reporting helping to monitor and manage the business. There is no separate control or internal audit organization. Suominen's control environment is based on given instructions, business culture and way of conduct which managers and employees adopt. Suominen has established its Values, or Guiding Principles, which enforce an active and ethical way to work with various stakeholders and within the Group. In cascading the working principles in the organization, honesty, transparency and working in teams are integral parts in establishing high moral behavior throughout the company.

The foundation of the internal control process relating to the financial reporting is built up around the Group's policies approved by the Board of Directors and other directives and instructions. The responsibility structure of the Group's is based on authority inherent in the positions and work descriptions, segregation of duties and the four-eyes and one-over principles. Effective internal control requires that duties are properly segregated to different employees and potential conflicts of interests are identified and eliminated. Satisfactory control environment is ensured through internal analyses and evaluations of key processes and revisions made by external auditors.

The Group Finance supports the Business Units in analyzing their performance and in the decision-making concerning various business choices. Business Controllers at unit level have the task is to make sure that the control procedures are in pace at various units. IT's role is to keep in check the security procedures throughout the Group companies.

Risk assessment

Risk management is considered an integrated part of running the business and identification and assessment of risk is a prerequisite for internal control. The aim is to give attention to material business risks. Risk is divided into business risks caused by changes in the business environment and operational risks that may be a result of defects in the way organization manages its processes.

Business risks are evaluated and, to the extent possible, quantified in conjunction with the acceptance of plans and budgets for the

forthcoming year. Business risk assessment is described also in the Report by the Board of Directors in the Annual Report of Suominen.

Operational risks are considered to have a potential material value with transactions with external parties. However, group instructions, process check-ups, segregation of tasks and standards set up by total quality operating systems establish a prudent environment, in which exposure to material risks can be mitigated.

Risks relating to the financial reporting are evaluated and monitored by the Board to make sure that the financial reporting of the corporation is reliable, helps decision making and serves the needs of external stakeholders. Valuation of assets and liabilities according to various evaluation assumptions and criteria can constitute a risk. There are estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and these estimates and assumptions are continually evaluated and benchmarked to other similar entities. Complex and/or changing business circumstances may form a challenge in assessing the carrying amounts dependent on these circumstances. To avoid errors in fair values of assets or liabilities regular check-ups are made by e.g. comparing material flows, and quantity and quality data to the information given by the accounts. Through established and automated system-based audit trails the risk of defects caused by irregularities and discontinuities of information are diminished.

Control activities

The control activities include general as well as detailed controls, which aim at preventing, revealing and correcting errors and deviations. In addition to the Group level instructions, control activities are also conducted at unit and factory levels.

Several control activities are applied in the ongoing business processes to ensure that potential errors or deviations in the financial reporting are prevented, discovered and corrected. Suominen divides control activities into following three categories. Documented instructions help the organization to standardize the monitoring of tasks. Continuous and regular reporting conveying feed-back on performance of Group functions and entities make sure that instructions and defined processes are followed. In processes considered as critical specific authorizations are needed in the work-flow either for security or verification needs.

Control activities range from review of outcome results in management group meetings to specific reconciliation of accounts and analyses of the ongoing processes for financial reporting. Whether separate evaluations are needed, and their scope and frequency, will depend primarily on an assessment of risks and the

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effectiveness of ongoing monitoring procedures. It is in the role of Business Controllers to ensure that control activities in the financial processes are appropriate and in accordance with the Group's policies and instructions. Control activities based on Information technology -security procedures are vital part of IT-system features.

Information and communication

The Group Accounting manual, Policies approved by the Board and other directives and instructions relating to the financial reporting are updated and communicated on a regular basis from management to all affected employees and are also available in the intranet-systems of Group companies. In addition, a standard reporting package is used by the units. The Group management and the business unit management conduct monthly reviews that include analysis of performance metrics and indicators assisting the management to better understand the underlying business performance.

Follow-up

Ongoing responsibility for follow-up rests with the business unit's management groups and controller functions. In addition, separate internal control reviews on key financial processes are conducted with external auditors on a rolling basis. Regular inspections by quality auditors or client audit personnel cover also the internal controls of delivery chain processes. The Group's Finance function upholds in place an overall self-assessment methodology to form a base to a yearly report to the Board, and makes case-by-case controls of unit functions or processes. It also monitors the correctness of external and internal financial reporting