

Corporate Governance Statement of Suominen Corporation for 2012

The company complies with the Finnish Corporate Governance Code 2010 issued by the Securities Market Association (below "Recommendation"). The Corporate Governance Statement, required by the Finnish Corporate Governance Code, Recommendation 54, is published as separate statement in connection with the Report by the Board of Directors. The statement can also be viewed on the website of Suominen Corporation, at www.suominen.fi/corporate_governance.

The Board of Directors of Suominen Corporation has reviewed the statement. The statement will not be updated during the financial year, but up-to-date information on its various topics is available on Suominen's website.

An Extraordinary General Meeting of Shareholders held on 12 September 2011 resolved to establish a Nomination Committee to prepare proposals for the following Annual General Meeting concerning the election of the members of the Board of Directors. 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 the audit committee described in the Recommendation.

The Finnish Corporate Governance Code 2010 for listed companies is available at the website of the Securities Market Association, www.cgfinland.fi.

Suominen Group

Responsibility for Suominen Group's business operations belongs to the constitutional bodies required by the Limited Liability Companies Act: the General Meeting of Shareholders, which elects the members of the Board of Directors; and the President and CEO, who is appointed by the Board of Directors.

The Group's supreme decision-making body is the General Meeting of Shareholders where shareholders exercise their decision-making power. The Board of Directors is responsible for the company's management and its appropriate organization. As the Group's parent company, Suominen Corporation is responsible for the Group's management, accounting and financing, human resources as well as communications.

Suominen Corporation has two reporting segments: Wiping and Flexibles.

Board of Directors

Composition of the Board of Directors in 2012

The Extraordinary General meeting held on 12 September 2011 elected Mr. Risto Anttonen, Mr. Jorma Eloranta, Ms. Suvi Hintsanen, Mr. Mikko Maijala and Mr. Heikki Mairinoja as the members of the Board of Directors. The resolutions of the Extraordinary General Meeting regarding the number of members of the Board of Directors and the election of members of the Board of Directors were conditional and came into effect upon the completion of the transaction between the company and Ahlstrom Corporation, announced on 4 August 2011. The Board of Directors acted in this composition from 21 October 2011 until the Annual General Meeting held on 4 April 2012.

The Annual General Meeting held on 4 April 2012 re-elected Risto Anttonen, Jorma Eloranta, Suvi Hintsanen, and Heikki Mairinoja as the members of the Board of Directors. Additionally, Mr Hannu Kasurinen was elected as a new member of the Board of Directors.

Biographical details of the members are as follows.

Jorma Eloranta, b. 1951, M Sc (Tech), Chairman of the Board

Risto Anttonen, b. 1949, B Sc (Econ), Deputy Chairman of the Board

Suvi Hintsanen, b. 1967, M Sc (Econ), Senior Vice President, Business Development, Pohjola Bank plc

Hannu Kasurinen, b. 1963, M Sc (Econ), Executive Vice President, Building and Living Business Area, Stora Enso Corporation

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

Tasks and responsibilities of the Board of Directors

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

- deciding on the Company's corporate structure and organization
- 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
- considering and approving annual accounts, reports by the Board of Directors, 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 confirm the company's targets.

The members of the Board of Directors are elected by the General Meeting of the Shareholders. The Board of Directors comprises three (3) to seven (7) members.

Meeting practice

The Board of Directors convenes under the direction of the Chairman or, if the Chairman is unable to attend, the Deputy Chairman. Matters are generally presented by the President and CEO. Meeting minutes are kept and they are taken by the CFO.

In 2012, the Board of Directors convened 17 times, of which six times per capsulam. The average attendance rate at meetings was 98%.

Evaluation of independence

The Board of Directors has evaluated the independence of its members. All members are independent of the company. The members of the Board are independent of significant shareholders, with the exception of Risto Anttonen who has acted as CEO and Deputy CEO of Ahlstrom Corpo-

ration, a significant shareholder of Suominen Corporation, within the last three years prior to the commencement of his board membership.

Self-evaluation

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

Nomination Committee of the company

Both the Extraordinary General Meeting of Shareholders held on 12 September 2011 and the Annual General Meeting held on 4 April 2012 resolved to establish a Nomination Committee comprising shareholders or representatives of shareholders to prepare proposals for the following Annual General Meeting concerning the election and remuneration of the members of the Board of Directors.

The tasks of the Nomination Committee are:

- to prepare the proposal for the Annual General Meeting concerning the members of the Board of Directors;
- to prepare the proposal for the Annual General Meeting concerning the remuneration of the members of the Board of Directors;
- to seek successor candidates to the Board of Directors; and
- to present the proposals to the Annual General Meeting concerning the members of the Board of Directors and their remuneration.

On 17 November 2011 representatives notified by the three largest shareholders were elected to Nomination Committee. The representatives were Mr Jan Lång, President & CEO, Ahlstrom Corporation; Mr Timo Ritakallio, Deputy to CEO, Ilmarinen Mutual Pension Insurance Company; and Mr Risto Murto, Deputy to CEO, Varma Mutual Pension Insurance Company. Mr Jorma Eloranta, Chairman of Suominen's Board of Directors, served as the Nomination Committee's expert member.

Board committees

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 the audit committee described in the Recommendation, section 27.

President and CEO and the Corporate Executive Team

The President and CEO of Suominen Corporation is appointed by the Board of Directors. The President and CEO is responsible for day-to-day operations in accordance with the Companies Act and guidelines and instructions provided by the Board of Directors. The President and CEO is responsible for ensuring that the company's accounting practices comply with the law and that its assets are reliably managed. The President and CEO acts as the chairman of the Corporate Executive Team and as the direct superior of the Team's members.

Mrs Nina Kopola, b. 1960, M.Sc. (Chemical Eng.), Technology Licentiate acts as the President and CEO of Suominen Corporation.

The President and CEO is supported by the Corporate Executive Team that comprised in 2012, in addition to the President and CEO who acts as its Chairman, the Executive Vice President of Nonwovens business unit, the Vice President of Codi Wipes, the Vice President of Flexibles, the CFO, and the Vice President, Human Resources.

Insider management

Suominen Group observes the guidelines for insiders issued by the NASDAQ OMX Helsinki Ltd on 9 October 2009 and the company's own insider guidelines approved by the Board of Directors.

The members of the Board of Directors, the President and CEO and the Principal Auditor are included in the company's public insider register. The public register is available at Suominen's website via the online service provided by Euroclear Finland Ltd.

The company also maintains a company-specific register of non-public insiders. Permanent insiders listed here include the members of the Corporate Executive Team and certain other employees of the company, who by virtue of their position or responsibilities regularly receive insider information. A project-specific insider register is maintained to cover persons that are involved with the planning and preparation of significant projects dealing with insider information. The CFO is responsible for Suominen's insider management.

Insiders are not allowed to trade in securities issued by the company for a period beginning at the end of a financial period or a financial year and ending with the publication of the interim report or financial statement release for the period or financial year in question (closed window). Insiders must consult the person responsible for insider issues for advice on the legal and procedural implications of any trading in securities that they might plan.

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 organization of Suominen and takes place as various check-ups in processes and as encompassing reporting helping to monitor and manage the business.

Suominen has no separate organization for control or internal audit. The company purchases internal audit services from an external partner. Suominen's control environment is based on given instructions, business culture and on the way of working adopted by company's managers and employees. 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 is based on authority inherent in the positions and work descriptions, segregation of duties and the two-eyes and one-over principles. Effective internal control requires that duties are properly segregated to employees and potential conflicts of interests are identified and eliminated. Satisfactory control environment is ensured through internal analyses and evaluations of key processes as well as through 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 to ensure that the control procedures are in place at various units. IT function's role is to maintain the security checks of systems throughout the Group companies.

Risk assessment

Risk management is considered an integral part of running the business, and identification and assessment of risk is an essential element of internal control. The aim is to focus on the material

risks that are significant from the business perspective. Risks are divided into business risks caused by changes in the business environment and operational risks, which may be a result of shortcomings in the way that the organization manages its processes.

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

Risks relating to financial reporting are evaluated and monitored by the Board, aiming to ensure that the financial reporting of the corporation is reliable, supports decision making and serves the needs of external stakeholders. Valuation of assets and liabilities according to various evaluation assumptions and criteria may constitute a risk.

There are estimates and assumptions that involve a significant risk of causing material changes in the carrying amounts of assets and liabilities, and these estimates and assumptions are continually evaluated and benchmarked against other similar entities. Complex and/or changing business circumstances may present a challenge when assessing the carrying amounts of assets. To avoid errors in stating the fair values of assets or liabilities, regular check-ups are made, e.g. by comparing material flows, values, and quantity and quality data with the information given in the accounts. The risk of errors caused by irregularities and discontinuities in information is reduced by using established and automated system-based audit trails.

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 plant 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 feedback on performance of Group functions and entities ensures 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.

In practice, control activities are conducted in management group meetings, where results of the activities are reviewed. More focused control is exercised when specific reconciliation of accounts or analyses of the processes for financial reporting are conducted. The need for separate evaluations, as well as their scope and frequency, will be defined by assessing risks and the effectiveness of ongoing monitoring procedures. It is the responsibility 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 a 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.

Board of Directors

15 February 2013

Follow-up

Ongoing responsibility for follow-up rests with the business units' management groups and controller functions. In addition, separate internal control reviews on key financial processes are conducted with external auditors on a rolling basis. The results of the reviews are reported to employees involved.

Regular inspections by quality auditors or customer audit personnel cover also the internal controls of delivery chain processes.

The Group's Finance function also carries out comprehensive case-by-case controls of unit functions or processes. The Finance function also monitors the accuracy of external and internal financial reporting.