
Corporate Governance Statement of Suominen Corporation for 2015

In financial year 2015, Suominen Corporation (hereinafter "Suominen") complied with the Finnish Corporate Governance Code 2010 (hereinafter "Code") issued by the Securities Market Association. Suominen complies with the Finnish Corporate Governance Code 2015, effective as of 1 January 2016, for the first time in the financial year starting 1 January 2016.

The Corporate Governance Statement (hereinafter Statement), required by the Code, Chapter 7, Section 7 of the Securities Markets Act, and Section 7 of the Ministry of Finance's Decree on the Regular Duty of Disclosure of an Issuer of a Security, is published as a separate statement in connection with the Report by the Board of Directors. The Statement is in accordance with the Code's Recommendation 54. In addition, selected requirements set in the Corporate Governance Code 2015 have been taken into account in this Statement, even though they will be effective only in financial year 2016.

The Statement can also be viewed on Suominen's website, www.suominen.fi.

The Audit Committee and the Board of Directors of Suominen Corporation have 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.

The Finnish Corporate Governance Code 2010 for listed companies as well as the new Finnish Corporate Governance Code 2015 are available on the website of the Securities Market Association, www.cgfinland.fi.

Suominen Group

Responsibility for Suominen Group's business operations is held by 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, product development and management of intellectual property, human resources, ICT, as well as communications and investor relations.

While Suominen has two business areas, Convenience and Care, the company has only one operating segment.

Shareholder's Nomination Board of Suominen Corporation

Suominen's Annual General Meeting of 26 March 2013 resolved to establish a permanent Shareholders' Nomination Board according to a proposal by the Board of Directors. The task of the Nomination Board is to prepare and present to the Annual General Meeting and, if necessary, to an Extraordinary General Meeting, a proposal on the remuneration of the members of the Board of Directors, a proposal on the number of members of the Board of Directors and a proposal on the members of the Board of Directors. In addition, the task of the Nomination Board is to seek candidates as potential board members.

The Nomination Board shall consist of four (4) members, three of which shall be appointed by the company's three largest shareholders, who shall appoint one member each. The Chair of the company's Board of Directors shall serve as the fourth member.

The Nomination Board is established to exist and serve until the General Meeting of the company decides otherwise. The members shall be nominated annually and their term of office shall end when new members are nominated to replace them. The members of the Nomination Board shall be independent of the company, and a person belonging to the company's operative management cannot be a member of the Nomination Board.

The representatives appointed by the company's three largest shareholders form Suominen's permanent Nomination Board. The shareholders entitled to appoint members to the Nomination Board during financial year 2015 were determined on the basis of the registered holdings in the company's shareholder register on 1 September 2014, on 7 October 2014 and on 1 September 2015.

From 1 January to 1 September 2015, the members of the Nomination Board were:

- Thomas Ahlström, Managing Director of Antti Ahlström Perilliset Oy and member of the Board of Directors of Ahlström Capital
- Timo Ritakallio, President and CEO of Ilmarinen Mutual Pension Insurance Company
- Reima Rytsölä, Executive Vice-President, Investments of Varma Mutual Pension Insurance Company
- Jorma Eloranta, Chair of Suominen's Board of Directors.

As of 2 September 2015, the members of the Nomination Board were:

- Thomas Ahlström, Managing Director of Antti Ahlström Perilliset Oy and member of the Board of Directors of Ahlström Capital
- Mikko Mursula, Chief Investment Officer of Ilmarinen Mutual Pension Insurance Company
- Reima Rytsölä, Executive Vice-President, Investments of Varma Mutual Pension Insurance Company
- Jorma Eloranta, Chair of Suominen's Board of Directors.

In 2015, the Nomination Board convened two times. The attendance rate at the meetings was 100%.

Board of Directors

Composition in 2015

Until the Annual General Meeting of 2015, Mr. Jorma Eloranta (Chair), Mr. Risto Anttonen (Deputy Chair), Ms. Suvi Hintsanen, Mr. Hannu Kasurinen and Ms. Jaana Tuominen formed the Board of Directors of Suominen.

The Annual General Meeting held on 19 March 2015 re-elected Mr. Risto Anttonen, Mr. Jorma Eloranta, Mr. Hannu Kasurinen and Ms. Jaana Tuominen as members of the Board of Directors. Additionally, Mr. Andreas Ahlström and Ms. Laura Raitio were elected as new members. The term of office of the members of the Board of Directors ends at the close of the Annual General Meeting 2016.

Biographical details of the members are as follows:

Jorma Eloranta, b. 1951, M. Sc. (Tech.), Dr. Sc. (Tech.) h.c., Chair of the Board

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

Andreas Ahlström, b. 1976, M. Sc. (Econ. and Business Adm.), Investment Manager, Ahlström Capital Oy

Suvi Hintsanen, b. 1967, M. Sc. (Econ.), Head of Cash Management and Trade Finance, Pohjola Bank plc (member of the Board of Directors until 19 March 2015)

Hannu Kasurinen, b. 1963, M. Sc. (Econ.), Senior Vice President, Head of Carton Board Business Unit, Stora Enso Corporation

Laura Raitio, b. 1962, Licentiate of Technology (Forest Products), CEO, Diacor terveyspalvelut Oy

Jaana Tuominen, b. 1960, M. Sc. (Chem. Eng.), CEO, Paulig Group

Tasks and responsibilities

The Board of Directors is responsible for the administration and appropriate organization of Suominen's operations. The Board is responsible for making 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 & CEO
- deciding on the salaries, bonuses, and other benefits paid to the President & CEO and his/her immediate subordinates
- deciding on the company's salary and incentive scheme
- 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 confirming the company's targets.

The Board of Directors is elected by the General Meeting of Shareholders. It consists of at least three and at most seven members.

Meeting practice

The Board of Directors convenes under the direction of the Chair or, if the Chair is unable to attend, the Deputy Chair. Principally, the matters are presented by the President & CEO.

In 2015, the Board of Directors convened 18 times, of which 9 times per capsulam. The average attendance rate at meetings was 99%. The participation of each individual member is presented in the table below.

| Name | | Participation |
|------------------|----------------------------|---------------|
| Jorma Eloranta | Chair | 18/18 |
| Risto Anttonen | Deputy Chair | 18/18 |
| Andreas Ahlström | Member as of 19 March 2015 | 14/14 |
| Suvi Hintsanen | Member until 19 March 2015 | 4/4 |
| Hannu Kasurinen | Member | 18/18 |
| Laura Raitio | Member as of 19 March 2015 | 13/14 |
| Jaana Tuominen | Member | 18/18 |

Evaluation of independence

The Board of Directors has evaluated the independence of its members. All members are independent of the company and its significant shareholders, with the exception of Andreas Ahlström, who is dependent on a significant shareholder. In financial year 2015, Andreas Ahlström acted as Investment Manager at Ahlström Capital Oy. The largest shareholder of Suominen, AC Invest Two B.V. is a group company of Ahlström Capital.

Self-evaluation

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

Board committees***Audit Committee***

The main tasks of the Audit Committee relate to ensuring the company's good governance, accounting and financial reporting, internal control systems and monitoring of third-party auditing. The Audit Committee prepares for the Board matters that fall under its areas of responsibilities, but it does not have independent decision-making powers unless the Board resolves otherwise on certain matters.

The Chair and members of the committee are elected annually at the Board's constitutive meeting. At least three members are elected to the committee. The members of the Audit Committee must be independent of the company, and at least one member must be independent of the company's significant shareholders.

From 1 January 2015 until 19 March 2015, until the constitutive meeting of the Board, the Audit Committee consisted of Hannu Kasurinen as Chair and Suvi Hintsanen and Jaana Tuominen as members. In its constitutive meeting on 19 March 2015, the Board of Directors elected Hannu Kasurinen as Chair and Andreas Ahlström and Laura Raitio as members of the Audit Committee.

In 2015, the Audit Committee convened four times. The attendance rate at the meetings was 100%. The participation of each individual member is presented in the table below.

| Name | | Participation |
|------------------|----------------------------|---------------|
| Hannu Kasurinen | Chair | 4/4 |
| Andreas Ahlström | Member as of 19 March 2015 | 3/3 |
| Suvi Hintsanen | Member until 19 March 2015 | 1/1 |
| Laura Raitio | Member as of 19 March 2015 | 3/3 |
| Jaana Tuominen | Member until 19 March 2015 | 1/1 |

Personnel and Remuneration Committee

The Personnel and Remuneration Committee will prepare the remuneration and appointment matters concerning the company's President & CEO and other members of senior management, as well as principles and procedures related to the remuneration of the company's employees. The Committee will prepare for the Board matters that fall under its areas of responsibilities, but it does not have independent decision-making powers unless the Board resolves otherwise on individual matters.

The Chair and members of the committee will be elected annually at the Board's constitutive meeting. Until 19 March 2015, the minimum number of committee members was two, which deviated from recommendation 22 of the Code 2010, which states that Board committees must have at least three members. Suominen's Board of Directors states that, taking into consideration the number of members of the Board and the scope and nature of the company's business operations, the Personnel and Remuneration Committee was able to effectively handle the matters assigned to it even with only two members. As of 19 March 2015, the Committee has consisted of three members. The majority of the members of the Personnel and Remuneration Committee must be independent of the company. The President

& CEO or a member of the company's or Group's management may not be a member of the Personnel and Remuneration Committee.

From 1 January 2015 until 19 March 2015, until the constitutive meeting of the Board of Directors, the members of the Personnel and Remuneration Committee were Jorma Eloranta (Chair) and Risto Anttonen. In its constitutive meeting held on 19 March 2015, the Board of Directors elected Jorma Eloranta as the Chair of the Personnel and Remuneration Committee and Risto Anttonen and Jaana Tuominen as members.

In 2015, the Personnel and Remuneration Committee convened three times. The attendance rate at the meetings was 100%. The participation of each individual member is presented in the table below.

| Name | | Participation |
|----------------|----------------------------|---------------|
| Jorma Eloranta | Chair | 3/3 |
| Risto Anttonen | Member | 3/3 |
| Jaana Tuominen | Member as of 19 March 2015 | 2/2 |

President & CEO and the Corporate Executive Team

The President & CEO of Suominen Corporation is appointed by the Board of Directors. The President & 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 & CEO is responsible for ensuring that the company's accounting practices comply with the law and that its assets are reliably managed. The President & CEO acts as the Chair of the Corporate Executive Team and as the immediate supervisor of the Team's members.

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

The President & CEO is supported by the Corporate Executive Team and Corporate Leadership Team. In 2015 the Corporate Executive Team comprised, in addition to the President & CEO who acts as its Chair, the Senior Vice Presidents of the business areas, the Senior Vice Presidents of Operations, the CFO, and the Senior Vice President of Human Resources.

The Corporate Leadership Team comprises, in addition to the members of the Corporate Executive Team, the Vice President of R&D, the Vice President of Investments & Technology, the CIO, the Vice President of Marketing & Product Management, the Vice President of Sourcing, and the Vice President of Corporate Communications & Investor Relations.

Insider management

From 1 January to 30 November 2015 Suominen Group observed the guidelines for insiders issued by the NASDAQ OMX Helsinki Ltd on 1 July 2013, and as of 1 December 2015, the new Nasdaq Helsinki Guidelines for Insiders.

The members of the Board of Directors, the President & 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 Senior Vice President, 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). In case an insider aims to trade with the company's shares, a trading scheme concerning the acquisition or transfer of the company's shares must be employed. Trading scheme must be submitted to the person responsible for insider issues for his/her approval and for storage prior to initiating trading with the company's shares.

Auditing

Until 19 March 2015, PricewaterhouseCoopers Oy, Authorised Public Accountants, acted as auditor of the company, with Heikki Lassila, Authorised Public Accountant, as the principal auditor.

The Annual General Meeting held on 19 March 2015 elected Ernst & Young Oy, Authorised Public Accountants, as auditor of the company, with Kristina Sandin, Authorised Public Accountant, as the principal auditor.

The auditors and the Audit Committee of Suominen agree annually on an audit plan that takes into account that Suominen does not have an internal auditing organization of its own. Internal audit findings are reported to the President & CEO and the relevant management concerned.

In 2015, the fees paid to PricewaterhouseCoopers for the statutory auditing of the Group companies totaled EUR 96 thousand.

In 2015, the fees paid to Ernst & Young for the statutory auditing of the Group companies totaled EUR 329 thousand. The fees paid to the auditing company and companies belonging to the same group for non-audit services such as tax, IFRS and due diligence services, totaled EUR 29 thousand.

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

Control environment

Control operations are embedded in the organization of Suominen. Controlling is executed in connection with the steering of business processes and in wide-ranging reporting processes.

Suominen has no separate organization for its internal audit. Suominen's control environment is based on given instructions, the business culture and on the way of working adopted by the company's managers and employees. Suominen has established its values or principles, which encourage everyone at Suominen to adopt an active and ethical way of working both with various stakeholders and within the Group. In cascading the working principles in the organization, honesty, transparency and working in teams are integral elements of establishing high ethical standards throughout the company.

The foundation of the internal control process relating to 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 allocated to employees and potential conflicts of interests are identified and eliminated. A satisfactory control environment is ensured through internal analyses and evaluations of key processes as well as through revisions made by external auditors.

Group Finance supports the business units in analyzing their performance and in the decision-making concerning various business choices. Business Controllers at the unit level are responsible for ensuring that control procedures are in place at various units. The ICT function's role is to maintain the security checks of ICT systems throughout the Group companies.

Risk assessment

Risk management is considered an integral part of running the business, and the identification and assessment of risks is an essential element of internal control. The aim is to focus on the material risks that are significant from a business perspective. Risks are categorized into business risks caused by changes in the business environment and operational risks, which may be the result of deficiencies 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, allocation 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. The valuation of assets and liabilities according to various evaluation assumptions and criteria may constitute a risk.

Estimates and assumptions involving a significant risk of causing material changes in the carrying amounts of assets and liabilities are continuously 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 that aim to prevent, reveal and correct errors and deviations. In addition to 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 financial reporting are prevented, discovered and corrected. Suominen divides control activities into three categories. Documented instructions help the organization to standardize the monitoring of tasks. Continuous and regular reporting conveying feedback on the performance of Group functions and entities ensures that instructions and defined processes are followed. In critical processes, 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 the 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 the Business Controllers to ensure that control activities in the financial processes are appropriate and in accordance with the Group's policies and instructions. Information security and related control activities play a key role when the features of ICT systems are being defined and applied.

Information and communication

The Group accounting manual, policies approved by the Board and other directives and instructions relating to 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. Group management and business unit management conduct monthly reviews that include an analysis of performance metrics and indicators assisting management to better understand the underlying business performance.

Follow-up

Ongoing responsibility for follow-up rests with the business units' management groups and controller functions.

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

The Group's Finance function monitors the operations and processes of the Group units and the accuracy of external and internal financial reporting.