

Corporate Governance Statement of Suominen Corporation for 2018

Suominen Corporation (hereinafter "Suominen" or "Company") complies with the Finnish Corporate Governance Code 2015 (hereinafter "Code") issued by the Securities Market Association. This Corporate Governance Statement (hereinafter "Statement") is prepared in accordance with the Code and is published as a separate statement in connection with the Report by the Board of Directors. The Statement has been published simultaneously with the Financial Statements and Report by the Board of Directors as a Stock Exchange Release, and it is available also 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 2015 is available on the website of the Securities Market Association, www.cgfinland.fi.

1. Descriptions concerning Corporate Governance

Suominen Group

Responsibility for Suominen Group's business operations is held by the constitutional bodies required by the applicable laws and regulations. Suominen's decision-making bodies are the General Meeting of Shareholders, the Board of Directors with its two Committees, and the President & CEO, supported by the Corporate Executive Team and Corporate Leadership Team.

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 has a permanent Shareholders' Nomination Board established by the Annual General Meeting. 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 and the Chair of the Board of Directors. In addition, the task of the Nomination Board is to seek potential successors for the 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 shareholders entitled to appoint members to the Nomination Board during financial year 2018 were determined on the basis of the registered holdings in the Company's shareholder register on 1 September 2017 and on 1 September 2018.

From 1 January to 4 September 2018, 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, nominated by AC Invest Two B.V.;
- Erkki Etola, CEO of Oy Etra Invest Ab, nominated by Oy Etra Invest Ab;
- Reima Rytsölä, Executive Vice-President of Varma Mutual Pension Insurance Company; nominated by Varma Mutual Pension Insurance Company;
- Jan Johansson, Chair of Suominen's Board of Directors.

As of 4 September 2018, the members of the Nomination Board were:

- Lasse Heinonen, President & CEO of Ahlström Capital, nominated by AC Invest Two B.V.;
- Erkki Etola, CEO of Oy Etra Invest Ab, nominated by Oy Etra Invest Ab (until 30 November 2018);
- Reima Rytsölä, Executive Vice-President, Investments of Varma Mutual Pension Insurance Company; nominated by Varma Mutual Pension Insurance Company;
- Jan Johansson, Chair of Suominen's Board of Directors.

On 30 November 2018, Oy Etra Invest Ab informed Suominen that Mr. Roger Hagborg, Investment Advisory Professional, TVF TopCo Limited, replaces Mr. Erkki Etola, CEO of Oy Etra Invest Ab, as a member appointed by Oy Etra Invest Ab of the Shareholders' Nomination Board of Suominen Corporation.

In financial year 2018, the Nomination Board convened once. The attendance rate at the meeting was 100%.

Board of Directors

Tasks and responsibilities

The main duty of the Board of Directors of Suominen is to direct Suominen Group's strategy in a way that it, in the long run, enables the delivery of the financial targets set for Suominen Group and maximizes shareholder value while simultaneously taking into account the expectations of the key stakeholders.

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 & 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 disposal of real estate
- deciding on strategically and financially significant investments, acquisitions, divestments, or other arrangements
- deciding on obtaining credit and pledging securities
- considering and approving strategies and action plans
- establishing a dividend policy and confirming the Company's targets.

The members of the Board of Directors are elected by the General Meeting of Shareholders. Pursuant to the Articles of Association of the Company, the Board consists of at least three and at most seven members.

Board of Directors in 2018

Until the Annual General Meeting of 2018, held on 15 March 2018, Jan Johansson (Chair), Risto Anttonen (Deputy Chair), Andreas Ahlström, Hannu Kasurinen, Laura Raitio and Jaana Tuominen formed the Board of Directors of Suominen.

On 15 March 2018, the Annual General Meeting re-elected Andreas Ahlström, Risto Anttonen, Jan Johansson, Hannu Kasurinen, Laura Raitio and Jaana Tuominen as members of the Board of Directors. Jan Johansson was also re-elected as Chair of the Board of Directors. The term of office of the members of the Board of Directors ends at the close of the Annual General Meeting 2019.

Biographical details of the Directors**Jan Johansson,**

Chair of the Board

b. 1954

Master of Laws

Shareholding*: 11,614 Suominen shares

Risto Anttonen,

Deputy Chair of the Board

b. 1949

B. Sc. (Econ.)

Shareholding*: 36,089 Suominen shares

Andreas Ahlström

b. 1976

M. Sc. (Econ. and Business Adm.)

Investment Director, Ahlström Capital Oy Shareholding*: 10,779 Suominen shares

Hannu Kasurinen

b. 1963

M. Sc. (Econ.)

Senior Vice President, Head of Carton Board Business Unit, Stora Enso Corporation

Shareholding*: 24,629 Suominen shares

Laura Raitio

b. 1962

Licentiate of Technology (Forest Products)

Shareholding*: 10,779 Suominen shares

Jaana Tuominen

b. 1960

M. Sc. (Chem. Eng.)

President and CEO, Fiskars Corporation

Shareholding*: 14,725 Suominen shares

* Shares and share-based rights of each Director and corporations over which he/she exercises control in the Company and its group companies on 31 December 2018

Independence of the Directors

The Board of Directors has evaluated the independence of its members. All members are independent of the Company. All members are also independent of its significant shareholders, with the exception of Andreas Ahlström, who acts as Investment Director at Ahlström Capital Oy. The largest shareholder of Suominen, AC Invest Two B.V., is a group Company of Ahlström Capital.

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 2018, the Board of Directors convened 19 times, of which five times per capsulam. The attendance rate at the meetings was 99%. The participation of each individual member is presented in the table below.

Name		Participation
Jan Johansson	Chair	19/19
Risto Anttonen	Deputy Chair	19/19
Andreas Ahlström	Member	19/19
Hannu Kasurinen	Member	19/19
Laura Raitio	Member	18/19
Jaana Tuominen	Member	18/19

Self-evaluation

In 2018, after most of its meetings, the Board assessed the preparations of the meeting, the course of the meeting, and its own operations, in line with the principle of continuous development.

The Board of Directors conducted an annual evaluation of its operation and working methods during financial year 2018. The assessment was conducted by an external evaluating company. The results of the assessment were discussed confidentially also with the Nomination Board members to whom the report was provided.

Diversity principles of the Board of Directors

At Suominen, diversity has been recognized as an essential success factor in the long term. Also, in considering the Board's composition, diversity is assessed through a number of viewpoints. Diversity in the Board's competencies, experience and opinions promotes openness to new ideas and helps the Board support and challenge the Company's management. Furthermore, diversity promotes open discussion, integrity in decision making, good corporate governance, and effective supervision of both the Board and the management, and it also supports succession planning.

The Nomination Board of Suominen's shareholders evaluates the number of members on the Board, its composition and the competence requirements of the Board in the light of the present and future needs of the Company. When assessing the composition of the Board, the Nomination Board considers, among other things, whether the Board possesses a broad range

of business knowledge and members representing both genders and various ages. It is Suominen's objective to have both men and women on its Board.

It is fundamental that the Nomination Board's final proposal to the Annual General Meeting is based on the qualifications and competencies of each candidate. In addition, candidates must also have the possibility to devote a sufficient amount of time to the Board work.

The essentials of the diversity principles are described in this Statement. They can be reviewed in their entirety at www.suominen.fi.

Fulfillment of the diversity principles in 2018

The Annual General Meeting of Suominen held on 15 March 2018 elected six members to the Board of Directors of the Company. Two of the six members are women. All members of the Board of Directors hold an academic degree either in law, business economics or technical sciences. Considering their experience, they represent international business in all its broadness and therefore bring diverse expertise and versatile perspectives to the Board work. The youngest member of the Board of Directors turned 42 and the oldest 69 years in 2018.

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 the activities of the external audit. The Audit Committee prepares for the Board matters that fall under its areas of responsibility, 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 2018 until 15 March 2018, until the constitutive meeting of the Board held after the Annual General Meeting, the Audit Committee consisted of Hannu Kasurinen as Chair and Andreas Ahlström and Jaana Tuominen as members. In its constitutive meeting on 15 March 2018, Hannu Kasurinen was re-elected as the Chair and Andreas Ahlström was re-elected as member. Laura Raitio was elected as a new member to the Audit Committee.

In 2018, 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	4/4
Jaana Tuominen	Member until 15 March 2018	1/1
Laura Raitio	Member as of 15 March 2018	3/3

Personnel and Remuneration Committee

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

The Chair and members of the committee are elected annually at the Board's constitutive meeting. 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 2018 until the constitutive meeting of the Board of Directors held on 15 March 2018, the members of the Personnel and Remuneration Committee were Jan Johansson (Chair), Risto Anttonen and Laura Raitio. In its constitutive meeting held on 15 March 2018, the Board of Directors re-elected Jan Johansson as the Chair and Risto Anttonen and Laura Raitio as members.

In 2018, the Personnel and Remuneration Committee convened twice. The attendance rate at the meetings was 100%. The participation of each individual member is presented in the table below.

Name		Participation
Jan Johansson	Chair	2/2
Risto Anttonen	Member	2/2
Laura Raitio	Member	2/2

President & CEO

The President & CEO of Suominen 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 in charge of the day-to-day management of Suominen Group and is responsible for ensuring that the Company's accounting practices comply with the law and that its assets are reliably managed pursuant to the Finnish Limited Liability Companies Act. The President & CEO acts as the Chair of the Corporate Executive Team and the Corporate Leadership Team and as the immediate supervisor of the teams' members.

Nina Kopola, b. 1960, M.Sc. (Chemical Eng.), Technology Licentiate, acted as the President & CEO of Suominen Corporation until 3 August 2018. She held* on 31 December 2018 in total 99,354 Suominen shares.

Tapio Engström, Senior Vice President and CFO, was nominated as the interim President & CEO of Suominen Corporation as of 3 August 2018. He held* on 31 December 2018 in total 40,328 Suominen shares.

Pekka Ojanpää was appointed as President & CEO of Suominen Corporation on 3 August and he was expected to start in this position in December 2018. However, Pekka Ojanpää died in an aviation accident on 23 November 2018. Tapio Engström continued in his role as the interim President & CEO of Suominen until 7 January 2019, when Petri Helsky started as President & CEO.

Other executives

The President & CEO is supported by the Corporate Executive Team and Corporate Leadership Team. In 2018, the Corporate Executive Team comprised, in addition to the President & CEO, the following executives:

Tapio Engström

Senior Vice President and CFO,
interim President & CEO from 3 August 2018 to 7 January 2019
M.Sc. (Accounting)
b. 1963
Shareholding*: 40,328 Suominen shares

Lynda A. Kelly

Senior Vice President, Care
B.Sc. (Business Administration/Marketing)
b. 1964
Shareholding*: 18,759 Suominen shares

Larry L. Kinn

Senior Vice President, Operational Excellence
B.A. (Chemistry)
b. 1957
Shareholding*: 11,918 Suominen shares

Markku Koivisto

Senior Vice President, Chief
Technology Officer
M.Sc. (Tech.)
b. 1971
Shareholding*: 14,822 Suominen shares

Ernesto S. Levy

Senior Vice President, Convenience
BIE (Industrial Engineering),
MBA (Marketing)
b. 1969
Shareholding*: 27,834 Suominen shares

Mimoun Saïm

Senior Vice President, Global Operations
ENSI Engineering
b. 1964
Shareholding*: 29,060 Suominen shares

Hannu Sivula

Senior Vice President, Human Resources

M.Soc.Sc.

b. 1966

Shareholding*: 35,647 Suominen shares

* Shares and share-based rights of each executive and corporations over which he/she exercises control in the Company and its group companies on 31 December 2018.

In 2018, the Corporate Leadership Team comprised, in addition to the members of the Corporate Executive Team, the Chief Information Officer, the Vice President of Sourcing, and the Vice President of Corporate Communications & Investor Relations.

2. Descriptions of internal control procedures and the main features of risk management systems

Internal control

Control environment

Control operations are embedded in the activities of Suominen's organization. Controlling is executed in connection with the steering of business processes, supported by comprehensive reporting.

Suominen's control environment is based on instructions, the business culture and the way of working adopted by the Company's managers and employees. The Group has established values or guiding 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 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 activities is based on 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 "four-eyes" and "one-over" decision-making 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.

The Group Finance function supports the business units in analyzing their performance and profitability and in the decision-making concerning various business choices. Controllers at the unit level are responsible for ensuring that control procedures are in place and implemented in the units. It is the ICT function's task to ensure that the security checks of ICT systems throughout the Group companies are functioning and are conducted at a sufficient level.

Control activities

Internal control activities are in place to, among other things, verify that the Company's financial reports provide a true and fair view of the Group's financial position. It is the duty of the Board of Directors and the President & CEO to organize the internal control activities. Each member of the Board of Directors receives a monthly report on the Group's result and financial position.

In practice, control activities are conducted in the meetings of the Board of Directors and the management groups, where the results of the activities are reviewed. Group Finance and the Group's controller network support and coordinate the financial management and control of the activities of the Group.

Internal control at Suominen has been decentralized across Group functions, who monitor compliance with the operating guidelines approved by the Board concerning their areas of responsibility. In addition to the Group-level guidance, control measures are also taken at the business unit and plant level. Control measures include both general and more detailed control procedures aimed at preventing, revealing and correcting errors and deviations.

In day-to-day business operations, several control activities are exercised to prevent potential errors and deviations in financial reporting. Moreover, control activities are in place to help reveal and correct the identified errors. Suominen categorizes its 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 for verification needs.

The need for separate evaluations, as well as their scope and frequency, is defined by assessing risks and the effectiveness of ongoing monitoring procedures. 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 by management to all affected employees and are also available in the intranet systems of the 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 and controller functions.

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

Risk management

Risk management is considered an integral part of running the business of Suominen, 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, caused by deficiencies in Suominen's processes.

Operational risks are considered to potentially have a material value in transactions with external parties. However, the Group's 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 Group is reliable, supports decision-making and serves the needs of external stakeholders. The valuation of assets, liabilities and contingent liabilities based on various evaluation assumptions and criteria may constitute a risk.

Future estimates and assumptions on the reporting date involving a significant risk of causing material changes in the carrying amounts of assets and liabilities are continuously evaluated. Complex and evolving factors having an impact on business circumstances may add uncertainty to the assessment of 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 quantitative and qualitative data with the information in accounting. The risk of errors due to irregularities and discontinuities in information is reduced by using established and automated system-based audit trails.

3. Other information

Internal audit

Suominen does not have a separate internal auditing organization. The Company's auditor presents annually the external audit plan to the Audit Committee.

The Audit Committee considers annually whether there is a need to perform extended audit procedures. If the Audit Committee finds it necessary, it agrees separately with the Company's auditor on extended audit procedures. Findings related to extended audit procedures are reported to the Audit Committee, the President & CEO and the relevant management concerned.

Insider management

Suominen complies with EU Regulation No. 596/2014 on market abuse ("MAR") and Nasdaq Helsinki Ltd's guidelines for insiders in force at any given time. In addition, the Board of Directors of the Company has confirmed specific insider guidelines for the Company to complement Nasdaq Helsinki Ltd's guidelines for insiders.

Directors required to submit notifications

Based on the MAR Regulation, Suominen no longer maintains a public insider register. Instead, Suominen maintains a list of the Company's directors and persons closely associated with them. Persons on that list have an obligation to notify Suominen and the Finnish Financial Supervisory Authority of all transactions made with Suominen's financial instruments by them or on behalf of them. Suominen will disclose the notifications it has received as stock exchange releases as soon as possible.

At Suominen Corporation, the members of the Board of Directors and the President & CEO have been defined as subject to the requirement to report their transactions.

The information presented on the Management shareholdings page at www.suominen.fi has not been updated after 3 July 2016 due to the MAR regulation. Disclosed stock exchange releases on the transaction notifications of directors and persons closely associated with them can be viewed at www.suominen.fi (> Investors > Share and shareholdings > Management transactions).

Closed period

Since the MAR regulation came into force, as of 3 July 2016, Suominen's defined directors are subject to comply with the so-called closed period. The closed period applies prior to the disclosure of financial reports and lasts 30 calendar days, including the date of disclosure of a financial report. During the closed period, Suominen's defined directors may not trade with the share or other financial instrument of the Company. Core persons preparing financial reports, among others, are also subject to a similar 30-day closed period. The times of the closed periods are disclosed through a stock exchange release and in the event calendar available on the Company's website.

During a closed period, trading with Suominen's financial instruments by defined directors and core persons is possible only in certain very exceptional situations. An example of such an exceptional situation is a transaction conducted by a director or core person to participate in a share-saving scheme for Suominen employees which is a prerequisite of a director's or a core person's position. Any exceptions to the 30-day-long closed period requires the Company's approval of the transaction in question. The exception cannot be applied if a director or a core person has inside information.

Trading by directors and core persons

Directors and core persons must, in addition to abiding by the closed period and other trade restrictions, time their trading so that it does not weaken the general trust in the securities market. Suominen recommends that directors and core persons make long-term investments in the Company's shares and other financial instruments. Further, it is also recommendable to time the trading to a point in time when the market has as complete know-ledge of the factors affecting the value of the share or the financial instrument as possible.

Monitoring and control

The Insider Officer of Suominen is the Company's Chief Financial Officer. The Insider Officer is generally responsible for the administration of the Company's insider issues.

Without limiting the obligations arising from MAR, the Securities Marketing Act or Nasdaq's Insider Guidelines, the Company's insider administration assumes responsibility for the following:

- internal communications concerning insider issues
- training in insider issues within the Company
- preparing and maintaining lists of directors and their closely associated persons
- receiving notifications concerning the transactions of directors and their closely associated persons, going through the notifications and forwarding them to the Financial Supervisory Authority (if the director/closely associated person has authorized the Company to do so) and publishing the related stock exchange release
- preparing and maintaining project-specific insider lists
- preparing lists of personnel who are defined as core persons
- monitoring insider issues
- administering the information to be published on the internet, if needed

Auditing

The Annual General Meeting held on 15 March 2018 re-elected Ernst & Young Oy, Authorized Public Accountant firm, as auditor of the Company. Ernst & Young Oy appointed Toni Halonen, Authorized Public Accountant, as the responsible auditor of the Company.

The auditors and the Audit Committee of Suominen agree annually on an audit plan. In 2018, the fees paid to Ernst & Young for the statutory auditing of the Group companies totaled EUR 465 thousand. The fees paid to the auditing company and companies belonging to the same group for non-audit services such as tax, IFRS and other services, totaled EUR 74 thousand.