



# Corporate Governance Statement 2019

Raisio plc

## CORPORATE GOVERNANCE STATEMENT 2019

### Introduction

Raisio plc ("Raisio") complies with the Finnish Corporate Governance Code (2020) approved by the Securities Market Association. The Code is available on the Securities Market Association's website at <https://cgfinland.fi/en/>. Raisio plc is a contributing member of the Securities Market Association.

This presentation is the corporate governance statement referred to in the Finnish Corporate Governance Code for the financial year 2019. It is issued separately from the Board of Directors' report and published on the company's website ([https://www.raisio.com/en\\_US/cgs](https://www.raisio.com/en_US/cgs))

Raisio's Audit Committee and Board of Directors have reviewed this statement regarding the corporate governance. Raisio's audit firm, KPMG Oy Ab, has checked that the statement has been issued and that the description of internal control and risk management systems related to the financial reporting process is consistent with the financial statements.

In 2019, Raisio deviated from the Recommendation 1 of the Corporate Governance Code regarding the contents of the Notice of the General Meeting. The notice of the Annual General Meeting 12 February 2019 did not include proposals for the composition of the Board and the remuneration of the Board members. The proposals were not available before the delivery of meeting invitations. The company's Supervisory Board discussed the Nomination Committee's proposals on the members and remuneration at its meeting on 14 February 2019, and the proposals were published on 14 February 2019. In other respects, Raisio followed the Corporate Governance Code without deviations.

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## Annual General Meeting

The Annual General Meeting (AGM) is the Company's highest decision-making body. It meets annually by the end of April to decide on the matters within its responsibilities, such as the adoption of the financial statements and consolidated financial statements, dividend distribution, discharge from liability, election of Board and Supervisory Board members and auditors, and the fees payable to them. Extraordinary General Meetings can be held if necessary.

The notice of the AGM shall be published, at the earliest three months and at the latest, three weeks before the AGM on the Company's website and possibly in another manner determined by the Board. However, the notice of the AGM must be published no later than nine (9) days before the record date of the AGM.

The AGM 2019 was held in Turku on 19 March 2019, and a total of 2,166 shareholders were personally present or represented by a proxy, representing 57.0 million shares or 34.5 per cent of the total share capital. Chairman and all members of the Board, CEO and auditors attended the AGM.

## Board of Directors

The Board consists of a minimum of five and a maximum of eight members elected by the AGM. Their term begins at the end of the AGM at which the election takes place and lasts until the end of the following AGM. Person who has turned 68 before the beginning of the term cannot be elected as a Board member. The Board elects a Chairman and Deputy Chairman among its members for one term at a time.

The Board is responsible for the Company's administration and the proper organisation of its operations. The Board controls and supervises the company's operative management, approves strategic objectives and risk management principles and ensures that the management systems are fully functional.

The Board works and makes its decisions at its meetings, which are quorate when more than half of the Board members are present. If necessary, the meeting can also be held by teleconferencing. The Chairman calls a Board meeting when necessary, or if requested by a Board member or the CEO. The Chairman decides on the agenda of each meeting based on the proposals made by the CEO or Board members. The agenda and any possible advance material related to the matters to be dealt with shall be delivered to the Board members, at the latest, four business days prior to the meeting, unless otherwise required by the nature of the issue. CEO, a Group Executive Committee member or an expert presents the issues the Board is to decide on.

The secretary of the Board prepares minutes on the matters that the meeting dealt with and made decisions on. The minutes are then approved and signed at the following meeting by all the members who were present.

In accordance with the main points of the charter adopted by the Board of Raisio plc, the main duties of the Board are to:

- approve Raisio's strategy and revise it regularly,
- approve annual budgets and supervise their implementation,
- decide on major investments and divestments,
- process and approve financial statements and interim reports,
- appoint and discharge the CEO and, following the CEO's proposal, appoint and discharge his/her immediate subordinates, as well as to approve the CEO's employment contract and other benefits,
- decide on incentive and reward schemes for the management and personnel, and if necessary, submit proposals concerning them to the AGM,
- annually review key operational risks and their management,
- ensure the functionality of the Group's planning, information and monitoring systems
- approve the Group's key principles, ethical values and practices.

In 2019, the Board had five members until the AGM held on 19 March 2019. After this date, the Board had six members. In 2019, all the Board members were independent of the company and its major shareholders.

In 2019, the Board had 20 meetings of which 7 were held by telephone, one by emails and one was an organisation meeting after the AGM. Attendance at the Board meetings was 97,4 per cent.

The Board conducted an internal assessment of its operations in the autumn 2019.

### **Competence and expertise of the Board members and Board diversity**

In spring 2016, the Board and Supervisory Board defined the criteria set for Board members concerning their competence and expertise as well as the diversity principles, taking into account the scale and development stage of the company's activities.

In order to ensure effective Board work, all Board members must have sufficient expertise, competence, experience, and time to familiarise themselves with the matters being dealt with and to carry out their duties.

As a collective, the Board must have adequate knowledge, skills and experience especially in matters related to the company's industry and business operations, in business management, group management and financial management, in financial statements and financial reporting, in internal control and risk management, in M&A and in corporate governance.

The diversity in the Board of Directors supports the company's operations and its development. The diversity in the Board members' expertise, viewpoints and personality contribute to the ability to respond openly to innovative ideas and to support and challenge the company's executive management. With adequate diversity, it is possible to avoid the similarity in the members' views, i.e group thinking.

The Board should consist of people from different age groups who have adequate experience in Board governance. The aim is that the Board comprises at least one third of each gender. Competency objectives have priority over nationality and the members may be from Finland or from abroad.

Board members' personal details and meeting attendance



*Chairman*  
**Ilkka Mäkelä**  
*Born 1957*

*Place of residence:* Punkalaidun, Finland

*Education:* Mechanical Engineer, eMBA

*Key employment history:* Saarioinen Ltd: CEO 2007-2016, Artekno Oy: Chairman of the Board of Directors 2011-2016, Saarioinen Eesti Ou: Chairman of the Board of Directors 2007-2016, Saarioisten Säilyke Ltd: CEO 1997-2006, Plant Manager 1992-1997, Saarioinen Ltd: Production Manager 1985-1992, Nokia Kaapeli: Production Engineer 1981-1985

*Board membership:* Member since 2017, Chairman since 2018

*Other simultaneous positions of trust:* Kalaneuvos Oy: Chairman of the Board of Directors, Kieku Oy: Chairman of the Board of Directors, Eräkontti Oy: Chairman of the Board of Directors, 4H Foundation sr: Chairman of the Board of Directors, Suomen Metsästäjäliitto ry: Deputy Chairman of the Board of Directors, Sallila Energy Ltd: Member of the Supervisory Board, Finland Chamber of Commerce: Member of the Redemption Board

*Meeting attendance:* Board 20/20, Remuneration Committee 4/4, Audit Committee 2/2

*Holdings in Raisio:* series V 34,218



*Deputy Chairman*  
**Ann-Christine Sundell**  
*Senior Advisor*  
*Born 1964*

*Place of residence:* Parainen, Finland

*Education:* M.Sc., Biochemistry

*Key employment history:* PerkinElmer Oy: President, Strategic Business Enterprise (SBE) Genetic Screening 2000-2010, Segment Manager, Sales & Marketing Manager 1999-2000, Marketing Manager 1999, Product Line Manager 1996-1998

*Board membership:* Member since 2015, Deputy Chairman since 19 March 2019

*Other simultaneous positions of trust:* Revenio Group Oyj: Member of the Board of Directors and Member of Audit Committee, Medix Biochemica Group Oy: Chairman of the Board of Directors, Serres Oy: Chairman of the Board of Directors, Immunovia Ab (Sweden): Member of the Board of Directors and Chairman of the Remuneration Committee, Blueprint Genetics Oy: Member of the Board of Directors, Biocartis Group NV (Belgium): Member of the Board of Directors and of the Remuneration Committee

*Meeting attendance:* Board 20/20, Audit Committee 4/4

*Holdings in Raisio:* series V 8,180



**Erkki Haavisto**  
*Farmer*  
*Born 1968*

*Place of residence:* Raisio, Finland

*Education:* M.Sc. (Agr. & Forestry)

*Key employment history:* Farm owner 1993 -

*Board membership:* Member since 2004

*Other simultaneous positions of trust:* Lounametsä Forestry Association: Deputy Chairman of the Board of Directors, Raisio plc Research Foundation: Member of the Board of Directors, Salaojituksen Tukisäätiö s.r.: Deputy Chairman of the Board of Directors, Turun Seudun Osuuspankki: Member of the Board of Directors, University of Turku: Member of the Consultative Committee

*Meeting attendance:* Board 20/20, Remuneration Committee 4/4

*Holdings in Raisio:* series K 364,940 and series V 150,490



**Leena Niemistö**

Professional Board Member, Startup Investor

*Born* 1963

*Place of residence:* Helsinki, Finland

*Education:* MD, Specialist in Physical and Rehabilitation Medicine

*Key employment history:* Pihlajalinna Plc: Senior Advisor 2016-2017, Deputy CEO, EVP in Private Clinics and Specialized Care 2013-2016, Dextra Oy: CEO 2003-2016, Orton Oy: Specialist in Physical and Rehabilitation Medicine 1997-2004

*Board membership:* Member since 2017

*Other simultaneous positions of trust:* Stockmann Plc: Vice Chairman of the Board of Directors and Member of the Nomination and Remuneration Committee, Pihlajalinna Plc:

Vice Chairman of the Board of Directors and Member of the Audit Committee, Elisa Plc:

Member of the Board of Directors and of the Nomination and Remuneration Committee,

Nexstim Plc: Chairman of the Board of Directors, Yliopiston Apteekki: Member of the Board of

Directors, The Finnish Fairs Corp: Member of the Board of Directors, Finnish National Opera

and Ballet s.r.: Chairman of the Board of Directors, Finnish National Opera and Ballet

Foundation s.r.: Chairman on the Board of Directors, Henna and Pertti Niemistö Art

Foundation s.r.: Vice Chairman of the Board of Directors and Chairman of the Jury,

The National Defence Course Association: Member of the Board of Directors, Securities Market

Association: Member of the Board of Directors, The Finnish Fair Foundation s.r.: Vice Chairman

of the Board of Directors, Finnish Cultural Foundation s.r.: Member of the Supervisory Board,

Finnish Medical Foundation s.r.: Member of the Advisory Board, Scout Foundation s.r. (Finland):

Chairman of the Advisory Board, Research Foundation for Orthopaedics and Traumatology s.r.:

Member of the Supervisory Board

*Meeting attendance:* Board 20/20, Audit Committee 6/6

*Holdings in Raisio:* series V 5,411



**Pekka Tennilä**

CEO, Altia Group

*Born:* 1969

*Place of residence:* Helsinki, Finland

*Education:* M. Sc. in Business Management

*Key employment history:* Altia Group: CEO 2014-, Carlsberg Baltics: CEO 2012-2014, Carlsberg Estonia: CEO 2008-2011, Sinebrychoff: Exports Director 2006-2008, Marketing Manager 2001-2005, Kellogg Company: Business Manager 2000-2001, Marketing Manager 1998-2000

*Board membership:* Member since 19 March 2019

*Other simultaneous positions of trust:* ETL (Finnish Food and Drink Industries' Federation):

Member of the Board of Directors, Marketing Finland: Member of the Board of Directors

*Meeting attendance:* Board 14/16, Audit Committee 4/4

*Holdings in Raisio:* sarja V 1 837 kpl



**Arto Tiitinen**

CEO, Isku-Yhtymä Oy

*Born:* 1959

*Place of residence:* Jyväskylä, Finland

*Education:* MBA

*Key employment history:* Isku-Yhtymä Oy: President, CEO 2011-, Keski-suomalainen Oyj: CEO 2008-2010, Ponsse Oyj: CEO 2004-2008, Valtra Inc: sales and marketing management 1985-2003

*Board membership:* Member since 19 March 2019

*Other simultaneous positions of trust:* Aurajoki Oy: Chairman of the Board of Directors,

Finnish Forest Industries Federation: Member of the Board of Directors, Tana Oy: Member of

the Board of Directors, Tommi Mäkinen Racing Oy: Member of the Board of Directors,

TTS Työteho-seura: Chairman of the Board of Directors

*Meeting attendance:* Board 15/16, Remuneration Committee 4/4

*Holdings in Raisio:* sarja V 2 037 kpl

Kari Kauniskangas served as a Member of the Board of Directors until 19 March 2019.

Aija Immonen, Master of Laws, has served as the Secretary of the Board as from April 2018.

### Board committees: Remuneration Committee

The Board has established a Remuneration Committee to enhance the preparation of remuneration and nomination matters pertaining to the Board.

The duties of the Remuneration Committee include the preparation of matters concerning: (1) remuneration and other financial benefits of the CEO and deputy managing director (if any), (2) the appointment of the CEO, deputy managing director (if any) and other company executives, as well as the assessment of successor issues, (3) the incentive and remuneration schemes of management, key employees and staff, as well as (4) significant organisational changes.

Until 19 March 2019, the Committee members were Ilkka Mäkelä (Chairman), Erkki Haavisto and Ann-Christine Sundell; and after this date, Ilkka Mäkelä (Chairman), Erkki Haavisto and Arto Tiitinen.

The Committee is convened by the Chairman as often as needed and it may use the company's own experts as well as outside experts to the extent it considers necessary. The Committee's secretary is either the Secretary of the Board or the Group's Vice President, Human Resources. In 2019, the Remuneration Committee convened four times, with an attendance of 100 per cent.

### Board committees: Audit Committee

The Board of Directors has appointed an Audit Committee as of 2017 in order to enhance the preparation of matters related to financial reporting and control under the Board's responsibility.

The responsibilities of the Audit Committee include:

- Monitoring the process of financial statements reporting;
- overseeing the acquisition processes;
- monitoring the company's internal control and audit as well as the effectiveness of risk management systems;
- processing of the description of the main features of the internal control and risk management systems included in the Corporate Governance Statement;
- monitoring the statutory audit of the financial statements and consolidated financial statements;
- evaluating the independence of the statutory auditor or audit firm and, in particular, the non-audit services provided to the Company;
- preparing a proposal for a decision on the election of the auditor; and
- reviewing other issues addressed to the Committee by the Board of Directors.

Until 19 March 2019, the Committee members were Kari Kauniskangas (Chairman), Ilkka Mäkelä and Leena Niemistö and after this Ann-Christine Sundell (Chairman), Leena Niemistö and Pekka Tennilä. Chairman of the Supervisory Board or, if he/she is prevented from attending the meeting, Deputy Chairman of the Supervisory Board has the right to attend and speak at Committee meetings.

The Committee is convened by the Chairman as often as needed and it may use the company's own experts as well as outside experts to the extent it considers necessary. The Secretary of the Board of Directors or the Group's CFO acts as secretary to the Committee.

In 2019, the Remuneration Committee convened six times, with an attendance of 100 per cent.

## Supervisory Board

The Supervisory Board consists of a minimum of 15 and a maximum of 25 members, whose term begins at the AGM at which the election takes place and ends at the end of the third AGM following the election. One-third of the members are replaced every year. The AGM held in spring 2019 confirmed the number of members in the Supervisory Board to be 25. In addition to the members elected by the AGM, the Supervisory Board also includes three members whom the personnel groups, formed by Raisio Group's employees in Finland, have elected as their representatives. Person who has turned 65 before the beginning of the term cannot be elected as a member of the Supervisory Board.

The Supervisory Board supervises the corporate administration run by the Board and CEO, and gives the AGM a statement on the financial statements and auditor's report. Chairman of the Supervisory Board or, if he/she is prevented from attending the meeting, Deputy Chairman of the Supervisory Board has the right to be present and to speak at all Raisio plc's Board meetings.

Supervisory Board elects Chairman and Deputy Chairman among its members for one term that begins at the first Supervisory Board meeting following the AGM and ends at the first Supervisory Board meeting held after the following AGM.

Paavo Myllymäki has served as Chairman of the Supervisory Board and Holger Falck as Deputy Chairman; both throughout 2019. Aija Immonen, Master of Laws, has served as the Secretary of the Supervisory Board as of April 2018.

The Supervisory Board convened three times in 2019, with an attendance of 77.3 per cent.

**Personal details of the Supervisory Board members and meeting attendance**

	Member since	Supervisory Board Present	Nomination Committee Present
<b>Paavo Myllymäki, <i>Chairman</i></b> Mynämäki, born 1958 Executive Manager, Farmer	1998	3/3	5/5
<b>Holger Falck, <i>Deputy Chairman</i></b> Helsinki, born 1957 Agronomist	2006	3/3	5/5
<b>Henrik Brotherus</b> Hausjärvi, born 1981 BBA, System Specialist	2017	2/3	5/5
<b>Mårten Forss</b> Kemiönsaari, born 1955 B.Sc. (Econ.), Farmer	2015	3/3	
<b>Timo Himberg, Staff Representative</b> Raisio, born 1969 Logistics Assistant	2018	2/3	
<b>John Holmberg</b> Raasepori, born 1964 Agrologist, Farmer	2016	3/3	
<b>Mikael Holmberg</b> Parainen, born 1961 Agrologist, Farmer	1998 - 2008 2012	2/3	
<b>Kimmo Inovaara</b> Hämeenlinna, born 1968 Agrologist, Farmer	2018	3/3	
<b>Heikki Keisari</b> Harjavalta, born 1959 Agrologist, Farmer	2006	2/3	
<b>Markku Kiljala</b> Reisjärvi, born 1971 Farmer, Entrepreneur	2012	1/3	4/5
<b>Timo Könttä</b> Turku, born 1968 Commercial College Graduate, Shopkeeper	2011	1/3	
<b>Linda Langh</b> Kaarina, born 1983 Master of Laws trained on the bench, CEO, Agricultural Technician	2016	3/3	5/5
<b>Tuomas Levomäki</b> Loimaa, born 1971 Undergraduate Student of Agriculture Farmer	2015	3/3	

**Juha Marttila**  
Simo, born 1967  
D.Sc. (Agr&For), Farmer

**Ilkka Mattila**  
Pori, born 1962  
Farmer, CEO

**Jukka Niittyoja**  
Ylöjärvi, born 1966  
CEO, Farmer

**Yrjö Ojaniemi**  
Lapua, born 1959  
Executive Manager

**Olli-Pekka Saario**  
Turku, born 1957  
Kauppaneuvos (Finnish honorary title), CEO

**Juha Salonen**  
Kaarina, born 1973  
CEO

**Jari Sankari, Staff Representative**  
Kaarina, born 1957  
Technical Manager

**Matti Seitsonen**  
Kouvola, born 1975  
Farmer

**Urban Silén**  
Salo, born 1959  
Agrologist, Farmer

**Mervi Soupas**  
Sauvo, born 1968  
M.Sc. (Econ.), Farmer

**Tuomas Virsiheimo, Staff Representative,**  
Lempäälä, born 1972  
Miller

**Tapio Ylitalo**  
Turku, born 1955  
Farmer

2013	0/3	
2017	1/3	
2016	2/3	
2002	3/3	
2017	3/3	
2010	2/3	
2007	3/3	
2016	1/3	
2003	3/3	
2013	3/3	
2018	3/3	
2006	3/3	

All members of the Supervisory Board are independent of the company's major shareholders. In regard to the issue of independence of the company, three members elected by personnel groups are non-independent of the company, since they are employed by the Group companies, while other 22 Supervisory Board members are independent of the company. Many of the Supervisory Members are either suppliers or customers, or in both of these roles, in relation to the Group companies. This is not expected to have kind of relevance that it would make them non-independent in relation to the company. Seven of the Supervisory Board members have served in their position for over 10 consecutive years but this is not considered to make them dependent in relation to the company.

### **Nomination Committee of the Supervisory Board**

The Supervisory Board has set up a Nomination Committee to prepare matters concerning the appointment and rewarding of members of the Board of Directors. The Committee makes its proposal to the Supervisory Board, which, in turn, can present the AGM with a proposal concerning the election, remuneration and number of the Board members. The Committee's activities are regulated by rules of procedure (2016) approved by the Board and the Supervisory Board.

The Committee consists of the Supervisory Board's Chairman Paavo Myllymäki and Deputy Chairman Holger Falck, based on their posts, as well as Supervisory Board members elected by the Supervisory Board itself: Henrik Brotherus (as of 25 May 2019), Markku Kiljala (as of 23 May 2019) and Linda Lanh (as of 23 May 2019). The Nominating Committee convened five times during the reporting period; with an attendance of 96 per cent.

### **Sustainability Committee of the Supervisory Board**

The Supervisory Board has set up a Sustainability Committee in December 2019 to oversee the company's compliance with sustainability issues as part of the Supervisory Board's task to supervise the corporate administration run by the Board and CEO. The Committee's activities are regulated by rules of procedure (2019) approved by the Board and the Supervisory Board.

The Committee consists of the Supervisory Board's Deputy Chairman Holger Falck, based on his post, as well as two Supervisory Board members elected by the Supervisory Board itself: Juha Marttila (as of 12.12.2019) and Olli-Pekka Saario (as of 12.12.2019). The Chairman of the Board's Audit Committee has the right to be present and to speak at all of the Sustainability Committee's meetings. In addition, the Committee may also hear as experts Company's personnel involved in the sustainability process.

The Sustainability Committee did not convene in 2019.

### **CEO**

Raisio plc's CEO runs the company's day-to-day administration in accordance with the Board's guidelines and regulations and in line with the targets set by the Board (general authority), as well as ensures that the company's accounting complies with legislation and that its asset management arrangements are reliable. The company has not appointed a deputy to the CEO. Raisio's CFO acts as the CEO's substitute, when necessary.

Since November 2017, Pekka Kuusniemi has served as Raisio plc's President and CEO.


**Pekka Kuusniemi**

*Born:* 1968

*Place of residence:* Raisio, Finland

*Education:* M.Sc. (Econ.)

*Key employment history:* Raisio plc 2017-; Hansa Armaturen GmbH, Germany: CEO 2014-2017, Oras Group: President & CEO 2008-2017, Sales and Marketing Director 2006-2007, Marketing Director 2002-2006; Tunturi Oy Ltd 1998 - 2001; R.J. Reynolds Finland Oy 1996-1998; Unilever Finland Oy Lever 1994-1996

*Positions of trust:* Finnish Food and Drink Industries Federation: Member of the Board of Directors; Raisio plc Research Foundation s.r.: Chairman of the Board, Purmo Group: Member of the Board of Directors, Varma Mutual Pension Insurance Company: Member of Supervisory Board, The Finnish Naval Reserve: Member of Supervisory Board

*Holdings in Raisio:* series V 30,000

Pekka Kuusniemi is within the share-based incentive scheme of the Group's key personnel (the share-based schemes in force are 2017 – 2019, 2018 – 2020, 2019 – 2021 and 2020-2022).

## Executive Committee

The Group's Executive Committee is chaired by Raisio plc's CEO and in 2019, the members were: CCO Healthy Food Unit; COO Healthy Ingredients Unit and Operations; CFO, Vice President, Human Resources and Vice President, Legal Affairs and Corporate Responsibility, who also serves as the Executive Committee Secretary. The company has appointed substitutes to the Executive Committee members.

The Group's Executive Committee coordinates the Group's operations and defines Group-level operating objectives, policies and processes. It prepares the Group strategy, supervises its implementation and assists the CEO in preparing decision proposals to the Board on matters concerning the entire Group. Key topics of the Executive Committee's regular meetings (11 meetings in 2019) include the results, forecasts and various reviews of the Group and its Divisions.

## Personal details and holdings of the Executive Committee members


**Jukka Heinänen**

*Born:* 1972

*Place of residence:* Espoo, Finland

*Education:* M.Sc. (Eng.), M.Sc. (Econ.)

*Position at Raisio:* COO, Healthy Ingredients Unit and Operations

*Key employment history:* Raisio plc 2017-; Teknos Group Ltd: CEO 2011-2016 and Director, Production and Logistics 2007-2016; Huhtamäki plc: Plant manager 2005-2006

*Executive Committee membership:* Member since 2017

*Positions of trust:* Nor-Maali Oy: Member of the Board of Directors

*Holdings in Raisio:* series V 5,000



**Sari Koivulehto-Mäkitalo**

*Born:* 1974

*Place of residence:* Masku, Finland

*Education:* Master of Laws, trained on the bench

*Position at Raisio:* Vice President, Legal Affairs and Corporate Responsibility

*Key employment history:* Raisio plc 2006-; Schering Oy: Lawyer 2001-2006; Konecranes Plc: Lawyer 2000-2001

*Executive Committee membership:* Member since 2013

*Positions of trust:* Finland Chamber of Commerce: Member of IPR Committee,

Turku Chamber of Commerce: Member of Law Committee

*Holdings in Raisio:* series V 31,959



**Merja Lumme**

*Born:* 1961

*Place of residence:* Masku, Finland

*Education:* Engineer, eMBA

*Position at Raisio:* Vice President, Human Resources

*Key employment history:* Raisio plc 2003-; PerkinElmer/Wallac: Quality management, HR management and administration 1992-2003; Aimo Virtanen Oy 1991-1992, Saloplast Oy: Quality management 1988-1992

*Executive Committee membership:* Member since 2003

*Positions of trust:* Foundation of Adult Education Turku: Member of Delegation;

Turku Chamber of Commerce: Member of Education and Labour Committee

*Holdings in Raisio:* series V 147,343



**Toni Rannikko**

*Born:* 1979

*Place of residence:* Naantali, Finland

*Education:* M. Sc. (Econ.)

*Position at Raisio:* CFO

*Key employment history:* Raisio plc 2019-, Cargotec plc: Vice President, Finance, Kalmar Mobile Equipment Division and other financial positions 2010 - 2018, Nokia plc: Sr. Project Manager, Business Development, Global Finance & Control 2007 - 2010, Nordea Bank Finland: Senior Branch Manager 2005 - 2007

*Executive Committee membership:* Member since 2019

*Positions of trust:* -

*Holdings in Raisio:* series V 5,000



**Iiro Wester**

*Born:* 1963

*Place of residence:* Espoo, Finland

*Position at Raisio:* CCO, Healthy Food Unit

*Key employment history:* Raisio plc 2018-, Saarioinen Oy: Executive Vice President, Customer Experience and New Markets 2017 - 2018; Valio Oy: Executive Vice President, Sales 2014 - 2016; Valio Sverige Ab: Managing Director 2012 - 2014; Posti/Itella: Marketing Director 2006 - 2012, Cloetta Fazer Ab: Category Director 1999 - 2006

*Executive Committee membership:* Member since 2018

*Positions of trust:* -

*Holdings in Raisio:* series V 6,000

## Internal control and risk management

The aim of internal control and risk management systems related to Raisio Group's financial reporting process is to ensure the reliability of financial statements and reporting, compliance with laws and regulations, as well as the ethicality, efficiency and profitability of operations.

### Internal control

Raisio's internal control is based on the Group's values and policies.

The Board of Directors has the overall responsibility for organizing the internal control and risk management systems related to financial reporting and risk management. The Board has nominated its Audit Committee to ensure, among other things, that the principles established for financial reporting, risk management and internal control are followed. The President and CEO is responsible for maintaining effective supervisory environment and for the internal control related to financial reporting and risk management.

The Group's internal control is a process in which the Board, Board's Audit Committee, management and entire personnel participate. Internal control is thus not a separate organisation, but part of the Group's overall operations.

### Financial reporting

In terms of internal control, appropriate financial reporting means that the financial statements give a true picture of the Group's operations and financial position. Raisio's financial reporting is based on harmonised principles in all Group companies. International Financial Reporting Standards (IFRS) are used both in internal and external reporting.

For financial reporting to be reliable, accounting processes must be properly supervised. The Group's financial reporting is coordinated by the Group's financial administration, which is in charge of maintaining and developing the financial reporting process and related supervisory systems. The Group's financial administration and business controllers are responsible for the practical implementation of the control. An independent auditor inspects the accuracy of external financial reporting and also monitors internal reporting.

The supervision of financial reporting is based on the reporting principles and guidelines defined by the Group. The interpretation and application of financial reporting standards is centrally handled by the Group's financial administration, which also supervises compliance with the standards and guidelines. The Group's financial administration is also in charge of determining and centrally maintaining the reporting, budgeting and forecasting processes. Raisio uses a uniform reporting system, and the same principles are applied throughout the Group.

The main control and monitoring tool is the Group's monthly financial and forecast reporting process that analyses the Units' results and deviations against forecasts and against previous year's results. The performance and other key indicators of the Group and its Units are monitored through the Executive Committee's regular meetings, which also ensure the profitability and effectiveness of operations as well as the functioning of internal control. Moreover, the Units monitor the development of their sales and results more frequently, usually on a daily basis.

For the company's key business operations, Raisio has defined its processes and related control measures supported by the ERP system and other control measures related to the processes. In terms of internal control, information systems play an important role as many control measures are IT-based. Data transfers related to the financial process have been automated as much as possible, and automation is further developed. Raisio has used external auditors to evaluate its systems and data transfer processes.

## **Risk management**

Risk identification and assessment have a vital role in the success of internal control. In order to control the effectiveness and profitability of its operations, the Group must be able to manage risks. Raisio's internal control is to provide the management with assurance that the established risk management policy is followed.

Raisio's Risk Management Policy defines the objectives, principles and responsibilities of risk management. Risk management is defined as an activity aimed at identifying and assessing significant external and internal uncertainties that may threaten the strategy implementation and target achievement. Identified risks are eliminated, avoided, reduced or transferred to the extent possible. Raisio's risks fall into strategic, operational, damage and financial risks. Special emphasis is placed on preventive action and its development. Risk management is part of the Group's day-to-day operations and decision-making. Damages caused by products with inadequate safety and related liability risks are a key issue in the risk management of the Group producing foods and feeds.

The Group's financial administration is responsible for coordinating, developing and monitoring risk management. External advisors are also used, when necessary, to develop risk management. The Group's financial administration is responsible for the Group-wide insurance schemes. Their scope is assessed, for example, in conjunction with risk surveys carried out at company sites.

Each Unit conducts its practical risk management in line with the risk management policy and the guidelines established by the Group's financial administration. Operative responsibility is held by the management of each Unit and function. The Units survey and identify risks in connection with budgeting and financial reporting, among other things. The Group is prepared for operations in crises and for crisis communication.

Each Unit and service function, including financing, reports on its main risks to the Group's CFO, who then reports on the risks to the President & CEO, the Group Executive Committee and the Board of Directors.

## **Internal audit**

As a rule, Raisio has opted to include internal auditing tasks in the duties of the Group's financial administration and business controllers, who report to the Group's CFO on matters related to risk management, internal control and audit. Possible findings of internal control and business risks are reported to the Board and its Audit Committee as part of monthly financial reporting.

Verification of the functioning of internal controls is included in the annual audit. If necessary, the Group purchases internal audit services for specified targets from outside the Group. Internal audit service purchased from outside the Group reports directly to the Board.

## Related party transactions

During the financial period, the company had no significant related party transactions that deviated from the company's ordinary business operations or from normal market conditions. The company maintains a list of its related parties, and possible related party transactions are reported in connection of the company's consolidated financial statements.

## Insider administration

The Raisio Group's insider administration is organised in accordance with the Nasdaq Helsinki Ltd's (Helsinki Stock Exchange) Insider Guidelines (2018). Raisio plc's Board of Directors has confirmed the insider guidelines that is based on, e.g., the following laws and official regulations: Market Abuse Regulation (MAR, EU No 596/2014) as well as regulations based on that; Securities Markets Act (746/2012, incl. amendments), Criminal Code of Finland (39/1889, incl. amendments), Act on the Financial Supervisory Authority (878/2008, incl. amendments), Current regulations and Guidelines for Insiders (2016) issued by Helsinki Stock Exchange, Guidelines of the European Securities and Markets Authority (ESMA) and Financial Supervisory Authority. Every person in the management position is informed of the one insider guidelines. The guidelines are available to anyone working for Raisio plc on the company's internal website. Raisio plc requires its management personnel and all employees to comply with insider regulations. Raisio plc's insider administration monitors compliance with insider regulations and provides training in insider matters.

Persons acting in Raisio plc's management positions are members of the Board of Directors and Supervisory Board, CEO and members of the Group's Executive Committee. Persons in managerial positions and their related parties must report to Raisio and the Financial Supervisory Authority on transactions made with Raisio's shares or other financial instruments. Raisio plc publishes the transactions as Stock Exchange Releases. On its website, Raisio plc publishes up-to-date information on the shareholdings of the members of the Board of Directors and Executive Committee, with the consent of the parties, as soon as possible after the transaction.

The Raisio Group complies with the Helsinki Stock Exchange's Guidelines for Insiders on trading restrictions (closed window) with the following clarifications and additions: (1) A person in a managerial position (member of the Board of Directors or Supervisory Board, CEO, Group's Executive Committee member) and a person under his or her guardianship may not trade in the company's financial instrument on their own account or for the account of a third party, directly or indirectly, (i) in the period between the end date of each reported period and the publication date of the interim, half-year financial report or the financial statement bulletin, and (ii) at any time within 30 days prior to the publication of such a financial report. (2) Persons involved with the preparation of financial reports (interim reports, half-year financial reports, financial statements bulletin) and those under his or her guardianship may not trade with the company's financial instruments for their own account or for the account of a third party, directly or indirectly, (i) in the period between the end date of each reported period and the publication of interim report, half-year financial report or financial statements bulletin, and (ii) at any time within 30 days prior to the publication of such a financial report.

As required by the Market Abuse Regulation, Raisio plc's insider administration maintains a register of persons in a managerial position and their closely associated persons and entities. In addition, the insider administration maintains a register of persons with access to inside information (Article 18 of MAR). As of 3 July 2016, after the Market Abuse Regulation had become into force, Raisio has not had public insiders and, in practice, all insider lists are project-specific. A person entered into a project-specific insider list is never allowed to trade in Raisio's financial instrument for the duration of the project.

The insider administration monitors the compliance with trading restrictions concerning insiders and persons occupying managerial positions or involved in the preparation of financial reports as well as the compliance with the notification obligation. It also reviews the disclosed insider information regularly. The insider administration uses the Euroclear Finland Ltd's book-entry system.

### **Notification of misconduct**

Raisio Group has a procedure and communication channel providing the Group employees an opportunity to represent their concerns or observations through an independent channel, anonymously if required. The procedure allows employees to report not only suspicions or observations of misconduct, but also suspected violations related to financial markets and particularly securities markets (Market Abuse Regulation, Article 32; Securities Markets Act, Chapter 12).

### **Auditing**

Esa Kailiala and Kimmo Antonen, authorised public accountants, acted as regular auditors for the financial year 2019. Niklas Oikia and KPMG Oy Ab, authorised public accountants, acted as deputy auditors.

The auditors provide the Board and CEO with a summary of the corporate audit. In addition, the auditors for the Group companies submit separate reports to the management of each company. The auditors give the shareholders an annual auditors' report on the financial statements as required by law and report regularly on their activities and observations to Raisio plc's Audit Committee, as well as take part in the Audit Committee's meetings.

Fees for statutory auditing amounted to EUR 177,935 in 2019. In addition, Raisio purchased other services from KPMG Oy Ab and its associates for a total of EUR 67,502.