

# Corporate Governance Statement 2016

RAISIO PLC



## CORPORATE GOVERNANCE STATEMENT 2016

### INTRODUCTION

This presentation is the corporate governance statement referred to in the Finnish Corporate Governance Code (2015) for the financial year 2016. It is issued separately from the Board of Directors' report. The Board of Directors (Board) has reviewed the statement at its meeting on 19 January 2017. 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 its financial reporting process is consistent with the financial statements.

Raisio complies with the Finnish Corporate Governance Code (2015) approved by the Securities Market Association. The Code is available on the Securities Market Association's website at [www.cgfinland.fi](http://www.cgfinland.fi). Raisio plc is a contributing member of the Securities Market Association.

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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 2016 was held in Turku on 23 March 2016, and a total of 2,468 shareholders were personally present or represented by a proxy, representing 45.3 million shares or 27.4 per cent of the total share capital. Chairman and all members of the Board as well as CEO and auditor 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 organization 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 Management Team 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 approve the CEO's employment contract and other benefits,
- decide on incentive and reward systems for the management and personnel and submit proposals concerning them to the AGM if necessary,
- 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 spring 2016, the Board and Supervisory Board have defined the criteria related to competence and expertise as well as diversity principles set to the Board members. In terms of gender distribution, the aim is that the Board of Directors comprises at least one third of each gender. The proposal made by the Supervisory Board in December 2016 regarding the Board members at the AGM of spring 2017 is in line with this principle.

In 2016, the Board had six members until the AGM held on 23 March 2016. After this date, the Board had five members. In 2016, all the Board members were independent of the company and its major shareholders.

In 2016, the Board met 11 times and held four telephone conferences as well as an organisation meeting immediately after the AGM. Attendance at the Board meetings was 96.3 per cent.

An independent advisor assessed the activities and members of the Board in the autumn 2016.

Board members' personal details and meeting attendance



*Chairman*

**Matti Perkonen**

**Born** 1949

**Place of residence:** Mynämäki, Finland

**Education:** Commercial College graduate

**Key employment history:** HKScan Oyj: CEO 2009–2012, CFO 2000–2009

**Board membership:** Member since 2011 and the Chairman since 2013

**Other simultaneous positions of trust:** Mutual Employment Pension Insurance Company

Varma: Employers' consultative committee Member

**Meeting attendance:** 16/16

**Holdings in Raisio:** series V 24,301



*Deputy Chairman*

**Michael Ramm-Schmidt**

Chairman of the Board, Oy Executive Leasing Ab

**Born** 1952

**Place of residence:** Espoo, Finland

**Education:** B.Sc. (Econ.& Bus.Adm.)

**Key employment history:** Oy Executive Leasing Ab 2004-;

Hackman Oyj Abp: President & CEO 2004; Hackman Metos Oy Ab: CEO 1995-2004;

Hackman Designor Oy Ab: CEO 1989-1994; International Masters Publishers Inc.:

CEO 1986-1989; Skandinavisk Press AB: CEO 1984-1986

**Board membership:** Member since 2005, Deputy Chairman since 2006

**Other simultaneous positions of trust:** Levanto Oy: Member of the Board of Directors;

Stala Oy: Member of the Board of Directors; Stalatube Oy: Chairman of the Board of

Directors; Stiftelsen Svenska Handelshögskolan: Member of the Supervisory Board;

Menuumat Oy: Member of the Board of Directors

**Meeting attendance:** 14/16

**Holdings in Raisio:** series V 56,661



**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;

The University of Turku: Member of the Consultative Committee

**Meeting attendance:** 16/16

**Holdings in Raisio:** series K 364,940 and series V 144,210



**Ann-Christine Sundell**

Senior Advisor

**Born** 1964

**Place of residence:** Parainen, Finland

**Education:** MSc, Biochemistry

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

**Board membership:** Member since 2015

**Other simultaneous positions of trust:** Oy Medix Biochemica Ab: Chairman of the Board of Directors; Oy Medix Ab: Member of the Board of Directors;

Minerva Foundation: Member of the Board of Directors and Member of the Finance Committee; Serres Oy: Member of the Board of Directors;

Zymonostics ApS (Denmark): Member of the Board of Directors;

Ledil Oy: Member of the Board of Directors; Ledil Group Oy: Member of the Board of Directors; Revenio Group Oyj: Member of the Board of Directors;

Immunovia Ab (Sweden): Member of the Board of Directors

**Meeting attendance:** 16/16

**Holdings in Raisio:** series V 1,900



**Antti Tiitola**

CEO, Motonet Oy, Varaosamaailma Oy, BG Varasto Oy

**Born** 1967

**Place of residence:** Helsinki, Finland

**Education:** Commercial College graduate, Gross- und Aussenhandelskaufmann

**Key employment history:** Neste plc: Executive Vice President 2014-2016; VR-Group Ltd: Senior Vice President 2012-2014; Lidl Finland: CEO 2000-2011; Örum Oy Ab: Marketing Director 1999-2000, Marketing Manager 1995-1998

**Board membership:** Member since 2014

**Other simultaneous positions of trust:** Broman Group Ltd: Member of the Board of Directors; Deutsch-Finnische Handelskammer: Executive Board Member

**Meeting attendance:** 15/16

**Holdings in Raisio:** series V 3,879

**Pirkko Rantanen Kervinen** was a Board member until the AGM of 23 March 2016.

Director Janne Martti, Master of Laws, has served as Secretary of the Board since 2000.

## Board committees and workgroups

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.

The Committee has two members, elected by the Board among its members. In April 2016, Matti Perkonjoja and Michael Ramm-Schmidt were elected as members.

The Remuneration 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 2016, the Remuneration Committee convened once, with all the members present at the meeting.

## 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 2016 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 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 2016.

Supervisory Board convened three times in 2016, with an attendance of 86.9 per cent.

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

	Member since	SUPERVISORY BOARD Present	NOMINATING COMMITTEE Present
<b>Paavo Myllymäki</b> <i>Chairman</i> Mynämäki, born 1958 Executive Manager, Farmer	1998	3 / 3	6 / 6
<b>Holger Falck.</b> <i>Deputy Chairman</i> Sipoo, Born 1957 Agronomist, Farmer	2006	3 / 3	6 / 6
<b>Risto Ervelä</b> Sauvo, Born 1950 Maakuntaneuvos (Finnish honorary title) M.Pol.Sc, Farmer	1991 - 23.3.2016	1 / 1	
<b>Mårten Forss</b> Kemiönsaari, born 1955 B.Sc. (Econ.), Farmer	2015	2 / 3	
<b>Vesa Harjunmaa</b> Huittinen, born 1973 Agrologist, Farmer	2011	1 / 3	
<b>John Holmberg</b> Raasepori, born 1964 Agrologist, Farmer	23.3.2016	2 / 2	
<b>Mikael Holmberg</b> Parainen, born 1961 Agrologist, Farmer	1998 - 2008 2012	3 / 3	
<b>Panu Kallio</b> Helsinki, Born 1965 Ph.D.	2014	2 / 3	
<b>Markku Kiljala</b> Reisjärvi, born 1971 Farmer, Entrepreneur	2012	3 / 3	6 / 6
<b>Timo Könttä</b> Masku, born 1968 Commercial College Graduate Shopkeeper	2011	3 / 3	
<b>Hans Langh</b> Kaarina, born 1949 Merenkulkuneuvos (Finnish honorary title) CEO, Farmer	1990 - 23.3.2016	1 / 1	2 / 2



<b>Linda Langh</b> Kaarina, born 1983 Master of Laws, trained on the bench CEO, Agricultural Technician	23.3.2016	2 / 2	
<b>Tuomas Levomäki</b> Loimaa, born 1971 Undergraduate Student of Agriculture Farmer	2015	3 / 3	
<b>Pirkko Lönnqvist</b> <i>Staff Representative</i> Turku, born 1955 Charterer	2007 - 30.6.2011 2012	3 / 3	
<b>Juha Marttila</b> Simo, born 1967 D.Sc. (Agr&For), Farmer	2013	0 / 3	
<b>Kari Niemistö</b> Helsinki, born 1962 CEO	2008	3 / 3	6 / 6
<b>Jukka Niittyöja</b> Ylöjärvi, born 1966 CEO, Farmer	23.3.2016	2 / 2	
<b>Jyrki Nurmi</b> <i>Staff Representative</i> Turku, born 1957 Packer	2008	3 / 3	
<b>Yrjö Ojaniemi</b> Lapua, born 1959 Executive Manager	2002	2 / 3	
<b>Heikki Pohjala</b> Harjavalta, born 1959 Agrologist, Farmer	2006	3 / 3	
<b>Juha Salonen</b> Kaarina, born 1973 CEO	2010	2 / 3	
<b>Jari Sankari</b> <i>Staff Representative</i> Kaarina, born 1957 Technical Manager	2007	3 / 3	
<b>Matti Seitsonen</b> Kouvola, born 1975 Farmer	23.3.2016	2 / 2	
<b>Urban Silén</b> Salo, born 1959 Agrologist, Farmer	2003	3 / 3	

<b>Mervi Soupas</b> Sauvo, born 1968 M.Sc. (Econ.), Farmer	2013	3 / 3	6 / 6
<b>Arto Vuorela</b> Pyhtää, born 1960 Farmer	2010 - 23.3.2016	1 / 1	
<b>Rita Wegelius</b> Hattula, born 1960 Agronomist, Farmer	2006	2 / 3	
<b>Tapio Ylitalo</b> Turku, born 1955 Farmer	2006	2 / 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.

#### Nominating 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: Markku Kiljala, Hans Langh (until 23 March 2016), Kari Niemistö and Mervi Soupas. The Nominating Committee convened six times during the reporting period.

## 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.

Matti Rihko has been Raisio plc's CEO since November 2006. He was born in 1962, lives in Turku and has Master's degree in both Economics and Psychology. His key work history is as follows: Raisio plc 2006: Vice President, Ingredients Division; Altadis SA, Paris 2004-2006: Regional Director Europe; Altadis Finland Oy 1999-2004: CEO.– Raisio plc's CEO Matti Rihko resigned on 3 January 2017 and renounced his position as well as other duties in the Raisio Group with immediate effect.

In 2016, Rihko's simultaneous key positions of trust were: Mutual Employment Pension Insurance Company Varma: Member of the Supervisory Board; Oriola-KD plc: Member of the Board of Directors; Terveystalo Oy: Member of the Board of Directors; Turku Science Park Ltd: Member of the Board of Directors; Turku Chamber of Commerce: Member of the Board of Directors; The University of Turku: Chairman of the Board of Directors; Raisio plc Research Foundation: Chairman of the Board of Directors.

Rihko held 300,000 Raisio plc's free shares on 31 December 2016. He was within the share-based incentive schemes of the Group's key personnel (the share-based incentive schemes 2014-2016, 2015-2017 and 2016-2018).

The company has not appointed a deputy to the CEO.

## MANAGEMENT TEAM

The Group's Management Team is chaired by Raisio plc's CEO and in 2016 the members are: Vice President, Benecol business and Business Development; Vice President, Raisioagro Division and Raisonkaari Industrial Park; Vice President, Healthy Snacks business (until 17 February 2016); Vice President, financial, IT and communication functions; Vice President, Human Resources and Vice President, Legal Affairs, who also serves as a Management Team secretary.

The Group's Management Team coordinates the Group's operations and defines Group-level operating objectives, policies and processes. It prepares the Group's strategy, supervises its implementation and assists the CEO in preparing proposals subjected to the Board, which concern the entire Group. Key topics of the Management teams' regular meetings (seven meetings in 2016) include the results, forecasts and various reports of the Group and its Divisions. Management Team members hold a short meeting once a week.

Personal details and holdings of the Management Team members



**Antti Elevuori**  
**Born** 1979  
**Place of residence:** Naantali, Finland  
**Education:** M.Sc.(Econ.)  
**Position at Raisio:** CFO  
**Key employment history:** Raisio plc 2003-: various duties in financial management and business development  
**Management Team membership:** Member since 2014  
**Key positions of trust:** -  
**Holdings in Raisio:** series V 21,549



**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  
**Key employment history:** Raisio plc 2006-; Schering Oy 2001-2006: lawyer; Konecranes Plc 2000-2001: lawyer  
**Management Team membership:** Member since 2013  
**Key positions of trust:** Turku Chamber of Commerce: Member of Law Committee  
**Holdings in Raisio:** series V 30,276



**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 Oy 1992-2003: quality management, HR management and administration; Aimo Virtanen Oy 1991-1992; Saloplast Oy 1988-1992: quality management  
**Management Team membership:** Member since 2003  
**Key positions of trust:** Foundation of Adult Education Turku: Member of Delegation; Turku Chamber of Commerce: Deputy Chairman of Education and Labour Committee  
**Holdings in Raisio:** series V 145,744



Vincent Poujardieu

**Born** 1967

**Place of residence:** Brussels, Belgium

**Education:** Graduated EDHEC business school (Lille, France)

**Position at Raisio:** Vice President, Benecol and Business Development

**Key employment history:** Raisio plc 2007-; Altadis SA, Brussels 2000-2007: Regional Director Benelux and later North Europe, Altadis SA, Paris 1994-2000: Business Development Manager; French Embassy, Nicaragua 1992-1994: Commercial Adviser; Arthur Andersen, Lyon 1989-1992: financial auditor  
Management Team membership: Member since 2007

**Key positions of trust:** -

**Holdings in Raisio:** series V 231,820



**Jarmo Puputti**

**Born** 1965

**Place of residence:** Nokia, Finland

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

**Position at Raisio:** Vice President, Raisioagro Division and Raisionkaari Industrial Park

**Key employment history:** Raisio plc 2013-, Nokian Heavy Tyres Ltd 2008-2013: Vice President and Managing Director; Patria Weapon Systems Oy 2005-2008: Managing Director

**Management Team membership:** Member since 2013

**Key positions of trust:** Lumilab Oy, Member of the Board of Directors

**Holdings in Raisio:** series V 16,399

Mikko Laavainen, Vice President Benecol business, and Tomi Järvenpää, Vice President Healthy Snacks business, were Management Team members until 17 February 2016.

## INTERNAL CONTROL AND RISK MANAGEMENT

The aim of internal control and risk management systems related to Raisio's financial reporting process is to ensure sufficient guarantee of reliability of the company's financial statements and reporting and that the Group operates ethically and in compliance with laws and regulations and that its operations are efficient and profitable.

### Internal control

Raisio's internal control is based on the Group's values – competence, responsibility and open cooperation - that contribute to the achievement of targets laid out in the Group's vision and strategy. Raisio's basic targets are profitability, customer satisfaction and well-being. Values and basic targets influence the company's day-to-day interaction with customers, suppliers and investors. They also affect various internal policies, guidelines and established practices.

Raisio does not have a separate audit committee or an internal audit organisation. The Board and CEO have the overall responsibility for organizing the internal control and risk management systems related to financial reporting. The Group's internal control is understood as a process involving the Board, management and other

personnel. Internal control is thus not a separate organisation, but part of the Group's overall operations. The internal business control system is the responsibility of the Divisions' management and the business controller function in compliance with the Group's principles and guidelines.

The Group is managed according to a system emphasising the Group and Division scorecards and related action plans, as well as a so called annual clock. In order to achieve efficient and profitable operations, planning and goal-setting are given a key role in the management system. Planning and follow-up are scheduled according to the calendar defined in the annual clock. Monthly management reporting and the operations analysis of actual business results in relation to the budgeted and monthly updated forecasts carried out in connection with reporting, form the key supervision process aimed at securing efficient and appropriate operations.

### Financial reporting

Raisio's Board and CEO have the overall responsibility for organizing the internal control and risk management systems related to financial reporting. CEO, Management Team members and the business unit managers are responsible for ensuring that the operation of their responsibility areas is in line with the Group's Code of Conduct, guidelines and regulations.

Raisio's financial reporting is based on harmonised principles in all Group companies. International Financial Reporting Standards (IFRS) are used in the Group's reporting.

For financial reporting to be reliable, accounting processes must be properly supervised. The Group's financial management is supported and co-ordinated by the Group's financial administration and business controller function. The Group's financial administration is in charge of maintaining and developing the financial reporting process and related supervisory systems.

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, also supervising compliance with standards and guidelines. The Group's financial administration is 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.

Raisio has defined the processes of its main business operations, as well as the related control measures supported by the ERP system and other control measures related to the processes. Information systems play an important role in internal control, since many control measures are based on IT. Data transfers related to the financial process have been automated as much as possible, and automation is being further developed. External audits have been used to evaluate the systems and data transfer processes.

The Group's reporting guidelines and principles are available to everyone involved in financial reporting and can be found in connection with the Group's reporting system. In addition, the Group's intranet contains instructions related to financial reporting and control measures, as well as other Group policies and guidelines.

The performance and other key indicators of the Group and its Divisions are monitored through monthly reporting and the Management Team's regular meetings, which also ensure the functioning of internal control. Management Team also follows the Group Divisions' development of sales, results and overdue receivables on a weekly basis. Moreover, the Divisions monitor the development of their sales and results more frequently, usually on a daily basis. Final assessment of the results is ultimately made by the Board at its meetings.

The Group's financial administration follows the accuracy of both external and internal financial reporting. An external auditor inspects the accuracy of external financial reporting and also monitors internal reporting.

#### Risk management

Risk identification and assessment play a vital role in the success of internal control. In order to control the efficiency and profitability of 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 targets, principles and responsibilities of risk management. Risk management is action aiming to identify and assess significant external and internal uncertainty factors 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.

Risk management function reporting to the CFO coordinates, develops and monitors risk management. External advisors are also used, when necessary, to develop risk management activities. Risk management function 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 Division is responsible for conducting its own practical risk management in line with the risk management policy and the Group's guidelines. Operative responsibility is held by the management of each Division and function. The Divisions survey and identify risks in connection with annual planning, among other things. The Group is prepared for operations in crises as well as for crisis communication.

Each Division and service function, including financing, reports on its main risks to the Management Team.

#### Internal audit

As a rule, Raisio has opted to include internal auditing tasks in the duties of the Group's financial administration and business controller function, which 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 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.

## INSIDER REGULATIONS

Raisio Group complies with the Guidelines for Insiders (2016) issued by Nasdaq Helsinki Ltd (Stock Exchange) with the following modifications: (1) A person in a management position (Board member, Supervisory Board member, CEO, Group Management Team member) and a person under his or her guardianship may not trade in the issuer's financial instrument on own account or for the account of a third party, directly or indirectly, in the period beginning on the end date of each reported period and ending on the publication date of the interim report or the financial statement bulletin. (2) A person involved in the preparation of financial reports (interim reports, financial statements) and a person under his or her guardianship may not trade in the issuer's financial instrument on own account or for the account of a third party, directly or indirectly, in the period between the end date of each reported period and the publication of the corresponding interim report or financial statement bulletin.

A person who is entered into a project-specific insider list is never allowed to trade in the issuer's financial instrument.

Raisio's insider administration maintains a register of persons in management position and their closely associated persons and entities. In addition, the insider administration maintains a register of persons with access to inside information (Market Abuse Regulation, Article 18). As of July 2016, the insider registers are virtually project-specific. The insider registers are not public.

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 2016. Mika Leino 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 reported on their activities and observations to the Raisio plc Board at its meetings three times in 2016. The auditors give the shareholders an annual auditors' report on the financial statements as required by law.

Fees for statutory auditing amounted to EUR 250,000 in 2016. In addition, Raisio purchased other services from KPMG Oy Ab and its associates for a total of EUR 29,081.