

## CORPORATE GOVERNANCE STATEMENT 2017

### Introduction

This presentation is the corporate governance statement referred to in the Finnish Corporate Governance Code (2015) for the financial year 2017. It is issued separately from the Board of Directors' report. The Board of Directors (Board) has reviewed the statement at its meeting on 25 January 2018. 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 2017 was held in Turku on 23 March 2017, and a total of 2,367 shareholders were personally present or represented by a proxy, representing 53.1 million shares or 32.1 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 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 to 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.

Until the AGM held on 23 March 2017, the Board had five members in 2017. After this date, the Board had six members. In 2017, all the Board members were independent of the company and its major shareholders.

In 2017, the Board met 22 times and held nine telephone conferences as well as an organisation meeting after the AGM. Attendance at the Board meetings was 96.8 per cent.

The Board conducted an internal assessment of its operations in the autumn 2017.

### **Competence and expertise of 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, as well as 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 of the Board*

**Matti Perkonoja**

*Born* 1949

*Place of residence:* Mynämäki, Finland

*Education:* Business 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:* LTP Group Oy: Chairman of the Board of Directors

*Meeting attendance:* Board 22/22, Remuneration Committee 17/17

*Holdings in Raisio:* series V 29,249



*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 Delegation, MenuMAT Oy:

Member of the Board of Directors

*Meeting attendance:* Board 21/22, Remuneration Committee 9/9, Audit Committee 6/6

*Holdings in Raisio:* series V 59,135



**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:* Board 22/22, Remuneration Committee 10/10

*Holdings in Raisio:* series K 364,940 and series V 146,684


**Ilkka Mäkelä**

*Born* 1957

*Place of residence:* Tampere, Finland

*Education:* Mechanical Engineer, eMBA

*Key employment history:* Saarioinen Ltd: CEO 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 from 23 March 2017

*Other simultaneous positions of trust:* Eräkontti Oy: Chairman of the Board of Directors, D.J. Waden Fund: Member of the Board of Directors, 4H Foundation: Chairman of the Board of Directors, Kalaliike V. Hukkanen Oy: Member of the Board of Directors, Finland Chamber of Commerce: Member of the Redemption Board, Mutual Employment Pension Insurance Company Varma: Employers' Consultative Committee Member, Suomen Metsästäjäliitto: Deputy Chairman of the Board of Directors, The Unemployment Insurance Fund: Member of the Supervisory Board, Sallila Energia Oy: Member of the Supervisory Board

*Meeting attendance:* Board 15/16, Audit Committee 6/6

*Holdings in Raisio:* series V 11,605


**Leena Niemistö**

Vice Chairman of the Board, Senior advisor, Pihlajalinna Group

*Born* 1963

*Place of residence:* Helsinki, Finland

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

*Key employment history:* Pihlajalinna Group: Deputy CEO, EVP in Private Clinics and Specialized Care 2013-2016, Dextra Oy: CEO 2003-2016, Invalid Foundation Rehabilitation Orton: Specialist in Physical and Rehabilitation Medicine 1997–2004

*Board membership:* Member from 23 March 2017

*Other simultaneous positions of trust:* Stockmann Oyj: Vice Chairman of the Board of Directors and member of the Nomination and Remuneration Committee, Pihlajalinna Oyj: Vice Chairman of the Board of Directors and member of Audit Committee, Elisa Oyj: Member of the Board of Directors and member of the Nomination and Remuneration Committee, 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 of 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, Finnish Cultural Foundation s.r.: Member of the Supervisory Board, Finnish Medical Foundation s.r.: Member of the Advisory Board, Scout Foundation (Finland): Member of the Advisory Board, Research foundation for Orthopaedics and Traumatology s.r.: Member of the Supervisory Board

*Meeting attendance:* Board 15/16, Audit Committee 6/6

*Holdings in Raisio:* series V 1,605

**Ann-Christine Sundell**

Senior Advisor

*Born* 1964

*Place of residence:* Parainen, Finland

*Education:* M.Sc BioChemistry

*Key employment history:* Perkin Elmer 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

*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: Chairman 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, Blueprint Genetics Oy: Member of the Board of Directors

*Meeting attendance:* Board 22/22, Remuneration Committee 10/10

*Holdings in Raisio:* series V 4,374

Antti Tiitola was a Board member until the AGM of 23 March 2017.

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

**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.

The Committee had two members until April, - Matti Perkonoja and Michael Ramm-Schmidt – thereafter three - Matti Perkonoja, Erkki Haavisto and Ann-Christine Sundell. The Committee was chaired by Matti Perkonoja.

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 2017, the Remuneration Committee convened 17 times, with an attendance of 100 per cent. The main task for the Committee was the recruitment process of CEO from January to June, 2017.

### **Board committees: Audit Committee**

The Board of Directors has appointed an Audit Committee 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 related to the financial reporting process and 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 to the General Meeting for a decision on the election of the auditor; and
- reviewing other issues addressed to the Committee by the Board of Directors.

The members of the Audit Committee are Ilkka Mäkelä (Chairman), Leena Niemistö and Michael Ramm-Schmidt. 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. The Committee was set up for the first time in 2017. Before, the entire Board was responsible for the duties of the Audit Committee. In 2017, the Audit 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 2017 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 2017. Director Janne Martti, Master of Laws, has served as Secretary of the Supervisory Board since 2000.

Supervisory Board convened three times in 2017, with an attendance of 85.3 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	3/3
<b>Holger Falck</b> , <i>Deputy Chairman</i> Helsinki, born 1957 Agronomist	2006	3/3	3/3
<b>Henrik Brotherus</b> , Hausjärvi, born 1981 BBA, System Specialist	23.3.2017	2/2	3/3
<b>Mårten Forss</b> Kemiönsaari, born 1955 B.Sc. (Econ.), Farmer	2015	2/3	
<b>Vesa Harjunmaa</b> Huittinen, born 1973 Agrologist, Farmer	2011 - 23.3.2017	0/1	
<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>Panu Kallio</b> Helsinki, born 1965 Ph.D.	2014 - 23.3.2017	0/1	
<b>Markku Kiljala</b> Reisjärvi, born 1971 Farmer, Entrepreneur	2012	2/3	3/3
<b>Timo Könttä</b> Masku, 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	2/3	3/3
<b>Tuomas Levomäki</b> Loimaa, born 1971 Undergraduate Student of Agriculture, Farmer	2015	3/3	
<b>Pirkko Lönnqvist</b> , Staff Representative Turku, born 1955 Charterer	2007 - 30.6.2011 2012	3/3	
<b>Juha Marttila</b> Simo, born 1967 D.Sc. (Agr&For), Farmer	2013	2/3	
<b>Ilkka Mattila</b> , Pori, born 1962 Farmer, CEO	23.3.2017	2/2	
<b>Kari Niemistö</b> Helsinki, born 1962 CEO	2008 - 23.3.2017	1/1	
<b>Jukka Niittyoja</b> Ylöjärvi, born 1966 CEO, Farmer	2016	3/3	
<b>Jyrki Nurmi</b> , Staff Representative Turku, born 1957 Packer	2008	3/3	
<b>Yrjö Ojaniemi</b> Lapua, born 1959 Executive Manager	2002	3/3	
<b>Heikki Pohjala</b> Harjavalta, born 1959 Agrologist, Farmer	2006	2/3	
<b>Olli-Pekka Saario</b> Turku, born 1957 Kauppaneuvos (Finnish honorary title), CEO	23.3.2017	2/2	
<b>Juha Salonen</b> Kaarina, born 1973 CEO	2010	3/3	
<b>Jari Sankari</b> , Staff Representative Kaarina, born 1957 Technical Manager	2007	3/3	
<b>Matti Seitsonen</b> Kouvola, born 1975 Farmer	2016	3/3	

<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
<b>Rita Wegelius</b> Hattula, born 1960 Agronomist, Farmer	2006	2/3
<b>Tapio Ylitalo</b> Turku, born 1955 Farmer	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. Eight 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: Henrik Brotherus (as of 24 May 2017), Markku Kiljala, Linda Lanh (as of 24 May 2017), Kari Niemistö (until 23 March 2017) and Mervi Soupas (until 24 May 2017). The Nominating Committee convened three times during the reporting period; each member attended all of these meetings.

## 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.

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



### **Pekka Kuusniemi**

*Born:* 1968

*Place of residence:* Turku, Finland

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

*Key employment history:* Raisio plc 2017-, Hansa Armaturen GmbH, Germany 2014-2017: CEO, Oras Group: President & CEO of the Group 2008-2017, Sales & 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

*Key positions of trust:* The Finnish Food and Drink Industries' Federation (ETL): Member of the Board of Directors; Turku Chamber of Commerce: Member of the Board of Directors, Raisio plc's Research Foundation: Chairman of the Board of Directors

*Holdings in Raisio:* series V 2,000

Pekka Kuusniemi is within the share-based incentive schemes of the Group's key personnel (the share-based scheme 2017—2019).

Jarmo Puputti served as Raisio plc's CEO 3 January – 31 October 2017.

CEO Matti Rihko served as Raisio plc's CEO until he resigned on 3 January 2017; he renounced his position as well as other duties in the Raisio Group with immediate effect.

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 2017 the members are: Vice President, Benecol business and Business Development; Vice President, Raisioagro Division; Vice President, Operations and Raisionkaari Industrial Park; Vice President, Healthy Snacks business (until 3 May 2017); Vice President, Confectionery (1 February – 15 May 2017); Vice President, finance and IT; Vice President, Human Resources and Vice President, Legal Affairs, who also serves as a Management Team secretary. Interim Vice President of the Healthy Food business attended the Management Team meetings as of May.

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 (ten meetings in 2017) include the results, forecasts and various reports of the Group and its Divisions. During the winter and spring 2017, the Management Team had several meetings regarding the renewal of the Group's strategy and the strategies of the business units. In addition, the Management Team members met briefly as a rule once a week until the end of October.

**Personal details and holdings of the Management Team members**

**Perttu Eerola**

*Born:* 1972

*Place of residence:* Naantali, Finland

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

*Position at Raisio:* Managing Director, Raisioagro

*Key employment history:* Raisioagro Ltd 2014-2017: Finance Director; Suomen Lauttaliikenne Oy 2010-2014: CFO; Flander Oy (later Symbio S.a.r.l.) 2009-2010 VP Finance, Europe and 2005-2009: CFO; Lounet Oy 2001–2005: Financial manager and 2000-2001 Accounting manager; KPMG Oy Ab 1996-2000: Auditor

*Management Team membership:* Member from 20 March 2017

*Positions of trust:* Vihervakka Oy, Deputy Chairman of the Board of Directors

*Holdings in Raisio:* series K 1,430


**Antti Elevuori**

*Born:* 1979

*Place of residence:* Naantali, Finland

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

*Position at Raisio:* Chief Financial Officer

*Key employment history:* Raisio plc 2003-: different positions in financial administration and business development

*Management Team membership:* Member since 2014

*Positions of trust:* -

*Holdings in Raisio:* series V 21,549


**Jukka Heinänen**

*Born:* 1972

*Place of residence:* Espoo, Suomi

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

*Position at Raisio:* Vice President, Operations

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

*Management Team membership:* member from 15 May 2017

*Positions of trust:* -

*Holdings in Raisio:* -


**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

*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 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

*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 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 then North Europe; Altadis SA, Paris 1994-2000: Business Development Manager; French Embassy, Nicaragua 1992-1994: Commercial Adviser; Arthur Andersen, Lyon (France) 1989-1992: financial auditor

*Management Team membership:* Member since 2007

*Positions of trust:* -

*Holdings in Raisio:* series V 231,820

In addition, Pia Kakko (1 February – 3 May) and Sakari Kotka (1 February – 15 May) were Management Team members in 2017.

## 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. 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 service centre of the Group's financial administration, foreign subsidiaries' financial administrations 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 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 Group's reporting instructions and principles as well as guideline related to financial reporting and control measures are available to everyone involved in financial reporting on the Group's intranet.

The main control and monitoring tool is the Group's monthly financial and forecast reporting process that analyses the Divisions' results and deviations against forecasts and against previous year's results. The performance and other key indicators of the Group and its Divisions are monitored through the Group Management Team's regular meetings, which also ensure the profitability and effectiveness of operations, and the functioning of internal control. Moreover, the Divisions 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 play 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 activities. 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 Division 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 Division and function. The Divisions 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 Division and service function, including financing, reports on its main risks to the Group's CFO, who then reports on the risks to CEO, the Group Management Team 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.

### **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 2017. Niklas Oikia, authorised public accountant and KPMG Oy Ab, auditing company 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 2017. The auditors give the shareholders an annual auditors' report on the financial statements as required by law.

Fees for statutory auditing amounted to EUR 242,167 in 2017. In addition, Raisio purchased other services from KPMG Oy Ab and its associates for a total of EUR 75,353.