

Corporate Governance Statement

February 13, 2018

Huhtamaki

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Corporate Governance Statement

Introduction

Huhtamäki Oyj (the Company) complies with the Finnish Corporate Governance Code (Code) adopted by the Securities Market Association. This Corporate Governance Statement complies with the Code effective from January 1, 2016. In addition, the Company has issued a separate Remuneration Statement prepared in accordance with the Code. The Code is available in its entirety on the internet at www.cgfinland.fi. Huhtamäki Oyj is a support member of the Securities Market Association.

This separate Corporate Governance Statement has been issued and published in connection with the Directors' Report. The Audit Committee of the Board of Directors of the Company has reviewed the statement and it has been approved by the

Board of Directors. The Auditor of the Company has reviewed that the statement has been issued and that the description of the main principles of internal control and risk management systems of the financial reporting process fully complies with the financial statements of the Company.

The Company's corporate governance comprises the General Meeting of Shareholders, the Board of Directors (Board) and the Committees founded by it, the Chief Executive Officer (CEO) and the Global Executive Team (GET), laws and regulations applicable in countries where the Group operates as well as the Group's internal policies, guidelines and practices.

Updated information on the governance of the Company is available on the Company's website in section "Corporate Governance" (www.huhtamaki.com/investors/governance).

Corporate governance structure



Descriptions concerning corporate governance

Board of Directors

Election and composition of the Board

The Nomination Committee of the Board prepares a proposal for the election of the Board members to the Annual General Meeting of Shareholders (AGM) which elects the Board members for the term of office expiring at the close of the AGM following the election. The Articles of Association of the Company do not contain any provisions on a special order of appointment of the Board members but the AGM elects all Board members based on the proposal of the Nomination Committee of the Board. The Board shall elect from among its members the Chairman and the Vice-Chairman. If the CEO of the Company was elected to the Board, the CEO could however not be elected as the Chairman of the Board.

The number of Board members and the composition of the Board shall make it possible for the Board to discharge its duties in an efficient manner. The composition shall reflect the requirements set by the Group's operations and the development stage of the Group. A person to be elected to the Board shall have the qualifications required by the duties and the possibility to devote a sufficient amount of time to attend to the duties efficiently. According to the Articles of Association of the Company the Board shall consist of a minimum of six and a maximum of nine members. There are no limitations as to the number of terms a person may be elected as Board member or as to the maximum age of a Board member.

Board members

The AGM 2017 elected the following eight individuals to the Board:



Chairman Mr. Pekka Ala-Pietilä

Born 1957, Finnish citizen

Independent of the Company and significant shareholders

Date of election: April 24, 2012

Board Committees: Chairman of the Nomination Committee and Human Resources Committee

Main occupation: Miscellaneous positions of trust

Education: M.Sc. (Econ); D.Sc. (Econ) h.c. and D.Sc. (Tech) h.c.

Primary working experience: Blyk Services Ltd., Co-founder and CEO (2006–2011); Nokia Corporation, several different roles (1984–2005), last positions as President (1999–2005), Member of the Group Executive Board (1992–2005) and Nokia Mobile Phones, President (1992–1998)

Key positions of trust: Sanoma Corporation, Chairman of the Board (2016–) and Board member (2014–); Netcompany A/S, Chairman of the Board (2017–); SAP SE, Supervisory Board member (2002–); Pöyry PLC, Board member (2006–2017); Solidium Oy, Chairman of the Board (2011–2015)



Ms. Eija Ailasmaa

Born 1950, Finnish citizen

Independent of the Company and significant shareholders

Date of election: March 22, 2004

Board Committees: Member of the Audit Committee

Main occupation: Miscellaneous positions of trust

Education: M.Pol.Sc.

Primary working experience: Sanoma Media B.V., President and CEO (2003–2011); Sanoma Group, executive roles in magazine publishing subsidiaries, including Helsinki Media/Sanoma Magazines Finland, President (2000–2003) and other executive roles (1989–2000); Kodin Kuvalehti magazine, Editor-in-chief (1985–1989)

Key positions of trust: Solidium Oy, Vice-Chairman of the Board (2008–2015, 2016–); Outotec Oyj, Board member (2010–)



Vice-Chairman Mr. Jukka Suominen

Born 1947, Finnish citizen

Independent of the Company, based on an overall evaluation dependent of a significant shareholder

Date of election: March 30, 2005

Board Committees: Chairman of the Audit Committee, member of the Nomination Committee

Main occupation: Miscellaneous positions of trust

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

Primary working experience: Silja Group, executive roles (1975–2000), Group CEO, Silja Oyj Abp (1995–2000), CEO, Silja Line (1991–1995) and VP, Effoa / Finland Steamship Company Ltd. (1975–1994)

Key positions of trust: Rederiaktiebolaget Eckerö, Chairman of the Board (2006–); Lamor Corporation Ab, Chairman of the Board (2010–); Fiskars Oyj Abp, Board member (2008–2014)



Mr. Doug Baillie

Born 1955, U.K. citizen

Independent of the Company and significant shareholders

Date of election: April 21, 2016

Board Committees: Member of the Human Resources Committee

Main occupation: Miscellaneous positions of trust

Education: BComm, Business Finance, Marketing & Business Administration

Primary working experience: Unilever Group, several different roles (1978–2016), last positions Chief Human Resources Officer and a member of the Executive Board (ULE) of Unilever Group (2008–2016), President, Western Europe (2008–2011), Chief Executive Officer & Group Vice President, South Asia, Hindustan Unilever (2006–2008) and Group Vice President, Africa, Middle East & Turkey (2004–2005)

Key positions of trust: The MasterCard Foundation, Board member (2015–); Leverhulme Trust, Board member (2015–); Africa Platform Capital LLP, Senior Advisor (2016–); Huozhi Limited, Advisor (2016–)



Mr. William R. Barker

Born 1949, U.S. citizen

Independent of the Company and significant shareholders

Date of election: March 24, 2010

Board Committees: Member of the Human Resources Committee

Main occupation: Miscellaneous positions of trust

Education: MBA and B.Sc. (Chem. Eng.)

Primary working experience: Milacron LLC, Executive Vice President (2013–2014); Mold-Masters (2007) Limited, President (2013) and President and CEO (2010–2013); The Whitehawk Group LLC, CEO (2009–2010); Rexam PLC, Board member and Rexam Beverage Can, Group Executive Director (2005–2009); Rexam Beverage Can Americas, President & CEO (2001–2004); Textron, Inc., President, Textron Fastening Systems - Commercial Solutions (2000–2001); OEA Inc., President, OEA Automotive Safety Products (1998–2000); Bosal International N.V., President, Bosal North America (1995–1998); Gates Rubber Company, Vice President, Gates Power Drive Products, Managing Director, Asia Pacific Operations and other positions (1972–1995)

Key positions of trust: Shield Holdco LLC (holding company of Dynatect Manufacturing, Inc.), Chairman of the Board (2014–) and Board member (2014); Shape Technologies Group, Inc., Chairman of the Board (2015–) and Board member (2015); Leeds School of Business, University of Colorado, Board member (2008–); The Carlstar Group LLC, Board member (2014–2017); Mcron Acquisition Corporation, Board Member (2013–2014); Mold-Masters (2007) Limited, Board member (2010–2013)



Ms. Kerttu Tuomas

Born 1957, Finnish citizen

Independent of the Company and significant shareholders

Date of election: April 27, 2017

Board Committees: Member of the Audit Committee

Main occupation: Miscellaneous positions of trust

Education: B.Sc. (Econ)

Primary working experience: KONE Corporation, Executive Vice President, Human Resources and member of the Executive Board (2002–2017); Elcoteq Network Corporation, Group Vice President, Human Resources (2000–2002); MasterFoods Oy (Mars), Personnel & Organization Manager (1994–1999); Mercuri Urval, Consultant (1987–1993)

Key positions of trust: Kemira Oyj, Vice-Chairman of the Board (2014–) and Board member (2010–); Finnish National Opera and Ballet, Board member (2016–); Aamu Suomen Lasten Syöpäsäätiö sr, Board Member (2017–); CEMS (the Global Alliance in Management Education), member of the Strategic Board (2008–2016); Federation of Finnish Technology Industries, member of the working committees: Employer & labor market relations (2007–2015), Employee safety (2009–2010), Education and labor issues (2007–2008); JTO School of Management, Board member (2007–2010)



Mr. Rolf Börjesson

Born 1942, Swedish citizen

Independent of the Company and significant shareholders

Date of election: March 31, 2008

Board Committees: Member of the Nomination Committee and Human Resources Committee

Main occupation: Miscellaneous positions of trust

Education: M.Sc. (Chem. Eng.)

Primary working experience: Rexam PLC, Chairman of the Board (2004–2008) and CEO and Board member (1996–2004)

Key positions of trust: LifeAir AB (publ), Chairman of the Board (2017); Biolight AB (publ), Chairman of the Board (2011–2016); Svenska Cellulosa Aktiebolaget SCA (publ), Board member (2003–2015); Avery Dennison Corporation, Board member (2005–2015); Ahlsell AB, Chairman of the Board (2006–2012)



Ms. Sandra Turner

Born 1952, U.K. citizen

Independent of the Company and significant shareholders

Date of election: April 20, 2011

Board Committees: Member of the Audit Committee

Main occupation: Miscellaneous positions of trust

Education: BA (Marketing) Honours

Primary working experience: Tesco PLC, several different roles in United Kingdom and Ireland (1987–2009), last position Commercial Director, Tesco Ireland Limited (2003–2009)

Key positions of trust: Carpetright PLC, Board member (2010–); McBride PLC, Board member (2011–); Greggs PLC, Board member (2014–); Berkhamsted School, Board of Governors, Vice-Chairman (2013–) and member (2011–2013); Countrywide PLC, Board member (2013–2014); Northern Foods PLC, Board member (2010–2011)

Diversity of the Board

The principles on diversity of the Board have been defined in the Charter of the Board of Directors. The Company strives to ensure strong, versatile and mutually complementary expertise, experience and knowledge in the different businesses and geographical market areas that are important for the Group when electing the Board members. The Board members of the Company shall represent various businesses comprehensively and have broad management experience in important market areas for the Group, including the emerging markets. Factors promoting the diversity of the Board include e.g. Board members' educational, professional and international background, experience relevant for the position, members' age structure, representation of both genders in the Board and other personal characteristics. Both genders shall be represented in the Board in a well-balanced manner. In addition, it is important that the Board composition ensures both comprehensive knowledge of the Company through experienced Board members as well as new insights. The Nomination Committee of the Board takes the principles on diversity into account as part of the Company's succession planning when considering the composition of the Board and the fulfillment of the principles is evaluated annually.

The objectives concerning the diversity of the Board have been achieved well. According to the Nomination Committee the Board composition comprises qualifications defined in the principles on diversity in a balanced way. As regards diversity in terms of gender, both genders are represented in the Board in a well-balanced manner and both genders have been represented in the Board for a long time. Since 2009, two to three Board members have been female thus representing 25–43% of all Board members. Since the AGM in 2017 the Board has been composed of eight members representing four different nationalities. The age structure of the Board members has been 60–75 years and three Board members have been female and five male. The Board members have international experience in different roles in global companies operating in the different businesses and geographical market areas that are important for the Group. Board members hold or have held management positions and positions of trust in both listed and unlisted companies. All Board members have a university level degree, mainly in technology or economics. More information on the educational and professional background of the Board members is available on pages 2–3. In the view of the Nomination Committee the current composition of the Board ensures well both comprehensive knowledge of the Company and new insights. The Board strives to ensure that experienced Board members with longer history in the Company's Board and with wide knowledge of the Company's various stages transfer their Company specific knowledge and expertise to the new members thereby ensuring that the knowledge stays in the Board also in the future.

Independence of the Board members

All members of the Board are non-executive. The Board considers all members of the Board independent of the Company. It was noted in the consideration that despite Eija Ailasmaa and Jukka Suominen having served as directors for more than 10 consecutive years, the Board has determined no reasons justifying them to be considered dependent on the Company. The evaluation has been made based on the actual circumstances from both the perspective of the Company and the directors in question. The Board also considers all members except Jukka Suominen independent of the significant share-

holders of the Company. According to his own notification and an overall evaluation by the Board, Jukka Suominen is dependent of the significant shareholder of the Company, The Finnish Cultural Foundation.

Shares owned by the Board members on December 31, 2017

Pekka Ala-Pietilä	3,250
Jukka Suominen	3,000
Eija Ailasmaa	1,000
Doug Baillie	1,000
William R. Barker	-
Rolf Börjesson	3,000
Kerttu Tuomas	-
Sandra Turner	1,000
Board total	12,250

The shareholdings include the Company's shares owned by the Board members and by any potential corporations over which a Board member exercises control. Board members do not own any shares in any other Group companies than the Company. Information on the remuneration of the Board members is available in the Remuneration Statement issued and published in connection with the Directors' Report and available on the Company's website (www.huhtamaki.com/investors/governance/remuneration).

Responsibilities and duties of the Board

In addition to the powers vested in the Board by the Companies Act and the Articles of Association, the essential duties and working principles of the Board are defined in the Company's Charter of the Board of Directors which was last updated in 2016.

The responsibilities and duties of the Board include, among other things,

- organizing the Company's management and operations including e.g.
 - appointing and dismissing the CEO and approving the proposals by the CEO for GET members' appointments and dismissals
 - deciding on the compensation of the CEO and other GET members and annually reviewing the performance of the CEO and other GET members
 - defining the Group's ethical values and methods of working including e.g. the approval of the Company's Code of Conduct
- directing the Company's business and strategy including e.g.
 - establishing strategic and financial targets as well as dividend policy and approving the strategic plans and budget as well as monitoring their implementation
 - approving acquisitions and divestments as well as capital expenditure proposals exceeding EUR 10 million or proposals which are otherwise of material importance to the Group
 - discussing and approving of financial statements, Directors' Report, interim reports, Corporate Governance Statement, Remuneration Report and Corporate Responsibility Report
- financial communication and outlook
- internal control and risk management and
- preparation of matters to be resolved by the AGM.

The Board also conducts an annual evaluation of its own performance and working methods. The evaluation may be conducted as an internal self-evaluation or by using an external evaluator. In 2017, the evaluation was done as an internal self-evaluation without an external evaluator.

In order to discharge its duties, the Board requires sufficient information on the structure, business operations and markets of the Group. Each Board member is provided with a monthly report on the financial situation and markets of the Group. In addition, if necessary, the Board is informed of all material events in the Group. New Board members are properly introduced to the operations of the Company.

Board meetings

The meetings of the Board are held at the Company's headquarters in Espoo or in other Group locations or in other places as decided by the Board. The Board may also hold its meetings by telephone or electronically and make decisions without convening a meeting. According to the Charter of the Board of Directors, it shall hold at least six regular meetings each year. In 2017, the Board held ten meetings, two of which were telephone meetings and two were held without convening. The average attendance of the members at the Board meetings was 99%.

The CEO, the Chief Financial Officer (CFO) and the Senior Vice Presidents for HR and Corporate Affairs & Legal, Group General Counsel are usually attending the Board meetings. When necessary, e.g. in connection with deliberation of strategy or budgets, the meetings are attended also by other GET members. The Auditor is participating annually in the meeting deliberating the financial statements. The Group General Counsel of the Company acts as the secretary of the Board.

Board members' attendance at the Board meetings in 2017

	Attendance (%)	Number of meetings attended
Pekka Ala-Pietilä (Chairman)	90	9/10
Jukka Suominen (Vice-Chairman)	100	10/10
Eija Ailasmaa	100	10/10
Doug Baillie	100	10/10
William R. Barker	100	10/10
Rolf Börjesson	100	10/10
Kerttu Tuomas*	100	7/7
Sandra Turner	100	10/10

* Member of the Board since April 27, 2017

Board Committees

General

In order to focus on certain responsibilities, the Board may appoint Committees consisting of three to five Board members each. The Board also appoints the Chairman of each Committee. Each Committee member shall have the qualifications required by the duties of the Committee.

The Board currently has three Committees: the Nomination Committee, the Human Resources Committee and the Audit Committee. The duties and responsibilities of the Committees are described in the charter for each Committee approved by the Board. The charters were last updated in 2016. The Committees assist the Board by preparing matters belonging to the competence of the Board. Each Committee regularly reports on its work to the Board. The Committees have no autonomous decision-making power and, thus, the Board passes its

resolutions collectively. The entire Board remains responsible for the duties assigned to the Committees.

Nomination Committee

The Nomination Committee prepares proposals to the AGM concerning election of Board members and their remuneration. It shall also conduct succession planning of the Board members when necessary.

The Nomination Committee shall meet at least once a year, prior to the AGM. The following individuals have comprised the Nomination Committee in 2017: Pekka Ala-Pietilä (Chairman), Rolf Börjesson and Jukka Suominen. In 2017, the Nomination Committee held five meetings. The average attendance of the members at the Nomination Committee meetings was 100%.

Members' attendance at the Nomination Committee meetings in 2017

	Attendance (%)	Number of meetings attended
Pekka Ala-Pietilä (Chairman)	100	5/5
Rolf Börjesson	100	5/5
Jukka Suominen	100	5/5

Human Resources Committee

The Human Resources Committee prepares and discusses organizational and human resource matters including remuneration, appointment and succession planning of the CEO and other GET members as well as the development of the people strategy and human resources policies.

The Human Resources Committee shall meet at least twice a year. The following individuals have comprised the Human Resources Committee in 2017: Pekka Ala-Pietilä (Chairman), Doug Baillie, William R. Barker and Rolf Börjesson. In 2017, the Human Resources Committee held three meetings. The average attendance of the members at the Human Resources Committee meetings was 100%.

Members' attendance at the Human Resources Committee meetings in 2017

	Attendance (%)	Number of meetings attended
Pekka Ala-Pietilä (Chairman)	100	3/3
Doug Baillie	100	3/3
William R. Barker	100	3/3
Rolf Börjesson	100	3/3

Audit Committee

The Audit Committee assists the Board by preparing certain matters relating to financial reporting and control. Audit Committee's duties include for example monitoring and evaluating the Company's financial reporting process, the effectiveness of internal control, internal audit and risk management systems, evaluating the independence of the statutory auditor and in particular the provision of non-audit services as well as monitoring the statutory audit of the annual and consolidated financial statements. The Audit Committee also prepares and makes proposals to the AGM for the election of the statutory auditor and reviews the financial statements and various other reports to be published by the Company.

The Audit Committee members shall have the expertise and experience required for the performance of the responsibilities of the Committee and at least one member shall have compe-

tence in accounting and/or auditing. The Audit Committee members shall not be involved in the day-to-day management of the Group. The majority of the members shall be independent of the Company and at least one member shall be independent of the Company's significant shareholders. In addition to the members of the Audit Committee, the CFO of the Company and when considered necessary also other members of the Company's management participate in the Committee's meetings. The Auditor participates in the meeting deliberating the financial statements and also other meetings, if considered necessary.

The Audit Committee shall meet in accordance with the schedule determined by the Committee but at least four times a year. The following individuals have comprised the Audit Committee from the date of the AGM in 2017: Jukka Suominen (Chairman), Eija Ailasmaa, Kerttu Tuomas and Sandra Turner. In 2017, the Audit Committee held seven meetings. The average attendance of the members at the Audit Committee meetings was 100%.

Members' attendance at the Audit Committee meetings in 2017

	Attendance (%)	Number of meetings attended
Jukka Suominen (Chairman)	100	7/7
Eija Ailasmaa	100	7/7
Kerttu Tuomas*	100	4/4
Sandra Turner	100	7/7

* Member of the Audit Committee since April 27, 2017

Chief Executive Officer

The CEO manages the Group and its businesses. According to the Companies Act the CEO is in charge of the day-to-day management of the Company in accordance with the instructions and orders given by the Board and is responsible for ensuring that the book-keeping of the Company complies with the law and that the financial administration is arranged in a reliable manner. The CEO is responsible for the achievement of the goals, plans and objectives set by the Board. The CEO is the Chairman of the GET.

M.Sc. (Econ), MBA Jukka Moisio (born 1961) has acted as the Group CEO since April 1, 2008. Before joining the Company, Jukka Moisio acted during 1991–2008 in several different roles in Ahlstrom Corporation, last position being the CEO. Further information on the CEO as well as his shareholding in the Company is available later in this statement in connection with information on other GET members.

Certain key conditions of the written Service Agreement between the Company and the CEO, CEO's remuneration and information on the statutory and supplementary pension arrangement of the CEO are available in the Remuneration Statement issued and published in connection with the Directors' Report and available on the Company's website (www.huhtamaki.com/investors/governance/remuneration).

Global Executive Team

The GET supports the CEO in the management of the Group and its businesses. It addresses and follows the implementation of the Group strategy and overall financial performance as well as the fulfillment of significant projects and set targets. The GET has no formal status under company law. The GET consists of the CEO as the Chairman and the executives approved by the Board. The GET members report to the CEO. Each GET member has a clear operational responsibility within a Global function or a business segment. The GET convenes at least once a month.

The following persons belong to the GET at the date of this statement:

Mr. Jukka Moisio

Born 1961, Finnish citizen
Chairman of the GET, Chief Executive Officer (CEO)

GET member since: April 1, 2008

Joined the company: 2008

Education: M.Sc. (Econ), MBA

Primary working experience: Ahlstrom Corporation (1991–2008), several different roles, last position as CEO

Key positions of trust: Atria Oyj, Board member (2014–); The Finnish Fair Corporation, Supervisory Board member (2009–)

Mr. Thomas Geust

Born 1973, Finnish citizen
Chief Financial Officer (CFO)

GET member since: October 1, 2013

Joined the company: 2013

Education: M.Sc. (Econ)

Primary working experience: ABB Group (2004–2013), several different roles, last position as Group Vice President, Global Controller, Business Unit Marine & Cranes; Schneider Electric (2003–2004), Global Division Controller, Vice President, Control; Lexel Group (2000–2003), Production Controller; KPMG (1998–2000), Auditor

Key positions of trust: –

Mr. Sami Pauni

Born 1974, Finnish citizen
Senior Vice President, Corporate Affairs and Legal, Group General Counsel

GET member since: February 12, 2015

Joined the company: 2006

Education: LL.M., EMBA

Primary working experience: Huhtamäki Oyj (2006–), several different legal and corporate affairs roles, previous position as Group Vice President, Legal, and General Counsel; Roschier Attorneys Ltd. (2001–2006), Attorney

Key positions of trust: Securities Market Association, member of the Market Practice Board (2013–); Confederation of Finnish Industries EK, member of the Legal Affairs Committee (2013–)

Ms. Teija Sarajärvi

Born 1969, Finnish citizen
Senior Vice President, Human Resources

GET member since: October 1, 2015

Joined the company: 2015

Education: M.A.

Primary working experience: OP Financial Group (2012–2015), Executive Vice President HR; Metso Oyj (2009–2012), several different roles, last position as Senior Vice President, Human Resources; Nokia Oyj (1998–2009), several different roles, last position as Director, Human Resources, Nokia Markets; ABB Oyj (1993–1998), several different roles

Key positions of trust: Sarlin Group Oy Ab, Board member (2017–); Federation of Finnish Financial Service, Chairman of the Labour Market Committee (2013–2015); Confederation of Finnish Industries, Member of Skilled Workforce Committee (2014–2015); Unico Banking Group, Member of HR Committee (2012–2015); OP Pension Fund, OP Pension Foundation, Chairman of the Board (2012–2015)

Mr. Petr Domin

Born 1966, Czech citizen

Executive Vice President, Fiber Packaging (previously Molded Fiber)

GET member since: July 1, 2016

Joined the company: 1990

Education: EMBA, M.Sc. (Eng., Pulp and Paper)

Primary working experience: Huhtamaki Group (1990–), several different roles, latest positions as interim Executive Vice President, Molded Fiber (2015–2016); Managing Director, Molded Fiber Europe (2012–), Global Operations Support Manager (2009–2012), Molded Fiber; General Manager, UK & Ireland, Huhtamaki Lurgan (2006–2009); General Manager, Norway, Huhtamaki Norway (2006–2008); General Manager, Central East Europe, Huhtamaki Czech Republic (2005–2006)

Key positions of trust: Association of the Pulp and Paper Industry (Czech Republic), Board member (2017–)

Mr. Clay Dunn

Born 1957, U.S. citizen

Executive Vice President, North America

GET member since: June 1, 2005

Joined the company: 2005

Education: BBA (Marketing and Management)

Primary working experience: Dow Chemical Company (1979–2005), several different roles, including positions as Vice President, Global Sourcing and Vice President, Polystyrene

Key positions of trust: –

Mr. Olli Koponen

Born 1959, Finnish citizen

Executive Vice President, Flexible Packaging

GET member since: January 1, 2011

Joined the company: 1990

Education: M.Sc. (Eng., Automation & Information Technology), B.Sc. (Eng., Automation Technology)

Primary working experience: Huhtamäki Oyj (1990–), several different roles, previous positions as Executive Vice President, Molded Fiber; Senior Vice President, Molded Fiber Europe as well as General Manager positions in Hämeenlinna, Finland, Turkey, Hong Kong and Russia; Systecon Oy (1984–1990), several different roles, last position as Product Manager

Key positions of trust: –

Mr. Eric Le Lay

Born 1962, French citizen

Executive Vice President, Foodservice Europe-Asia-Oceania

GET member since: March 12, 2008

Joined the company: 2008

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

Primary working experience: Amcor Limited (1997–2008), several different roles, last position as Managing Director, Chilled Foods, Amcor Flexible Europe; United Biscuits (1996–1997), Plant Manager; Johnson & Johnson International S.A. (1994–1996), Deputy Plant Manager; Kraft General Food France S.A. (1986–1994), various positions in operations and finance/controlling

Key positions of trust: –

Shares owned by the GET members on December 31, 2017

	2017
Jukka Moisio	105,000
Thomas Geust	16,510
Sami Pauni	5,294
Teija Sarajärvi	1,840
Petr Domin	7,510
Clay Dunn	44,830
Olli Koponen	34,920
Eric Le Lay	50,571
GET total	266,475

The shareholdings include the Company's shares owned by the GET members and by any potential corporations over which a GET member exercises control. GET members do not own any shares in any other Group companies than the Company.

Information on the remuneration of the GET members is available in the Remuneration Statement issued and published in connection with the Directors' Report and available on the Company's website (www.huhtamaki.com/investors/governance/remuneration).

Descriptions of risk management systems, internal control procedures and internal audit function Overview of the risk management systems

Risk management is an essential part of the internal control system of the Group. The Company has defined the principles applied in the organization of the risk management. The purpose of risk management is to identify potential events that may affect the achievement of the Group's objectives in changing business environment and to manage such risks to a level that the Group is capable and prepared to accept so that there is reasonable assurance and predictability on the achievement of the Group's objectives. The risk management process of the Group is based on Enterprise Risk Management (ERM) framework of Committee of Sponsoring Organizations of the Treadway Commission (COSO).

The Group's risk management process involves assessing risks systematically by business unit, segment and Global function, improving risk management awareness and quality, sharing best practices and supporting cross-functional risk management initiatives. In order to systematize and facilitate the identification of risks they are categorized as strategic, operational, financial, and information risks. These categories are closely aligned with the strategic, operational, financial and compliance objectives of the Group.

Huhtamaki Group Enterprise Risk Management (ERM) Policy defines the objectives, scope and responsibilities of risk management. Compliance with the risk management policy assures timely identification and recording of risks and the application of relevant risk management measures to address these risks. More detailed risk management procedures are set forth in the Group's ERM framework and process guideline.

The Audit Committee monitors the implementation of risk management activities, and evaluates the adequacy and appropriateness of ERM. The Audit Committee reports regularly to the Board of Directors, which is responsible for reviewing the Group's strategic, operational, financial and information risks.

The Board of Directors approves the risk level that the Group is capable and prepared to accept and the extent to which risks have been identified, addressed and followed up.

The Global Executive Team is responsible for the adoption and deployment of the Group's internal control principles and procedures relating to risk management. The risk management process includes systematic identification and assessment of risks in each business segment and their business units as well as at Group level. Risks are consolidated from the business unit to the segment level and from the business segment to the Group level. At each level risk treatment actions are defined in order to reach acceptable risk levels. Execution and supervision of these risk treatment actions is a task of line management. Upper level line management always approves lower level risk mitigation actions and the risk level reached after implementation of such actions. The Global Risk Management function monitors and reports the achievement of these actions. The purpose is to verify that risk treatment actions support the achievement of the Group's strategic, operational, financial and compliance objectives.

The Global Risk Management function organizes, instructs supports, supervises and monitors risk management activities on an ongoing basis. The function also analyzes changes in the impact, likelihood and level of control for each identified business risk. It reports results of the risk management process to the Audit Committee annually. The Global risk management function also prepares reports to the business segment and Group management as well as the internal audit and the Auditor.

Business unit, segment and Group level risk management process and activities are engaged with the Group's strategic planning process. Risk management process may be commenced any time in the course of the financial year should a certain business area encounter essential strategic changes requiring initiation of the risk management process.

A description of the risks that are material to the Group as well as of the focus of the risk management processes in 2017 is available in the Directors' Report and on the Company's website in section "Risk management" (www.huhtamaki.com/investors/governance/risk-management).

Overview of internal control

Successful business requires continuous development and monitoring of the Group's operations, processes and procedures. Internal control is an essential part of the corporate governance and management of the Group. The Company has defined the operating principles for internal control. The Board of Directors and the CEO are responsible for adequate internal control. The Audit Committee of the Board of Directors is monitoring the effectiveness and efficiency of the internal control systems and the correctness of the financial reporting.

Internal control is a process aiming at providing reasonable assurance on achievement of Group's strategic and financial objectives. The responsibility for arranging the internal controls belongs to the executive management of the Group and is being carried out by the whole organization. The aim of internal control is to ensure reliability of financial reporting, effectiveness and efficiency of operations as well as compliance with laws and regulations.

Control of financial reporting assures that financial statements are prepared in a reliable manner. The aim is also to

ensure that all financial reports published and other financial information disclosed by the Company provide a fair view on the Group's financial situation.

Control of operations is aiming to ensure effectiveness and efficiency of operations and achievement of the Group's strategic and financial objectives.

Control of compliance ensures that the Group follows applicable laws and regulations.

Foundation of all Group's activities lies with Huhtamaki values and principles providing discipline and structure for the operations formalized in policies and guidelines on integrity, ethical behavior and management of personnel. Allocation of authorities and responsibilities as well as segregation of duties allow efficient and proper decision-making procedures.

Group policies, standards and guidelines are deployed in all business segments and business units. Policies, standards and guidelines on financial, human resources, corporate responsibility, environmental, legal and compliance as well as risk management related matters have been issued in the Group. In addition to the Group policies, there are more specific local policies in the business segments and their business units.

Reliability of financial reporting

The Global finance function and the network of business segment and business unit controllers are supporting and coordinating the financial management and financial control of operations in the Group. The Group's financial reporting guidelines and standards are applicable throughout the financial reporting process of the Group. The interpretation and application of accounting standards are centralized in the Global finance function which maintains the financial reporting guidelines and standards and takes care of communicating such throughout the Group. The Global finance function also supervises the compliance with such guidelines and standards. Supervision of reporting and budgeting processes is based on the Group's reporting standards which are determined and updated by the Global finance function. The reporting standards are uniformly applied in the whole Group and a unified Group reporting system is used.

Effectiveness and efficiency of operations

The Group's strategic direction, objectives and related actions are deployed and communicated throughout the Group. Key performance indicators and annual targets are agreed, approved and communicated as part of the annual planning process. Achievements are followed monthly and quarterly in business review meetings that are held with line management in all business segments and business units.

Key operational performance indicators are monitored continuously. Key process controls aim at identifying risks as well as designing preventive and detective controls. Corrective actions are implemented and monitored by business segment and business unit management. These activities need to be in compliance with Group policies and standards. Internal controls related to quality, safety and environmental processes and procedures are audited both internally and by external service providers.

The Group is applying Lean Six Sigma process in all business segments to identify and implement continuous improvement projects.

Compliance with laws and regulations

Group-wide policies, for example on corporate governance for subsidiaries, competition compliance, data privacy, contracts and agreements, management of claims, disputes and proceedings as well as insider matters have been issued. Compliance with the policies is facilitated through communication and training. The Group has a Global compliance function. Internal audit also covers the compliance with policies.

Overview of internal audit

The objective of the internal audit is to improve the effectiveness of supervising obligation of the Board of Directors. Internal audit aims at ensuring that the Group's operations are efficient, information is adequate and reliable and that set policies and procedures are properly followed by the organization.

The Group has an internal audit function, and in 2017 internal audit field work has been managed in cooperation with Deloitte Oy. The Code of Ethics and other standards and guidelines issued by the Institute of Internal Auditors are complied with in internal audit activities. In 2017 internal audits have been conducted in various Group and business segment level processes as well as in business units on a monthly basis according to an approved annual internal audit plan.

Global internal audit function evaluates independently and systematically Group's management and governance systems as well as the effectiveness, efficiency and appropriateness of the Group's business processes and risk management. The internal audit function provides development recommendations for the aforementioned systems and processes in the internal audit reports. The main purpose of these activities is to assure achievement of strategic and financial objectives of the Group.

The Audit Committee of the Board approves the annual internal audit plan. Audit engagements are included in the plan in accordance with the Group's strategic objectives, assessed risks, focus areas defined by the Board and the executive management of the Group on a rotation basis. The internal audit function reports to the Audit Committee. Additionally, the CEO, the CFO, the Group General Counsel, the Head of Compliance and management of the business segment and business unit where the audit has been conducted are informed of the results of the audit. Achievement of actions related to internal audit recommendations are followed by segment management and internal auditor. Results of these internal audit follow-ups are reported to the Audit Committee of the Board.

Internal audit pre-material, documentation and data are collected before internal audit field work. During the field work further findings are recorded at site. Internal audit reports include key findings, conclusions and recommendations for control improvements. The management of the audit target prepares an action plan to mitigate risks and develop controls to improve recommended audit issues. The implementation of the action plans is followed up regularly by the line management and the Group internal audit manager.

Other information

Insider administration

Legal framework

The Company follows the Regulation No. 596/2014 of the European Parliament and of the Council (the Market Abuse Regulation), the Finnish Securities Market Act and the thereto relating regulations and guidelines by the European Securities

Markets Authority, the Finnish Financial Supervisory Authority and Nasdaq Helsinki Ltd. In addition, the Group has an insider policy which was updated in 2016. Certain key provisions of the Company's insider policy have been described below. The insider policy clearly defines certain practices and decision-making procedures in order to ensure that insider administration in the Company is arranged in a consistent and reliable way.

Assessment regarding inside information

The assessment whether certain information constitutes inside information is made by the CEO after consultation with the Group General Counsel. Similarly, the CEO also determines, after consultation with the Group General Counsel, whether the Company is to immediately disclose the information or whether conditions exist to delay the disclosure. The Company properly records any decisions to delay disclosure and the grounds for such decision, and follows set procedures as required by applicable laws and regulations.

Insider list

The Company maintains an insider list for recording the persons having inside information. The Company's employees and service providers who have access to inside information are entered into a relevant project-specific section of the insider list. The decision to establish such section is made by the CEO. The Company has decided not to establish a permanent insider section. Each person entered into a project-specific section is notified by e-mail of the entry, the duties entailed and the applicable sanctions. The person receiving such notification shall promptly confirm their acknowledgment of such notification in written form. The decision to terminate the project-specific section is made by the CEO after consultation with the Group General Counsel and persons entered into such list are notified by email of the termination of the project-specific section. Service providers may assume the task of maintaining insider lists of their employees as decided by the Company on a case-by-case basis.

Trading restrictions

Insider dealing is always prohibited. In addition, there are trading restrictions imposed on certain managers and employees of the Company even when such parties do not hold any inside information.

The Company has defined the Board and the GET members as persons discharging managerial responsibilities in accordance with the Market Abuse Regulation. Such managers cannot, subject to the exceptions set out in the applicable regulations, conduct any transactions on their own account or for the account of a third party, directly or indirectly, relating to the Company's shares or debt instruments or to derivatives or other financial instruments linked to them during a closed period of 30 calendar days before the announcement of an interim report or a year-end report.

The Company also applies a specific recommendation not to trade to its employees who regularly receive information on the contents of the Company's interim and year-end reports before their publication due to the highly confidential nature of the unpublished financial information. Such restricted period commences 30 calendar days before the announcement of an interim report or a year-end report.

Notification obligations

The persons discharging managerial responsibilities at the Company i.e. the Board and the GET members as well as their related parties must notify the Company and the Finnish Financial Supervisory Authority of the transactions conducted on their own account relating to the shares or debt instruments of the Company or to derivatives or other financial instruments linked thereto. The notification obligation applies to any transaction made once a total value of EUR 5,000 has been reached within a calendar year (calculated without netting). The Company has an obligation to publish the received notification through a stock exchange release.

Related party transactions

The Company has not concluded transactions with its related parties in 2017 that are material to the Company and that either deviate from the Company's normal business operations or are not made on market or market equivalent terms.

Audit

The Company must have one Auditor, which is an accounting firm approved by the Auditor Oversight unit of the Finnish Patent and Registration Office. The AGM elects the Company's Auditor. The AGM 2017 elected the Authorized Public Accountant firm Ernst & Young Oy as the Auditor of the Company. Mr. Mikko Järventausta, APA, has acted as the auditor with principal responsibility. Each subsidiary is subject to local auditing under the local regulations, which is conducted by representatives of the Ernst & Young network in each country. Ernst & Young Oy has acted as the Company's Auditor since the AGM 2010. Before the financial year 2010 the Company's Auditor for several years was the Authorized Public Accountant firm KPMG Oy Ab and auditors representing it.

In 2017, total auditing costs of the Group amounted to EUR 1.9 million (2016: EUR 2.3 million). The Ernst & Young network has also provided other consultancy not related to auditing worth EUR 0.7 million (2016: EUR 0.8 million). Such other consultancy services are subject to separate review and approval process concerning the provision of non-audit services by the Auditor and included e.g. advisory in connection with various tax, reporting and other local compliance matters.