

# Corporate Governance Statement

## February 5, 2014

Huhtamäki Oyj (Huhtamaki or the Company) complies without deviations with the Finnish Corporate Governance Code (Code) adopted by the Securities Market Association and effective from October 1, 2010. The Code is available in its entirety on the internet at [www.cgfinland.fi](http://www.cgfinland.fi). Huhtamäki Oyj has joined the Securities Market Association as a support member in early 2013.

This separate Corporate Governance Statement has been issued and published in connection with the Directors' Report. This statement has been prepared in accordance with Recommendation 54 of the Code. In addition to the information required by the Code, this statement also provides other important information on the governance of the Company for the investors. The Audit Committee of the

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

Huhtamäki'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 Group Executive Team (GET), laws and regulations applicable in the Group's operations as well as the Group's internal policies, guidelines and practices.



Updated information on the governance and remuneration of the Company is available on the Company's website in section "Corporate Governance" ([www.huhtamaki.com](http://www.huhtamaki.com) > Investors > Corporate Governance).

<b>GENERAL MEETING OF SHAREHOLDERS .....</b>	<b>1</b>
Shareholder rights .....	2
<b>BOARD OF DIRECTORS .....</b>	<b>2</b>
Duties of the Board .....	2
Composition and election of the Board of Directors .....	2
Board meetings .....	5
Independence of the Board members .....	5
Board Committees .....	5
Shares owned by the Board members .....	7
<b>CHIEF EXECUTIVE OFFICER .....</b>	<b>7</b>
<b>GROUP EXECUTIVE TEAM .....</b>	<b>7</b>
Duties of the Group Executive Team .....	7
Composition of the Group Executive Team .....	7
Shares and option rights owned by the members of the Group Executive Team .....	9
<b>INTERNAL CONTROL, INTERNAL AUDIT AND RISK MANAGEMENT SYSTEMS .....</b>	<b>9</b>
Internal control .....	9
Internal audit .....	10
Risk management .....	10
<b>AUDIT .....</b>	<b>11</b>
<b>REMUNERATION .....</b>	<b>11</b>
Board of Directors .....	11
Chief Executive Officer and Group Executive Team .....	12
Share-based incentive plans .....	14

### GENERAL MEETING OF SHAREHOLDERS

The General Meeting of Shareholders is the Company's highest decision-making body. Its tasks and procedures are defined in the Finnish Companies Act and the Company's Articles of Association. The Annual General Meeting of Shareholders (AGM) shall be held annually in Espoo or Helsinki before the end of June on a date set by the Board of Directors. In 2013, the AGM was held on April 25, 2013 at Kulttuuritalo (Helsinki Hall of Culture), Helsinki. The AGM 2014 has been planned to be held on April 24, 2014 in Helsinki.

The AGM resolves i.a. upon adoption of financial statements including the consolidated financial statements, distribution of profits, granting the members of the Board and the CEO discharge from liability as well as election of the members of the Board and the Auditor. The AGM decides also on the Board members' and the Auditor's remuneration. A General Meeting of Shareholders may also resolve upon, for example, amendments to the Company's Articles of Association, issuance of new shares and option rights and repurchase of the Company's own shares. The General Meeting of Shareholders may authorize the Board to decide, for example, on issuances of new shares or share repurchases.

The AGM 2013 decided in accordance with the proposal by the Board of Directors to set the dividend for 2012 at EUR 0.56 per share. The AGM re-elected Ms. Eija Ailasmaa, Mr. Pekka Ala-Pietilä, Mr. William R. Barker, Mr. Rolf Börjesson, Ms. Maria Mercedes Corrales, Mr. Jukka Suominen and Ms. Sandra Turner as members of the Board of

Directors. The resolution on remuneration for the Board of Directors made by the AGM has been described later in section "Remuneration – Board of Directors – Financial benefits" and the resolution on election of the Auditor in section "Audit" of this statement.

At the AGM decisions are primarily made by a simple majority of votes. However, some decisions such as amendment of the Articles of Association, deviation from the shareholder's pre-emption right in connection with a share issue and decisions on merger, demerger or dissolution require a 2/3 qualified majority of the votes cast and the shares represented at the AGM.

An Extraordinary General Meeting of Shareholders (EGM) shall be held when considered necessary by the Board. An EGM shall also be held, if requested in writing, for the handling of a specified matter by the Auditor or shareholders holding altogether a minimum of one-tenth of all Company shares.

### Shareholder rights

According to the Companies Act, a shareholder may request that a matter falling under the authority of the General Meeting of Shareholders shall be placed on the agenda of the meeting. To this effect, a written request should be sent to the Board well before the publication of the notice to convene the meeting. A shareholder has a right to make proposals and questions on matters handled in the General Meeting of Shareholders.

In order to be entitled to attend the General Meeting of Shareholders, a shareholder shall have to notify the Company of the intention to attend the meeting by the date specified in the notice to the meeting, which date may not be earlier than ten days prior to the meeting. A right to participate and vote in the meeting requires also that a shareholder has been entered in the shareholders' register of the Company eight business days before the General Meeting of Shareholders (record date of the meeting). The holder of a share registered under the name of a nominee may be temporarily entered in the shareholders' register for the purpose of participating in a General Meeting of Shareholders. A registration for temporary entry into the shareholders' register of the Company must be made by the date specified in the notice to the meeting, which date is after the record date of the meeting. This registration constitutes due registration for the General Meeting of Shareholders.

A shareholder may participate and vote in a General Meeting of Shareholders either in person or by proxy. A shareholder may also employ the services of an assistant in a General Meeting of Shareholders. Each share entitles its holder to one vote at the meeting.

In addition to attending and voting at a General Meeting of Shareholders, important rights of shareholders include for example shareholder's pre-emption right in connection with share issues, unless this right is deviated by a qualified majority of votes at a General Meeting of Shareholders, as well as right to receive dividends. All shares have equal rights to receive dividends.

### BOARD OF DIRECTORS

The Board of Directors is responsible for the management and the proper arrangement of the operations of Huhtamäki. The duty of the Board is to promote the interests of the Company and of all the shareholders.

### Duties of the Board

The Board has a general authority regarding matters not specifically designated by law or Articles of Association to any other

governing body of the Company. 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 Code of Governance for the Board of Directors. The Board decides on long-term strategic and financial targets as well as on dividend policy. The Board approves the strategic plans, annual plans and budget as well as monitors their implementation. The Board also resolves upon acquisitions and divestments as well as other significant corporate transactions, annual investment plan and individual capital expenditures exceeding EUR 6 million. The Board elects the CEO, approves the proposals by the CEO for GET members' appointments, decides on executive compensation and annually reviews the performance of the CEO and other management. 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. The Board evaluation for 2012 was finalized just before the term of the former Chairman of the Board ended. Due to this the Board decided not to conduct the evaluation for 2013, but to conduct the next evaluation for 2014 when the current Chairman of the Board has been in his position for one whole financial year.

In order to discharge its duties, the Board requires information on the structure, business operations and markets of the Group. Each member of the Board 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.

### Composition and election of the Board of Directors

The number of the members of the Board and the composition of the Board shall make it possible for the Board to discharge its duties in an efficient manner. The composition shall take into account the needs of the Group operations and the development stage of the Group. Both genders shall be represented in the Board. 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 member of the Board or as to the maximum age of a Board member. The Company strives to ensure strong expertise in the business lines and geographical market areas that are important for the Group when electing the Board members. The Board members of the Company represent various business lines and they have broad management experience in several important market areas for the Group, including the emerging markets.

The Nomination Committee of the Board of Directors prepares a proposal for the election of the Board members to the 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 the Board members based on the proposal of the Nomination Committee of the Board of Directors. 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 AGM 2013 elected the following seven individuals to the Board:



Pekka Ala-Pietilä



Jukka Suominen



Eija Ailasmaa



William R. Barker

**Mr. Pekka Ala-Pietilä**

Chairman, 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 positions (1984–2005), latest positions as President (1999–2005), Member of the Group Executive Board (1992–2005) and Nokia Mobile Phones, President (1992–1998)

Key positions of trust: Solidium Oy, Chairman of the Board (2011–); SAP AG, Supervisory Board member (2002–); Pöyry PLC, Board member (2006–); Blyk International Ltd., Chairman of the Board (2009–); TUT Foundation, Member of the Board (2009–2011); FACC, Member of the Board (2002–2008)

**Mr. Jukka Suominen**

Vice-Chairman, 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: Fiskars Oyj Abp, Board member (2008–); Rederiaktiebolaget Eckerö, Chairman of the Board (2006–); Lamor Corporation Ab, Chairman of the Board (2010–)

**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 and Sanoma Magazines Finland, President (1989–2003); Kodin Kuvalehti magazine, Editor-in-chief (1985–1989)

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

**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: Milacron LLC, Executive Vice President (2013–)

Education: MBA and B.Sc. (Chemical Engineering)

Primary working experience: 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: Leeds School of Business, University of Colorado, Board member (2008–); Mcron Acquisition Corporation, Board member (2013–); Mold-Masters (2007) Limited, Board member (2010–2013)



Rolf Börjesson



Maria Mercedes Corrales



Sandra Turner

**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. (Chemical Engineering)

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

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

**Ms. Maria Mercedes Corrales**

Born 1949, Philippine citizen

Independent of the Company and significant shareholders

Date of election: April 24, 2012

Board Committees: Member of the Human Resources Committee

Main occupation: Miscellaneous positions of trust

Education: MBA and B.Sc. (Business Management)

Primary working experience: Starbucks Corporation, Corporate Senior Vice President & President, Asia Pacific Division (2009–2010) and Representative Director, CEO/COO, Starbucks Japan (2006–2009); Levi Strauss & Co., several executive positions in Asia and Latin America (1973–2005), latest positions as President and Representative Director & Regional Vice President, North Asia (Japan, Greater China and South Korea) (2001–2005) and Regional Vice President, South America (1996–2000)

Key positions of trust: Mapúa Institute of Technology, Board of Trustees (2013–); D.E Master Blenders 1753, Board member (2012–2013); Fraser and Neave, Limited, Board member (2010–2013)

**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–); Berkhamsted School, School Governor (2011–); Countrywide PLC, Board member (2013–); Northern Foods PLC, Board member (2010–2011)

In addition to the Board members elected at the AGM 2013, Mr. Mikael Lilius has acted as the Chairman of the Board in the beginning of 2013. His membership ended at the AGM 2013.

**Mr. Mikael Lilius**

Mr. Mikael Lilius' CV is presented as it was on April 25, 2013 Chairman, March 30, 2005 – April 25, 2013

Born 1949, Finnish citizen

Independent of the Company and significant shareholders

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

Main occupation: Miscellaneous positions of trust

Education: B.Sc. (Econ)

Primary working experience: Fortum Oyj, CEO (2000–2009); Gambro AB, CEO (1998–2000); Incentive AB, CEO (1991–1998); KF Industri AB, CEO (1989–1991); Huhtamäki Oyj, President of the Packaging Division (1986–1989)

Key positions of trust: Wärttsilä Oyj Abp, Chairman of the Board (2011–) and Board member (2010–2011); Metso Oyj, Board member (2013–); Evli Pankki Oyj, Board member (2010–); Ambea AB, Board member (2013–) and Chairman of the Board (2011–2013); Mehiläinen Oy, Chairman of the Board (2013–); East Office of Finnish Industries, Deputy member of the Board (2012–) and Chairman of the Board (2009–2012); Ab Kelonia Oy, Supervisory Board member (2010–); Aker Solutions ASA, Deputy Chairman of the Board (2009–2013); Hafslund ASA, Board member (2003–2010); Sanitec Oy, Chairman of the Board (2005–2008) and Vice Chairman of the Board (2008–2009)





## Board meetings

Most of the meetings of the Board are held at the Company's headquarters in Espoo. The Board is annually visiting also other Group locations and holds meetings there. The Board may also hold its meetings by telephone and make decisions without convening a meeting. According to the Code of Governance for the Board it shall hold at least six regular meetings each year. One session is entirely dedicated to Group strategy. In 2013, the Board held nine meetings (2012: 11 meetings), two (2012: three) of which were telephone meetings and one (2012: two) was held without convening a meeting. The average attendance of the members at the Board meetings was 99% (2012: 99%). The CEO and the Director, Finance of the Company are usually attending the Board meetings. When necessary, e.g. in connection with deliberation of

strategy or annual plans, the meetings are attended also by other members of the Group Executive Team. The Auditor is participating in the meeting deliberating the annual accounts. The General Counsel of the Company acts as the secretary of the Board.

In 2013 the Board of Directors actively discussed the further implementation of the Group's quality growth strategy, competitive advantages, innovations, efficiency improvement measures and other strategically important initiatives. The Board of Directors focused also on compliance related matters and approved a renewed Group Code of Conduct, for which a Group-wide communications program was developed and initiated during the year. In 2013 the Board of Directors visited the main manufacturing units in China focusing on the Foodservice Europe-Asia-Oceania business segment.

### Board members' attendance at the Board meetings

	2013		2012	
	Attendance (%)	Number of meetings attended	Attendance (%)	Number of meetings attended
Pekka Ala-Pietilä*	100	9/9	100	8/8
Jukka Suominen	100	9/9	100	11/11
Eija Ailasmaa	100	9/9	100	11/11
William R. Barker	100	9/9	100	11/11
Rolf Börjesson	89	8/9	100	11/11
Maria Mercedes Corrales*	100	9/9	100	8/8
Sandra Turner	100	9/9	100	11/11

\* Member of the Board since April 24, 2012

### Terminated Board memberships

Mikael Lilius*	100	2/2	91	10/11
Siaou-Sze Lien**	-	-	100	3/3

\* Member of the Board until April 25, 2013

\*\* Member of the Board until April 24, 2012

## 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. The Board also considers all members except Jukka Suominen independent of the significant shareholders 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.

## Board Committees

In order to focus on certain responsibilities, the Board may appoint permanent Committees consisting of three to five Board members each. 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.

The Board currently has three committees: the Nomination Committee, the Human Resources Committee and the Audit Committee. Each Committee has a written charter summarizing its tasks.

The Nomination Committee prepares proposals to the AGM concerning election of Board members and their remuneration. It may also conduct succession planning of the Board members. The Committee meets once a year as a minimum, prior to the AGM. The following individuals have comprised the Nomination Committee since the AGM 2013: Pekka Ala-Pietilä (Chairman), Rolf Börjesson and Jukka Suominen. In 2013, the Nomination Committee held one meeting (2012: two meetings). The average attendance of the Nomination Committee members at the meetings was 100% (2012: 100%).

### Members' attendance at the Nomination Committee meetings

	2013		2012	
	Attendance (%)	Number of meetings attended	Attendance (%)	Number of meetings attended
Pekka Ala-Pietilä (Chairman)*	100	1/1	100	1/1
Rolf Börjesson	100	1/1	100	2/2
Jukka Suominen**	-	-	100	1/1
Mikael Lilius***	100	1/1	100	2/2

\* Member of the Nomination Committee since April 24, 2012

\*\* Member of the Nomination Committee until April 24, 2012 and since April 25, 2013

\*\*\* Member of the Nomination Committee until April 25, 2013

The Human Resources Committee prepares and discusses organizational and human resource issues, as well as principles of remuneration of senior executives and their compensation. The following individuals have comprised the Human Resources Committee since the AGM 2013: Pekka Ala-Pietilä (Chairman), William

R. Barker, Rolf Börjesson and Maria Mercedes Corrales. In 2013, the Human Resources Committee held three meetings (2012: four meetings). The average attendance of the Human Resources Committee members at the meetings was 93% (2011: 100%).

### Members' attendance at the Human Resources Committee meetings

	2013		2012	
	Attendance (%)	Number of meetings attended	Attendance (%)	Number of meetings attended
Pekka Ala-Pietilä (Chairman)*	100	3/3	100	2/2
William R. Barker	67	2/3	100	4/4
Rolf Börjesson	100	3/3	100	4/4
Maria Mercedes Corrales**	100	1/1	-	-
Mikael Lilius***	100	2/2	100	4/4

\* Member of the Human Resources Committee since April 24, 2012

\*\* Member of the Human Resources Committee since April 25, 2013

\*\*\* Member of the Human Resources Committee until April 25, 2013

The Audit Committee assists the Board in its responsibility to supervise that the book-keeping and financial administration of the Company are appropriately arranged as well as to monitor the financial status of the Company and compliance with the Group policies. It monitors and supervises matters relating to financial statements and consolidated financial statements, interim reports, accounting principles and policies as well as internal reporting systems. Additionally, the Audit Committee monitors the efficiency of the Company's internal control, internal audit as well as risk assessment and risk management mechanisms. It reviews the description of the main principles of the Company's internal control and risk management systems pertaining to the financial reporting process which is included in the Company's Corporate

Governance Statement. The Audit Committee prepares to the AGM the resolution concerning appointment of the Auditor. It also evaluates the independence of the Auditor and provision of other consultancy services by the Auditor to the Company. In addition to the members of the Audit Committee, the Director, Finance of the Company participates in the Committee's meetings. The Auditor participates in the meeting deliberating the financial statements and also other meetings, if considered necessary. The following individuals have comprised the Audit Committee since the AGM 2013: Jukka Suominen (Chairman), Eija Ailasmaa and Sandra Turner. In 2013, the Audit Committee held five meetings (2012: five meetings). The average attendance of the Audit Committee members at the meetings was 100% (2012: 100%).

### Members' attendance at the Audit Committee meetings

	2013		2012	
	Attendance (%)	Number of meetings attended	Attendance (%)	Number of meetings attended
Jukka Suominen (Chairman)	100	5/5	100	5/5
Eija Ailasmaa	100	5/5	100	5/5
Sandra Turner*	100	5/5	100	3/3
Siaou-Sze Lien**	-	-	100	2/2

\* Member of the Audit Committee since April 24, 2012

\*\* Member of the Audit Committee until April 24, 2012

## Shares owned by the Board members

The shares owned by the Board members on December 31, 2013 and December 31, 2012

	2013	2012
Pekka Ala-Pietilä*	0	0
Jukka Suominen	3,000	3,000
Eija Ailasmaa	1,000	1,000
William R. Barker	0	0
Rolf Börjesson	3,000	3,000
Maria Mercedes Corrales*	0	0
Sandra Turner	1,000	1,000
<b>Board total</b>	<b>8,000</b>	<b>8,000</b>

\* Member of the Board since April 24, 2012

### Terminated Board memberships

Mikael Lilius*	N/A	50,000
Siaou-Sze Lien**	N/A	N/A
<b>In total</b>	<b>8,000</b>	<b>58,000</b>

\* Member of the Board until April 25, 2013

\*\* Member of the Board until April 24, 2012

None of the Board members owns any option rights of the Company.

Information on the remuneration of the Board members is available later in section "Remuneration – Board of Directors – Financial benefits".

## CHIEF EXECUTIVE OFFICER

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. The CEO is responsible for the achievement of the goals, plans and objectives set by the Board. The CEO is responsible for ensuring that the bookkeeping of the Company complies with the law and that the financial administration is arranged in a reliable manner. The CEO is the Chairman of the Group Executive Team.

M.Sc. (Econ), MBA Jukka Moisio (born 1961) has acted as the Company's CEO since April 1, 2008. Before joining the Company, Jukka Moisio acted during 1991–2008 in several different roles in Ahlstrom Corporation, latest position being the CEO.

Certain key conditions of the Service Agreement between the Company and the CEO, CEO's remuneration and information on the supplementary pension arrangement of the CEO is available later in section "Remuneration – Chief Executive Officer and Group Executive Team – Financial benefits".

## GROUP EXECUTIVE TEAM

### Duties of the Group Executive Team

The Group Executive Team (GET) assists the CEO. 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. It 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 Group function or a business segment. The GET convenes at least once a month. In 2013 the GET focused on strategic planning,

budgeting and regular monitoring of result. In addition, the GET addressed compliance and Group values related matters and initiated a Group-wide communication program for a renewed Group Code of Conduct. Further, a global employee engagement survey initiated in 2013 was also addressed by the GET.

### Composition of the Group Executive Team

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

#### Mr. Jukka Moisio

Born 1961, Finnish citizen

Chairman, 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, latest position as CEO

Key positions of trust: -

#### Mr. Thomas Geust

Born 1973, Finnish citizen

Director, Finance

GET member since: October 1, 2013

Joined the company: 2013

Education: M.Sc. (Econ)

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

Key positions of trust: -



### **Ms. Sari Lindholm**

**Born 1969, Finnish citizen**

**Senior Vice President, Human Resources**

GET member since: September 22, 2011

Joined the company: 2003

Education: M.Pol.Sc

Primary working experience: Huhtamäki Oyj (2003–), several different roles, previous position as Group Vice President, Human Resources; Nokia Oyj (2000–2003), Senior Manager, Compensation & Benefits; Elcoteq Network Oyj (1995–2000), several different roles

Key positions of trust: -

### **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, latest position as Vice President, Global Sourcing

Key positions of trust: -

### **Mr. Suresh Gupta**

**Born 1952, Indian citizen**

**Executive Vice President, Flexible Packaging**

GET member since: January 1, 2009

Joined the company: 1999

Education: M.M.S. (Management)

Primary working experience: Huhtamäki Group (1999–), previous position as Senior Vice President, Flexibles and Films Asia-Oceania; The Paper Products Ltd. (1987–), Deputy Managing Director, Chairman & Managing Director; Almana Group (1983–1987), Executive Director

Key positions of trust: Indian Flexible Packaging and Folding Carton Manufacturers Association IFCA (previously Paper, Film & Foil Convertors Association, India), President (1996–)

### **Mr. Olli Koponen**

**Born 1959, Finnish citizen**

**Executive Vice President, Molded Fiber**

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 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, latest 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, latest 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/controllers

Key positions of trust: -

### **Mr. Peter Wahsner**

**Born 1962, German citizen**

**Executive Vice President, Films**

GET member since: January 1, 2009

Joined the company: 2008

Education: M.Sc. (Business Management)

Primary working experience: Huhtamäki Group (2008–), previous position as Senior Vice President, Films Global; Chesapeake (2006–2007), Director, Pharmaceuticals & Healthcare Division; Huhtamäki Group (2004–2005), Division President, Molded Fiber Europe; Rexam PLC (2001–2004), Managing Director, Healthcare Flexibles Division, Europe & Asia

Key positions of trust: -

In addition, the following persons have been members of the GET during 2013: Mr. Timo Salonen (until July 19, 2013) and Mr. Juha Salonen (until April 30, 2013).

### **Mr. Timo Salonen**

**Mr. Timo Salonen's CV is presented as it was on July 19, 2013**

**GET member October 8, 1999 – July 19, 2013**

**Born 1958, Finnish citizen**

**Chief Financial Officer (CFO)**

Joined the company: 1991

Education: M.Sc. (Econ), LL.M.

Primary working experience: Huhtamäki Oyj (1991–), several different roles, previous positions as Executive Vice President, Strategy and Development, Executive Vice President, Europe Rigid Packaging as well as CFO; Partek Corporation (1983–1991), several different roles, latest position as Division Controller, Partek Concrete International, Belgium

Key positions of trust: Garantia Insurance Company Plc, Board member (2012–)

### **Mr. Juha Salonen**

**Mr. Juha Salonen's CV is presented as it was on April 30, 2013**

**GET member April 22, 2008 – April 30, 2013**

**Born 1949, Finnish citizen**

**Senior Vice President, Administration and Legal**

Joined the company: 1983

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

Primary working experience: Huhtamäki Oyj (1983–), several different roles, previous positions as Senior Vice President, Administration and General Counsel; Finnish Employers' Association (1979–1982), Legal Advisor; Attorney (1977–1979); several different positions in courts (1974–1977)

Key positions of trust: Member of the Committee of Legal Affairs of the Confederation of Finnish Industries (2005–); Member of the Takeover Panel of the Securities Market Association (2013–); Member of the Finnish Takeover Panel of Finland Chamber of Commerce (2006–2012)



## Shares and option rights owned by the members of the Group Executive Team

### Shares and option rights held by the members of the Group Executive Team on December 31, 2013 and December 31, 2012

	2013		2012	
	Shares	Option rights 2006 C	Shares	Option rights 2006 C
Jukka Moisio	205,900	0	85,900	80,000
Thomas Geust*	0	0	N/A	N/A
Sari Lindholm	28,000	0	6,000	12,000
Clay Dunn	55,000	0	35,000	0
Suresh Gupta	47,500	0	30,000	0
Olli Koponen	25,000	0	35,000	0
Eric Le Lay	47,500	0	30,000	0
Peter Wahsner	45,500	0	31,500	0
<b>GET total</b>	<b>454,400</b>	<b>0</b>	<b>253,400</b>	<b>92,000</b>

\* Member of the GET since October 1, 2013

### Terminated GET memberships

Timo Salonen*	N/A	N/A	60,000	50,000
Juha Salonen**	N/A	N/A	52,000	18,000
<b>In total</b>	<b>454,400</b>	<b>0</b>	<b>365,400</b>	<b>160,000</b>

\* Member of the GET until July 19, 2013

\*\* Member of the GET until April 30, 2013

Information on the remuneration of the GET members is available later in section "Remuneration – Chief Executive Officer and Group Executive Team – Financial benefits".

## INTERNAL CONTROL, INTERNAL AUDIT AND RISK MANAGEMENT SYSTEMS

### 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 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 with applicable laws and regulations ensures that the Group complies with applicable laws and regulations.

Foundation of all Group's activities lies with Huhtamäki 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 segments and units. Policies, standards and guidelines on financial, human resources, environmental, legal and compliance as well as risk management related matters have been issued in the Group. In addition to the Group policies, there may be more specific local policies in the segments and their business units.

### Reliability of financial reporting

The Group's finance function and the network of 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 Group finance function which maintains the financial reporting guidelines and standards and takes care of communicating such throughout the Group. The Group's 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 Group's 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

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 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 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 internally and by external service providers.

Actions aiming at the improvement of the Group's internal controls were continued in 2013 to deploy best practices in the area of efficiency and effectiveness of operations. Earlier commenced development and deployment of purchasing control objectives was continued with setting cost management and inventory control objectives. The aim is to unify and deploy internal control objectives for core operational processes throughout the Group. These control objectives are developed from the best industry practices and recommendations given in various operational audits in the Group.

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

### Compliance with laws and regulations

Group-wide policies on corporate governance for subsidiaries, competition compliance, 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 trainings. The trainings arranged in different business units in 2013 have emphasized especially compliance with the Group's Code of Conduct setting standards for behavior required from every employee, contract management as well as competition compliance and anti-corruption related matters. In addition, attention has been paid to the general highlighting of the importance of compliance with rules and regulations in all operations. Internal audit also covers the compliance with policies.

### Insider administration

The Company follows the Guidelines for Insiders issued by the NASDAQ OMX Helsinki Ltd. as well as the regulations and guidelines issued by the Finnish Financial Supervisory Authority. In addition, there is an insider policy in the Group which was updated in 2013. The Company maintains a public insider register and a permanent company-specific insider register on persons holding an insider position. Pursuant to the Securities Market Act, the Board members, the CEO and the Auditors are registered in the public insider register on the basis of their position. As GET members belong to the senior management and regularly have access to insider information, the Company has decided to register also them in the public insider register. Persons included in the public and company-specific insider registers cannot trade with the Company's securities or other financial instruments (in practice shares or option rights) during the period which starts on the last trading day at NASDAQ OMX Helsinki Ltd. of the year or of each interim report period and ends on the first day after the publication of the financial statements or the interim report in question. Real-time holdings of the Company's shares and option rights by the persons

belonging to the public insider register of the Company as well as further information on insider administration in the Company are available on the Company's website in section "Insider Administration" ([www.huhtamaki.com](http://www.huhtamaki.com) > Investors > Corporate Governance > Insider Administration).

### 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 internal audits have been managed in the year 2013 in cooperation with Deloitte & Touche Oy and its international network. The Code of Ethics and other standards and guidelines issued by the Institute of Internal Auditors are complied with in internal audit activities. Internal audits have been conducted on a monthly basis according to approved annual internal audit plan in various Group and segment level processes as well as in business units.

Group 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 in the internal audit reports development recommendations for the aforementioned systems and processes. 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 as well as according to the rotation principle. The internal audit function reports to the Audit Committee. Additionally, the CEO, the Director, Finance, the General Counsel and management of the segment and business unit where the audit has been conducted are informed of the results of the audit.

Audit pre-material, documentation and data are collected before 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. 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 by the line management and the Group internal audit manager.

### Risk management

Risk management is an essential part of the internal control system of the Group. The purpose of risk management is to ensure that the risks related to business objectives and operations are identified, managed and monitored. The risk management procedures are set forth in the risk management process description and instructions. 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).

Group's risk management focuses on risks relating to business opportunities and threats potentially jeopardizing achievement of the Group's strategic and financial objectives in the changing busi-

ness environment. Risks are categorized as strategic, operational, financial and information risks.

The Huhtamäki Group Enterprise Risk Management (ERM) Policy defines the risk management guidelines for the Group. The risk management policy sets forth the risk management process and responsibilities as well as the risk categories that are used to categorize identified risks. 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.

The Audit Committee is monitoring the implementation of risk management activities, and it evaluates the adequacy and appropriateness of the process and activities. 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 acceptable risk levels and the extent to which these risks have been properly identified, addressed and followed up.

The executive management of the Group 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. Each of these defines risk mitigation measures that are needed to reach acceptable risk level. Risks are consolidated from the business unit level to the segment level and from the segment level to the Group level. At each level risk mitigation measures are defined in order to reach acceptable risk levels. Execution and supervision of these risk mitigation actions is a task of line management. Upper level line management always approves lower level risk mitigation measures and the risk level reached after implementation of such measures. Internal audit function monitors and reports achievement of these measures. The purpose is to verify that risk mitigation actions support achievement of Group's strategic and financial objectives.

The Group risk management function is organizing, instructing, supporting, supervising and monitoring risk management activities. The function also analyzes changes in impact, likelihood and level of control for each identified business risk. It reports annually results of the risk management process to the Audit Committee. The Group risk management function also prepares reports to the executive management of the Group and the Auditor.

Business unit, segment and Group level risk management process and activities are engaged with the Group's annual planning cycle. 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 2013 is available on the Company's website in section "Risk Review" ([www.huhtamaki.com](http://www.huhtamaki.com) > Investors > Corporate Governance > Risk Review) and in the Annual Accounts and Directors' Report 2013 on page 5.

## AUDIT

The Company shall have one Auditor, which is an accounting firm approved by the Finnish Central Chamber of Commerce (APA).

The AGM elects the Company's Auditor. The AGM 2013 elected the Authorized Public Accounting firm Ernst & Young Oy as the Auditor of the Company. Mr. Harri Pärssinen, 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 2013, total auditing costs of the Group amounted to EUR 1.5 million (2012: EUR 1.4 million). The Ernst & Young network has also provided other consultancy not related to auditing worth EUR 1.4 million (2012: EUR 0.7 million). Such other consultancy services included e.g. advisory in connection with various structuring and transactional projects.

## REMUNERATION

The below description on remuneration outlines the Group's remuneration principles and the remuneration paid to the Board and GET members in 2013. The most recent Remuneration Statement as in force at each time prepared in accordance with Recommendation 47 of the Finnish Corporate Governance Code is available on the Company's website in section "Remuneration" ([www.huhtamaki.com](http://www.huhtamaki.com) > Investors > Corporate Governance > Remuneration). The Remuneration Statement is updated always when there are substantial changes to the information concerning remuneration. The next update takes place at the latest after the Annual General Meeting of Shareholders (AGM) of 2014.

### Board of Directors

#### Decision-making process and main principles of remuneration

The AGM is resolving on the remuneration payable to the members of the Board of Directors and its Committees as well as on related remuneration principles. The Nomination Committee of the Board of Directors prepares annually a proposal to the AGM on the remuneration and the principles for compensating the expenses of the Board members.

None of the Board members is employed by the Company and, thus, Board members are not eligible for any employment relationship related financial or other benefits not related to the Board work nor are they eligible for any pension scheme. Board members do not receive Company shares as remuneration and they are not participants in Company option rights plans or performance share plans.

#### Financial benefits

The AGM resolves on the remuneration payable to the Board members based on the Nomination Committee's proposal. In accordance with the resolution passed by the AGM held on April 25, 2013, as of the AGM 2013 the annual compensation for the Chairman of the Board is EUR 100,000 (2012: EUR 100,000), for the Vice-Chairman EUR 60,000 (2012: EUR 60,000) and for other members EUR 50,000 (2012: EUR 50,000). In addition, a meeting fee of EUR 600 (2012: EUR 600) per meeting is paid to all members for Board and Board Committee meetings they attend with the following exceptions: EUR 2,000 (2012: EUR 2,000) per meeting to the Chairman

## Remuneration paid to members of the Board of Directors in 2013 and 2012 (EUR)

	2013			2012		
	Annual compensation	Meeting fees	Total	Annual compensation	Meeting fees	Total
Pekka Ala-Pietilä*	87,651	9,000	96,651	37,500	6,600	44,100
Jukka Suominen	60,000	16,600	76,600	60,000	14,200	74,200
Eija Ailasmaa	50,000	11,600	61,600	50,000	11,600	61,600
William R. Barker	50,000	8,400	58,400	50,000	10,200	60,200
Rolf Börjesson	50,000	8,400	58,400	50,000	11,400	61,400
Maria Mercedes Corrales*	50,000	6,600	56,600	37,500	5,400	42,900
Sandra Turner	50,000	11,600	61,600	50,000	10,400	60,400
<b>Board total</b>	<b>397,651</b>	<b>72,200</b>	<b>469,851</b>	<b>335,000</b>	<b>69,800</b>	<b>404,800</b>

\* Member of the Board since April 24, 2012; annual compensation for Pekka Ala-Pietilä includes a mobile phone benefit

### Terminated Board memberships

Mikael Lilius*	25,080	4,200	29,280	100,240	10,800	111,040
Siaou-Sze Lien**	-	-	-	12,500	4,200	16,700
<b>In total</b>	<b>422,731</b>	<b>76,400</b>	<b>499,131</b>	<b>447,740</b>	<b>84,800</b>	<b>532,540</b>

\* Member of the Board until April 25, 2013; annual compensation for Mikael Lilius includes a mobile phone benefit

\*\* Member of the Board until April 24, 2012

of the Audit Committee, EUR 1,000 (2012: EUR 1,000) per meeting to other members of the Audit Committee, EUR 1,200 (2012: EUR 600) per meeting to the Chairman of the Human Resources Committee and EUR 1,200 (2012: EUR 600) per meeting to the Chairman of the Nomination Committee. Traveling expenses are compensated in accordance with the Company policy.

### Chief Executive Officer and Group Executive Team Decision-making process and main principles of remuneration

Remuneration and financial benefits payable to the Chief Executive Officer (CEO) and members of the Group Executive Team (GET) are determined by the Board of Directors normally on a yearly basis. Prior to the relevant Board meeting, the matter is deliberated by the Human Resources Committee of the Board of Directors. Remuneration is based on Group level remuneration principles, but local laws and market practices are taken into account when applying these principles. The remuneration of the CEO and other GET members consists of a non-variable annual base salary, benefits and an annually determined short-term incentive. In addition, the CEO and other GET members are participating in the long-term incentive plans consisting of the option rights plans and performance share plans.

The short-term incentives for the CEO and other GET members are based on financial performance of the Group and achievement of the personal objectives. The short-term incentives for those GET members having a business segment responsibility are also determined based on the financial performance of the business segment in question. The relevance of the financial performance is 85% for the CEO and 80% for other GET members and the relevance of the personal objectives is correspondingly 15% for the CEO and 20% for other GET members. The following indicators are applied when setting financial objectives: earnings per share (EPS) before taxes, return on net assets (RONA), working capital ratios and value added. The above mentioned criteria are selected to promote the Group's financial targets and success on a short- and a long-term basis.

Objectives for the short-term incentives are set and the achievement is evaluated annually. Possible incentive payments are typically made in March following the calendar-year-long earnings period. The payment of the incentive is subject to the person being employed by the Group and not having resigned by the time of the payment. The maximum amount of the short-term incentive for the CEO is the amount corresponding to 75% of the non-variable annual base salary. The maximum amount of the short-term incentives for other GET members varies depending on the position between 40–60% of the non-variable annual base salary.

Option rights and performance share plans function as long-term incentives for the CEO and other GET members. During 2013 the CEO and other GET members were participants in the Option Rights 2006 Plan as well as the Performance Share Plans 2010–2012, 2011–2013, 2012–2014 and 2013–2015. Further information on the option rights and performance share plans is available later in section "Share-based incentive plans".

### Financial benefits

#### Chief Executive Officer

In 2013, CEO Jukka Moisio's non-variable annual base salary and benefits amounted to EUR 625,955 (2012: EUR 595,785) and the short-term incentive based on the performance in 2012 amounted to EUR 397,098 (2012: EUR 0 based on the performance in 2011). Based on the performance in 2012, the CEO received under the Performance Share Plan 2010–2012 a total of 40,000 shares with an aggregate value of EUR 608,000 at the time of the transfer and a cash payment of EUR 720,447 relating to the amount of income taxes arising based on the received shares. This reward based on the Performance Share Plan with a total value of EUR 1,328,447 was paid in March 2013. In 2012 the CEO did not receive any remuneration based on the Performance Share Plans since the year 2011 was not an earnings year in accordance with any Performance Share Plan of the Company. No option rights were allocated to the CEO during 2013 (2012: 0). In 2013 the CEO subscribed for 80,000 shares (2012: 0 shares) with option rights 2006 C received earlier. The value of the remuneration was



EUR 862,400 taking into account the difference between the fair market value of the subscribed shares (EUR 1,270,400) and the subscription price (EUR 5.10 per share i.e. in total EUR 408,000). He did not sell any option rights during 2013 (2012: 0 option rights). Thus, in 2013 the CEO's total remuneration amounted to EUR 3,213,900 (2012: EUR 595,785).

According to the Service Agreement between the Company and the CEO, either party may terminate the Service Agreement with six months' prior notice. During the notice period, the CEO is entitled to normal salary payments. If the Company terminates the Service Agreement, the CEO is entitled to a termination compensation amounting to 18 months' base salary in addition to the six months' salary paid for the notice period. The retirement and resignation age of the CEO is 60 years, unless otherwise agreed upon. In addition to statutory employment pension contribution, the early retirement possibility is covered by an arrangement under which the Company contributes annually to a supplementary pension arrangement an amount which shall not exceed the CEO's monthly base salary. However, the contribution paid by the Company is subject to the CEO contributing the same amount to the supplementary pension arrangement. In case the Service Agreement is terminated prior to the retirement and resignation age, the CEO maintains the right to the funds in the supplementary pension arrangement. The amount of the supplementary pension is determined based on funds contributed to the arrangement by the Company and the CEO as well as returns on these funds.

In 2013, expenses for the Company for the CEO's statutory pension were EUR 183,740 (2012: EUR 107,003) and for the supplementary pension arrangement EUR 49,786 (2012: EUR 46,968). At the end of 2013 liability from the supplementary pension arrangement was EUR 272,328 (2012: EUR 217,927) in the Company's statement of financial position.

#### Group Executive Team

In 2013, the non-variable annual base salary of GET members, excluding the CEO, amounted to a total of EUR 2,980,600 including benefits and compensation relating to the commencement and termination of employment (2012: EUR 2,196,190) and the short-term incentives, based on the performance in 2012, amounted to a total of EUR 978,989 (2012: EUR 298,645 based on the performance in 2011). Based on the performance in 2012, GET members, excluding the CEO received under the Performance Share Plan 2010–2012 a total of 118,000 shares with an aggregate value of EUR 1,792,240 at the time of the transfer and a cash payment of EUR 1,688,502 relating to the amount of income taxes arising based on the received shares. This reward based on the Performance Share Plan with a total value of EUR 3,480,742 was paid in April 2013. In 2012 GET members did not receive remuneration based on the Performance Share Plans since the year 2011 was not an earnings year in accordance with any Performance Share Plan of the Company. No option rights were allocated to the GET members during 2013 (2012: 0). During 2013 GET members did not sell any option rights but used for share subscriptions in total 12,000 option rights (2012: 232,000 option rights sold or used for share subscriptions) that they had received earlier, and the corresponding taxable value was in total EUR 151,320 (2012: EUR 917,714). Thus, in 2013 the total remuneration of GET members, excluding the CEO, amounted to EUR 7,591,651 (2012: EUR 3,412,549).

All GET members belong to pension systems of their country of residence in force at each time. In addition to the CEO, four other GET members belong to the national employee pension system in Finland at the end of 2013. The other GET members belong to corresponding pension systems in India, in Germany and in the United States. Subject to a specific resolution by the Board, GET

#### Remuneration paid to the CEO and other GET members (EUR)

	2013				2012			
	Non-variable annual base salary <sup>1</sup>	Short-term incentives <sup>2</sup>	Share-based incentives <sup>3</sup>	Total	Non-variable annual base salary <sup>1</sup>	Short-term incentives <sup>2</sup>	Share-based incentives <sup>3</sup>	Total
CEO	625,955	397,098	2,190,847	3,213,900	595,785	0	0	595,785
Other GET members <sup>4</sup>	2,980,600	978,989	3,632,062	7,591,651	2,196,190	298,645	917,714	3,412,549
<b>Total</b>	<b>3,606,555</b>	<b>1,376,087</b>	<b>5,822,909</b>	<b>10,805,551</b>	<b>2,791,975</b>	<b>298,645</b>	<b>917,714</b>	<b>4,008,334</b>

<sup>1</sup> Non-variable annual base salary includes benefits and compensation relating to the commencement and termination of employment.

<sup>2</sup> Short-term incentives are based on the performance in the year preceding the payment year. Paid short-term incentives have been entered in the table on the year when they have been paid.

<sup>3</sup> Share-based incentives include the monetary value of the payments based on the Performance Share Plans at the time of granting the shares and including the value of taxes arising based on the received shares. For 2013 and 2012 share-based incentives also include the taxable value that has arisen based on the sale of option rights or share subscriptions based on the option rights. The share-based incentives are based on the performance in the year preceding the payment year and they have been entered in the table on the year when they have been paid. As regards the option rights, entries have been recorded on the year of sale or share subscription.

<sup>4</sup> Remuneration paid to other GET members is reported for the period that the person has been a member of the GET.

members may additionally be entitled to pension arrangements following local practices, which may be considered partly comparable to supplementary pension plans. In 2013, the Company paid a total of EUR 24,457 (2012: EUR 15,998) to such pension arrangements of the GET members, excluding the CEO.

## Share-based incentive plans

### Option Rights 2006 Plan

Huhtamäki Oyj has an option rights plan extending at the end of 2013 to 91 persons belonging to the management of the Company and its subsidiaries. The option rights plan was approved by the AGM held on March 27, 2006 and it was divided to option rights 2006 A, 2006 B and 2006 C. Each series entitled for the subscription of 1,100,000 shares. The period of subscription for shares ceased with the option rights 2006 A on October 31, 2011 and with the option rights 2006 B on October 31, 2012. No shares were subscribed for based on the option rights 2006 A but a total of 749,665 shares were subscribed for based on the option rights 2006 B. The period of subscription for shares with the option rights 2006 C will cease on April 30, 2014 and by the end of 2013 a total of 795,766 shares have been subscribed for based on the option rights 2006 C. Thus, the option rights 2006 C entitle during 2014 for the subscription of 304,234 shares corresponding to approximately 0.28% of the Company's all shares on December 31, 2013.

### Share-based remuneration

The Company's share-based incentive plans in which the earnings year is 2012 or later and based on which incentives are paid in 2013 or later have been described below. No share-based incentives were paid in 2012 because 2011 was not an earnings year in accordance with any Performance Share Plan of the Company. Further information on the share-based remuneration is available in the notes to the consolidated annual accounts 2013 on page 34.

### Performance Share Arrangement 2010

On March 12, 2010 the Board of Directors of the Company decided on establishing a Performance Share Arrangement to form a part of the long-term incentive and retention program for the key personnel of the Company and its subsidiaries. The Performance Share Arrangement offers a possibility to earn the Company shares as remuneration for achieving established targets. The arrangement includes annually commencing three-year performance share plans. A possible reward shall be paid during the calendar year following each three-year plan. Commencement of each three-year plan will be separately decided by the Board of Directors.

The aggregate maximum of 400,000 shares and a cash payment equivalent to taxes arising to the key personnel from the reward may be granted under each three-year plan. Participants to the plan belonging to the GET shall hold at least 50% of the shares received until he/she holds shares received from the Performance Share Plans corresponding in aggregate to the value of his/her annual base salary. Other participants to the plan shall hold at least 50% of the shares received until he/she holds shares received from the Performance Share Plans corresponding in aggregate to the value of his/her 6 months base salary. The aforementioned ownership requirements apply until termination of employment or service.

### Performance Share Plan 2010–2012

The first three-year performance share plan (Performance Share Plan 2010–2012) commenced in 2010. The reward was based on the Group's earnings per share (EPS) in 2012 and was paid in 2013. According to the terms and conditions of the Performance Share Arrangement 2010 a total of 366,500 shares were paid as a reward under the plan in 2013. The Performance Share Plan 2010–2012 was directed to 58 persons at the end of 2012.

### Performance Share Plan 2011–2013

The second three-year performance share plan (Performance Share Plan 2011–2013) commenced in 2011. The reward is based on the Group's earnings per share (EPS) in 2013 and will be paid in 2014. The Performance Share Plan 2011–2013 was directed to 59 persons at the end of 2013.

### Performance Share Plan 2012–2014

The third three-year performance share plan (Performance Share Plan 2012–2014) commenced in 2012 and the possible reward will be based on the Group's earnings per share (EPS) in 2014. The reward, if any, will be paid during 2015. The Performance Share Plan 2012–2014 was directed to 67 persons at the end of 2013.

### Performance Share Plan 2013–2015

The fourth three-year performance share plan (Performance Share Plan 2013–2015) commenced in 2013 and the possible reward will be based on the Group's earnings per share (EPS) in 2015. The reward, if any, will be paid during 2016. The Performance Share Plan 2013–2015 was directed to 65 persons at the end of 2013.