



Corporate Governance Statement February 11, 2010

Huhtamäki Oyj (Huhtamäki or the Company) complies with the Finnish Corporate Governance Code adopted by the Securities Market Association. The Code entered in force on January 1, 2009 and is available in Internet at www.cgfinland.fi.

Huhtamäki's corporate governance comprises the General Meeting of Shareholders, the Board of Directors (Board) and 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.

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 2009, the AGM was held on April 3, 2009 at Finlandia Hall, 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 Auditors. The AGM decides also on Board members' and Auditors' remuneration. A General Meeting of Shareholders may also resolve upon, for example, amendments to the Company's Articles of Association, issuing of new shares and option rights and repurchasing 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.

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 an 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.

A shareholder who has been entered in the shareholder's register of the Company eight business days before a General Meeting of Shareholders has the right to participate in the meeting. The holder of a share registered under the name of a nominee may be temporarily entered in the shareholder's register for the purpose of participating in a General Meeting of Shareholders.

A shareholder may participate 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.

Board of Directors

The Board of Directors is responsible for the management and the proper arrangement of the operations of Huhtamäki. 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 resolves upon corporate transactions, investment framework and individual capital expenditures exceeding EUR 6 million. In order to discharge its duties, the Board requires information on the structure, business operations and markets of the Company. Each member of the Board is provided with a monthly report on the financial situation and markets of the Group. The Board elects the CEO, approves the GET members' appointments, decides on executive compensation and annually reviews the management performance. 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 2009, the evaluation was done as an internal self-evaluation without an external evaluator.

Most of the meetings of the Board are held at the Company's headquarters in Espoo. The Board is annually visiting other Group locations and holds meetings there. The Board may also hold its meetings by telephone. The Board shall hold at least six regular meetings each year, with one session entirely dedicated to Group strategy. In 2009, the Board held 10 meetings, three of which were telephone meetings. The average attendance of the members at the Board meetings was 96%. The CEO and the Chief Financial Officer 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 Senior Vice President, Administration and General Counsel of the Company acts as the secretary to the Board.

Composition 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 Company operations and the development stage of the Company. Both genders shall be represented in the Board. The Board shall consist of a minimum of six and 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 a maximum age of a Board member. The AGM elects the Board members for the term of office expiring at the close of the AGM following the election. The Board shall elect from among its members a Chairman and a Vice-Chairman. The AGM 2009 elected the following eight individuals to the Board:

**Mikael Lilius**, Chairman (1949)

Date of election: March 30, 2005

Main occupation: Fortum Oyj, CEO, retired

Education: B.Sc. (Econ)

Primary working experience: Gambro AB, CEO; Incentive AB, CEO; KF Industri AB, CEO; Huhtamäki Oyj, President of the Packaging Division

Key positions of trust: Hafslund ASA, Board; Aker Solutions ASA, Board; East Office of Finnish Industries, Chairman of the Board

Shares on December 31, 2009: 50,000

Jukka Suominen, Vice-Chairman (1947)

Date of election: March 30, 2005

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

Primary working experience: Silja Oyj Abp, Group CEO

Key positions of trust: Fiskars Oyj Abp, Board; Rederiaktiebolaget Eckerö, Chairman of the Board; Merivaara Oy, Chairman of the Board; Arctia Shipping Oy, Board; Lamor Group Oy, Board; The Finnish Cultural Foundation, Supervisory Board

Shares on December 31, 2009: 3,000

Eija Ailasmaa (1950)

Date of election: March 22, 2004

Main occupation: Sanoma Magazines B.V., President and CEO

Education: M.Pol.Sc.

Primary working experience: Various Sanoma Group executive roles, including President of Helsinki Media and Sanoma Magazines Finland magazine publishing subsidiaries; Editor-in-chief for the family magazine Kodin Kuvalehti in 1985–1989

Key positions of trust: Solidium Oy, Vice-Chairman of the Board

Shares on December 31, 2009: 1,000

George V. Bayly (1942)

Date of election: March 28, 2003

Main occupation: Whitehall Investors, LLC, Consultant

Education: MBA

Primary working experience: Altivity Packaging, LLC, Chairman & CEO; U.S. Can Company, Chairman; Ivex Packaging Corporation, Chairman, President & CEO; Olympic Packaging, Inc., Chairman, President & CEO; Packaging Corporation of America (PCA), Senior Vice President

Key positions of trust: ACCO Brands Corporation, Inc., Board; Graphic Packaging Corporation, Board; Ryt-Way Industries, LLC, Board; Treehouse Foods, Inc., Board; John G. Shedd Aquarium, Board; Miami University, Board; United Way Chicago, Board

Shares on December 31, 2009: -

Rolf Börjesson (1942)

Date of election: March 31, 2008

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: Ahlsell AB, Chairman of the Board; Svenska Cellulosa Aktiebolaget SCA (publ), Board; Avery Dennison Corporation, Board

Shares on December 31, 2009: -

Robertus van Gestel (1946)

Date of election: March 22, 2004

Main occupation: Proudfoot Consulting Europe (1994–2009), Deputy President, retired; C.I. International (London) (2009–), President

Education: MBA, PhD

Primary working experience: Ford Motor Company; GTE; Mannesmann Tally; Anglo-Dutch Investments, Inc.

Key positions of trust: Moore Hall Investments Ltd., Chairman of the Board; C.I. International (Geneva), Chairman of the Advisory Board

Shares on December 31, 2009: -

Siaou-Sze Lien (1950)

Date of election: April 3, 2009

Main occupation: Mobley Group Pacific Ltd., Senior Executive Coach

Education: M.Sc. (Computer Science)

Primary working experience: Hewlett-Packard, several different roles, latest position as Senior Vice President, Hewlett-Packard Services Asia-Pacific

Key positions of trust: Nanyang Technological University Singapore, Board of Trustees; Republic Polytechnic Singapore, Board of Governors; Luvata Ltd., Board

Shares on December 31, 2009: 1,000

Anthony J.B. Simon (1945)

Date of election: October 7, 1999

Main occupation: Unilever N.V., President Marketing, retired

Education: MA, MBA

Primary working experience: Unilever, Bestfoods, Corporate Vice President; Bowater Paper Corporation, Packaging Division

Key positions of trust: -

Shares on December 31, 2009: 1,248

Remuneration of the Board members

The AGM is resolving upon remuneration for the Board of Directors. In 2009, the annual compensation for the Chairman of the Board was EUR 90,000, for the Vice-Chairman EUR 55,000 and for the other members EUR 45,000. In addition, a meeting fee of EUR 500 per meeting was paid to all members for the Board and Board Committee meetings they attended. Traveling expenses were paid in accordance with the Company policy. None of the Board members receives any other remuneration from the Company than that based on Board membership. The Company's option rights plans do not extend to the Board members. There is no pension scheme for the Board members.

Independence of the Board members

All the members of the Board are non-executive. The Board considers all the 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.

Board Committees

In order to focus on certain responsibilities, the Board has appointed 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 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 com-



prised the Nomination Committee during 2009: Mikael Lilius (Chairman), Rolf Börjesson and Jukka Suominen. In 2009, the Nomination Committee held four meetings. The average attendance of the Nomination Committee members at the meetings was 100%.

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 comprised the Human Resources Committee during 2009: Mikael Lilius (Chairman), George V. Bayly and Anthony J.B. Simon. In 2009, the Human Resources Committee held five meetings. The average attendance of the Human Resources Committee members at the meetings was 100%.

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 of 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 external auditors. It also evaluates the independence of the external auditor and provision of other consultancy services by the external auditor to the Company. In addition to the members of the Audit Committee, the Chief Financial Officer participates in the Committee's meetings. The external auditors participate in the meeting deliberating the financial statements and also other meetings, if considered necessary. The following individuals comprised the Audit Committee during 2009: Jukka Suominen (Chairman), Eija Ailasmaa and Robertus van Gestel. In 2009, the Audit Committee held seven meetings. The average attendance of the Audit Committee members at the meetings was 94%.

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 book-keeping 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 has acted as the Company's CEO as from 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.

Jukka Moisio's salary and benefits in the year 2009 amounted to EUR 613,060, including EUR 61,875 of incentive related payment based on the year 2008. He did not receive option rights during the year 2009.

According to the Service Agreement between the Company and the CEO, either party may terminate the Service Agreement by six months' prior notice. If the Company terminates the Service Agreement, the CEO is entitled to a termination compensation amounting to 18 months' salary. The retirement and resignation age of the CEO is 60 years, unless otherwise agreed upon. In addition to statutory employment pension contribution, the Company will contribute to a pension plan designated by the CEO and approved by the Company a maximum amount of

CEO's monthly salary, subject to that the CEO contributes the same amount to the pension plan.

Internal control, internal audit and risk management systems

Internal control

Successful business requires continuous monitoring of the Group's operations. 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 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 control process and function belongs to the executive management of the Group and is being carried out by the whole organization. The aim of the 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.

Compliance with applicable laws and regulations related controls ensure that the Group complies with applicable laws and regulations.

Foundation of all Group's activities lies with common values and principles providing discipline and structure for the operations formalized in 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.

Reliability of financial reporting

The Group's finance function and the network of segment and 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 of 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. Annual targets and key performance indicators 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 units and segments.

Key operational performance indicators are monitored continuously. Key process controls aim at identifying risks and controlling deficiencies. Corrective actions are implemented and monitored by segment and 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.

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, trainings and internal auditing.

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 2009 in coordination with Ernst & Young Oy and its international network. 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 and focus areas defined by the Board and the executive management of the Group. Audit engagements are selected according to a rotation principle. The internal audit function reports to the Audit Committee. Additionally, the CEO, the Chief Financial Officer and management of the segment and business unit where the audit has been conducted are informed of the results of the audit.

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 risks potentially jeopardizing achievement of Group

objectives in the changing business 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 external auditors.

Business unit, segment and Group level risk management process and activities are engaged with 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.

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 2009 elected the Authorized Public Accounting firm KPMG Oy Ab as the auditor of the Company. Solveig Törnroos-Huhtamäki, 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 KPMG network in each country.

In 2009, total auditing costs of the Group amounted to EUR 1.3 million. The KPMG network has also provided other consultancy worth EUR 1.2 million.