

Altia Plc's Corporate Governance Statement 2011

Altia Plc (Company) is fully owned by the state of Finland. The Ownership Steering Department in the Prime Minister's Office is responsible for ownership steering and oversight of the company.

The duties of each of the bodies in the company are determined by the laws of Finland and the Articles of Association. The company follows the Finnish Corporate Governance Code 2010 with the exceptions disclosed at the end of this statement.

The ultimate responsibility for the management and operations of the company lies with the Annual General Meeting of Shareholders, the Board of Directors and the Chief Executive Officer (CEO). The decisions of these bodies are executed by the Executive Management Team with the authorities granted to the CEO.

The company's operating organisation has been designed for running the company's core operations, production, import, export and sales of alcoholic beverages.

The company is registered in Finland and headquartered in Helsinki.

Annual General Meeting

According to the Finnish Companies Act, the Annual General Meeting of Shareholders is the highest decision-making body of the company. The Annual General Meeting decides on amendments to the Articles of Association and changes in share capital as well as dividend distribution, elects the Board of Directors and Auditors, as well as decides on their remuneration, and approves the financial statements.

Board of Directors

The Board of Directors is responsible for the company's administration and organising its operations properly. The Board is also responsible for ensuring that the company's accounting and financial control is appropriately organised and decides on significant matters regarding strategy, investments, organisation and finance of the company in order to increase the company's value to its shareholders.

According to the company's Articles of Association, the Board comprises the Chairman and Vice Chairman, as well as a minimum of one and a maximum of five other members. The Chairman, Vice Chairman and members are appointed by the Annual General Meeting for a period ending at the following Annual General Meeting.

In the working order of the Board of Directors, the Board defines the duties of individual Board members and the Chairman of the Board, as well as the operating principles of the Board. The working order includes guidance on preparation, arrangement, consideration of matters and minutes of meetings. The Chairman of the Board directs the work and is responsible for the operation and evaluation of the Board. Recurring matters and matters discussed at least on a yearly basis, as well as the duties of the Board as a whole, are defined in the working order.

The main duties of the Board defined in the working order include, among others:

- confirming the Group's strategy and objectives
- deciding on the Group's corporate governance and related guidelines
- considering and preparing the interim reports and the financial statements
- approving and monitoring the budget and the business plan
- preparing matters to be considered in the Annual General Meeting and Extraordinary General Meeting
- monitoring significant risks and risk management
- electing the CEO, the Deputy to the CEO and the members of the Executive Management Team and approving their remuneration, fees and terms of employment
- approving the incentive and remuneration programmes of management and personnel
- deciding on material issues regarding the organisation of business operations
- deciding on business acquisitions
- deciding on significant changes in the Group structure
- deciding on the approval instructions regarding acquisitions and investments
- deciding on investments and expenditure that exceeds the CEO's authority
- other far-reaching and principally significant matters as well as matters that belong to the Board based on the Finnish Companies Act

BOARD OF DIRECTORS' COMMITTEES

The Board of Directors has two permanent committees, the Audit Committee as well as the Nomination and Compensation Committee, which support the Board's work. The committees always report their actions to the Board in the Board meeting following the committee meeting.

Audit Committee

The Audit Committee comprises a minimum of three members of the Board.

At least one of the committee members must have solid knowledge and experience in accounting and accounting principles applied by the company.

The committee convenes regularly a minimum of four times a year.

The working order of the Audit Committee approved by the Board defines the duties, responsibilities and procedures of the committee. The main duties include review of the financial statements, auditor's report and audit plan, consideration of internal audit plans and observations, risk management, financing and budget, as well as assessment of the scope and due form of financial and audit instructions.

Nomination and Compensation Committee

The Nomination and Compensation Committee comprises the Chairman of the Board and two other Board members. The committee's task is to prepare recommendations to the Board regarding nominations and compensation principles applicable to the senior management of Altia as well as remuneration principles of Altia Group's personnel.

The committee holds an adequate number of meetings per year.

The duties of the committee are defined in more detail in the Nomination and Compensation Committee's working order approved by the Board.

CEO

The Board of Directors of the company appoints the CEO.

The CEO of the company is responsible for managing, supervising and controlling business operations with the aim of increasing the value of the company for its shareholders. The CEO manages the company's routine administration according to the instructions and regulations of the Board. The CEO is responsible for ensuring the compliance of the company's accounting with law and that financial control is organised in a reliable manner. The CEO must provide the Board and its members with the information necessary for the fulfilment of the Board's duties.

The CEO prepares issues for the Board's decision, develops the company in line with the targets agreed upon with the Board and ensures proper implementation of the decisions of the Board. The CEO is also responsible for ensuring that the company operates in compliance with laws and regulations.

According to a policy by the Ownership Steering Department of the Prime Minister's Office, the CEO is not a member of the Board, but attends the Board meetings. The retirement age for the CEO is 63 years.

Executive Management Team

The company's Executive Management Team comprises the Chief Executive Officer (CEO); SVP (Senior Vice President), Trading; SVP, HR; SVP, Brands; Chief Financial Officer (CFO) and SVP, Industrial Services and Supply Chain.

The Executive Management Team is responsible for managing the company's core business operations as a whole, which requires planning of various development processes, Group principles and Group practices, as well as monitoring the development of financial matters and the Group's business plan. The Executive Management Team convenes at least six times a year and a written record is prepared from every meeting.

NOMINATIONS AND BENEFITS OF THE MANAGEMENT

The Board nominates the CEO and other members of the Executive Management Team based on the Nomination and Compensation Committee's presentation, defining also their areas of responsibility. Based on the presentation of the Nomination and Compensation Committee, the Board also decides on the above-mentioned persons' salaries, bonuses, pension benefits and other benefits.

A written management agreement clarifying all benefits agreed upon is made with the CEO as well as other members of the Executive Management Team.

Altia follows the guidance given by the Cabinet Committee on Economic Policy in September 8th, 2009 on State-owned companies' compensation and pension arrangements.

AUDITING AND RISK MANAGEMENT

Internal Audit

Internal audit assesses the operation of systems as well as the appropriateness of internal control and financial administration of the company in an independent manner. It reports its observations to the management, auditors and Audit Committee.

The targets of audit are yearly decided upon by the Board.

In 2011 the internal audit services were acquired from APA firm of accountants.

Internal audit is directed in accordance with internal audit charter approved by the Board.

Auditing

According to the Articles of Association, Altia has to have one to two auditors appointed by the Annual General Meeting. The auditor must be an individual auditor or an entity of Certified Public Accountants approved by the Central Chamber of Commerce in Finland.

The auditors give their report yearly regarding the Finnish Auditing Act.

Risk management

The Board confirms the instructions for risk management and monitors the adequacy and functionality of risk management activities. The CEO is responsible for appropriate risk management with the support of the Executive Management Team. The business units and support functions conduct risk assessment in conjunction with annual planning and the consolidated results are reviewed in the Executive Management Team that estimates the likelihood and significance of the risks. Key risks are

presented to the Audit Committee and the Board. The status of key risks is reported to the Audit Committee and the Board on a yearly basis.

Financial risk management is defined in the financial policy approved by the Board.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Altia complies with the Finnish Corporate Governance Code 2010 as applicable according to the Finnish Government principle decision (November 3rd, 2011) on State's ownership policy.

Deviations from compliance with the Corporate Governance Code are based on the facts that the company has one owner, the company's shares are not publicly quoted and the company has no share-based compensation or incentive arrangements. The company deviates from the recommendations of the Corporate Governance Code in the following sections:

Recommendation 1 (information on general meetings to shareholders), recommendation 3 (attendance of the board of directors, managing director and auditor at a general meeting), recommendation 4 (attendance of a prospective director at a general meeting), recommendation 11 (informing the shareholders of director candidates), recommendation 51 (the company's insider administration), and recommendation 55 (disclosing information on the above-mentioned deviations on the company website).

SALARY AND REMUNERATION STATEMENT

Salary and remuneration statement is available at the company's website www.altiacorporation.com in section "Altia as a Company".

Year 2011

The Board comprised seven members. The Board convened 12 times during the year. The Board members attended on average 94 percent of the meetings. Board members who are not employed by a company belonging to the Altia Group received a monthly salary amounting to EUR 2,750/month for the Chairman, EUR 1,800/month for the Vice Chairman and EUR 1,450/month for each member. Each member of the Board received remuneration of EUR 600 for the meetings that they attended.

Board of Directors 2011

Matti Tikkakoski

b. 1953, M.Sc. (Econ.)
Independent Member of the Board of Altia since 2011
Chairman of the Board
Chairman of the Nomination and Compensation Committee
Member of the Audit Committee
Member of the Board of Componenta Oyj

Main work experience:

CEO of Atria Oyj (2006-2010)
Senior Vice President of År-Carton Group AB (2003-2005)
Different management positions in Huhtamäki Oyj (1980-2002)

Catarina Fagerholm

b. 1963, M.Sc. (Econ.)
CEO of Instru Optiikka Oy
Independent Member of the Board of Altia since 2008
Vice Chairman of the Board since 2010
Chairman of the Audit Committee
Member of the Supervisory Board of Luottokunta
Member of the Board of Atasun Optik, Turkey

Main work experience:

CEO of Bosch and Siemens Home Appliances Oy (1998-2005)
Country Manager of AEG Home Appliances of Finland, Russia, Estonia, Latvia and Lithuania (1996-1998)

Mikael Aro

b. 1965, eMBA
CEO of VR Group
Independent Member of the Board of Altia since 2010
Member of the Nomination and Compensation Committee
Member of the Board of Varma Mutual Pension Insurance Company
Chairman of the Board of Finnkino Oy

Main work experience:

Senior Vice President of Carlsberg breweries AS, Northern Europe (2007-2009)
CEO of Oy Sinebrychoff Ab (2005-2007)
Commercial Director of Oy Sinebrychoff Ab (2003-2005)

Ainomaija Haarla

b. 1953, D.Sc. (Tech), MBA
CEO of the Technology Academy Foundation
Independent Member of the Board of Altia since 2008
Member of the Audit Committee
Chairman of the Board of Korona Invest Oy

Chairman of the Board of Korona Invest II Oy
Member of the Board of Euro-CASE

Main work experience:

CEO of ProConsilium Ltd (2007-2009)

Different management positions within UMP-Kymmene Oyj (in Germany 2002-2005)

Marketing Director of Metso Oyj

Annikka Hurme

b. 1964, M.Sc. (Food Sciences)

Manager of Valio Oy, Nordic Sales and Distribution

Independent Member of the Board of Altia since 2010

Main work experience:

Director of Valio Oy, Perishable Goods and Domestic Sales and Marketing (2007-2010)

Director of Valio Oy, Marketing (2000-2007)

Jarmo Kilpelä

b. 1957, M.Sc. (Econ.)

Senior Financial Counsellor, Prime Minister's Office, Ownership Steering Department

Independent Member of the Board of Altia since 2011

Member of the Nomination and Compensation Committee

Chairman of the Board of Hansel Ltd

Member of the Board of HAUS Finnish Institute of Public Management Ltd

Main work experience:

Senior Financial Counsellor, Ministry of Finance (1996-2007)

Head of Administration and Finance, Government Guarantee Fund (1993-1996)

Analyst, Bank of Finland (1992-1993)

Head of Department, Deputy Director of Department, Corporate Analyst, Skopbank of Finland Plc (1981-1992)

Markku Rönkkö

b. 1951, M.Sc. (Econ.)

Independent Member of the Board of Altia since 2006

Member of the Audit Committee

Member of the Board of Digital Foodie Oy

Vice Chairman of the Board of Hotel Artos Oy

Vice Chairman of the Board of Osuuskunta KPY

Member of the Board and Member of the Audit Committee of Tulikivi Oyj

Chairman of the Board of Voimatel Oy

Deputy Member of the Auditing Board of Central Chamber of Commerce

Shareholder/Partner of Boardman Oy

Member of the Board of the Orthodox Church Museum Foundation of Finland

Main work experience:

CEO of Järvi-Suomen Portti Oy (2008-2011)

CEO of Karelia-Upofloor Oy (2006-2007)

CEO of Savon Voima Oyj (2004-2006)
CEO of Olvi Oyj (1985-2004)
Part-time auditor (APA) (1984-2003)

Executive Management Team 2011

Antti Pankakoski

b. 1954, M.Sc. (Laws)
CEO (2007-)
Member of the Board of Finnish Food and Drink Industries' Federation
Member of the Board of HOK-Elanto
Member of the Board of Kristina Cruises Oyj

Main work experience:

CEO of Silja Line Oy (2003-2006)
Director of Nordea Corporate Finance (2000-2002)
Director of Kvärner A/S (1998-2000)
CEO of Cunard Line Ltd (1996-1997)

Sanna Hokkanen

b. 1974, M.Sc. in Behavioural Science
Senior Vice President, HR (2011-)

Main work experience:

HR Director of Fujitsu Oy (2008-2010)
Senior HR Manager of Nokia Oyj (2004-2008)
HRD Manager of Nokia Oyj (2001-2004)
HR Director of Done Oyj (2000-2001)
HR Specialist of Nokia Oyj (1997-2000)

Joacim Hultin

s.1967, Bachelor of Arts in Economy
Senior Vice President, Trading (2009-)

Main work experience:

Senior Vice President, Sweden and Portfolio Management (2007-2009)
Brand Manager, Purchasing Manager, Commercial Manager and Managing Director, Bibendum AB (1996-2007)
Product and Store Consultant, Systembolaget (1995-1996)

Kari Lampinen

s. 1961, M.Sc. (Econ.)
Senior Vice President, Brands (2009-)

Main work experience:

Country Manager, Fresh bakery products, Commercial Director, Marketing and Sales Director, Vaasan Oy (1999-2009)

Marketing Director, HK Ruokatalo Oyj (1994-1999)
Director, Marketing, Sales and Product Development, Broilertalo Oy/Kariniemi Oy (1989-1994)
Product Manager and Key Account Manager, Vaasanmylly Oy (Cultor Oyj) (1985-1989)

Tomi Tanninen

b. 1967, M.Sc. (Econ.)
CFO (2008-)

Main work experience:

Finance Director of Gustav Paulig Ltd (1999-2008)
Business Controller of Gustav Paulig Ltd (1996-1998)
Finance Manager of Paulig Export Ltd (1995-1996)

Hannu Tuominen

s. 1958, M.Sc. (Eng.)
Senior Vice President, Industrial Services and Supply Chain (2009-)

Main work experience:

Senior Vice President, Industrial Services and Production, Altia Oyj (2008-2009)
Division Director of Vaisala Oyj (1994-2007)
Production Director of Vaisala Oyj (1992-1994)
Production Director of Fiskars Power Systems Oyj (1990-1992)
Product Marketing Manager of Fiskars Power Systems Oyj (1988-1990)
Business Controller of Fiskars Power Systems Oyj (1986-1988)