

# Corporate governance statement 2015



Munksjö Oyj (“Munksjö” or the “company”) is a Finnish public limited liability company, the shares of which are listed on Nasdaq Helsinki and Nasdaq Stockholm. In its corporate governance, Munksjö complies with applicable laws and regulations, including without limitation, the Finnish Limited Liability Companies Act (624/2006, as amended), the Finnish Securities Markets Act (746/2012, as amended), the rules of Nasdaq Helsinki as well as the Company’s Articles of Association. In addition, Munksjö complies with the Finnish Corporate Governance Code issued by the Securities Market Association in 2010 (“Finnish Code”) and, effective

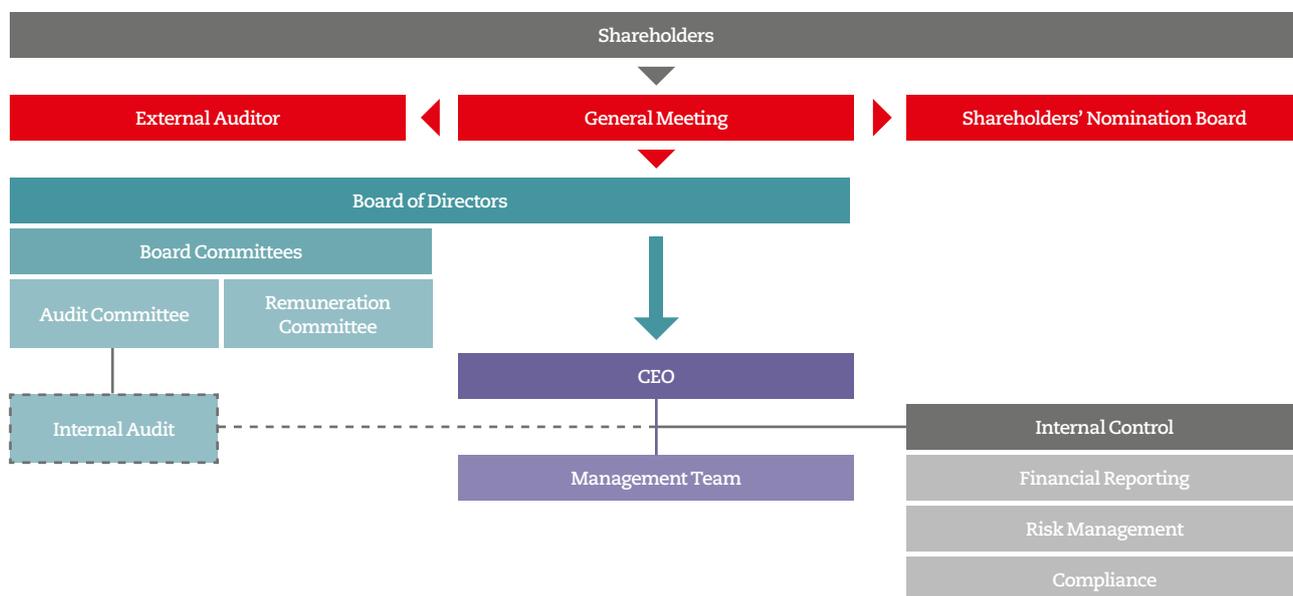
1 January 2016, the Finnish Corporate Governance Code issued by the Securities Market Association in 2015 (“New Finnish Code”). The Finnish Code and New Finnish Code are available at [www.cgfinland.fi](http://www.cgfinland.fi). The company does not deviate from any of the recommendations of the Finnish Code. The company also complies with the Revised Swedish Corporate Governance Code (“Swedish Code”), which entered into force on 1 November 2015, with the exceptions listed in the Appendix of this corporate governance statement. The deviations are due to the differences between the Swedish and Finnish legislation, governance code rules

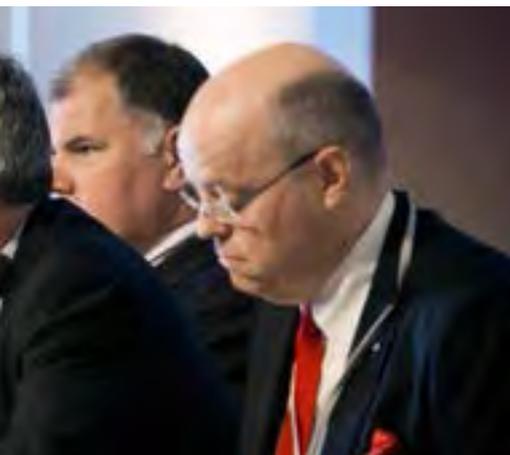
and practices and the fact that the company follows the rules and practices in Finland. The Swedish Code is available on the Internet website [www.corporategovernanceboard.se](http://www.corporategovernanceboard.se).

Munksjö’s corporate governance principles have been approved by the Board of Directors of Munksjö.

This statement has been prepared in accordance with Chapter 7, Section 7 of the Securities Markets Act and Recommendation 54 of the Finnish Code. The statement has been reviewed by the company’s Audit Committee and checked by the company’s auditor. This statement is presented as a separate report from the Board of Director’s Report.

## Corporate governance structure





### Corporate governance structure

Munksjö's governance is based on a clear division of duties between the General meeting, the Board of Directors and the CEO.

### General Meeting

The General Meeting is Munksjö's highest decision-making body and normally convenes once a year. Its tasks and procedures are defined in the Finnish Limited Liability Companies' Act and the Company's Articles of Association. Certain important matters, such as amending the Articles of Association, adoption of the Financial Statements, approval of the dividend, return of equity to the shareholders, repurchase and distribution of company shares, election of the members of the Board of Directors and the auditors fall within the sole jurisdiction of the General Meeting.

The General Meeting is convened by the Board of Directors. The Annual General Meeting shall be held within six (6) months of the end of the financial year. An Extraordinary General Meeting shall be held whenever the Board of Directors deems necessary, the auditor of the company or shareholders with at least 10 per cent of the shares so demand in writing in order to deal with a given matter, or if this is otherwise required by law.

The General Meeting handles the matters presented on the agenda by the Board of Directors. According to the Finnish Limited Liability Companies Act a shareholder may also

request that his/her proposal be handled at the next General Meeting. Such a request shall be made in writing to the company's Board of Directors at the latest on the date specified by the company on its website. The request is always deemed to be on time, if the Board of Directors has been notified of the request no later than four (4) weeks before the delivery of the notice of the General Meeting.

According to the Company's Articles of Association notices of the General Meetings are published on the company's website no earlier than three (3) months and no later than three (3) weeks prior to the General Meeting. The notice shall in any event be published no later than nine (9) days before the record date of the General Meeting. In addition, the Board of Directors may decide to publish the notice in full or in part in an alternative manner as it deems appropriate. The notice shall contain information on the matters to be handled at the General Meeting and other information required under the Companies Act and the Finnish Code.

The notice of the General Meeting, documents to be submitted to the General Meeting (e.g. financial statements, report by the Board of Directors, auditor's report) and the resolution proposals to the General Meeting are made available on the company's website at least three (3) weeks before the General Meeting.

The minutes of the General Meeting are published on the company's website within two (2) weeks after the General Meeting. In addition, the decisions of the General Meeting are also published by means of a stock exchange release immediately after the General Meeting. The documents related to the General Meeting are available on the company's website at least for a period of five (5) years after the General Meeting.

Shareholders may attend a General Meeting either in person or by proxy. Notification regarding attending a meeting must be made by the date mentioned in the notice to the General Meeting. Only shareholders, who are registered in Munksjö's

shareholders' register maintained by Euroclear Finland on the record date (i.e. eight [8] working days before the General Meeting) are entitled to attend a General Meeting. Holders of nominee registered shares may be registered temporarily in said shareholders' register and therefore, they are advised to request from their custodian banks necessary instructions regarding such temporary registration and the issuing of proxy documents. A proxy representative shall produce a dated proxy document or otherwise in a reliable manner demonstrate his/her right to represent the shareholder.

The Board of Directors may decide that the shareholders may participate in the General Meeting by post or telecommunications or by other technical means.

Munksjö has one series of shares. Each share has one vote in all matters dealt with by a General Meeting. A shareholder shall have the right to vote at the General Meeting, if he/she has registered to participate in the meeting by the date specified in the notice to the General Meeting, which date shall not be earlier than ten (10) days before the meeting. A shareholder may at the General Meeting



vote with different shares in a different manner and a shareholder may also vote with only part of his/her shares. The Articles of Association of Munksjö include no redemption clauses or voting limitations.

Most resolutions by the General Meeting require a simple majority of the votes cast at the meeting. In an election, the person receiving the highest number of votes shall be deemed elected. The General Meeting may, however, prior to an election, decide that to be elected, a person shall receive more than half of the votes cast. However, there are several matters, which according to the Companies Act require a two-third (2/3) majority of the votes cast and of the shares represented at the meeting.

The Annual General Meeting was held on 15 April 2015 with 166 shareholders of the company represented in the meeting.

#### Shareholders' Nomination Board

Based on the proposal by the Board of Directors, the Annual General Meeting on 13 May 2013 resolved to establish a Shareholders' Nomination Board for an indefinite period to prepare proposals to the Annual General Meeting for the election and remuneration of the members of the Board of Directors and the remuneration of the Board committees and the Nomination Board.

According to the charter of the Nomination Board, it shall comprise representatives of the three largest shareholders of the company and, in

addition, of the chairman of the Board and a person nominated by the company's Board of Directors as expert members.

The right to nominate the shareholder representatives lies with those three shareholders whose share of all the voting rights in the company is on 31 May preceding the next Annual General Meeting the largest on the basis of the shareholders' register of the company held by Euroclear Finland and the register of shareholders held by Euroclear Sweden. However, holdings by a shareholder who, under the Finnish Securities Market Act, has the obligation to disclose its shareholdings (flagging obligation) that are divided into several funds or registers, will be summed up when calculating the share of all the voting rights, provided that such shareholder presents a written request to that effect to the chairman of the company's Board of Directors no later than on 30 May preceding the next Annual General Meeting.

Further, holdings by a group of shareholders, who have agreed to nominate a joint representative to the Nomination Board, will be summed up when calculating the share of all the voting rights, provided that the shareholders in question present a joint written request to that effect together with a copy of such an agreement to the chairman of the company's Board of Directors no later than on 30 May preceding the Annual General Meeting. Should

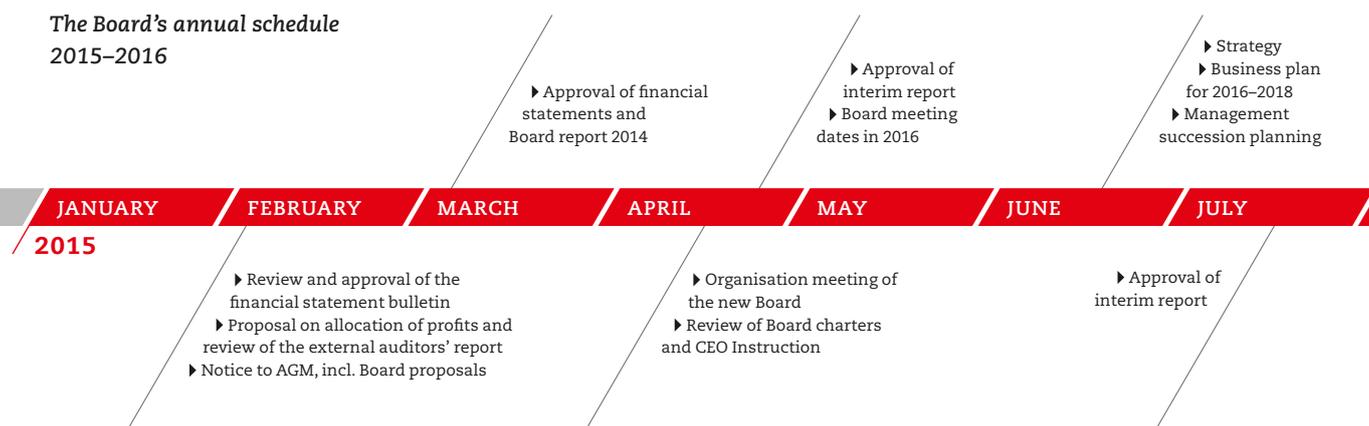
a shareholder not wish to use its nomination right, the right transfers to the next largest shareholder who would otherwise not have a nomination right.

The shareholders have appointed the following three (3) members as their representatives in the Nomination Board: Thomas Ahlström, chairman (appointed by AC Invest Five B.V., Kai Nahi, Kasper Kylmä and Michael Sumelius), Alexander Ehrnrooth (appointed by Viknum AB) and Mikko Mursula (appointed by Ilmarinen Mutual Pension Insurance Company). The Chairman of the board Peter Seligson and Fredrik Cappelen act as expert members of the Nomination Board. All members of the Nomination Board are independent of the company and are non-executive. Since its appointment in June 2015, the Nomination Board has held five (5) meetings.

In those meetings the Nomination Board discussed the performance of the board members inter alia based on the self-assessment made by the Board of Directors together with an external service provider and assessed the competencies and diversity required in the Board of Directors in Munksjö. In addition, the Nomination Board reviewed the compensation level of the members of the Board of Directors based on benchmarking with other companies in Munksjö's peer group.

The Nomination Board decided on 13 January 2015 to make a technical change to its charter according to

#### The Board's annual schedule 2015–2016





which when determining the three largest shareholders in the company those shares registered in Euroclear Sweden will also be taken into account.

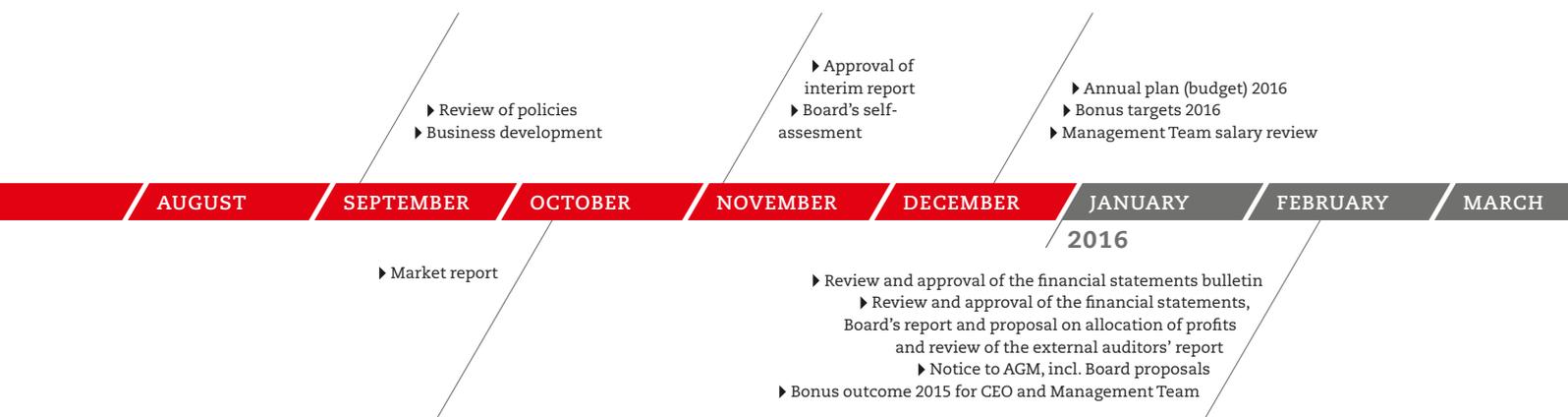
On 26 January 2016, the Nomination Board proposed to the Annual General Meeting to be held on 6 April 2016 that the number of board members would be increased to seven (7) and that of the current members of the Board of Directors, Peter Seligson, Sebastian Bondestam, Alexander Ehrnrooth, Hannele Jakosuo-Jansson and Elisabet Salander Björklund, would be re-elected. In addition, the

Nomination Board proposed that Anna Ohlsson-Leijon and Mats Lindstrand would be elected as new members of the Board of Directors. Further, the Nomination Board proposed that the Board, Board Committee and Nomination Board remuneration would remain unchanged with the exception of the vice chairman, who would receive an annual remuneration of EUR 50,000. The Nomination Board also proposed to the Annual General Meeting that a number of amendments would be made to the Nomination Board Charter, mainly as a consequence of the entry

into force on 1 January 2016 of the New Finnish Code. According to the proposal, the Charter of the Nomination Board shall be amended by adding (i) a right for holders of nominee registered shares to be considered when the Nomination Board is appointed, (ii) a new duty of the Nomination Board to include a recommendation in its proposal of board members on who of the persons nominated shall be elected as Chairman of the Board of Directors, (iii) a new duty of the Nomination Board to establish its principles of diversity, (iv) a right for the Nomination Board to decide what knowledge and competencies are required by the board members in each case by removing the list of knowledge and competencies to be possessed by the board members from the Nomination Board Charter and (v) a right for the Nomination Board to receive information on factors affecting the evaluation of independence of the members of the Board of Directors. In conjunction with these amendments, the Nomination Board also proposed that some additional amendments of a mainly technical nature are made.

**The Board of Directors**

The Board's role is to manage the company's business in the best possible way and in its work protect the interests of the company and its shareholders. In accordance with the Articles of Association of Munksjö, the Board of Directors shall consist of



a minimum of four (4) and a maximum of eight (8) members elected by the General Meeting. The members of the Board of Directors shall be appointed for one year at a time. The Shareholders' Nomination Board prepares a proposal on the composition of the Board to the Annual General Meeting for its decision.

Munksjö's Board members shall be professionally competent and as a group have sufficient knowledge of and competence, inter alia, in the company's field of business and markets. The majority of the directors shall be independent of the company. In addition, at least two of the directors shall be independent of significant shareholders of the company.

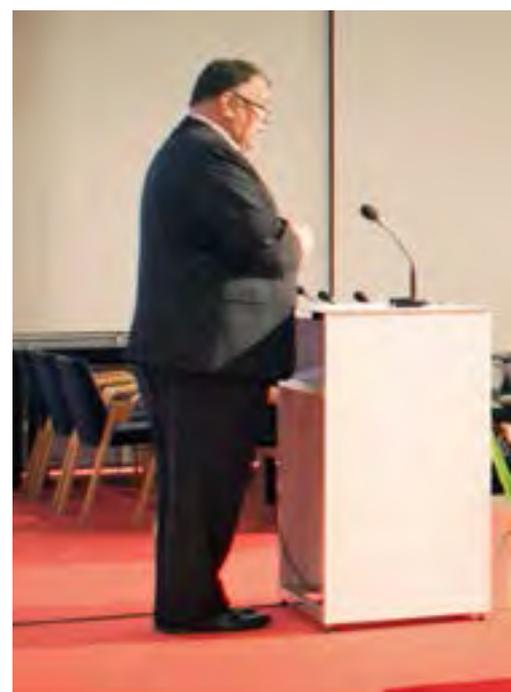
The Board has general authority to decide on and act in any matters not reserved by law or under the provisions of the Articles of Association to any other governing body of the company. The Board of Directors is responsible for the management of the company and its business operations. Additionally, the Board is responsible for the appropriate arrangement of the bookkeeping and financial administration.

The operating principles and main duties of the Board of Directors

have been defined in the Procedural Rules for the Board of Directors and include, among other things, to:

- ▶ establish business objectives and strategy,
- ▶ appoint, continuously evaluate and, if required, remove the CEO from office,
- ▶ ensure that there are effective systems in place for monitoring and controlling the Group's operations and financial position compared to its stated objectives,
- ▶ ensure that there is satisfactory control of the company's compliance with laws and other regulations applicable to the company's operations,
- ▶ ensure that guidelines to govern the company's and the Group's ethical conduct are adopted, and
- ▶ ensure that the company's external disclosure of information is marked by openness and is correct, timely, relevant and reliable, by way of, among other things, adopting a communication policy.

The Board of Directors makes a self-assessment of its performance, practices and procedures annually. In 2015, the self-assessment was done together with an external service



provider, which reported its findings both to the Nomination Board and to the Board of Directors in their meetings. In addition a written report on the entire Board of Directors' performance as well as a written report on each individual's performance was submitted to each member of the Board of Directors.

**Board of directors' shareholding 31 December 2015**

Member	Title	Shares	Total
Peter Seligson	Chairman	312,504	529,807
Spouse		5,534	
<i>Controlled corporations:</i>			
Baltiska Handel A.B.		211,769	
Fredrik Cappelen	Vice chairman	7,138	7,138
Elisabet Salander Björklund	Board member	4,200	4,200
Sebastian Bondestam	Board member	1,591	77,517
Spouse and child		75,926	
Alexander Ehrnrooth	Board member	1,000	6,003,074
<i>Controlled corporations:</i>			
Viknum AB		6,000,000	
Vessilä Oy Ab		2,074	
Hannele Jakosuo-Jansson	Board member	1,000	1,000

**Management Team's shareholding**

Member	Title	Shareholding 31 December 2015
Jan Åström	President and CEO	12,833
Pia Aaltonen-Forsell	CFO	4,274
Gustav Adlercreutz	Senior Vice President and General Counsel	4,475
Anna Bergquist	Senior Vice President Strategic Development	7,181
Anna Selberg	Senior Vice President Communications	-
Åsa Jackson	Senior Vice President Human Resources	2,039
Anders Hildeman	Senior Vice President Sustainability	1,000
	Executive Vice President and President Release Liners	
Daniele Borlatto		4,283
Norbert Mix	President Decor	888
Dan Adrianzon	President Industrial Applications	4,275
Roland Le Cardiac	President Graphics and Packaging	4,406



The Annual General Meeting held on 15 April 2015, confirmed the number of board members to be six (6). Sebastian Bondestam, Fredrik Cappelen (vice chairman), Alexander Ehrnrooth, Hannele Jakosuo-Jansson, Elisabet Salander Björklund and Peter Seligson (chairman) were elected board members. Information on the board members and their shareholdings are set forth at the end of this statement and below.

All board members are independent of the company in addition to which Sebastian Bondestam, Fredrik Cappelen, Hannele Jakosuo-Jansson and Elisabet Salander Björklund are independent of the significant shareholders of the company. Peter Seligson is not independent of the company's significant shareholder AC Invest Five B.V., a subsidiary of Ahlström

Capital Oy, and Alexander Ehrnrooth is not independent of the company's significant shareholder Viknum AB, a subsidiary of Virala Oy Ab.

In 2015, the Board convened nine (9) times, including two (2) meetings held as telephone meetings. The attendance of the individual board members is set forth in the table below.

#### Board Committees

The Board annually appoints an Audit Committee and Remuneration Committee and may also appoint other permanent committees if considered necessary at its organisation meeting following the Annual General Meeting. The composition, duties and working procedures of the committees shall be defined by the Board in the charters confirmed for the

committees. The committees regularly report on their work to the Board.

#### Audit Committee

The Audit Committee consists of at least three (3) members, all of which shall be Board members who are independent of the company and shall have the qualifications necessary to perform the responsibilities of the committee. At least one member shall be independent of the significant shareholders and at least one member shall have expertise specifically in accounting, bookkeeping or auditing. All members of the committee shall be versed in financial matters.

According to its charter, the Audit Committee assists the Board in fulfilling its supervisory responsibilities and also prepares certain accounting and auditing matters to be handled by the Board. In addition, the Audit Committee makes recommendations for the election and removal of the external auditors and for their compensation and approves the external auditors' audit plan based on the auditors' proposal. Among its other duties, the Audit Committee reviews and monitors the financial reporting process, the efficiency of the system of internal control and risk management, and the audit process.

On 15 April 2015, the board appointed two committees, the Audit Committee and the Remuneration Committee. The members of the Audit Committee are from said date Elisabet Salander Björklund (chair), Sebastian Bondestam and Alexander Ehrnrooth. All members of the Audit Committee are independent of the company and Elisabet Salander Björklund and Sebastian Bondestam are independent of its significant shareholders. All have expertise in accounting, bookkeeping or auditing and are versed in economic and financial issues. The attendance of the individual committee members is set forth in the table to the left.

#### Remuneration Committee

The Remuneration Committee consists of at least three (3) members, all of which shall be Board members

#### Board of Directors' and Committees' attendance 2015

Member	Board member since	Board	Audit Committee	Remuneration Committee
Fredrik Cappelen	2013	9 (9)		3 (3)
Sebastian Bondestam	2013	9 (9)	6 (7)	
Hannele Jakosuo-Jansson	2013	9 (9)		3 (3)
Alexander Ehrnrooth	2014	9 (9)	7 (7)	
Elisabet Salander Björklund	2013	8 (9)	7 (7)	
Peter Seligson	2012	9 (9)		3 (3)
Caspar Callerström	Resigned 2015			

who are independent of the company. Representatives of the company's senior management may not be members of the committee. According to its Charter, the Remuneration Committee assists the Board in the efficient preparation and handling of the matters pertaining to the appointment and dismissal of the CEO and other executives and their remuneration.

On 15 April 2015, the board appointed two committees, the Audit Committee and the Remuneration Committee. The members of the Remuneration Committee are from said date Peter Seligson (chairman), Fredrik Cappelen and Hannele Jakosuo-Jansson. All members of the Remuneration Committee are independent of the company and non-executive members. The attendance of the individual committee members is set forth on page 41.

### CEO

The CEO of Munksjö is appointed by the Board. The CEO is in charge of the day-to-day management of the company. The duties of the CEO are governed primarily by the Finnish Limited Liability Companies Act and the CEO instruction, and the CEO leads the operational activities and pre-

pares information and decisions to support the Board and presents his findings at Board meetings.

In accordance with the Finnish Limited Liability Companies Act, the CEO has a right to decide himself on certain urgent matters which otherwise would have required a board decision.

Jan Åström is the CEO of the company. Biographical details of the CEO and his shareholdings are set forth at pages 40 and 48.

### Management Team

The Management Team consists of the CEO, functional managers and business area managers. The members of the Management Team are proposed by the CEO and appointed by the Board. The members of the Management Team report to the CEO.

The CEO, CFO and functional leaders meet with the business area leaders and other business area management monthly to discuss the business areas' performance and financial status. In addition, the Management Team meets to discuss issues concerning group performance, strategy, budget, forecasting, business development and other matters relating to the Group. In accordance with the policies and guidelines

established by the Board, group functions are responsible for business development, distribution of financial resources between the Group's operations, capital structure and risk management. Their duties also include matters concerning group-wide research and development, acquisitions and disposals, purchasing coordination, consolidated financial reporting, Human Resources, internal and external communications, IT, legal matters and coordination and monitoring of safety, environment, sustainability, occupational health and quality and some major projects.

At the end of 2015, the Management Team consisted of eleven members. The composition of the Management Team, biographical details, the areas of responsibility of its members and the members' shareholdings in the company are described at pages 40 and 48–49.

### Remuneration

The remuneration of the members of the Board of Directors, the Board Committees and the Shareholders' Nomination Board is decided by the Annual General Meeting of Munksjö based on a proposal by the Shareholders' Nomination Board.

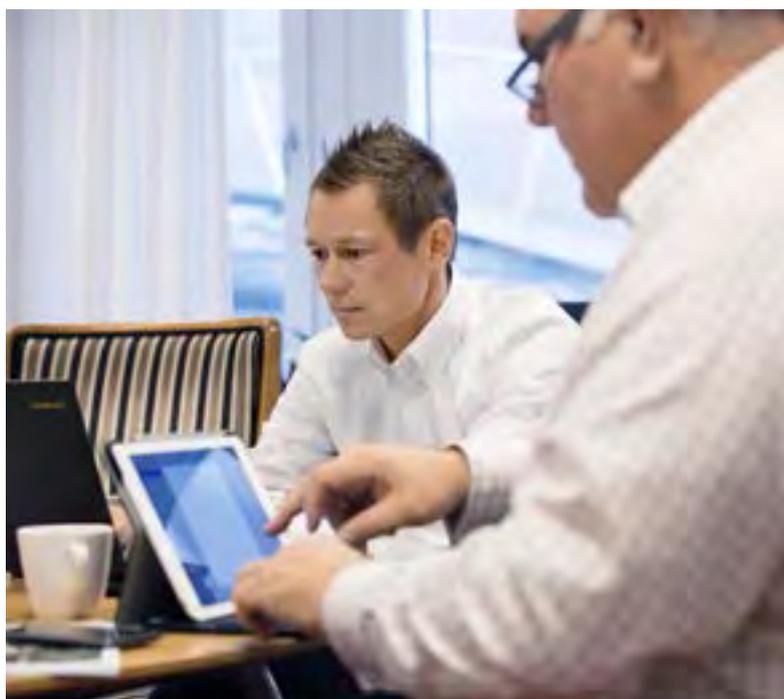
The Board of Directors decides on the remuneration of the CEO based on a proposal by the Remuneration Committee and on the remuneration of the senior executives based on a proposal by the CEO, which is reviewed by the Remuneration Committee.

In accordance with the Finnish Code the company publishes its Remuneration statement on the company's website.

### Auditor

The main function of the statutory audit is to verify that the financial statements provide true, accurate and sufficient information on the Munksjö Group's performance and financial position for the financial year. The Munksjö Group's financial year is the calendar year.

The auditor's responsibility is to audit the correctness of the Group's accounting in the respective financial



year and to provide an auditor's report to the General Meeting. In addition, Finnish law requires that the auditor also monitors the lawfulness of the company's administration. The auditor reports to the Board of Directors at least once a year.

According to the Articles of Association, Munksjö shall have one auditor, which shall be an audit firm authorized by the Central Chamber of Commerce.

The Audit Committee prepares a proposal on the appointment of Munksjö's auditors, which is then presented to the AGM for its decision. The compensation paid to the auditors is decided by the AGM and assessed annually by the Audit Committee.

KPMG Oy Ab (KPMG) was appointed the auditors of the company on 15 April 2015. KPMG has designated Sixten Nyman, APA, as the responsible auditor. The company's subsidiaries are subject to local auditing under local regulations which are conducted by representatives of KPMG's network in each country.

The fees of the statutory audit in 2015 were EUR 0.5 million in total in the Group. Other fees charged amounted to EUR 0.1 million. The other fees were related to tax and other advice.

### **Risk management**

Munksjö Group has a Risk Management Policy, which is reviewed and approved annually by the Board of Directors. The policy sets out the principles for the risk management process as well as the division of the responsibilities and reporting within the Group.

The Board of Directors is responsible for the risk oversight within the Group and the CEO is responsible for assessing and reporting the Group's consolidated risk exposure to the Board of Directors.

Munksjö's risk management process consists of risk identification, risk assessment, risk response and risk control. The risks are primarily identified by the units in accordance with the Group Risk Management Principles and Guidelines. The units



are required to update their risk evaluation at least once a year, in connection with the annual budgeting process.

The risk management process is also embedded in the internal controls framework and Munksjö's process level control structure has been created by using a risk-based approach to define the individual control points.

### **Internal control and risk management systems in relation to financial reporting**

The Board of Directors and the CEO have the overall responsibility for the internal controls. The CEO is responsible for ensuring that processes and procedures are available to safeguard the internal controls and quality in financial reporting. The structure and steering documents in the form of policies, guidelines and instructions provide the basis for ensuring the maintenance of quality in the internal controls and financial reporting. The business segments/areas and group functions are responsible for applying these policies and guidelines to achieve efficient and appropriate controls on the basis of their individual circumstances and operational contexts.

The internal control and risk management systems relating to financial reporting are designed to provide reasonable assurance regard-

ing the reliability of financial reporting and to assure compliance with applicable laws and regulations.

The internal control framework has been created using a risk based approach and it includes elements from the framework introduced by the Committee of Sponsoring Organizations (COSO). There are five principle components: Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring. As most of the financial procedures are carried out at the unit level, also a large part of the controls is carried out at the unit level.

Detailed financial reports are produced each month, on both a business area and Group level. The company's primary reporting segments are based on the company's business areas: Decor, Release Liners, Industrial Applications, Graphics and Packaging and Other (HQ and group eliminations/adjustments). An important part of the Group's internal control process are the meetings, which are held within each business area, where the CEO, CFO, functional management and the group controller, together with the operational management of the business area, review the month's outcome in comparison with projections, etc. At these meetings, reviews and analysis are carried out on, among other things, the market situation, order bookings, earn-



ings trend, cash flow and tied-up capital. In addition, improvement measures are initiated, if any.

Financial reporting is carried out in a harmonized manner in all Group companies. Munksjö's accounting principles are based on the International Financial Reporting Standards (IFRS). In addition to IFRS, more specific group policies and guidance are provided in Munksjö accounting manual (Corporate Manual). Munksjö's Finance function is responsible for maintaining the company's accounting policies and reporting systems, and also performs monitoring to ensure that these reporting policies are followed. The Group's business segments are consolidated at the Group Finance function.

The performance of Munksjö is reviewed regularly at different organizational levels. The Group Internal Control function adheres to the Internal Control Charter, approved by the CEO and reviewed by the Audit Committee, which stipulates the mission and scope of work for this function. The Group Internal Control function visits the company's businesses to perform operational reviews and to monitor compliance with internal control procedures, policies and guidelines according to an agreed plan.

During 2015, the internal control activities have been focused on following up last year's review of the process flow documents as well as making an initial review of the units

that were not covered last year. The Internal Control function has performed such reviews in ten (10) units during 2015.

During the year, a project has been initiated with the aim to renew the order handling and production planning as well as the financial systems in the mills. The aim over time is to convert all mills into the same platform. The first units to have the new setup will be Billingsfors and Jönköping, and the plan is to start production on the new platform in the second quarter of 2016. The remaining units will be converted during the next 3–5 years.

### **Internal Audit**

Munksjö does not presently have a separate internal audit function, as the company's organisation and size do not justify a separate internal audit function. The Audit Committee and Munksjö Finance function annually define one or more audit themes over and above the statutory auditing requirements. The findings are reported by the statutory auditors to the Audit Committee and Munksjö management. Munksjö's Audit Committee is annually reviewing whether there is a need to change the way internal audit is organised in the company.

### **Compliance**

It is the policy of Munksjö to comply throughout the organisation with all applicable laws and regulations and

to maintain an ethical workplace for its officers and employees as well as an ethical relationship with its customers, suppliers and other business partners. In 2015 compliance training was held in Sweden, Brazil and China. In addition, an e-learning tool was developed.

In its insider administration Munksjö follows the Guidelines for Insiders issued by Nasdaq Helsinki complemented by the company's own Insider Rules approved by the Board. The company maintains its public and company-specific insider registers in the SIRE system of Euroclear Finland.

In accordance with the law, Munksjö's public insiders include the members of the Board (and their deputies, if any), the CEO and his deputies (if any), the auditor responsible for the audit of the company. In addition, based on a decision made by Munksjö's Board of Directors, the Management Team is also included in the public register. Munksjö's register of company-specific permanent insiders includes individuals who are defined by the company and who have regular access to inside information due to their position in the company.

According to Munksjö's Insider Rules, it is recommended that persons listed as permanent insiders shall consult with the company's Insider Officer prior to trading in the company's securities. Said permanent insiders may not in any event trade in the company's securities after the end of each calendar quarter until the day after the publication of the (quarterly) interim report or annual result (Closed Window). The Closed Window shall, however, always include at least the thirty-day period immediately preceding the publication of the (quarterly) interim report or annual result and the date of publication of such report.

A project-specific insider register is also maintained when required by law or regulations. Project specific insiders are prohibited from trading in the company's securities until the termination of the project.

# Appendix

- ▶ Refers to the Finnish Code

Due to differences between the Swedish and Finnish legislation, governance code rules and practices, Munksjö Oyj's corporate governance deviates from the Swedish Code in the following aspects:

## Rule 1.3

The company's nomination committee<sup>1)</sup> is to propose a chair for the annual general meeting. The proposal is to be presented in the notice of the meeting.

- ▶ According to Finnish annual general meeting practice, the chairman of the board opens the meeting and proposes the chair, who is normally an attorney-at-law.

## Rule 1.4

If the ownership structure warrants it, and it is financially feasible given the financial situation of the company, the company is to offer simultaneous interpretation of the shareholders' meeting into other relevant languages than Swedish, as well as translation of all or parts of the meeting documentation. The same applies to the minutes of the meeting.

- ▶ The meeting is conducted in Finnish and partly in Swedish. The meeting materials are available in Finnish, Swedish and English. The minutes of the meeting are in Finnish.

## Rule 2.1

The company is to have a nomination committee. The nomination committee is to propose candidates for the post of chair and other members of the board, as well as fees and other remuneration to each member of the board. In its assessment of the board's evaluation and in its proposals in accordance with rule 4.1, the nomination committee is to give particular consideration to the requirements regarding breadth and versatility on the board, as well as the requirement to strive for gender balance.

The nomination committee is also to present proposals on the election and remuneration of the statutory auditor.

- ▶ The nomination board<sup>1)</sup> makes proposals to the shareholders' meeting, in accordance with its charter. As the chairman of the board, in accordance with the Finnish Companies' Act and articles of association of the company, is elected by the board, the nomination board cannot propose the chairman. The audit committee prepares the proposals on the election and remuneration of the statutory auditor in line with the Finnish Code.

## Rule 2.6

The nomination committee's proposals are to be presented in the notice of the shareholders' meeting where the elections of board members or auditors are to be held as well as on the company's website. When the notice of the shareholders' meeting is issued, the nomination committee is to issue a statement on the company's website explaining its proposals regarding the board of directors with regard to the requirements concerning the composition of the board contained in Code rule 4.1. The committee is to provide specific explanation of its proposals with respect to the requirement to strive for gender balance contained in rule 4.1. If the outgoing chief executive officer is nominated for the post of chair, reasons for this proposal are also to be fully explained. The statement is also to include an account of how the nomination committee has conducted its work.

The following information on candidates nominated for election or re-election to the board is to be posted on the company's website:

- the candidate's year of birth, principal education and professional experience,
- any work performed for the company and other significant professional commitments,
- any holdings of shares and other financial instruments in the company owned by the candidate or the candidate's related natural or legal persons,
- whether the nomination committee, in accordance with Code rules 4.4 and 4.5, deems the candidate to be independent of the company and its executive management, as well as of major shareholders in the company. Where circumstances exist that may call this independence into question, the nomination committee is to justify its position regarding candidates' independence,
- in the case of re-election, the year that the person was first elected to the board.
- ▶ Under the Finnish Code, the nomination board does not issue a statement explaining the composition of its proposal regarding the board of directors on the company's website. The share ownership of the candidates or related persons and companies are only published once the candidate has been elected board member.

## Rule 6.1

The chair of the board is to be elected by the shareholders' meeting. If the chair relinquishes the position during the mandate period, the board is to elect a chair from among its members to serve until a new chair has been elected by the shareholders' meeting.

- ▶ According to the Finnish Companies' Act, the chair of the board is elected by the board if not otherwise stated in the company's articles of association or otherwise decided when the board is elected.

## Rule 9.1

The board is to establish a remuneration committee, whose main tasks are to

- prepare the board's decisions on issues concerning principles for remuneration, remunerations and other terms of employment for the executive management,
- monitor and evaluate programmes for variable remuneration, both ongoing and those that have ended during the year, for the executive management, and
- monitor and evaluate the application of the guidelines for remuneration that the annual general meeting is legally obliged to establish, as well as the current remuneration structures and levels in the company.
- ▶ According to Finnish law, the remuneration of the CEO and management is the responsibility of the Board of Directors. The guidelines and information on remuneration is presented in this corporate governance statement and on the company's website in the remuneration statement.

## Rule 9.6

The shareholders' meeting is to decide on all share and share-price related incentive schemes for the executive management.

- ▶ The incentive plans are established by the board of directors. If the plan includes issuing new shares, options or repurchase of shares or disposal of shares, such disposal, issuance or repurchase of shares will be subject to shareholders approval or authorisation. Currently the board has an authorization to repurchase shares and dispose of them.

## Rule 10.2

As well as the items stipulated by legislation, the following information is to be included in the corporate governance report if it is not presented in

the annual report (below are only parts that are relevant for comparison):

- for the chief executive officer:
  - year of birth, principal education and work experience,
  - significant professional commitments outside the company, and
  - holdings of shares and other financial instruments in the company or similar holdings by related natural or legal persons, as well as significant shareholdings and partnerships in enterprises with which the company has important business relations, and
  - any infringement of the stock exchange rules applicable to the company, or any breach of good practice on the securities market reported by the relevant exchange's disciplinary committee or the Swedish Securities Council during the most recent financial year.
- ▶ Under the Finnish Code, shareholdings in companies with which the company has significant business do not have to be reported. Infringements of the stock exchange rules applicable to the company and similar do not need to be reported according to the Finnish Code.

## Rule 10.3

The company is to have a section of its website devoted to corporate governance matters, where the company's three most recent corporate governance reports are to be posted, together with that part of the audit report which deals with the corporate governance report or the auditor's written statement on the corporate governance report. The corporate governance section of the website is to include the company's current articles of association, along with any other information required by the Code. It is also to include up to date information regarding

- members of the board, the chief executive officer and the statutory auditor,
- a description of the company's system of variable remuneration to the board and executive management, and of each outstanding share- and share-price related incentive scheme. No later than three weeks before the annual general meeting, the board is also to report the results of the evaluation required by bullets two and three of Code rule 9.1 on the company's website.
- ▶ According to the Finnish Code, the audit committee or some other competent committee shall review the corporate governance statement. The auditors shall check that the statement has been issued and that the descriptions of the main features of the internal control and risk management systems related to the financial reporting process included in it is consistent with the financial statement. The incentive plans are established by the board of directors. If the plan includes issuing new shares or repurchase of shares or disposal of shares, such disposal, issuance or repurchase of shares will be subject to shareholders approval or authorisation. Currently the board has an authorization to repurchase shares and dispose of them.

<sup>1)</sup> The Swedish Code uses the term nomination committee while in Finland the term nomination board is used for nomination bodies appointed by the shareholders.

## Board of Directors



**Peter Seligson**

*Chairman of the Board*

**Born:** 1964

**Citizenship:** Finnish

**Member of the Board since:** 2012

**Current position:** Partner, Seligson & Co Oyj

**Chairman of the Board:** Aurajoki Oy, Broadius Partners Ltd, Hercculia Oy Ab

**Board memberships:** Ahlström Capital Oy

**Other positions of trust:** Chairman of Skatte- och Företagsekonomiska Stiftelsen; Member, Folkhälsan

**Previous positions:** Board Member, Ahlstrom Corporation 2001–2014; Managing Director, Alfred Berg Finland 1991–1997; Head of Sales and Trading, Arctos Securities 1987–1991

**Education:** Lic. oec. (HSG)

Independent of the company



**Fredrik Cappelen**

*Vice chairman of the Board*

**Born:** 1957

**Citizenship:** Swedish

**Member of the Board since:** 2013

**Current position:** Partner, Cappelen Invest AB

**Chairman of the Board:** Byggmax Group AB; Granngården AB; Dustin AB; International Chamber of Commerce, ICC Sweden; Sanitec Oy

**Board memberships:** Securitas AB

**Previous positions:** Chairman and Board member, Munksjö AB 2005–2013; President and CEO, Nobia AB 1994–2008; Board member, Cramo Oy 2008–2011; Board member, Carnegie Investment Bank AB 2009–2012

**Education:** M. Sc. in Business Administration

Independent of the company and significant shareholders



**Hannele Jakosuo-Jansson**

*Board member*

**Born:** 1966

**Citizenship:** Finnish

**Member of the Board since:** 2013

**Current position:** SVP Human Resources, Neste Oil Corporation

**Board memberships:** Neste Jacobs

**Previous positions:** Laboratory and Research Manager at the Technology Center, Neste Oil Corporation 1998–2004; Vice President, Human Resources at Oil Refining, Neste Oil Corporation 2004–2005

**Education:** M. Sc. in Engineering

Independent of the company and significant shareholders



**Elisabet Salander Björklund**

*Board member*

**Born:** 1958

**Citizenship:** Swedish

**Member of the Board since:** 2013

**Current position:** CEO, Bergvik Skog AB

**Board memberships:** Mistra, SweTree Technologies AB, Firefly AB, Cellutech AB, Marcus Wallenberg Prize Foundation

**Previous positions:** EVP, Stora Enso Oyj and member of Stora Enso's Group Executive team 2005–2010; Board member, Claes Ohlson AB 2000–2010

**Education:** M. Sc. in Forestry

Independent of the company and significant shareholders



**Sebastian Bondestam**

*Board member*

**Born:** 1962

**Citizenship:** Finnish

**Member of the Board since:** 2013

**Current position:** President, Uponor Infra Ltd

**Board memberships:** –

**Previous positions:** Board member, Ahlstrom Corporation 2001–2013; Various executive positions, Tetra Pak Group 1991–2006

**Education:** M. Sc. in Engineering

Independent of the company and significant shareholders



**Alexander Ehrnrooth**

*Board member*

**Born:** 1974

**Citizenship:** Finnish

**Member of the Board since:** 2014

**Current position:** President and CEO, Virala Oy Ab

**Chairman of the Board:** Aleba Corporation

**Board memberships:** Ahlstrom Corporation since 2015; Fiskars Corporation since 2000; Belgrano Inversiones Oy since 1999

**Previous positions:** Board member, Wärtsilä Corporation 2010–2015

**Education:** M. Sc. in Economics, MBA

Independent of the company

#### Changes in the Board of Directors 2015

Caspar Callerström, member of the board since 2014, was not available for re-election and resigned after the Annual General Meeting on 15 April 2015.

For shareholdings see page 40.

# Management Team



**Jan Åström**

*President and CEO*

**Born:** 1956

**Citizenship:** Swedish

**Previous positions:** President and CEO, Munksjö AB 2008–2013; President and CEO, SCA AB 2002–2007; Deputy CEO, SCA AB 2000–2002; CEO, Modo Paper AB 1999–2000

**Board memberships:** SEKAB AB; Sydved AB; ECO Development; Swedish Forest Industries Federation

**Education:** M. Sc. in Chemical Engineering



**Pia Aaltonen-Forsell**

*CFO*

**Born:** 1974

**Citizenship:** Finnish

**Previous positions:** CFO, Vacon Plc., 2013–2015; Senior Vice President Finance, IT and M&A, Building and Living Business Area, Stora Enso 2012–2013; SVP Group Controller, Stora Enso 2009–2012; Various positions within Stora Enso 2000–2009; Corenso United 1997–2000

**Board memberships:** Helapala Oy

**Education:** M. Sc. in Economics



**Gustav Adlercreutz**

*Senior Vice President and General Counsel*

**Born:** 1957

**Citizenship:** Finnish

**Previous positions:** Senior Vice President, General Counsel, Ahlstrom Corporation 2001–2013; Various positions within Ahlstrom 1984–2001

**Board memberships:** Chairman, Soldino Oy; Vice Chairman, Oy The English Tearoom Ab; Board member, Mannerheim Foundation

**Education:** LL.M.



**Anna Bergquist**

*Senior Vice President Strategic Development*

**Born:** 1980

**Citizenship:** Swedish

**Previous positions:** Senior Vice President Strategic Development, Munksjö AB 2010–2013; Engagement manager at McKinsey 2005–2010

**Board memberships:** –

**Education:** M. Sc. in Industrial Economy



**Anders Hildeman**

*Senior Vice President Sustainability*

**Born:** 1956

**Citizenship:** Swedish

**Previous positions:** Global Forestry Manager, IKEA, 2009–2015; Various positions, latest Senior Vice President Environment and Regulatory Affairs, SCA, 1984–2009; Associate Professional Officer, United Nations Food and Agriculture Organisation, 1989–1991

**Board memberships:** Chairman, Sow a Seed Foundation

**Education:** M. Sc. Forestry



**Åsa Jackson**

*Senior Vice President Human Resources*

**Born:** 1964

**Citizenship:** Swedish

**Previous positions:** Senior Vice President Human Resources, ABB Sweden 2012–2015; Various positions within finance, marketing, HR within ABB 1994–2011

**Board memberships:** Mälardalen University

**Education:** M. Sc. In Business and Economics



**Anna Selberg**

Senior Vice President Communications

**Born:** 1962

**Citizenship:** Swedish

**Previous positions:** Communication Consultant and Partner, Astega Advisory AB, 2010–2015; Acting SVP Communications, SCA, 2010; VP Corporate Branding and Group Communications, SCA, 2005–2010; Communications Director, SEB Trygg Liv, 1999–2005; The Riksbank, 1995–1999

**Board memberships:** Astega Advisory AB; Chairman, Metalog AB

**Education:** M. Sc. In Business and Economics



**Daniele Borlatto**

Executive Vice President and President Release Liners

**Born:** 1969

**Citizenship:** Italian

**Previous positions:** Executive Vice President, Label and Processing, Ahlstrom Corporation 2011–2013; Senior Vice President, Release & Label Papers; Member of Corporate Executive Team in 2007–2010; employed at Ahlstrom 1990–2013

**Board memberships:** –

**Education:** Studies in Business and Administration



**Norbert Mix**

President Decor

**Born:** 1957

**Citizenship:** German

**Previous positions:** Business Area Manager Sales and Marketing Decor, Munksjö 2011–2015; President and CEO, Munksjö Inc, USA; Sales and Technical Director, Technocell Decor Canada and USA; Technical Director Munksjö Decor Inc, USA; Head of Technical Customer Support, PWA Dekor, Germany

**Board memberships:** –

**Education:** M. Sc. in Finance and Forestry Economics



**Dan Adrianzon**

President Industrial Applications

**Born:** 1960

**Citizenship:** Swedish

**Previous positions:** Group Chief Controller, Munksjö AB; Interim CEO and CFO, Munksjö Aspa Bruk AB (business area Specialty Pulp); Interim CFO, Munksjö Arches in France; employed at Munksjö since 1998; Various positions within Group Saint Gobain 1985–1998

**Board memberships:** –

**Education:** Bachelor in Business Administration and Economics and Mechanical Engineer from Technical High School



**Roland Le Cardie**

President Graphics and Packaging

**Born:** 1957

**Citizenship:** French

**Previous positions:** Vice President Thin Print paper, Fine Art paper and E2P, Munksjö AB 2011–2013; Vice President Thin Print paper, EMEA Projects Manager, China Platform General Manager, ArjoWiggins 2003–2011; Various positions at ArjoWiggins 1988–2003; Production Manager, R&D Manager, Le Nickel SLN (Eramet) 1981–1988

**Board memberships:** –

**Education:** Ingénieur Civil des Mines (M. Sc. in Engineering)

### Changes in the Management Team 2015

Pia Aaltonen-Forsell was appointed CFO as of 1 April 2015, succeeding Kim Henriksson, who left the company in March 2015.

Norbert Mix, former Business Area Manager Sales & Marketing Decor, was appointed President Decor as of 1 July 2015.

Christian Mandl, Business Area Manager Manufacturing Decor, left the company on 1 July 2015.

Åsa Fredriksson, Senior Vice President HR and Communications left the company on 30 September 2015.

Anders Hildeman was appointed Senior Vice President Sustainability as of 1 September 2015.

Anna Selberg was appointed Senior Vice President Communications as of 1 October 2015.

Åsa Jackson was appointed Senior Vice President Human Resources as of 1 November 2015.

For shareholdings see page 40.