

# Corporate governance

*Paulig Ltd, the parent company of Paulig Group, is a Finnish family-owned company incorporated under the Finnish law. Corporate governance is based on its Articles of Association, the Limited Liability Companies Act, applicable codes and standards, ethical principles and other instructions and policies. Paulig Group also follows applicable parts of the recommendations for listed and family-owned companies.*

## **Annual General Meeting**

Paulig Group's highest decision-making organ is the parent company's Annual General Meeting (AGM). The AGM deals with matters that are covered by legislation and by the articles of association, such as adoption of the financial statements, dividend distribution and the election of members of the Board and auditor as well as their remuneration.

## **Board of Directors**

### **Composition and tasks of the Board**

According to the Articles of Association of Paulig Ltd, the AGM elects a minimum of four and a maximum of eight persons as members of the Board. Under the Limited Liability Companies Act, the Board is responsible for the administration of the company and the appropriate organisation of operations. It is also the Board's responsibility to ensure that the supervision of accounting and asset management has been organised appropriately. The tasks also include determining the Group's strategy and the annual business plan and deciding on acquisitions and strategic investments. The Board oversees the Group's financial performance and financial position.

The Board also appoints the Managing Director and CEO, and approves the appointment of members of the Group management. The Board decides on the remunerations of the Group management. The Board undertakes regular reviews of its own operations and of its cooperation with the management.

### **Meetings**

In 2016, the Board convened six times. The Board deals with the financial statements in March, finalises the Group strategy in June and decides on the business plan and financial plans for the following year in December.



### **Chairman of the Board**

The Chairman of the Board is appointed by the AGM. The Chairman's role is to lead the activities of the Board, convene the Board and prepare the meetings together with the CEO. The Chairman is in active dialogue with the CEO and keeps him/herself informed about events in the company and the operating environment. Together with the CEO, the Chairman ensures that the notice, agenda and any necessary material for a meeting are delivered to the members of the Board as agreed before the meeting.

### **Board committees**

The members of the Board decide on the appointment of committees and their members. The committees prepare matters for the



decision of the Board. Paulig Ltd's Board has appointed a Remuneration Committee.

### **CEO and Management Team**

Paulig Ltd's Board appoints the Managing Director, who also serves as the CEO. The Managing Director's task is to manage the company's current affairs according to the Board's instructions and to ensure that the company's accounting is managed responsibly and by law.

The Managing Director reports to the Board and keeps the Board informed about the company's business environment, financial situation and development.

The Group's Management Team consists of the Managing Director, who is also the chairman, Heads of Division and the di-

rectors of certain corporate functions. Together with the Group's Management Team, the Managing Director prepares and implements the strategy and steers the business operations. The Management Team also coordinates the Group's various functions and ensures efficient operations at the Group level.

### **Risk management**

The principles for the Paulig Group's enterprise risk management have been determined in the risk management policy approved by Paulig Ltd's Board. Under these principles, risks are identified, evaluated and handled systematically. The objective is to attain strategic and operating targets and to secure the continuity of the business.

### **Auditing**

The AGM appoints an auditor. The auditor's task is to audit the corporate accounts, financial statements and administration. The tasks are defined in legislation and in generally accepted auditing practices.

### **Paulig Group's ethical principles**

The purpose of the Paulig Group's ethical principles is to promote responsible entrepreneurship and sustainable development as well as to support decision-making. Based on strong, shared values, the ethical principles guide the Group's employees in their cooperation with colleagues, customers, suppliers and other business partners.