

## **M-REAL CORPORATION BOARD OF DIRECTORS' WORKING ORDER**

### **1. Constitution and term of office**

According to M-real's Articles of Association, the Board of Directors consists of a minimum of five (5) and a maximum of ten (10) members. The Board members are elected by the General Meeting of Shareholders. A member's term of office begins from the closure of the General Meeting of Shareholders at which he/she was elected, and continues until the closure of the next Annual General Meeting of Shareholders.

### **2. Chair and secretary**

In its organizing meeting, the Board elects the Chairman and the Vice Chairman from among its members and nominates a secretary.

### **3. Duties**

The duty of the Board is to promote the interest of the Company and all its shareholders. The Board is responsible for overseeing how the Company is managed and for the proper organisation of the Company's operations. Matters which are significant and unusual – taking into account the scope and nature of the Company's operations – belong to the Board.

The Board shall:

- 3.1 nominate and dismiss the CEO and the deputy to the CEO;
- 3.2 supervise the proper organization of the Company's accounting, financial and risk management, and that the CEO manages the administration of the Company in compliance with instructions and orders given by the Board;
- 3.3 establish the required number of committees to enhance the efficiency of Board work, elect committee members and approve the committees' charters;
- 3.4 review and approve the Company's strategy and its main principles;
- 3.5 approve the Company's values which are applied to its operations;
- 3.6 approve the Company's annual business plan;

- 3.7 decide on considerable investments and company acquisitions and make decisions on acquisitions, divestments and closures of business operations;
- 3.8 decide on considerable financing arrangements including debt financing, providing of collateral and subsidiaries' capitalization;
- 3.9 decide on the assignment and pledging of significant fixed assets of the Company;
- 3.10 decide on the granting of donations of money;
- 3.11 grant and revoke the Company's proxy holders;
- 3.13 convene the General Meeting of Shareholders and supervise the implementation of resolutions passed by the General Meeting;
- 3.14 sign and present the financial statements and annual report for approval by the Annual General Meeting of Shareholders and present a proposal for dividend distribution;
- 3.15 approve the central policies guiding the Company's business operations;
- 3.16 approve the Company's insider rules and the instructions related to stock exchange reporting;
- 3.17 approve and publish the financial statement releases and the interim reports for each quarter.

#### **4. Meetings**

The Board's regular meeting timetable for the next financial year is confirmed before the end of each year. In addition, the Chairman (or during his/her absence the Vice Chairman) can convene a Board meeting if necessary. Furthermore, a meeting shall be convened if the CEO or a Board member so requires.

The Board has a quorum if more than half of its members are present. A motion is recorded as a resolution of the Board when it has been supported by more than half of those present or, in the case of an even vote, when supported by the Chairman.

The secretary drafts the minutes of the Board meeting. In addition to the secretary, the minutes are signed by the Chairman and a member elected as scrutinizer. The minutes are signed at the following Board meeting. A member is entitled to have his/her dissenting view recorded in the minutes.

## **5. Preparation**

The agenda of the meeting, the minutes of the previous meeting and the presentations related to the matters to be discussed at the meeting, are sent to the Board members approximately one week in advance.

The CEO or a person appointed by the CEO prepares and presents the matters for discussion by the Board. The presenter is responsible for a thorough preparation of matters on the agenda and for checking that the presentation material has been duly drawn up. The presentation material shall include a summary as well as a possible specific proposal for action or resolution.

## **6. Conflict of interest**

A Board member, the CEO or an employee of the Company is unable by law to participate in the discussion of such a matter:

- 6.1 where the person him/herself or his/her relative or such a company, corporation or other organisation, in the body of which he/she acts, or in which he/she has a significant ownership or other interest, is the Company's contracting or other counterparty, or
- 6.2 from which he/she is expected to derive such an essential benefit, which might be in contradiction with the Company's interest.

In Board meetings, a Board member, CEO or employee, who has a conflict of interest, is not allowed to participate in the discussion of the matter, in the making of a draft resolution related to it or in the voting on it. However, it is possible to hear such a member for further clarification. Conflict of interest applies also outside the meetings.

## **7. Evaluation of the Board performance**

The Board evaluates its performance and working methods annually or can commission an outside expert to provide this evaluation.

## **8 Validity**

This charter is valid from its date until further notice.