

28.3.2012

## **THE AUDIT COMMITTEE CHARTER OF METSÄ BOARD CORPORATION**

### **Purpose of the Audit Committee**

The purpose of the Audit Committee is to assist the Board of Directors in attending to its financial reporting and supervisory duties, such as

1. monitoring the company's financial reporting systems and processes as well as the scope and validity of the financial reporting;
2. assessing the auditors' work and independence;
3. assessing the efficiency of the Company's internal audit and the scope of the audit;
4. assessing the Company's risk management and the central risk areas;
5. assessing compliance with laws and regulations.

### **Composition of the Audit Committee and its term of office**

At its organizing meeting, the Board nominates, from among its members, from three to five (3-5) members for the Committee with sufficient knowledge of accountancy, internal audit and accounting principles.

The Board nominates the Chairman and the members of the Committee for one year at a time. The members of the Audit Committee must be independent of the company and its major shareholders.

The secretary of the Board acts as secretary to the Committee, unless decided otherwise by the Committee separately.

### **Duties of the Audit Committee**

#### **1. Follow-up of financial reporting and information requirements**

To fulfil its purpose, the Audit Committee shall specifically, among other things:

- 1.1 review the financial statements, announcements related to them as well as interim reports; review them with the Company's management prior to review by the Board; and follow up and supervise the processes related to financial statements and financial reporting;
- 1.2 review the Board's annual report and corporate governance statement before they are reviewed by the Board; and assess their conformity with the financial statements;

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- 1.3 review the principles and management's assessments used in the preparation of financial statements, the auditor's findings and any changes that have been made in the principles and their impacts on the financial statements and financial reporting;
- 1.4 follow up the development of the Company's financial status and discuss with the acting management about the financial information given on the company;
- 1.5 review the audit plan for the accounting period and discuss any problems that may have emerged during the audit, such as factors restricting the scope of the audit or difficulties in obtaining information.

## **2. Assessment of the auditors' work and independence**

- 2.1 monitor and assess the auditing work of the auditor, their remuneration, the resources of the auditing corporation, and advisory services given by auditing corporations and their remuneration;
- 2.2 assess the independence of the auditor and possible conflicts of interest;
- 2.3 prepare a proposal passed by the Board to the Annual General Meeting of Shareholders for the election and remuneration of the auditor.

## **3. Assessment of systems for internal audit, internal control and risk management**

- 3.1 approve the instructions for internal audit and the annual audit plan, and make sure that it covers the essential risk areas and that the cooperation with the auditor is properly arranged;
- 3.2 supervise the working and efficiency of the internal audit, internal control and risk management, review the processes and the organisation of activities, and make sure that necessary resources exist for the said activities;
- 3.3 review reports prepared by the internal audit, internal control and the risk management;

## **4. Assessment of compliance with laws and regulations**

- 4.1 check how compliance with laws and provisions is followed, and take care of the process related to it;
- 4.2 supervise compliance with the Corporate Governance recommendations of listed companies and the Stock Exchange rules and regulations.

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**Working of the Audit Committee**

The Chairperson of the Audit Committee convenes meetings of the Audit Committee at regular intervals; however, no less than four (4) meetings a year. The issues, which are the Audit Committee's responsibility, are to be discussed at the meetings.

A detailed agenda is drawn up for the Committee meetings and distributed with all related material about one week in advance. Minutes of the meetings are sent to all members on the Board of Directors and the CEO.

In connection with its meetings, the Committee members meet the Company's auditor.

The Committee reports on its actions to the Company's Board of Directors.