

1.2.2017

## **WORKING ORDER OF METSÄ BOARD CORPORATION'S BOARD OF DIRECTORS**

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

Pursuant to Metsä Board's Articles of Association, the Board of Directors shall consist of a minimum of five (5) and a maximum of ten (10) members to be 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.

Eligible Board members must have sufficient competence and be able to devote a sufficient amount of time to attending to the duties. A majority of Board members must be independent of the Company and at minimum two members must be independent of significant shareholders (as independence has been defined in the Finnish Corporate Governance Code). Both genders must be represented in the Board.

### **2. Organization**

In its organizing meeting, the Board elects a Chairman and a Vice Chairman from among its members and calls a secretary. The Chairman shall see to it that the rules of this working order are applied.

The Board may establish such committees it deems necessary for the proper organization of its work. The Board approves working orders for the committees and appoints their members from among Board members. The Board is responsible for the operation of the committees and takes decisions on matters prepared by the committees with the exception of proposals on number of Board members, Board composition and Board remuneration, which proposals are made directly to the Annual General Meeting by the Nomination and Compensation Committee.

### **3. Duties**

The duty of the Board is to promote the interests of the Company and all its shareholders. Individual Board members do not represent single shareholders. The Board is responsible for overseeing how the Company is managed and for the proper organization of the Company's operations and bookkeeping. The Board further governs and supervises the operations of the Metsä Board group. Matters

1.2.2017

which are significant and unusual and as a result not a part of day-to-day business – taking into account the scope and nature of the Company's operations – belong to the Board.

More specifically, the Board shall:

- 3.1 nominate and dismiss the CEO and the deputy to the CEO and resolve on the CEO's terms of engagement;
- 3.2 organize the Company's accounting, financial management and risk management, and the supervision of financial reporting process as well as analyse the significant risks of the group;
- 3.3 supervise that the CEO manages the Company's operative management in line with the guidelines and instructions by the Board;
- 3.4 approve the Company's values;
- 3.5 review and approve the Company's long-term plan and strategy;
- 3.6 approve the Company's annual business plan and budget;
- 3.7 decide on significant investments and corporate transactions and take decisions on acquisitions, divestments and closures of business operations;
- 3.8 decide on considerable financing arrangements including debt financing, providing of collateral and subsidiary capitalization;
- 3.9 decide on the assignment and pledging of significant fixed assets of the Company;
- 3.10 decide on the granting of donations to the extent they do not belong to the authority of the General Meeting;
- 3.11 decide on approval and delegation rights and the granting and revoking of representation rights;
- 3.12 convene the General Meeting of Shareholders and supervise the implementation of resolutions passed by the General Meeting;

1.2.2017

- 3.13 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;
- 3.14 approve and publish the financial statement bulletin and interim reports for each quarter;
- 3.15 approve the central policies guiding the Company's business operations, including the Code-of-Conduct, equal opportunities policy, environmental policy, insider guidelines and financial reporting and stock exchange guidelines and supervise their application;
- 3.16 decide on remuneration systems, their grounds and terms as well as follow their implementation.

#### **4. Meetings and decision-making**

The Board's regular meeting timetable for the next financial year is confirmed in the autumn. The Board convenes, as a rule, on a monthly basis, in addition to which the Chairman (or in his/her absence the Vice Chairman) convenes a Board meeting whenever necessary. Furthermore, a meeting shall be convened if the CEO or a Board member so requires. The Chairman approves an agenda for each meeting and is responsible and shall see to it that the secretary prepares minutes for each meeting. The minutes are signed by the Chairman and secretary as well as a Board member appointed for such task. The Minutes are signed at the next meeting. A member has the right to have a differing opinion recorded in the minutes.

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

#### **5. Preparation**

The agenda for the meeting, the minutes of the previous meeting and the presentations concerning 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 shall thoroughly prepare of matters on the agenda and see to it that the presentation material has been duly drawn up. The presentation

1.2.2017

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 prohibited from participating in the review of a matter:

- 6.1 in which the person him/herself or his/her close 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 an essential benefit, which might be in conflict 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 decision proposal related to it or in the decision-making on it. However, it is possible to hear such a person for further clarification of the matter. Conflicts of interest rules apply also outside 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.