

Revised 27th April 2015

TECNOTREE CORPORATION

## CHARTER OF THE BOARD OF DIRECTORS

### 1§ The composition and election of the Board

The number of the directors and the composition of the Board shall make it possible for the Board to discharge its duties in an efficient manner. The composition shall take into account the requirements placed by the company operations and the development stage of the company. According to the articles of association, the Board shall consist of no fewer than three (3) and no more than eight (8) members. The members of the Board shall be elected by the annual general meeting for a term that expires at the end of the next annual general meeting. The Board shall appoint among the directors the chairman and the vice-chairman. The remuneration and criteria for reimbursement of costs of the directors shall be decided annually by the annual general meeting.

A director shall have a sufficient knowledge of economic matters and the field of business of the company and the group; general competence required by the task; and the possibility to devote a sufficient amount of time to the work.

The majority of the directors shall be independent of the company. In addition, at least two of the directors representing this majority shall be independent of the significant shareholders of the company.

### 2§ Duties of the Board

The duty of the Board is to supervise the company and the organization of its activities and to supervise the control of its bookkeeping and financial management. The Board shall discuss the far-reaching and important matters of principle that affect the activity of the company and its subsidiaries.

The Board and the CEO of the company shall lead the company and its subsidiaries competently and according to sound and careful business principles. It is the purpose of the board to promote the interest of the company and all its shareholders.

In order to carry out its duties, the Board shall:

- decide upon the group strategy and approves the business strategy
- approve the values of the company and its subsidiaries
- approve the annual business plan and supervises the realization
- decide upon the central organization structure and leadership system of the company
- discuss and approve the accounts and interim reports



- define the dividend policy of the company and makes a proposal to the annual general meeting as to the amount of dividend paid
- appoint the managing director of the company and the deputy managing director, decide upon their remuneration and conditions of employment
- decide on the appointment of the members of the company's management group and their remuneration
- decide on the remuneration systems of the company's executives and the principles of the remuneration systems for other personnel
- decide on strategically or economically important investments and the purchase and sale of companies or similar arrangements
- approve the significant principles of risk management
- decide upon the capital structure of the company
- approve the principles of internal control
- annually assess its activities and working methods
- be responsible for the other duties assigned to it under the Finnish Companies Act or other regulation

### **3§ Duties of the chairman of the board**

The chairman of the Board shall lead the meetings of the board. Additionally, the chairman must ensure that the Board work is efficient and the Board handles all duties assigned to it. The chairman shall approve the agendas of the meetings and ensure that the matters discussed at the meetings have been adequately prepared. The chairman shall ensure that there is sufficient time for discussion of the matters and that all participants in the meeting have their views heard.

### **4§ The Board Committees**

The Board may establish an audit committee, a remuneration committee and/or nomination committee. The Board may also establish other committees, combine tasks assigned to the various committees or decide that a specified matters is prepared by the entire Board. At the time of making a resolution of establishing a committee, the Board makes a decision of size and participants of the committee, and approves the charter of the committee.

If the company does not have an audit committee, the Board shall discharge the audit committee duties mentioned in recommendation 27 of the Finnish Corporate Governance Code.

### **5§ The company's management team and other bodies set up by the board**

The Board shall set up a management team with the purpose of supporting the CEO in the preparation of strategic questions related to the company and



the group; the coordination of the company's activities; the preparation and execution of significant or operative matters of principle; and the furtherance of internal co-operation and information flow. The Board shall appoint the members of the management team.

## **6§ Planning and evaluation of the board's work**

The Board shall make an annual meeting plan. The plan shall include a timetable for meetings and the most important matters discussed in each meeting. The plan shall also include the predictable events out of the ordinary that can be expected during the year. The board shall conduct, as a self-assessment, an annual evaluation of its operations and working methods once a year.

## **7§ Discussion of matters and decision-making in the board**

The Board shall decide on the matters assigned to it in its meetings. A meeting can also be held using the telephone or other such communication method, if the urgency of the matter or another similar reason so demands. The directors shall have the opportunity to communicate with each other during the decision-making process.

Meetings of the Board shall be held on the date determined by the Board, approximately once a month, if the Board does not decide otherwise. The meeting timetable shall be approved as a part of the meeting plan of the Board. A meeting can be held on another date if the Board so decides or if a director or the CEO so demands. Invitations to the meeting shall be sent by the chairman of the Board together with the CFO and the President and the CEO of the company. The invitation and the essential material to be discussed at the meeting shall be delivered to the directors at least five days before the meeting.

The meeting of the Board shall have a quorum when more than half the directors of the Board are present. A director unable to be present at a meeting shall give notice without delay to the chairman or secretary of the board. The directors of the board shall participate in the meetings of the board. The CEO has the right to attend and to speak in the meetings, if the board does not decide otherwise. A third party whose presence is necessary due to the matter at hand may also participate in a meeting.

The CEO shall mainly be responsible for the preparation of matters dealt with by the Board. The CEO shall also be responsible for the Board's receiving of sufficient information to assess the activities and financial state of the company and subsidiaries, as well as other matters to be discussed. The matters dealt with by the Board shall be presented by the CEO or another person familiar with the matter and acting on assignment by the CEO. The proposals for decisions must be given in writing, if possible.



A director or the CEO shall be disqualified from the consideration of a matter pertaining to a contract between him or her and the company. He or she shall likewise be disqualified from the consideration of a matter pertaining to a contract between the company and a third party, if he or she is to derive an essential benefit in the matter and that benefit may be contrary to the interests of the company. What has been said above on contract apply correspondingly to court proceedings and other use of the judicial right of action. The directors of the board and the CEO shall notify the Board of their disqualification on their own initiative.

The opinion of the majority shall constitute the decision of the board. In the case of a tie, the chairman of the Board shall have a casting vote. Minutes shall be kept of the board meetings, noting present directors, the decisions taken and possible dissents. The minutes shall be prepared by a secretary selected by the Board. The minutes shall be approved in the next meeting of the board, and it shall be signed by in addition to the chairman, at least one director and the secretary. The minutes shall be numbered consecutively by calendar year.

The CEO shall be responsible for the execution of decisions made by the Board. The CEO shall supervise their realization and report to the Board on any failings or problems in the execution.

## **8§ Information on directors**

Each director shall provide to the company the necessary personal information, address information and contact information, as well as the following and any changes in them: education, main employment, main work experience, the most important positions of trust, ownership of shares in the company.

Additionally, each director shall provide the information required by the Finnish Securities Market Act and Companies Act.

Directors shall also provide the Board sufficient information that will allow the Board to evaluate his or her qualification and independence and notify the board of any changes in such information. The Board shall conduct an annual evaluation of the directors' independence and report which members are independent of the company and which of its significant shareholders.

