



## Procedure of Olvi plc's Board of Directors 2018

## **General**

All actions of the Board of Directors shall be in compliance with laws, decrees, the Financial Supervisory Authority's regulations, the rules and recommendations of NASDAQ OMX Helsinki, the Corporate Governance guidelines and Olvi plc's Articles of Association. The members of Olvi plc's Board of Directors and their related parties comply with the guidelines in the Market Abuse Regulation ((EU) No 596/2014, "MAR") regarding the disclosure of business transactions.

In its actions, the Board of Directors shall put the company's values into practice.

The Board of Directors has adopted these rules of procedure to complement the regulatory framework guiding its work.

## **Composition of the Board of Directors**

The Annual General Meeting shall elect the Members of the Board for one year at a time. According to the Articles of Association, the company's Board of Directors shall comprise at least four (4) and at most six (6) members.

At its organising meeting to be held after the Annual General Meeting, the Board of Directors shall elect a Chairman and a Vice Chairman from amongst its members until the closing of the next Annual General Meeting unless the AGM has already made a resolution on the matter when electing the Members of the Board.

The members of Olvi plc's Board of Directors shall represent diversified knowledge and skills, including industry knowledge, and possess a variety of professional backgrounds in a way that allows work and international experience, different ages and genders to support and supplement each other for the good of the company's business and to increase shareholder value. In addition to the competence required for the position, anyone to be elected a Board member shall have the possibility to devote a sufficient amount of time to attending to the duties.

A legal person, a minor, anyone under guardianship or with restricted legal competency, bankrupt or banned from doing business cannot be elected a Board member.

## **Remuneration and decision-making procedure**

The Annual General Meeting shall decide on the remuneration of the Board members and reimbursement of their travel expenses.

## **Information concerning Board members**

Each member of the Board shall provide the company with information required to be reported to the insider register or any other register by virtue of the Securities Markets Act and the Companies Act, as well as the information specified in the Finnish Corporate Governance Code for Listed Companies. The members of the Board are bound by the insider guidelines of NASDAQ OMX Helsinki Ltd.

Information on the members of the Board of Olvi plc and their related parties is recorded in the company's register of related parties (not public). The purpose of the register of related parties is to ensure compliance with and supervision of legal provisions concerning transactions carried out by directors and their related parties in accordance with Article 19 of the Market Abuse Regulation (596/2014).

## **Independence of Board members**

Each member of the Board shall provide the Board of Directors with sufficient information for assessing his or her independence and notify of any changes to the information.

The Board of Directors shall annually assess the independence of its members in relation to the company and its major shareholders.

## **Duties of the Board of Directors**

The Board has general competence in all matters, except in those in which the law or the Articles of Association impose competence on another organ of the company.

It is the duty of the Board of Directors to direct the operations of the company so that they generate the highest possible added value on invested capital in the long term, taking the expectations of the different stakeholders into account. The members of the Board must ensure that the interests of all shareholders will receive equal attention.

The Board shall act in the best interest of the company in all situations.

## **Duties of the Board of Directors:**

- to convene the General Meeting and submit proposals for resolutions in accordance with the Companies Act and the Articles of Association,
- to be responsible for executing the decisions made by the General Meeting,
- to see to the administration of the company and the appropriate organisation of its operations,

- to comply with any Group guidelines approved by the Board of Directors, Corporate Governance recommendations and principles evident from these,
- to annually confirm rules of procedure for itself and comply with them,
- to take part in the preparation of the company's strategy, approve the strategy and monitor its implementation,
- to annually approve an operating plan and budget for the Group based on the strategy and supervise their implementation,
- to approve the annual investment budget,
- to confirm the company's organisational structure,
- to appoint and dismiss the Managing Director and decide on the terms of service,
- to annually set personal objectives for the Managing Director and evaluate their implementation,
- to define the principles of risk management and internal control,
- to discuss and accept the interim reports, Board of Directors' report and financial statements,
- to handle with matters that the Chairman of the Board or Managing Director have proposed to the agenda of a Board meeting,
- to authorise a member of the Board, the Managing Director or another person to represent the company in accordance with the provisions in the Articles of Association,
- to elect the Chairman and Vice Chairman of the Board unless a decision to the contrary has been made when the Board was elected,
- to decide on matters that require a Board decision by virtue of the Articles of Association, law or other regulations.

#### **Duties of the Chairman of the Board**

It is the general duty of the Chairman of the Board to direct the work of the Board of Directors so that its duties will be carried out as efficiently and appropriately as possible.

It is the duty of the Chairman to:

- ensure that any actions prescribed in law and the Articles of Association are taken and the associated decisions made in due course,
- contribute to ensuring that the companies comply with Group guidelines approved by the Board of Directors, Corporate Governance recommendations and the principles evident from these,
- monitor and supervise the Managing Director's duties,
- ensure that the Board of Directors is able to operate,
- direct and develop the Board of Directors' work, supervise the preparation of

- meetings, chair the meetings and ensure that minutes are kept and signed,
- assume responsibility for initiating any new members of the Board to the company, its operations and ways of action,
- ensure that the Board works in compliance with the rules of procedure approved by it,
- ensure that the Board convenes when necessary and/or whenever a member of the Board or the Managing Director demands a meeting,
- keep in contact with the members of the Board, the Managing Director and other Group management,
- as necessary, keep in contact with the shareholders and other stakeholders also between General Meetings, and with major shareholders in consideration of matters to be handled by the General Meeting,
- approve the reimbursement of costs borne by the members due to Board work from the company's funds, and
- approve the Managing Director's representational expenses, holidays and other absence.

#### **Duties of the Vice Chairman of the Board**

- to assist the Chairman of the Board in his or her duties,
- when the Chairman is prevented from attending to the duties, the Vice Chairman shall attend to them (described above).

#### **Decision-making procedure of the Board**

The Board of Directors has a quorum when more than half of its members are present. Decisions are made by simple majority. In case of a tie, the Chairman's vote is decisive.

Any member of the Board shall not take part in dealing with a matter related to a company or organisation where he or she belongs to executive management or any governing body. The Board of Directors shall ensure that any cases of disqualification are taken into account as necessary. Each member of the Board shall always self-assess and consider disqualifying himself or herself.

#### **Board meetings**

The Board of Directors shall convene once a month on average, in accordance with a schedule agreed upon in advance, and hold additional meetings as necessary.

The Managing Director and the Chairman of the Board shall be jointly responsible for preparing the agenda for a Board meeting. The notice to convene a meeting and the essential meeting materials shall be delivered to the members of

the Board in a manner mutually agreed by the Board and within the agreed time frame.

### **Board meetings to be held in accordance with an annual schedule**

The Board will convene to the following regularly recurring meetings annually:

#### ***Financial statements meeting***

The Board shall discuss and approve the Group's financial statements and the Board of Directors' report at a financial statements meeting to be held after the closing of the accounting period.

The company's auditor shall also be present at the financial statements meeting (except when evaluation of audit services and the proposal for auditor are discussed).

#### ***Interim report meetings***

The Board shall discuss and approve the Group's interim reports before the quarterly result is published.

#### ***Organising meeting*** (as necessary)

The Board shall elect a Chairman and a Vice Chairman from amongst its members unless the Annual General Meeting has made the decision when electing the Board of Directors.

#### ***Budget meeting***

The Board shall discuss and approve the Group's budget for the next accounting period.

### **Discussion and decision-making at meetings**

The Board shall make decisions on matters belonging to its scope of competence at Board meetings. A Board meeting can also be held using telephones or other means of communication if the matter is of an urgent nature or there is a comparable reason. The members of the Board shall have an opportunity for mutual communication during decision-making.

Board meetings shall be chaired by the Chairman of the Board or, if he or she is prevented from attending, the Vice Chairman shall have the chair. The Board of Directors shall discuss the matters on the meeting agenda. Primary responsibility for the preparation and presentation of matters to be discussed by the Board lies with the Managing Director. The Managing Director is also responsible for ensuring that the Board of Directors receives

sufficient information for assessing the operations and financial position of the company and its subsidiaries, as well as any other matters to be discussed.

The Managing Director is responsible for executing the decisions made by the Board of Directors, supervising their realisation and reporting to the Board on any deficiencies or problems observed in execution.

Matters not included on the agenda may be discussed on the initiative of a Board member or the Managing Director under the heading Other matters on the agenda.

Any member of the Board who is prevented from attending a meeting shall notify the company without undue delay.

A member of the Board or the Managing Director is not allowed to participate in handling with a matter concerning a contract between himself or herself and the company. The member of the Board or the Managing Director shall notify the Board of his or her lack of impartiality.

### **Minutes**

Minutes shall be kept of all Board meetings and numbered sequentially within each calendar year. The minutes shall indicate the time and place of the meeting and the members present. The Chairman of the Board is responsible for ensuring that minutes are kept. The Board of Directors shall appoint a person employed by the company to serve as the Board's secretary.

Minutes shall be kept in a short format documenting the decisions and votes, and any attachments shall be enclosed. In substantial matters, also the main grounds for the decision shall be entered in the minutes. Any dissenting opinions, voting results and disqualifications of Board members shall be entered in the minutes.

The minutes of Board meetings shall be signed by the members present, the Managing Director acting as the presenting official, and the secretary of the Board.

After each meeting, the minutes shall be provided to the members of the Board without attachments (through an online Board portal that fulfils the requirements set for information security and insider regulations) for review and preliminary inspection. The minutes shall be approved by signatures at the next Board meeting. All minutes shall be archived at the company's head office as long as the company exists.

## **Board committees**

The Board of Directors constituted Supervisory Committee and Remuneration Committee on organising meeting on 16 April 2018. The Board of Directors choose committee members among themselves yearly after the Annual General meeting.

The duty of the Supervisory Committee is preparation in matters concerning the financial supervision and reporting of the Olvi Group. The Remuneration Committee monitors and evaluates the competitiveness of the Olvi Group's remuneration and incentive systems, and development of these systems. Separate Rules of Procedure have been conducted for both committees.

## **Performance evaluation of the Board of Directors**

The Board of Directors carries out annual self-evaluation of its operations and working methods.

If necessary, and/or if the Board so decides, an external evaluator can also be used. The purpose of evaluation is to find out how the Board's actions have been realised and how its work could be developed further.

## **Duties of the Managing Director**

The Managing Director shall conduct the day-to-day management of the company in accordance with the instructions and orders issued by the Board of Directors. The Managing Director is responsible for ensuring that the company's accounting practices are in compliance with the law and that the financial matters are organised in a reliable manner. The Managing Director is assisted by a Management Group.

The Managing Director, and other members of management under the Managing Director's guidance, shall represent the company in relation to shareholders, investors, the media and other parties.

The Managing Director may undertake measures that are unusual or extensive, considering the scope and nature of the operations of the company, only with the authorisation of the Board of Directors.

The Managing Director acts as the presenting official at Board meetings. At his or her option, he or she may invite other members of Group or company management to Board meetings to present matters falling within their areas of responsibility.

Considering the central position of the Managing Director and the efficient implementation of shareholder control, it is justifiable that the Board of Directors is responsible for the appointment and dismissal of the Managing Director. The terms of service and financial benefits of the Managing Director are defined in a written contract approved by the Board of Directors.

The Board of Directors always has the right, and if called for by the best interests of the company, also the obligation to issue instructions and orders to the Managing Director. The Managing Director is obliged to obey any and all instructions given, be they separate instructions for individual cases or more general permanent orders. Instructions may be oral or written.

The Board of Directors may authorise the Managing Director to undertake a task not belonging to day-to-day management. The authorisation may concern a specific individual action or be a more general permanent authorisation. The authorisation shall be given in writing or entered into the minutes of a Board meeting.

*The Board of Directors of Olvi plc has confirmed these rules of procedure at its meeting on 23 March, 2018.*