



## **CHARTER OF THE SHAREHOLDERS' NOMINATION BOARD OF VALMET CORPORATION**

### **1. Purpose of the Nomination Board**

*The Shareholders' Nomination Board (the "Nomination Board") of Valmet Corporation (the "Company") is the Company's shareholders' body responsible for preparing annually the proposals to the General Meeting concerning the election and remuneration of the members of the Board of Directors and for ensuring that the Board of Directors and its members have a sufficient level of knowledge and experience for the needs of the Company. Each Shareholder of the Company can also make its own proposal directly to the General Meeting. In its work, the Nomination Board shall comply with the legislation, Stock Exchange rules applicable to the Company and the Finnish Corporate Governance Code in force.*

### **2. Appointment and Composition of the Nomination Board**

*The Nomination Board has five (5) members, and it consists of representatives nominated by the four largest shareholders of the Company and the Chairman of the Company's Board of Directors.*

*The right to nominate representatives shall be vested with the four shareholders of the Company having the largest share of the votes represented by all the shares in the Company annually on September 1 based on the company's shareholders' register held by Euroclear Finland Ltd. The Chairman of the Board of Directors shall request the four largest shareholders of the Company, based on their shareholding on September 1, each to nominate one member to the Nomination Board.*

*In case two of the largest shareholders have an equal number of shares and votes and the representatives of both such shareholders cannot be appointed to the Nomination Board, the decision between them shall be made by drawing lots. If a shareholder who has distributed his/her holdings e.g. into several funds and has an obligation under the Finnish Securities Markets Act to take these holdings into account when disclosing changes in share of ownership makes a written request to such effect to the Chairman of the Board of Directors no later than on August 31, such shareholder's holdings in several funds or registers will be combined when calculating the share of votes which determines the nomination right. Should a shareholder not wish to exercise his/her nomination right, the right shall be transferred to the next largest shareholder who otherwise would not be entitled to nominate a member.*

*The Chairman of the Board of Directors convenes the first meeting of the Nomination Board and the Nomination Board shall elect a Chairman from among its members. The Chairman of the Board of Directors of the Company cannot be elected Chairman of the Nomination Board. The Nomination Board convenes thereafter at the notice of the Chairman of the Nomination Board.*

*The Nomination Board has been established for an indefinite period. The term of office of the members of the Nomination Board expires annually when the new Nomination Board has been appointed.*

*The representative nominated by a shareholder is obliged to resign from the Nomination Board if the shareholder concerned later transfers more than half of the shares it held on the September 1 which entitled it to nominate a representative and as result is no longer among the Company's ten largest shareholders.*



*If a representative nominated by a shareholder resigns from the Nomination Board, the Nomination Board may decide to request for the nomination of a new member. Should the number of members of the Nomination Board decrease to less than three (including the Chairman of the Company's Board of Directors), the Nomination Board is obliged to request for such nomination. The request shall be presented to the largest shareholders who have not nominated a representative to the Nomination*

*Board in the order of votes represented by their shares. The order of votes shall be determined on the basis of the ownership information in the Company's shareholders' register on the day of the request.*

### **3. Duties of the Nomination Board**

*The duties of the Nomination Board shall include:*

- a) preparing and presenting to the General Meeting a proposal on the remuneration of the members of the Board of Directors;*
- b) preparing and presenting to the General Meeting a proposal on the number of members of the Board of Directors;*
- c) preparing and presenting to the General Meeting a proposal on the members of the Board of Directors;*
- d) preparing and presenting to the General Meeting a proposal on the Chairman and Vice-Chairman of the Board of Directors; and*
- e) seeking prospective successor candidates for the members of the Board of Directors.*

### **4. Tasks of the Chairman**

*The Chairman of the Nomination Board shall steer the work of the Nomination Board so that the Nomination Board achieves the objectives set for it and takes duly into account the interests of the shareholders and the Company.*

*The Chairman of the Nomination Board shall convene the meetings, prepare the agenda and material for the meetings and chair the meetings of the Nomination Board.*

*In addition, the Chairman of the Nomination Board shall convene an extraordinary meeting of the Nomination Board within 14 days from a request made by a member of the Nomination Board to that effect.*

### **5. Decision-making**

*The Nomination Board shall constitute a quorum when more than half of its members are present. No decision shall be made unless all members have been reserved the possibility to consider the matter and to participate in the meeting.*

*Decisions of the Nomination Board shall be made unanimously.*

*All decisions of the Nomination Board shall be recorded in minutes. The minutes shall be dated, numbered and retained in a safe manner. The minutes shall be signed by the Chairman of the Nomination Board together with at least one other member of the Nomination Board.*

### **6. Qualifications of the Members of the Board of Directors**

*The Board of Directors of the Company shall have sufficient expertise, knowledge of and competence in the Company's field of business and industry. In particular, the Board of Directors as a whole shall have sufficient knowledge of and competence in:*



- a) the Company's business activities and industry;
- b) the management of a public limited company of corresponding size;
- c) group and financial management;
- d) strategy and corporate acquisitions and restructurings;
- e) internal control and risk management; and
- f) corporate governance.

*The actions of the Board of Directors will be evaluated annually and the results of such evaluation will be disclosed to the Nomination Board. The results of the evaluation shall be taken appropriately into account in the work of the Nomination Board. The Nomination Board may also use external experts.*

## **7. Proposals to the General Meeting**

*The Nomination Board shall submit its proposals to the Board of Directors of the Company at the latest on the January 31 preceding the next Annual General Meeting. The proposals of the Nomination Board will be included in the notice to the Annual General Meeting.*

*The Nomination Board shall also present its proposals and report on its activities to the General Meeting. The above-mentioned information will be published in Finnish and in English on the Company's website and in the Company's Annual Report.*

*Should a matter that is to be prepared by the Nomination Board come up for decision-making in an Extraordinary General Meeting, the Nomination Board shall strive to submit its proposal to the Board of Directors of the Company in sufficient time for it to be included in the notice to the General Meeting.*

## **8. Confidentiality**

*The members of the Nomination Board and the shareholders they represent shall keep the information regarding the proposals to the General Meeting confidential until the decisions of the Nomination Board have been published by the Company.*

*The Chairman of the Nomination Board may, when he/she considers it necessary, propose to the Board of Directors of the Company that the Company should enter into non-disclosure agreements with the representatives nominated by the shareholders.*

## **9. Amendments, fixed dates and language of the Charter**

*The Nomination Board shall review this Charter annually and propose such changes as it considers necessary to the General Meeting for adoption.*

*The Nomination Board is authorized to make technical updates and amendments to this Charter when necessary. Any changes concerning the number of members of the Nomination Board or their selection criteria shall always be decided by the General Meeting.*

*In case any fixed date prescribed in this Charter does not fall on a business day, the Charter shall be construed to refer to the business day immediately preceding such fixed date.*

*This Charter has been drafted in both Finnish and English language versions. In the event of any discrepancies, the Finnish language version shall prevail.*