

## Rules of the Shareholders' Nomination Committee

### 1. Foundation

The Annual General Meeting of Lehto Group Plc decided on 11 April 2017 to found a Shareholders' Nomination Committee to prepare proposals regarding members of the Board of Directors and their remuneration for the Annual General Meeting.

### 2. Responsibilities

The main responsibility of the Nomination Committee is to ensure that the Board of Directors and its members have sufficient expertise, know-how and experience to meet the requirements of the company. The Nomination Committee shall adhere to current legislation, other provisions and regulations as well as the rules to which the company is subject.

The responsibilities of the Nomination Committee include:

1. preparation of the proposal made to the Annual General Meeting regarding the composition of the Board of Directors;
2. preparation of the proposal made to the Annual General Meeting regarding the remuneration of Board members;
3. scouting for prospective successors of Board members; and
4. presentation of the proposal made to the Annual General Meeting regarding the composition of the Board of Directors and the remuneration of the Board members.

Members of the Nomination Committee shall not receive remuneration. Reasonable travel costs arising from Committee meetings shall be reimbursed to the Committee members in accordance with the instructions of the tax authority.

### 3. Members

The members of the shareholders' Nomination Committee shall comprise the representatives of the three biggest shareholders who have accepted the responsibility. The biggest shareholders shall be annually named with regard to the situation on the last September date of public trading organised by Nasdaq Helsinki Ltd on the basis of the company's shareholders' register, held by Euroclear Finland Ltd. Each of the three biggest shareholders shall nominate one representative for the Nomination Committee. Should someone opt out of the nomination right, the right is transferred to the next biggest shareholder in order who otherwise would not have the nomination right. The Chairman of the company's Board of Directors shall act as an expert member of the Committee without a right to vote.

The Nomination Committee shall be convened by the Chairman of the Board of Directors. This can be done after the last September date of public trading organised by Nasdaq Helsinki Ltd. The Committee shall elect a Chairman of the Committee from within their own ranks. Once the



Nomination Committee has been elected, the company shall announce the composition thereof by stock exchange release.

Should a shareholder who is represented in the Nomination Committee sell over 50% of their shares relative to the situation at the time the shareholder's representative was elected and no longer belongs to the ten biggest shareholders of the company, said representative must resign from the Nomination Committee. The Shareholders' Nomination Committee must then elect a new member to replace the resigned member.

The new elected member shall be determined by the order of the shareholders such that the shareholder with the greatest number of owned shares without a representative in the Nomination Committee shall have the primary right to name a representative for the Committee. Should the shareholder opt out of the nomination right, the right is transferred to the next biggest shareholder in order who otherwise would not have the nomination right. The equity holdings shall be evaluated on the basis of the shareholders' register held by Euroclear Finland Ltd according to the time of resignation of the member of the Nomination Committee.

Otherwise, the term of office of a Committee member shall be valid until the last September date of public trading organised by Nasdaq Helsinki Ltd following the election.

#### 4. Meetings

The Nomination Committee shall have quorum when more than half of its members with a right to vote are present. The Nomination Committee cannot make a decision unless all its members have been offered the chance to take part in the discussion regarding the matter as well as the meeting.

The Nomination Committee must reach decisions unanimously. If the Nomination Committee is not unanimous, each member with a right to vote may present their own proposal to the Annual General Meeting.

Minutes of the decisions of the Nomination Committee shall be prepared, dated, numbered and stored in a safe manner. The minutes shall be signed by the Chairman and at least one member of the Nomination Committee.

#### 5. Role of the Chairman

The Chairman of the Nomination Committee must be able to efficiently manage the work of the Committee with regard to justified expectations and interests of the company and its shareholders. The Chairman shall summon the Nomination Committee for meetings, prepare the agendas and meeting materials and chair the meetings.

## 6. Preparation of proposals made by the Nomination Committee

The Nomination Committee shall prepare a proposal regarding the composition of the Board of Directors for the Annual General Meeting, which shall decide on the matter. When preparing the proposal, the Nomination Committee shall take into consideration the requirements of the Governance Code and the annual assessment of the Board. If necessary, the Nomination Committee can also listen to outside experts.

Sufficiently comprehensive expertise, know-how and experience are required of potential members of the company's Board of Directors. In order to be able to comprehensively support and develop the company's business, the composition of the Board of Directors shall be sufficiently diverse. In its proposal, the Nomination Committee must also consider the Board's diversity requirements and annually monitor their implementation.

Specifically, the Board of Directors as a group must possess sufficient expertise and experience regarding:

- a) the company's sector and business;
- b) the management of a listed limited company of similar size;
- c) financial statements and financial reporting;
- d) risk management;
- e) acquisitions; and
- f) corporate governance.

The Nomination Committee shall submit its proposal to the Board of Directors to be added to the notice of the Annual General Meeting at the latest by the last working day in the January preceding the AGM. The Nomination Committee shall present and give its reasons for the proposal to the Annual General Meeting at the same time as the Committee gives a report on its activities.

Proposals by the Committee shall be announced by a stock exchange release and included in the notice of the Annual General Meeting.

## 7. Reporting to and division of work with the Board of Directors

The members of the Nomination Committee and the shareholders represented by them must keep all information pertaining to the proposals confidential until the Nomination Committee has finalised its proposals and the company has made them public.

## 8. Assessment and specification of the agenda

The Nomination Committee shall assess its work on an annual basis and report its findings to the Board of Directors. The Committee shall also review these rules annually and propose required changes to the Annual General Meeting for approval. The Nomination Committee is authorised make technical updates to the agenda independently.