



**CHARTER OF
THE SHAREHOLDERS' NOMINATION BOARD**

MUNKSJÖ OYJ

(BUSINESS IDENTITY CODE 2480661-5)

Adopted by a Resolution of Munksjö Oyj's Annual General Meeting of the Shareholders on ~~6 April 2016~~ ~~May 13, 2013~~



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Charter of Munksjö Oyj's Shareholders' Nomination Board

1 Purpose of the Nomination Board

Munksjö Oyj's (the "**Company**") Shareholders' Nomination Board is a body of the Company's shareholders, responsible for preparing annually proposals to the Annual General Meeting for the election and remuneration of the members of the Board of Directors and the remuneration of the Board committees and the Nomination Board. The Nomination Board is also responsible for ensuring that the Board of Directors and its members maintain and represent a sufficient level of expertise, knowledge and competence for the needs of the company.

In its work, the Nomination Board shall comply with applicable laws and regulations (including the rules of ~~NasdaqASDAQ OMX~~ Helsinki Ltd and the Finnish Corporate Governance Code).

This Charter regulates the nomination and composition of the Nomination Board as well as defines the tasks and duties of the Nomination Board.

2 Nomination and Composition of the Nomination Board

The Nomination Board consists of five (5) members, three of which represent the Company's three largest shareholders who, on 31 May preceding the next Annual General Meeting, hold the largest number of votes calculated of all shares in the Company. The Chairman and a person nominated by the Company's Board of Directors shall, as expert members, be the other two members of the Nomination Board.

The largest shareholders of the Company on 31 May are determined on the basis of the shareholders' register of the Company held by Euroclear Finland Ltd and the register of the shareholders held by Euroclear Sweden AB. Pursuant to this shareholding, the ~~Company Chairman of the Board of Directors~~ shall request the three largest shareholders of the Company each to nominate one member to the Nomination Board. In case two of these shareholders own an equal number of shares and votes and the representatives of both such shareholders cannot be appointed to the Nomination Board, the decision shall be made by drawing lots.

Holdings by a holder of nominee registered shares will be considered when determining the three largest shareholders if the holder of the nominee registered shares presents a written request to that effect to the Chairman of the Company's Board of Directors and General Counsel no later than on 30 May preceding the



next Annual General Meeting. The written request shall be accompanied by documentation evidencing such shareholder's ownership of the nominee registered shares.

Holdings by a shareholder, who under the Finnish Securities Market Act has the obligation to disclose its shareholdings (flagging obligation) that are divided into several funds or registers will be summed up when calculating the share of all the voting rights, provided that the shareholder presents a written request to that effect to the Chairman of the Company's Board of Directors and General Counsel no later than on 30 May preceding the next Annual General Meeting.

Further, holdings by a group of shareholders, who have agreed to nominate a joint representative to the Nomination Board, will be summed up when calculating the share of all the voting rights, provided that the shareholders in question present a joint written request to that effect together with a copy of such an agreement to the Chairman of the Company's Board of Directors and General Counsel no later than on 30 May preceding the next Annual General Meeting.

Should a shareholder not wish to use its nomination right, the right transfers to the next largest shareholder who would otherwise not have a nomination right.

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 at the notice of which the Nomination Board convenes thereafter. The largest shareholder or group of shareholders, as defined above, shall first have the right to nominate the chairman.

The composition of the Nomination Board shall be published by the Company through a stock exchange release once the members of the Nomination Board have been appointed and the chairman has been elected.

The appointed representative of a shareholder shall resign from the Nomination Board, if such shareholder transfers more than half of its shareholding and as a result thereof no longer is amongst the Company's ten largest shareholders. The Nomination Board may appoint a new member to the Nomination Board to replace the prematurely vacated seat and shall decide on appointing new members in case the number of Nomination Board members decreases to less than three during the members' term of office. The Nomination Board shall offer the vacant seats that are to be filled to the shareholders of the Company (in the order of shareholders' number of votes calculated of all shares in the Company) who do not have a member appointed to 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 at the closing of the next Annual General Meeting following the appointment.

3 Duties of the Nomination Board

The duties of the Nomination Board shall include:

- a) to prepare and present to the Annual General Meeting a proposal on the remuneration of the members of the Board of Directors as well as a proposal on the remuneration of the Board committees and the Nomination Board;
- b) to prepare and present to the Annual General Meeting a proposal on the number of the members of the Board of Directors;
- c) to prepare and present to the Annual General Meeting a proposal on the members of the Board of Directors, including a recommendation on who of the proposed members of the Board of Directors shall be elected Chairman of the Board of Directors; ~~and~~
- d) to establish the principles of diversity that it applies; and
- ~~e)~~ to seek for prospective successors for the members of the Board of Directors.

4 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 unanimous. If consensus cannot be reached, members of the Nomination Board may present their own proposals to the Annual General Meeting individually or jointly with other members of the Nomination Board.

All decisions of the Nomination Board shall be recorded in minutes. The minutes shall be signed by the Chairman of the Nomination Board together with at least one Nomination Board member.

5 Tasks of the Chairman of the Nomination Board

The Chairman of the Nomination Board shall direct the activities of the Nomination Board in order for the Nomination Board to achieve its objectives efficiently and

take duly into account the expectations of the shareholders and the interests of the Company.

The Chairman shall:

- a) convene and chair the meetings of the Nomination Board;
- b) supervise that the scheduled meetings of the Nomination Board are duly convened; and
- c) convene unscheduled meetings in case necessary and in any event, within 14 days from a request by a Nomination Board member to that effect.

6 Preparation of the Proposal on the Board Composition

The Nomination Board shall prepare a proposal to be presented to the Annual General Meeting on the composition of the Board of Directors. However, any shareholder of the Company may also make a proposal directly to the Annual General Meeting in accordance with the Finnish Companies Act.

~~The Board of Directors of the Company shall have sufficient expertise, knowledge of and competence in the Company's field of business. In particular, the Board of Directors shall have sufficient knowledge of and competence in:~~

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

~~In addition, t~~The Nomination Board shall take into consideration the independence requirements and other requirements under applicable laws and regulations (including the Finnish Corporate Governance Code and the rules of NasdaqASDAQ OMX Helsinki Ltd). The Nomination Board is entitled to receive in confidence information on the factors affecting the evaluation of the independence of candidates.



The Nomination Board shall in its preparations of the proposal on the composition of the new Board of Directors ~~have access to also take into account~~ the results of the annual performance evaluation of the Company's Board of Directors conducted in accordance with the Finnish Corporate Governance Code. The Nomination Board may also employ the services of an outside consultant in the quest for suitable candidates.

7 Proposals to the Annual General Meeting

The Nomination Board shall submit its proposals to the Board of Directors at the latest on 31 January preceding the next Annual General Meeting. The proposals of the Nomination Board will be published through a stock exchange release and included in the notice to the Annual General Meeting. The Nomination Board shall also present and explain its proposals to the Annual General Meeting.

The Nomination Board shall assess its work annually and it shall also provide a report on how it conducted its work. The report shall be published in the Company's Corporate Governance Statement.

8 Confidentiality

The Nomination Board members and the shareholders they represent shall keep the information regarding the proposals to the Annual General Meeting confidential until it has made the final decision and the proposals have been published by the Company. The Chairman of the Nomination Board shall have the right at his/her discretion to decide whether the Company should enter into non-disclosure agreements with the shareholders with respect to their representative in the Nomination Board.

9 Amending the Charter and Authorization

The Nomination Board shall review this Charter annually and propose possible changes to the next Annual General Meeting for adoption. The Nomination Board is authorized to execute necessary technical updates and amendments to this Charter.

This Charter has been prepared both in Finnish and English. In the event of any discrepancies, the Finnish version shall be decisive.