
Rules of Procedure of Sponda Plc's Shareholders' Nomination Board

1 Background

Sponda Plc's Shareholders' Nomination Board (the 'Nomination Board') is a shareholder institution with the duty to prepare the proposals on the election and the remuneration of the members of the Board of Directors to be presented to the Annual General Meeting.

The main duty of the Nomination Board is to ensure that the members of the Board of Directors have sufficient expertise and experience to meet the needs of the company, and for this purpose to prepare well-justified proposals on the election and the remuneration of the members of the Board of Directors to be presented to the Annual General Meeting.

2 Appointment and Composition of the Nomination Board

The Nomination Board consists of three (3) members. The members represent the three shareholders who are entered in the company's shareholders' register maintained by Euroclear Finland Ltd and whose portion of the votes produced by all the shares in the company according to the shareholders' register are the greatest on 31 August of the calendar year preceding the Annual General Meeting and who wish to participate in appointing members. In addition, the Chairman of the Board of Directors shall act as an expert member of the Nomination Board. The member appointed by the largest shareholder shall act as the Chairman of the Nomination Board, unless otherwise decided by the Nomination Board.

The three shareholders who are entered in the company's shareholders' register maintained by Euroclear Finland Ltd and whose portion of the votes produced by all the shares in the company according to the shareholders' register are the greatest on 31 August of the calendar year preceding the Annual General Meeting shall have the right to appoint members representing shareholders. If a shareholder with an obligation to disclose certain changes in its holdings (a shareholder obligated to give a flagging notice), presents a written demand regarding the matter to the company's Board of Directors at the latest on 29 August of the calendar year preceding the Annual General Meeting, the holdings of such a shareholder registered in several different funds or registers will be added together when calculating the number of votes. If a shareholder does not wish to use its right to appoint a member to the Nomination Board, the right will be transferred to the next largest shareholder according to the shareholders' register who would otherwise not have the right to appoint a member to the Nomination Board.

The term of office of the members of the Nomination Board begins upon appointment and expires annually when the new Nomination Board has been appointed.

If a shareholder transfers more than half of his/her holdings and no longer remains among Sponda Plc's ten largest shareholders, the member appointed by the shareholder in question must resign. The Nomination Board may appoint a new member to the position that has been prematurely vacated. The Nomination Board may, at its discretion, offer the position to a shareholder of Sponda Plc. If the number of the members of the Nomination Board falls below three during its term of office, the Nomination Board shall decide on appointing new members.

3 Decision-Making

The Nomination Board shall constitute a quorum when at least half of the members are present. The Nomination Board must not make a decision unless all of its members have been provided the opportunity to participate in the discussion on the matter and in the meeting.

The Nomination Board shall make decisions unanimously. If unanimity cannot be reached, the members shall present their proposals to the Annual General Meeting each individually or jointly with other members of the Nomination Board.

Minutes shall be kept of all of the Nomination Board's decisions. The minutes shall be dated, numbered and kept in a reliable manner. The minutes shall be signed by the Chairman and by at least one member of the Nomination Board.

4 Duties of the Nomination Board

The duties of the Nomination Board shall be

- preparing the proposal to the Annual General Meeting on the number of members of the Board of Directors;
- preparing the proposal to the Annual General Meeting on the members of the Board of Directors;
- preparing the proposal to the Annual General Meeting on the remuneration of the members of the Board of Directors;
- scouting for prospective successors for members of the Board of Directors;
- presenting the proposal on the number of members of the Board of Directors to the Annual General Meeting;
- presenting the proposal on the members of the Board of Directors to the Annual General Meeting;
- presenting the proposal on the remuneration of the members of the Board of Directors to the Annual General Meeting.

4.1 General Considerations in Preparing a Proposal

The Nomination Board shall prepare a proposal to the Annual General Meeting on the composition of the Board of Directors. Notwithstanding the above, each of the company's shareholders may present their own proposal directly to the Annual General Meeting.

The activities of the Board of Directors are evaluated annually, and the Nomination Board will be informed about the results of this evaluation while it is preparing the proposal on the composition of the new Board of Directors. The results of the evaluation shall be duly taken into consideration in the Nomination Board's operation. The Nomination Board may also engage an external consultant to find candidates.

4.2 The Qualification of the Members of the Board of Directors

The company's Board of Directors must be sufficiently competent and collectively have sufficient expertise and experience in matters related to the company's field of operation and business.

To ensure sufficient competence, the Nomination Board shall take into consideration legislation and the requirements set forth in the Finnish Corporate Governance Code.

In particular, the Board of Directors must, as an ensemble, have sufficient expertise and qualifications in:

- matters related to the company's field of operation and business;
- managing a public limited liability company of corresponding size;
- accounting;
- risk management;
- mergers and acquisitions, real estate transactions and divestments;
- corporate governance.

In addition, the Nomination Board shall take into account the independence recommendations of the Finnish Corporate Governance Code and the stock exchange rules that apply to the company.

5 Duties of the Chairman

The Chairman shall guide the work of the Nomination Board so that the Nomination Board reaches the objectives set for it efficiently and take into consideration the expectations of the shareholders and the company's interests.

To this end, the Chairman shall:

- convene the meetings of the Nomination Board and act as the chairman in the meetings;
- see to it that the Nomination Board's planned meetings are held in accordance with the schedule and convene additional meetings as appropriate, at his/her discretion or within 14 days from a request presented by a member of the Nomination Board.

6 Proposals to the Annual General Meeting

The Nomination Board shall present and justify its proposals to the Annual General Meeting. The proposals will be included in the notice to the general meeting, and the Nomination Board must submit the preliminary proposals to the Board of Directors no later than on 30 January preceding the Annual General Meeting.

The Nomination Board shall also present a report on its operations.

The above mentioned information will be published on the company's website.

7 Confidentiality

The members of the Nomination Board and the shareholders whom they represent shall treat the information regarding the proposals as confidential until the final decision has been made by the Nomination Board and published by the company. The Chairman of the Nomination Board may, at his/her discretion, decide whether the company will enter into non-disclosure agreements with the shareholders as regards the activities of their appointed representative in the Nomination Board.

8 Amendments to these Rules of Procedure and Authorisation

The Nomination Board shall review the contents of these Rules of Procedure annually and propose possible changes to the Annual General Meeting.

The Nomination Board is authorised to make technical updates and amendments to these Rules of Procedure.