



## CHARTER OF THE SHAREHOLDERS' NOMINATION BOARD OF TELESTE CORPORATION

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

The Shareholders' Nomination Board of Teleste Corporation (hereinafter the "Company") is a body comprised of the Company's shareholders responsible for annually preparing proposals on the election and remuneration of the members of the Board of Directors to the Annual General Meeting and for ensuring that the Board of Directors and its members have sufficient competence and experience to meet the needs of the Company.

In its activities, the Shareholders' Nomination Board shall comply with applicable legislation and the Finnish Corporate Governance Code.

The charter of the Shareholders' Nomination Board regulates the appointment and composition of the Nomination Board and defines its tasks and responsibilities.

### **2 Appointment of the members and the composition of the Nomination Board**

The Nomination Board shall consist of three (3) members representing the Company's three largest shareholders, calculated on the basis of the votes conferred by all the shares in the Company on 30 August preceding the next Annual General Meeting. The Nomination Board's term of office shall continue until a new Nomination Board is selected.

In addition, the Chairman of the Company's Board of Directors may be heard as an expert at Nomination Board's meetings. However, he/she shall not take part in the decision-making.

The Company's three largest shareholders on 30 August are determined on the basis of the Company's shareholders' register maintained by Euroclear Finland Ltd. The Chairman of the Board of Directors shall, on the basis of the shareholdings as of 30 August, request the three largest shareholders to nominate one member each to the Nomination Board. If two of these shareholders have the same number of shares and votes and a member nominated by both shareholders cannot be appointed, the matter will be settled by drawing lots. In the event that a shareholder who has an obligation under the Finnish Securities Markets Act to make notifications about certain changes in ownership (flagging obligation) makes a written request to such effect to the Chairman of the Board of Directors no later than on 29 August in the year preceding the Annual General Meeting, the holdings of such a shareholder in several companies, funds or registers shall be combined when calculating the percentage of votes. If a shareholder does not wish to exercise his/her or its right to appoint a member, the right shall pass to the next-largest shareholder that would not otherwise be entitled to appoint a member.

The Chairman of the Board of Directors shall convene the first meeting of the Nomination Board which shall elect a chairman from among its members. The Nomination Board's chairman shall be responsible for convening subsequent meetings.

A member nominated by a shareholder must resign from the Nomination Board if the shareholder in question transfers over a half of his/her or its shareholdings and as a result of the transfer no longer is among the ten largest shareholders of the Company. The Nomination Board is required to offer the positions to be filled to those shareholders of the Company (in the order of shareholdings, calculated based on the voting rights carried by all the shares in the Company) who have not

nominated a member to the Nomination Board. If a member of the Nomination Board resigns during the term of office, the shareholder in question may nominate a new member to the Nomination Board.

### **3 Tasks of the Nomination Board**

The tasks of the Nomination Board include:

- a) preparing and presenting a proposal on the number of members of the Board of Directors to the Annual General Meeting;
- b) preparing and presenting a proposal on the members of the Board of Directors and the Chairman of the Board of Directors to the Annual General Meeting and advising the Company's Board of Directors on the composition of the audit committee;
- c) preparing and presenting a proposal on the remuneration of the members of the Board of Directors to the Annual General Meeting;
- d) finding candidates to succeed the members of the Board of Directors.

### **4 Tasks of the chairman**

The chairman of the Nomination Board shall direct the work of the Nomination Board in such a way that it effectively accomplishes its objectives and takes into account the expectations of the shareholders and the interests of the Company.

The chairman of the Nomination Board:

- a) convenes and chairs the meetings of the Nomination Board;
- b) oversees that the meetings scheduled for the Nomination Board are carried out in accordance with the agreed schedule; and
- c) convenes extraordinary meetings where necessary, and, in any event, within fourteen days of a request presented by a member of the Nomination Board.

### **5 Decision-making**

The Nomination Board shall have a quorum when more than half of its members are present. The Nomination Board is not entitled to make decisions unless all members have been given an opportunity to take part in the handling of the matter and to attend the meeting.

The Nomination Board shall make its decisions unanimously. In the absence of unanimity, the Nomination Board shall notify the Company's Board of Directors that it will not make a proposal to the General Meeting.

Minutes shall be drafted of all 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 at least one member of the Nomination Board.

#### **5.1 Preparing a proposal**

The Nomination Board prepares a proposal on the composition of the Board of Directors to the Company's Annual General Meeting. However, all shareholders may also make their own proposals directly to the Annual General Meeting in accordance with the Finnish Companies Act.

The Nomination Board shall evaluate the activities of the Board of Directors and take due account of the results of this evaluation in its work. The Nomination Board may also use an external consultant to find suitable candidates.

## **5.2 Competence of the members of the Board of Directors**

The Board of Directors of the Company shall have sufficient expertise, competence and experience in matters pertaining to the Company's field of business and business activities.

The Board of Directors shall have competence and qualifications, in particular, in:

- a) matters relating to the Company's field of business and business activities;
- b) group and financial administration;
- c) strategy and mergers and acquisitions;
- e) internal control and risk management; and
- f) corporate governance.

Further, the Nomination Board shall take into account the independence requirements laid down in the Finnish Corporate Governance Code, as well as the stock exchange rules applicable to the Company.

## **5.3 Proposals to the Annual General Meeting**

The Nomination Board shall present and justify their proposals to the Annual General Meeting. The Nomination Board shall submit its proposals to the Company's Board of Directors annually no later than 28 February prior to the next Annual General Meeting. The proposals of the Nomination Board shall be included in the notice to the General Meeting.

The Nomination Board evaluates its work and activities annually and it is also required to give an account of the work performed.

The aforementioned information is published in Finnish and English on the Company's website and in the Company's annual report.

## **6 Confidentiality**

The members of the Nomination Board and the shareholders they represent shall keep confidential the information pertaining to the proposals to be presented to the General Meeting until the Nomination Board has made its final decisions and the Company has published the proposals.

The chairman of the Nomination Board may, at his/her discretion, decide whether the Company should enter into a non-disclosure agreement with the shareholders with regard to activities of the members of the Nomination Board appointed by them in the Nomination Board.

## **7 Amendments to the charter and authorization**

The Nomination Board shall review the contents of this charter annually and propose possible changes to the Annual General Meeting for adoption.

The Nomination Board is authorized to make updates and changes of technical nature to this charter where necessary.

The charter is drafted both in Finnish and English. In potential conflict, the Finnish language version shall prevail.