

**SRV Group Plc****CHARTER OF THE BOARD OF DIRECTORS**

The charter of the Board of Directors was approved at a meeting of SRV Group Plc's Board of Directors on 17 April 2007. It has been amended by the decisions of the Board of Directors on 15 December 2008 and on 3 May 2011.

The key content of the charter of the Board of Directors is presented on the company's Internet site.

**1. Authority of the Board of Directors**

The Board of Directors shall comply with SRV Group Plc's Articles of Association and Finnish legislation in force. In particular, the Companies Act includes regulations concerning Board work. Likewise, the company shall comply with the instructions issued by both the Financial Supervisory Authority and the stock exchanges on which the company's share is listed. The company shall follow the Finnish Corporate Governance Code 2010 with the exemptions explained on the company's Internet site at each time.

**2. Directors**

According to SRV Group Plc's Articles of Association, the Board of Directors shall have 5-8 members. The General Meeting shall elect the chairman of the Board. The vice chairman shall be elected by the Board of Directors from amongst its number. The General Meeting shall also decide on the remuneration paid to the members of the Board of Directors and the committees.

The term of office of a Board member shall begin at the General Meeting at which he or she was elected and shall end at the close of the next Annual General Meeting.

The Board of Directors shall evaluate the independence of its members and announce which of its members have been deemed to be independent of the company and of its major shareholders. The independence of Board members is evaluated in the manner set forth in the Finnish Corporate Governance Code for listed companies from time to time.

Directors must furnish the Board with sufficient information for evaluating their competence and independence and they must report changes in this information.

**3. Board work and decision-making**

The schedule of Board meetings shall be confirmed for each calendar year. The agenda for the meeting, preparatory materials and the minutes of the previous meeting are to be sent to the directors no later than 3 days before the meeting.

The Board of Directors has a quorum when more than half of the members are present and one of them is the chairman or the vice chairman. Decisions are made

by a simple majority of votes. In the event of a tie, the chairman shall have the decisive vote.

A director may not participate in

- deliberations on any matter concerning an agreement between him- or herself and the company
- deliberations on any matter concerning an agreement between the company and a third party where he or she may expect to gain benefit that may be in conflict with the company's interests
- deliberations on any matter concerning the relationship of the company and the director's employer or other interested party.

A director must immediately inform the Board of Directors if he or she believes that there are issues that may jeopardise his or her impartiality concerning a matter under review or in general.

Directors do not have special tasks or areas of responsibility. Responsibility for the decisions made at meetings of the Board of Directors is collective, unless the proposal supported by each director and the voting results are recorded in the minutes of the meeting or the dissenting opinion of a director on a matter reviewed at a Board meeting has been recorded in the minutes of the meeting.

The president and CEO of the company shall have the right to attend and be heard at Board meetings, except when the Board deals with matters concerning the president and CEO. In addition, Board meetings are attended by the secretary appointed by the Board of Directors and any persons presenting items at the meeting. When the Board reviews the financial statements or interim reports, the auditor or the chief auditor appointed by the auditing firm responsible for the audit shall also attend the meeting.

Minutes shall be kept of the meetings of the Board of Directors. The minutes are to be signed by the chairman of the Board, the inspector of the minutes who has been selected by the Board from amongst its number, and the secretary of the Board.

#### **4. Duties of the Board of Directors**

The Board of Directors shall attend to the administration of the company and the due organisation of operations. The Board of Directors shall be responsible for the due organisation of the supervision of accounting and handling of funds.

The Board of Directors shall take decisions on matters that are of far-reaching significance to the Group and which are significant in principle. Such matters include:

- Confirming the Group's vision and values
- Approving and supervising the Group's strategy and objectives
- Approving budgets and operating plans and overseeing their realisation
- Reviewing and approving the financial statements, report of the Board of Directors and interim reports
- Setting the dividends policy and drafting a proposal to the Annual General Meeting on the dividends to be paid for the year

- Confirming the Group's operational structure
- Deciding on the following business matters:
  - all acquisitions
  - establishing new business companies
  - building construction tenders and contracts valued at over EUR 100 million and other tenders significantly affecting the company's operations
  - other tenders and contracts which are financially significant or have fundamental importance
  - start-ups of developer contracting projects valued at over EUR 50 million
  - investments and realizations of plots and property valued at over EUR 10 million
  - key matters concerning the group's financing
  - material deviations from budget
  - other matters having a significant effect on the company's operations
- Selecting the president and CEO and his direct subordinates and approving their salaries, remuneration and other terms of service
- Appointing the Corporate Executive Team
- Approving incentive and compensation schemes for personnel
- Approving and monitoring the principles and objectives of internal control and risk management
- Approving and monitoring the objectives for the HR policy and corporate social responsibility

In order to exercise its duties, the Board of Directors shall:

- ratify charter for itself and review them annually
- hold a joint meeting with the auditors if necessary
- deal with other matters that the chairman, directors or president and CEO have put forward for inclusion in the agenda of the meeting

Line management shall provide the Board of Directors with reports containing the key information the Board requires for operations control.

## 5. Duties of the chairman of the Board of Directors

The general duty of the chairman of the Board of Directors shall be to lead the work of the Board such that it handles its duties as efficiently and purposefully as possible. In this capacity, the chairman shall:

- be responsible for planning and evaluating the activities of the Board
- see to it that all the meetings recorded in the meeting schedule of the Board of Directors are convened
- convene extraordinary Board meetings as necessary

- approve the agenda drafted by the president and CEO for each meeting and invite those who will present items at the meeting and other persons as necessary
- maintain contact with the president and CEO
- maintain contact with the directors between meetings as necessary
- maintain contact with shareholders and other stakeholders as necessary

## **6. Board committees**

The Board of Directors appoints an Audit Committee and a Nomination and Remuneration Committee from amongst its number. The charters of the committees are ratified by the Board of Directors. Both of the committees shall have 2-3 members who are elected by the Board from amongst its number from time to time. The committees shall report on their work to the Board of Directors.

## **7. Participation in General Meetings**

The chairman of the Board and a sufficient number of Board members shall attend General Meetings in order to ensure that the shareholders and the administrative bodies of SRV Group Plc can interact and shareholders can exercise their right to ask questions.

## **8. Planning and assessing the activities of the Board of Directors**

The Board of Directors shall draft an annual meeting programme specifying the meeting schedule and the key matters to be dealt with at the meetings.

The Board of Directors shall conduct an annual assessment of its activities and working procedures. The results of this assessment shall be taken into consideration in the development of Board work.

## **9. Representing the company**

The Board of Directors shall represent the company. In addition, according to Article 6 of SRV Group Plc's Articles of Association, the company shall be represented by the chairman of the Board of Directors alone, or a member of the Board of Directors together with the president and CEO, deputy CEO or other person entitled to represent the company, two together.