

## **KOTIPIZZA GROUP OYJ RULES OF PROCEDURE FOR THE BOARD OF DIRECTORS**

These rules of procedure were adopted at the meeting of Board of Directors of Kotipizza Group Oyj on 8 February 2017. The Board shall update and amend the rules of procedure if necessary.

### **1. General aspects**

These rules of procedure control the activities of the Board and add to the other regulations that the Board complies with, the Limited Liability Companies Act and the Articles of Association being the most important ones.

### **2. Composition and appointment of the Board members**

In accordance with the Articles of Association, the General Meeting shall appoint the members for a term that will end at the closing of the next Annual General Meeting. In accordance with the Articles of Association, the number of regular Board members shall be between five and ten. The Board shall elect a chairman from among the members. In addition, the Board members shall appoint a secretary who does not have to be a member of the Board.

When preparing the composition of the Board, it should be noted that the majority of the members shall be independent of the company as specified in the Finnish Corporate Governance Code. At least two of the members representing this majority shall be independent of significant shareholders of the company. When preparing the proposal to the general meeting concerning the members of the Board, the Board shall ensure that all candidates have the expertise and experience referred to in the Corporate Governance Code. In addition, the Board shall ensure that the Board meets the diversity requirements referred to in the Corporate Governance Code based on e.g. age, gender and expertise.

### **3. Evaluation procedures**

The Board shall evaluate the independence of the members annually. The Board shall also discuss the evaluation of their independence in meetings of the Board whenever a change has taken place in circumstances affecting such an evaluation. Independence is evaluated according to the criteria set out in the Corporate Governance Code. All members shall make sure that they have reported the information specified in the Corporate Governance Code to the company.

The Board shall evaluate its operations annually. The members of the Board shall give their evaluation of the Board's operations in the previous year to the Chairman of the Board.

### **4. Board committees**

The Board shall decide on the establishment of its Committees, elect their Chairmen and members and approve written rules of procedure for the Committees.

#### **4.1. Audit Committee**

The Board shall have an Audit Committee consisting of three members. The members of the Board elected as members of the Audit Committee shall have sufficient knowledge of the operations and fields of business of Kotipizza Group Oyj as well as expertise in accounting and bookkeeping as well as practices related to financial statements.

The Board shall elect the members of the Audit Committee annually in the first Board meeting following the Annual General Meeting. The Board shall appoint one of the Audit Committee members as its Chairman. The members of the Audit Committee shall be independent of the Company as required by the Finnish Corporate Governance Code, and at least one of the members shall be independent of significant shareholders as required by the Corporate Governance Code.

#### **4.2. Remuneration Committee**

The Board shall have a Remuneration Committee consisting of a maximum of five members, with duties covering the duties of the Nomination Committee and the Remuneration Committee specified in the Corporate Governance Code. The members of the Board elected as members of the Remuneration Committee shall have sufficient expertise in the business operations of the Kotipizza Group Oyj and its fields of business as well as in matters related to remunerations. The Board shall decide on the number of members in the Remuneration Committee and elect the members from the members annually in the first Board meeting following the Annual General Meeting. The Board shall appoint one of the Remuneration Committee members as its Chairman. The majority of the members of the Remuneration Committee shall be independent of the company as required in the Corporate Governance Code for members of the Remuneration Committees.

## **5. Duties of the Board**

The duties and responsibilities of the Board are based on the Limited Liability Companies Act. The Board shall see to the administration of the company and the appropriate organization of its operations. The Board shall deal with and decide on all matters that are significant in terms of the company's operations.

The Board shall monitor the development of the group's operative performance primarily through the CEO's reviews and monthly reports.

In addition to its specific duties defined in legislation and the Articles of Association, the Board:

- approves the company's long-term goals and strategy;
- approves the company's business plan, budget and financing plan and monitors their implementation;
- confirms the principles of the company's internal control and risk management;
- reviews the material risks affecting the company's operations and their management, and supervises the adequacy, relevance and efficiency of the company's administrative processes;
- processes and approves, among others, business acquisitions and arrangements and other significant decisions;
- confirms the company's management's duties and areas of responsibility, as well as the reporting system;
- confirms the principles of short and long-term reward and incentive plans offered to personnel; and
- defines the company's dividend policy.

## **6. Special duties of the Chairman**

The Chairman of the Board shall lead the work of the Board in a way that ensures the efficient and appropriate execution of the Board's duties. To carry out his/her duties, the Chairman shall:

- supervise that the meetings scheduled in the meeting schedule are called up as appropriate;
- call up an additional meeting of the Board when necessary;
- approve the agenda and the presenters of matters of each meeting and the invitation of other necessary people to the meeting;
- control that the minutes of the meeting correspond to the course of the meeting and sign the minutes;
- communicate with the CEO and monitor the operations, corporate atmosphere and operational preconditions of the Company;
- when necessary, communicate with the members of the Board between meetings;
- when necessary, communicate with the owners and other stakeholders of the company; and
- be in charge of the planning of the Board activities and the execution of the annual evaluation.

## **7. Familiarization of the Board members**

The CEO shall familiarize the new Board members with the company and the group's business without delay after their appointment. As part of the familiarization of the Board members the company shall provide necessary education.

## **8. Meeting agenda**

The notice of a meeting and the meeting material shall be delivered to the Board members in an electronic format so that it is available to the Board members no later than during the working day preceding the meeting and, if possible, so that the meeting material is delivered to the Board members by the Friday preceding the meeting. The agenda, the minutes of the previous meeting, the latest monthly reports and other documents related to the issues on the agenda should be enclosed with the notice.

## **9. Board meetings**

The Board shall convene at regular intervals, approximately eleven times during the term in accordance with the meeting schedule adopted by the Board in advance. In addition, the Board shall have, whenever necessary, extraordinary meetings that can take place in the form of a conference call. At least one of the meetings shall be a strategy meeting and the Board shall meet the auditor at least in connection with one meeting.

The Board shall discuss, if necessary, the company and the development thereof without the senior management.

The Board meetings shall deal with regular matters such as the adoption and signing of the minutes of the previous meeting, the CEO's review and monthly reports to the necessary extent.

In addition to the Board members, the CEO, the CFO and the secretary shall be present at the meetings. The matters shall be presented to the Board by the CEO or another person who the CEO has delegated the presentation to with the Board's consent.

## **10. Decisions of the Board of Directors**

The Board shall constitute a quorum when more than half of the Board members are present. The Board's decisions shall be made by a majority vote or, in case of a tie, the Chairman shall have the casting vote. A Board member who disagrees with the Board's decision shall have the right to have their dissenting opinion added to the minutes. A dissenting opinion shall be presented immediately after the decision has been made. The Board of Directors shall be able to make unanimous, written decisions without a meeting, but these decisions have to be supported and signed by each member.

## **11. Board meeting minutes**

Minutes shall be taken for the meetings of the Board. The minutes shall be taken by the secretary of the Board or by another person appointed by the Board if the secretary is absent. The minutes shall be signed by the all the members of the Board who were present at the meeting.