

## BOARD AND BOARD COMMITTEE CHARTERS

### I. CHARTER OF THE BOARD OF DIRECTORS

#### **Particular duties of the Board of Directors**

To perform its duties and in pursuit of its objective, the Board of Directors of Outokumpu Oyj (the “Company”) shall in particular:

#### **a. With respect to directing the Company’s business and strategies**

- Decide on Outokumpu’s strategy and the long-term targets of the Outokumpu Group (the “Group”) and monitor their implementation;
- Decide on annual business plans and monitor their implementation;
- Decide on the annual limits for the Group’s capital expenditure (the “Capex Frames”), monitor related implementation, review performance and decide on changes;
- Decide on any individual investments or expenditure included in the approved Capex Frames and having a value of more than €20 million as well as on any other major and strategically significant investments and monitor their implementation;
- Decide on any major and strategically important business acquisitions and divestments within the current scope of business, having a value of more than €10 million and monitor their implementation;
- Decide on any significant financing arrangements by any Group company (including, without limitation, loans, derivatives, guarantees and pledges) which either exceed €150 million, are organized by way of public offerings, or which are otherwise out of the Group’s normal course of business;
- Decide on any other commitments by any of the Group companies that are out of the ordinary either in terms of value or nature, taking into account the size, structure and field of the Group’s operations.

#### **b. With respect to organizing the Company’s management and operations**

- Nominate and dismiss the Chief Executive Officer (the “CEO”) and his/her deputy, if any, monitor his/her performance and decide on the CEO’s terms of service, including incentive schemes, on the basis of a proposal by the Board’s Remuneration Committee;
- Nominate and dismiss the members of the Outokumpu Leadership Team and define their areas of responsibility based on a proposal by the Board’s Remuneration Committee;
- Monitor the adequacy and allocation of the Group’s top management resources;
- Decide on any significant changes to the Group’s business organization;
- Decide on the Group’s ethical values and modes of activity;
- Ensure that policies outlining the principles of corporate governance are in place;



- Ensure that policies outlining the principles of managing the Company's insider issues and related party transactions are being observed;
- Ensure that the company has guidelines for any other matters that the Board deems necessary and that fall within the scope of the Board's duties and authority.

**c. With respect to the preparation of matters to be resolved by the General Meeting of Shareholders**

- Establish a dividend policy and issue a proposal to the Annual General Meeting on dividend distribution;
- Make a proposal to the Annual General Meeting concerning the election of an external auditor and auditing fees;
- Make proposals to the Annual General Meeting concerning the Company's Remuneration Policy and Remuneration Report
- Make other proposals to General Meetings of Shareholders.

**d. With respect to internal control and risk management**

- Discuss and approve interim reports, statements and annual accounts;
- Monitor significant risks related to the Group's operations and the management of such risks;
- Ensure that adequate policies for risk management are in place;
- Monitor financial position, liquidity and debt maturity structure;
- Monitor the Group's control environment;
- Monitor and assess how agreements and other legal acts between the company and its related parties meet the requirements of the ordinary course of business and arm's-length terms; Reassess its activities on a regular basis.

**Duties of individual members and Chairman of the Board of Directors**

All members of the Board of Directors shall have the same responsibility for the Board's work.

The Chairman of the Board will preside over the Board of Directors and has a casting vote in the event of a split vote among the Board. It is the general duty of the Chairman to control the administrative work of the Board so that its duties are carried out appropriately and effectively. For this purpose, the Chairman shall:

- be responsible for the planning of the Board's activities;
- see to it that each Board meeting is convened as scheduled and that extraordinary Board meetings are convened as necessary;
- approve the agenda, based on a proposal by the CEO, for each meeting;
- grant rights to be present at Board meetings; and
- see to it that minutes are prepared of the meetings.



When the Chairman is prevented from attending to his/her duties, the Vice Chairman shall be responsible for attending to the aforementioned duties.

### **Board Meetings**

Board meetings will be held as regularly as deemed necessary, but at least five times every year. According to the Company's Articles of Association, the Board of Directors constitutes a quorum with more than half of its members present. Minutes shall be prepared for each meeting of the Board of Directors.

## II. BOARD AUDIT COMMITTEE CHARTER

1. The composition and the responsibilities of the Board Audit Committee are determined by the Board of Directors. The responsibilities are specified in the Board Audit Committee Charter approved by the Board.
2. The Committee's task is, in greater detail than is possible for the Board as a whole, to deal with matters relating to financial reports and statements, the company's financial position, auditing work, fees paid to the auditors', internal controls and compliance matters, the scope of internal and external audits, the Group's tax position, the Group's financial policies, monitoring and assessing related party transactions and other procedures for managing the Group's risks. A particular purpose of the Committee is to assist the Board in fulfilling its responsibility to oversee management's conduct of the Company's financial reporting process.
3. In discharging its oversight role, the Committee is empowered to investigate any matter within its scope of authority, including access to all records and personnel of the Company and it also has the authority to retain outside expertise for this purpose.
4. The Committee should, in particular, consider the following matters:
  - a. For the purposes of each Annual General Meeting and otherwise as necessary, preparing a recommendation to the Board of Directors concerning the election of an external auditor and auditing fees at a General Meeting
  - b. Any questions of resignation or dismissal of the external auditor;
  - c. The scope of the audit, and co-ordination where more than one audit firm is involved, as well as invoicing by external auditors;
  - d. Defining and monitoring the acceptable level of non-audit services purchased from the auditors and their related companies in order not to jeopardize the auditors' independence from the companies to be audited;
  - e. Reviewing with the external auditor the annual financial accounts and the interim reports and statements before submission to the Board for final decision, focusing particularly on: (i) any changes in accounting policies and practices, (ii) major judgmental areas, (iii) significant comments and adjustments resulting from the audit, (iv) compliance with accounting standards, (v) compliance with stock exchange, legal and other regulatory requirements and (vi) potential impairment risks;
  - f. Reviewing the Group's tax position and tax strategy;



- g. Problems and issues arising from the interim and final audits, plus other matters the external auditor may wish to discuss;
  - h. Reviewing the external auditor's management letter and the management's response;
  - i. Reviewing the internal audit charter and the annual internal audit program, ensuring co-ordination of internal and external audit work and ensuring that the internal audit function is adequately resourced and has an appropriate standing in the Company;
  - j. Reviewing potential misconduct cases and major findings of internal investigations and management's response;
  - k. Reviewing risk management procedures, including asset protection and operational risk management;
  - l. Reviewing internal controls, compliance and the information system environment related to financial reporting and internal control environment;
  - m. Monitoring and assessing related party transactions
  - n. Reviewing Company policies relevant to the responsibilities of the Committee;
  - o. Other Corporate Governance issues, as appropriate including annual review of the Corporate Governance Statement by the Company;
  - p. Monitoring the changes in International Accounting Standards and potential implications of them on accounting policies applied by the Company;
  - q. Monitoring the materialization of the financial impact of major investments and acquisitions;
  - r. Together with management and at regular intervals, potential development needs of the financial reporting by the Company to the Board; and
  - s. Other topics, as may be defined by the Board.
5. The Chairman of the Committee has the responsibility to lead the Committee's work and to ensure that the Committee attends to the tasks that fall within its authority.
6. The Committee reports on its work to the Board of Directors.
7. The secretary to the Committee shall be nominated by the Board. Minutes shall be prepared for each meeting.

### III. BOARD REMUNERATION COMMITTEE CHARTER

- 1. The composition of the Remuneration Committee is determined by the Board of Directors.
- 2. The tasks of the Committee are to discuss and prepare recommendations to the Board regarding new nominations in and compensation principles applicable to the Group's executive and senior management. The tasks of the Committee include in particular:
  - a. Making recommendations to the Board as to the nomination of a new Chief Executive Officer ("CEO") and his/her possible deputy;
  - b. Making recommendations to the Board as to the remuneration (including bonuses, option programmes etc.) of and other terms of contract with the CEO, if applicable;



- c. In cooperation with the CEO, making recommendations to the Board as to new nominations to the Outokumpu Leadership Team (other than the CEO) as well as definitions of the areas of responsibility of the members of the Outokumpu Leadership Team;
  - d. Making recommendations to the Board as to succession plans and backup arrangements;
  - e. Monitoring on a continuous basis the implementation of any ongoing incentive schemes as well as making recommendations to the Board concerning such schemes and their operation;
  - f. Making recommendations to the Board as to other essential nomination and remuneration practices within the Group;
  - g. Preparing proposals to the Board for the Company's Remuneration Policy and Remuneration Report.
3. The Committee determines and approves the terms of service, including salaries, bonuses, pension benefits and other benefits, of the Outokumpu Leadership Team members other than the CEO.
  4. The Committee shall aim at securing levels of remuneration that are sufficient to attract, retain and motivate executives to run the Group successfully, but it should avoid arrangements that offer more favourable compensation and terms of contract than are customary for comparable positions outside the Group. This includes the obligation of Committee members to stay adequately informed about relevant benchmarks. In pursuing this aim, the Committee shall consider all terms and conditions of the respective service contracts, including the period of the contract and the notice period.
  5. The Committee shall periodically evaluate the performance of the CEO and the members of the Outokumpu Leadership Team and present its findings, opinions and possible recommendations to the Board.
  6. Where the Committee considers it necessary or feasible, it will work together with the Human Resources function of the Company. The Committee has the authority to request the Company to prepare studies, or to have studies prepared, about issues relevant to the work of the Committee.
  7. The Committee shall convene as necessary, but at least once a year.
  8. The Committee reports on its work to the Board of Directors.
  9. The secretary to the Committee shall be nominated by the Board. Minutes shall be prepared for each meeting.

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