

**Orthex Corporation**

**Charter of the Shareholders' Nomination Board**

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# The Charter of the Shareholders' Nomination Board

## 1. General

The shareholders of Orthex Corporation ("**Company**" or "**Orthex**") decided on 5 March 2021 to establish a Shareholders' Nomination Board ("**Nomination Board**") whose task is to annually prepare a proposal for the next Annual General Meeting on the remuneration, number, and members of the Board of Directors. The Nomination Board consists of the Company's largest shareholders or persons appointed by them, as well as the Chair of the Company's Board of Directors. The Nomination Board has been established for the time being and can only be abolished by a decision of the general meeting.

The Nomination Board shall comply with the applicable laws and other rules and regulations in its operations, including the rules of Nasdaq Helsinki Ltd ("**Nasdaq Helsinki**") and the Finnish Corporate Governance Code for listed companies.

This Charter of the Nomination Board ("**Charter**") governs matters related to the appointment and composition of the Nomination Board and define the duties and responsibilities of the Nomination Board.

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

The Nomination Board consists of four (4) of the Company's largest shareholders or, if the Company has more than four (4) shareholders whose share ownership and voting rights in the Company are more than 10 percent, of the corresponding number of shareholders, or of persons appointed by them, and the Chair of the Board of Directors. The Company's largest shareholders entitled to appointment are determined annually based on the ownership information registered in the Company's shareholder register maintained by Euroclear Finland Oy on 31 August. Each shareholder whose share ownership and voting rights in the Company are more than 10 percent is entitled to participate in the Nomination Board as a member or to appoint a member. If the Company has less than four (4) shareholders, whose share ownership and voting rights are more than 10 percent and two shareholders have the same number of shares and votes, and it is not possible to appoint representatives of both shareholders to the Nomination Board, the decision is made by lot. If the shareholder does not want to exercise their appointment right and the Nomination Board would therefore have less than four (4) shareholder members, the appointment right is transferred to the next largest shareholder, who would otherwise not have an appointment right.

If a shareholder who has an obligation under the Securities Markets Act to disclose certain changes in ownership (flagging obligation) submits a written request to that effect to the Chair of the Company's Board of Directors no later than August 31 of the year preceding the annual general meeting, such shareholder's holdings entered in several funds or registers are summed up when calculating the number of voting rights.

The Chair of the Board acts as an expert member of the Nomination Board. For the sake of clarity, it is noted that the Chair of the Board does not have voting power. However, the Chair has the right to participate in the meetings of the Nomination Board and to receive material related to these meetings.

## 3. Procedures of the Nomination Board

The Chair of the Board convenes the first meeting of the Nomination Board, and the Nomination Board elects a chair from among its members, on whose invitation the Nomination Board meets thereafter.

The company discloses the composition of the Nomination Board in a stock exchange release when the members of the Nomination Board have been appointed and the chair elected.

The appointed shareholder's representative must resign from the Nomination Board if the shareholder in question transfers more than half of their shares and is no longer among the Company's ten (10) largest shareholders, or if the Nomination Board has more than four (4) members and the shareholder's ownership decreases below 10 percent of the Company's shares and the votes they carry. The Nomination Board may, at its discretion, appoint a new member to the Nomination Board to replace a prematurely vacated position within the composition limits set forth in section 2. The Nomination Board must always ensure that a new member is appointed to the Nomination Board if the number of shareholder members of the Nomination Board falls below three (3) during the term of office of the members. The Nomination Board must offer vacancies to be filled to those shareholders of the Company (in order of the shareholders' number of votes calculated on the basis of all shares) who do not have an appointed member on the Nomination Board.

The Nomination Board has been established for the time being. The term of office of the members of the Nomination Board expires annually when a new Nomination Board has been appointed.

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

The duties of the Nomination Board include:

- preparing and presenting a proposal to the Annual General Meeting concerning the remuneration of the members of the Board of Directors.
- preparing and presenting a proposal to the Annual General Meeting concerning the number of members of the Board of Directors within the limits set forth in the Articles of Association.
- preparing and presenting a proposal to the Annual General Meeting concerning the composition of the Board of Directors; and
- searching for successor candidates for members of the Board of Directors.

When preparing the proposal for the composition of the Board of Directors, the Nomination Board must ensure that the Board and its members have sufficient expertise, knowledge, and competence for the Company's needs, and that they have the opportunity to use sufficient time to fulfil the director duties. The Nomination Board must also take into account the Finnish Corporate Governance Code's requirements regarding independence, diversity and expertise, as well as the applicable rules and regulations of Nasdaq Helsinki.

When preparing a new proposal for the composition of the Board of Directors, the Nomination Board must also consider the results of the annual evaluation of the Board work conducted in accordance with the Corporate Governance Code. The Nomination Board can also use external experts in the search of suitable director candidates.

#### **5. Chair duties**

The duty of the Chair of the Nomination Board is to lead the Nomination Board's work so that the Nomination Board performs its duties and responsibilities effectively and achieves the goals set for it, taking into account the shareholders' expectations and the interest of the Company.

The Chair convenes the Nomination Board, except for the first meeting, at their discretion. The Chair also prepares the agenda and materials for the meetings.

**6. Decision making and minutes**

The Nomination Board shall constitute a quorum when more than half of its members are present. The Nomination Board cannot make a decision unless all members have been reserved an opportunity to preview the matter.

The Nomination Board shall make decisions on proposals unanimously. If unanimity cannot be reached, the Nomination Board shall inform the Board of Directors that it is unable to make proposals.

All decisions of the Nomination Board shall be recorded in minutes. The minutes shall be signed by the Chair and at least one member of the Nomination Board.

**7. Proposals and reporting**

The Nomination Board shall submit its proposals to the Board of Directors no later than 31 January before the next Annual General Meeting. The Nomination Board's proposals will be disclosed in a stock exchange release and included in the notice of the general meeting.

The Chair of the Nomination Board presents the proposals at the general meeting. Information about the Nomination Board's selection process, composition, and operations, as well as proposals, will be published on the corporate website and in the Company's Corporate Governance Statement.

**8. Amendments to the Charter**

Decisions regarding significant amendments to this Charter, such as amendments regarding the number of members and selection criteria of the Nomination Board, are made by the general meeting. The Nomination Board reviews this Charter annually and, if necessary, proposes amendments to the general meeting. The Nomination Board is entitled to make technical updates and amendments to this Charter.

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