

## **The rules of procedure of the shareholders' Nomination Board**

On 23 March 2017, the Lindex Group's Annual General Meeting approved the Board of Directors' proposal to establish a permanent shareholders' Nomination Board. The purpose of the Nomination Board is to draft proposals on the election and remuneration of the members of the Board of Directors for the next Annual General Meeting and, when needed, for extraordinary general meetings.

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

The shareholders' Nomination Board of Lindex Group plc (hereafter "Company") is a corporate body of the Company's shareholders, and its purpose is to draft proposals on the election and remuneration of the members of the Board of Directors for the Annual General Meeting. The main duty of the Nomination Board is to ensure that the Board of Directors and its members have sufficient expertise, competence and experience to meet the Company's needs.

The Nomination Board operates in accordance with valid legislation and other applicable provisions, such as stock exchange rules and the Finnish Corporate Governance Code for Finnish listed companies.

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

Representatives appointed by the four largest shareholders will be selected as members of the Nomination Board, in addition to which the Nomination Board includes the Chair of the Board of Directors as an expert member.

The four shareholders who, according to the shareholder register kept by Euroclear Finland Oy, have the largest shares of the votes conferred by all of the Company's shares on the first working day of the ~~September~~August preceding the Annual General Meeting are entitled to appoint the members who represent shareholders. If a shareholder does not want to use its appointment right, it will be transferred to the next largest shareholder which would not otherwise have this appointment right.

If a shareholder that has diversified its holdings into several funds, for example, and is required to take these holdings into account under the Securities Markets Act when announcing changes to its holdings, or whose holdings are nominee-registered, submits a written request to the Company's Board of Directors by the last working day of ~~August~~July, the shares of such a shareholder that have been entered into several funds or nominee-registered will be taken into account together with any directly registered shares of the same shareholder when calculating the shares of votes that confer a nomination right. A sufficient account of the right of holding concerning nominee-registered shares or of an obligation under the Securities Markets Act to take holdings into account must be appended to the request.

Based on the shareholdings thus determined, the Chair of the Board of Directors will request the four largest shareholders each to appoint one member to the Nomination Board.

The Nomination Board is convened by the Chair of the Board of Directors and it will select a chair from among its members. When the members of the Nomination Board have been appointed, the Company will announce the composition in a company announcement.

The Nomination Board is established and will operate until the Annual General Meeting decides otherwise. The members of the Nomination Board are appointed annually and their term ends when new members have been appointed.

A member appointed by a shareholder must resign from the Nomination Board if the shareholder in question divests more than half of its shareholding entitling it to its appointment right as of the first working day of ~~September~~August and, as a result, is no longer among the Company's ten largest shareholders. The Nomination Board may appoint a new member to fill a seat that has become vacant prematurely and if the Nomination Board's membership decreases to less than three during the term of its members, the Nomination Board must decide on appointing new members. The Nomination Board must offer, in the order of number of votes held, vacant seats to Company shareholders that have not appointed a member to the Nomination Board. The order of amount votes held is determined in accordance with the holding information in the Company's shareholders' register on the appointment proposal date.

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

The duties of the Nomination Board are as follows

1. preparing the proposals to the Annual General Meeting regarding members of the Board of Directors;
2. preparing the proposals to the Annual General Meeting regarding the remuneration matters of the members of the Board of Directors;
3. identifying successor candidates for the members of the Board of Directors; and
4. presenting the proposals to the Annual General Meeting on the members of the Board of Directors and their remuneration.

The members of the Nomination Board are not remunerated for their membership. The Nomination Board members' travel expenses are compensated in accordance with the Company's travel regulations.

### **4. Decision-making**

The Nomination Board is quorate when more than half of its members are in attendance. The Nomination Board may not make a decision if all of its members have not been provided an opportunity to participate in discussing the matter or attend a meeting.

The Nomination Board's decisions must be unanimous. If unanimity is not achieved, the members may make their own proposals to the Annual General Meeting, either alone or together with other members of the Nomination Board.

Minutes must be kept of all Nomination Board decisions. The minutes must be dated and numbered and stored in a reliable manner. The Chair and at least one Nomination Board member must sign the minutes.

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

The Chair of the Nomination Board must steer the activities of the Nomination Board so that it efficiently achieves its goals and takes into account the expectations of the shareholders and the Company's interests. The Chair of the Nomination Board

- a) convenes the meetings of the Nomination Board, drafts the agenda and prepares the materials for the meetings and chairs them;
- b) ensures that the meetings planned for the Nomination Board are held according to an agreed schedule; and
- c) convenes extraordinary meetings as needed and in any case within 14 days of a request made by a Nomination Board member.

#### **6. Drafting a proposal on the composition of the Board of Directors**

The Nomination Board drafts proposals on the composition of the Board of Directors to the Company's Annual General Meeting. However, Company shareholders may nevertheless make their own proposals directly to the Annual General Meeting in accordance with the Limited Liability Companies Act.

When drafting a proposal on the composition of the Board of Directors, the Nomination Board must take into account the requirements of the Company's valid Corporate Governance Code and the results of the annual evaluation of the Board of Directors' activities conducted in accordance with the Code. The Nomination Board may also use an outside specialist to identify and evaluate suitable candidates, the cost of which must be approved by the Company.

#### **7. Qualifications of the members of the Board of Directors**

The Company's Board of Directors must have sufficient expertise, competence and experience in matters that are relevant to the Company's sector and business operations. The Board of Directors must collectively have sufficient competence and qualifications in especially the following:

- a) matters that are relevant to the Company's sector and business operations;
- b) management of a limited liability company of similar size;
- c) corporate and financial administration;
- d) strategy and mergers and acquisitions;
- e) internal control and risk management; and
- f) Corporate Governance.

#### **8. Proposals to the Annual General Meeting**

The Nomination Board must submit its proposal to the Company's Board of Directors no later than the last working day of the January preceding the Annual General Meeting. Proposals made to extraordinary general meetings must be submitted to the Company's Board of Directors so that they can be included in the notice of the general meeting.

The Nomination Board's proposals will be announced in a company announcement and included in the notice of the general meeting. The Nomination Board may also make and justify its proposal and give an account of its activities to the Annual General Meeting.

#### **9. Confidentiality**

The members of the Nomination Board and the shareholders that they represent must keep confidential any information regarding proposals to be made to the Annual General Meeting until the Nomination Board has made its final proposals and the Company has announced them.

The obligation of secrecy of the members of the Nomination Board and of the shareholders they represent also covers any confidential information received through the Nomination Board's activities and will be in force until the Company has announced the information in question. The provisions of the Securities Market Act will be applied to any insider information received by members of the Nomination Board.

#### **10. Amending the rules of procedure**

The Nomination Board must annually review the contents of these rules of procedure and propose any amendments to the number of Nomination Board members or the selection process, for example, to the Annual General Meeting for its approval. The Nomination Board is authorised to make updates and changes of a technical nature to the rules of procedure as needed.