

The International Bar Association Company Director Checklist – Finland

BORENIUS

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Introduction

This checklist is intended to serve as a practical guide to the main duties and obligations of the directors of

- Finnish public limited liability companies listed on a regulated market, i.e. Nasdaq Helsinki
- Finnish private limited companies registered in Finland arising from Finnish law and other relevant regulations, namely:
 - Act No. 624/2006, the Limited Liability Companies' Act, as amended (the "FCA"); and
 - Act No. 746/2012., the Securities Markets Act, as amended (the "SMA").
 - The Finnish Corporate Governance Code 2020 ("**Code**")
 - Nasdaq Helsinki's Rule Book for Issuers ("**the Rule Book**")
 - EC Market Abuse Regulation (596/2014) ("**MAR**")

Since the majority of the companies in Finland are private, this presentation is focusing primarily on private companies. For specifics of listed public companies (in comparison with the private ones), please see the third column of this checklist below. Please note that we are not describing the applicable EU Directives and EU Regulations, although majority of them have been implemented into or reflected in Finnish law

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DUTIES AND OBLIGATIONS OF THE DIRECTORS

	Action/issue	Specifics of listed public companies (if relevant)	Comments/notes
Before appointment			
<p>1. Items to understand</p>	<ul style="list-style-type: none"> • The business conducted by the company; • What the position will require of you; • Ownership structure of the company; • Financial position of the company; • The company’s liability insurance policy; • Who the other directors are and what their background is; • What risks comes with the position; • The legal framework to which you need to adhere; and • If there is other information of importance. 	<ul style="list-style-type: none"> • Has the company opted to comply with the Code although it is not under an obligation to do so (e.g. issuers of securities other than shares or companies listen on an MTF market such as the First North Growth Helsinki marketplace)? • Has the company explained possible deviations from the Code? • Has the company established committees (e.g. Audit, Remuneration and Nomination) and adopted charters for the committees? • Is there an adopted Diversity Policy for the board? • Is there a procedure to ensure board members have access to sufficient information and to familiarize new board members with the company and its operations and practices? 	<p>Before accepting an appointment, consider the following:</p> <ul style="list-style-type: none"> • Can you contribute to the company? • Can you meet the expectations for your contribution with the competence and/or experience needed? • Can you devote sufficient time and effort to the assignment? <p>Make sure:</p> <ul style="list-style-type: none"> • That you are not expected to be a passive director without actual capacity to act, which may incur liability, as the general obligation to promote the interests of the company may require active measures. (Companies Act 1:8); • That the remuneration offer is in line with regulations, the Code and the Remuneration Policy in force; and • That adequate corporate governance procedures are well developed to avoid liability. <p>Under the FCA, the managing director has a duty to provide the board of directors and the directors with any information that the board of directors may need in order to see to its duties.</p>

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2. People to meet with	<ul style="list-style-type: none"> The other directors and senior management; The company's legal advisor. 	<ul style="list-style-type: none"> The company's General Counsel 	<p>Make sure:</p> <ul style="list-style-type: none"> That you gain enough knowledge to form an opinion of the company's business, organisation, markets, experiences from previous years and corporate governance.
3. Documents to review	<ul style="list-style-type: none"> The company's articles of association; Minutes from annual and extraordinary shareholder's meetings; Minutes from board meetings and/or management meetings; The financial statements from previous years; Auditors report and memo to the board; The rules of procedures for the board of directors; Instructions for the managing director; and Available and relevant policies such as governance and internal control policy, Insider and information Policy, Code of Conduct etc. 	<ul style="list-style-type: none"> Charters of possible committees established; Diversity Policy of the board; Operating principles for internal control; Risk Management principles; Internal Audit principles; Principles for monitoring and evaluating related party transactions 	<ul style="list-style-type: none"> These documents will give you a general understanding of the structure of the company. Minutes from board meetings are generally a good way to get an insight in the company's history.
Ongoing duties			
4. Points for attention	<p>Think about:</p> <ul style="list-style-type: none"> What is your impression after reviewing the corporate documents? Does the company seem to be run in a proper way? What is your impression of the management team of the company? 		<p>Look out for:</p> <ul style="list-style-type: none"> Insufficient or misleading information - In order for you to fulfil your duties you need to be properly informed about the business and management of the company;

	<ul style="list-style-type: none"> • What is the level of transparency in the company? • What is your contribution to the company? • What is the governance structure and the internal control functions of the company? • What is expected of you as a board director? 		<ul style="list-style-type: none"> • Lack of independence – Constitution of the board and work ethics; • Lack of transparency – Internal controls, corporate conduct, risk management, compliance.
<p>5. Legal status of directors</p>	<ul style="list-style-type: none"> • The board of directors shall see to the administration of the company and the appropriate organisation of its operations. • The board is a Finnish limited company's highest formal body (besides shareholders' meetings) and has the right to delegate aspects of management to others. • Delegation is most commonly made to the managing director. Finnish law distinguishes between formal and informal directors, in that only formal directors are members of the board. In addition, there may be board observers that may participate in board meetings, but are not allowed to participate in the decision-making. • There is only one managing director, appointed by the board and not the shareholders. • The duties of the managing director are set out in the Companies Act.. 	<ul style="list-style-type: none"> • In public listed companies the managing director is usually not a board member. • The Code recommends that the managing director shall not be elected chair of the board of directors. • The boards of directors of listed Finnish companies typically consist of non-executive directors. The Finnish Companies' Act does not distinguish between executive and non-executive directors in respect of rights and obligations. • The boards of directors of Finnish listed companies usually consist of three to ten directors. 	<ul style="list-style-type: none"> • The general meeting (also referred to as the shareholders meeting) is the forum for the shareholders and the highest decision-making body of a company. • The board of directors and the managing director are both involved in the company's management. • The managing director is responsible for the day-to-day business • The most essential tasks of the board of directors include appointing and discharging the managing director, deciding on the terms of the managing director's contract, such as the remuneration within the framework of the valid remuneration policy presented to the general meeting, as well as defining the company's strategy and monitoring its implementation. • The auditors have a control function in the company. • The first three of these organs stand in a strictly hierarchical relation to each other. It means that according to the

			<p>basic principle an organ at a lower level must follow instructions from an organ at a higher level.</p> <ul style="list-style-type: none"> • The organs are structured according to an internal hierarchy, so that although they each have their own sphere of operations, an organ at a higher level can, as a main rule, interfere through instructions in any issue which a lower-ranking organ is handling. • The Companies Act gives the general meeting an exclusive competence in some matters, for example changing the articles of association. • In areas where the general meeting has no exclusive competence the decision can, as a general principle, be taken by the board of directors or the managing director.
<p>6. Parties to which duties are owed</p>	<p>Remember:</p> <ul style="list-style-type: none"> • That your duty as a board director is to act in the best interest of the company and all of the company's shareholders, and not the shareholder who may have nominated you. • The Finnish corporate governance model is based upon the strong principles set out in the Limited Liability Companies Act, principally the duty of equal treatment and the duty of loyalty. • The principle of equal treatment balances out the principle of majority rule together with the more detailed 	<ul style="list-style-type: none"> • The established view in Finland is that a company should take a restrictive approach to providing information concerning the company to individual shareholders unless the same information is available to all investors. • The principle of equal treatment, insider regulation, directors' and executives' duties of confidentiality and loyalty, as well as e.g. reasons related to competition law place restrictions on the provision and receipt of information about the company. • From the point of view of equality and equal treatment of shareholders, there is 	<p>The general meeting, the board of directors, or the managing director may not make a decision or take measures that are conducive to conferring an undue benefit to a shareholder or another person at the expense of the company or another shareholder. Additionally, the board of directors or any other representative of the company may not: comply with instructions or decisions from the general meeting or any other company organ where such instruction is void as being in violation of the Companies Act, the applicable annual reports legislation or the articles of association.</p>

	<p>minority protection provisions of the Limited Liability Companies Act. Pursuant to the principle of equal treatment, all shares carry equal rights in a company, unless otherwise stipulated in the company's articles of association.</p> <ul style="list-style-type: none"> • One of the main aims of the principle of equal treatment is to protect minority shareholders. Compliance with this principle does not prevent the use of majority rule, but it prevents some shareholders from being favored at the expense of others. • . The company directors and executives have an obligation to promote the interests of the company. Safeguarding the company's interests ultimately benefits all shareholders and helps the company achieve its purpose, which is to generate profit for its shareholders. 	<p>nothing to prevent an individual shareholder from sharing his or her views with the company's directors and executives, who may, at their discretion, take the information into account.</p> <ul style="list-style-type: none"> • In matters falling within the competence of the general meeting, it may be in the interests of the company and all of its shareholders that the board of directors is aware of the opinions of the shareholders with significant voting rights in the matter being prepared. • A clear definition of the procedures and individuals involved in the discussions on the major shareholders' views provides the board of directors clearer governance rules on engaging with shareholders. 	
<p>7. Powers of the board of directors</p>	<ul style="list-style-type: none"> • The board of directors has an extensive general competence. The competence of the board of directors generally covers all matters that are not within the general meeting's powers or part of the general competence of the managing director. • It is the duty of the board of directors to ensure that the board of directors is kept up to date with the development of the company's circumstances and financial situation. The board of directors is responsible for the appropriate 	<ul style="list-style-type: none"> • The role or powers of the chair do not differ from those of the other directors under the Limited Liability Companies Act. • In practice, however, the role of the chair of the board of directors is often considerably more extensive than that of the other directors in a listed company. The chair of the board of directors is responsible for the organisation of the work of the board of directors. The chair assists the managing director in his/her 	<ul style="list-style-type: none"> • The board's authority and liability derive from the mandate given by the company and its shareholders. • The board has all powers necessary to implement the objectives of the company, apart from those powers expressly reserved by law for the general meeting of shareholders or by the articles of association.

	<p>arrangement of the control of the company accounts and finances.</p> <ul style="list-style-type: none"> • The most important business decisions, such as mergers and acquisitions, major contracts, investments, and financing arrangements fall under the general competence of the board of directors. • The Limited Liability Companies Act does not contain detailed provisions on the role of the chair of the board of directors, and the duties of chair of the board of directors can therefore vary from one company to another. The chair is responsible for ensuring that the board of directors convenes when necessary and that the decisions taken by the board of directors are documented 	<p>work and often represents the company in relation to important stakeholders.</p> <ul style="list-style-type: none"> • The board of directors can increase its efficiency by forming smaller compositions, committees, to take charge of certain specific tasks of the board of directors. • The committees have no formal legal status or independent decision-making powers, and their role is to provide support in the preparation of the decision-making. • The responsibility for the decisions remains with the board of directors even if the matter has been delegated to a committee. • The most common committees in listed companies are the audit committee, remuneration committee, and nomination committee. 	
<p>8. Duty of loyalty</p>	<ul style="list-style-type: none"> • The directors and the managing director have a wide-ranging duty of loyalty due to the position of trust they hold in the company. • This duty of loyalty is set out, inter alia, in the general clause of the Companies Act and in the provisions on conflict of interest. For the managing director the duty of loyalty also follows from his/her employment (as for all employees). • Under the duty of loyalty, the company's profit motive must always be paramount, and the company's interests must always be respected. 		<p>Specific loyalty obligations:</p> <ul style="list-style-type: none"> • The obligation to avoid, and disclose, conflicts of interest, i.e. the conflict of interest rules in the Companies Act, • Prohibition for board members and the managing director to engage in directly or indirectly competing activities, • The prohibition to improperly receive or use benefits or other advantages in connection with the mandate, according to the general clause in the Companies Act, • The duty of the board and the managing director to implement and comply with the decisions and instructions of the

	<ul style="list-style-type: none"> In addition, the directors and the managing director have a duty to safeguard the interests of the shareholders by ensuring that the Companies Act, the Articles of Association and the Annual Accounts Act are complied with. <p>(Companies Act Chapter 1, Section 8, and Chapter 1, section 5)</p>		<p>general meeting, as well as the managing director's duty to comply with, i.a., the</p> <ul style="list-style-type: none"> Instructions from the board, The duty of disclosure, which is an important part of minority protection, The obligation to keep confidential all trade secrets, which follows indirectly from the Companies Act Chapter 1, Section 8 and The prohibition on exploiting business opportunities available to the company for his/her own account.
<p>9. Duty of care</p>	<ul style="list-style-type: none"> The duty of care entails an obligation to always ensure that the business is carried out with the intention to make a profit. Any act - or failure to act - which was not motivated by this purpose is thus forbidden. However, a natural risk of running a business is that it may lead to a loss, and a considerable discretion is given to directors for business decisions which lead to financial losses if the decision making has been sound. 	<p>Chapter 1, Section 8 of the Companies' Act states "<i>The management of the company shall act with due care and promote the interests of the company</i>". This duty of care applies to management of both private and public limited liability companies.</p>	<ul style="list-style-type: none"> In addition to the duty of loyalty, directors also have a duty of care towards the company. If decisions appear to be manifestly unjustified from a business perspective, the duty of care has not been respected. According to the preparatory works of the regulation, sufficient duty of care is observed in the decision-making when: <ul style="list-style-type: none"> appropriate background information called for by the situation has been obtained, and a decision, which is consistent with this information and in the interest of the company is made, and no possible conflicts of interest has had an impact on the

			decision-making of the management members.
10. Duty to have and maintain skills	<ul style="list-style-type: none"> In general, you are required to perform your duties to the best of your abilities. You are required to acquire sufficient knowledge about the objectives, operations and organization of the company in order to exercise your duties as a board director. 	<ul style="list-style-type: none"> The board of directors of the company shall be composed so that it sufficiently reflects the competence and experience required to govern a listed company and to comply with the obligations of such a company. The management of the company shall have sufficient competence and experience to manage such a company. A person elected as a director must have the competence required by the position and the possibility to devote a sufficient amount of time to attending to the duties. (The Code, Recommendation 8). The board members shall have sufficient and versatile expertise as well as mutually complementary experience and knowledge of the industry. The composition of the company's board of directors shall reflect that at least one member of the company's audit committee must have the expertise required by law. (The Code, Recommendation 8, rationale) 	<p>Possessing a special skill, being a lawyer for instance, may mean that a higher standard of care may be applied when assessing whether negligence is at hand, especially if a director is elected to hold a specific function connected with this skill.</p>
11. Additional duties (confidentiality, etc.)			<ul style="list-style-type: none"> The duty of loyalty also entails a duty of confidentiality and a prohibition on carrying out competing business activities. The duty of care also includes a duty to act. The duty to act requires the board members to take an active part in the

			<p>work of the board, which also implies a duty to oppose decisions that may be detrimental to the company's best interests.</p>
<p>12. Delegation of powers/authority</p>	<ul style="list-style-type: none"> • A decreasing number of Finnish companies have a supervisory board. The supervisory board's main task is to supervise the administration of the company by the board of directors and managing director. The Articles of Association can delegate the appointment and remuneration of the board members to the supervisory board. Otherwise only tasks falling within the general scope of the board of directors may be delegated to the supervisory board. The supervisory board may not be granted the power to represent the company. • The board of directors is responsible for supervisory functions and may delegate parts of management to others, particularly certain decision-making powers, except its duty to supervise. • The ability to delegate certain matters includes the duty to carefully choose the kind of duties to be delegated and the kind of persons to whom matters will be delegated. • The board of directors cannot delegate tasks to such an extent that it loses its function and position in charge of management. 		<p>The following tasks cannot be delegated:</p> <ul style="list-style-type: none"> • The responsibility to continuously evaluate the economic situation of the company; • The responsibility to give written instructions for financial reporting to the board of directors; • The responsibility to give written instructions regarding working procedures between the board and the managing director; • Electing the managing director; and • Responsibilities linked to capital requirements.

<p>13. Conflicts of interest (inc. intragroup dealings)</p>	<ul style="list-style-type: none"> • Make sure that you give notice to the other directors of any personal interest you may have to an issue that relates to the business of the company. 	<ul style="list-style-type: none"> • Note that there are special disqualification rules applicable to listed companies that prohibits a board member from participating in the consideration of a contract, where the contracting party is a related party and the transaction is not carried out as ordinary course of business or deviating from ordinary business terms. The decision concerning such contract may be valid if approved by a majority of disinterested board members. The disqualification rule is applied correspondingly to other transactions, court proceedings or legal actions. • There are exceptions to the related party disqualification rules, e.g. for transactions with wholly owned subsidiaries, but a separate legal analysis is recommended. 	<ul style="list-style-type: none"> • According to the Companies Act, a member of the board of directors may not participate in a matter: • pertaining to a contract between the member and the company. A Member shall likewise be disqualified from the consideration of a matter pertaining to a contract between the company and a third party, if the Member is to derive an essential benefit in the matter and that benefit may be contrary to the interests of the company. • The disqualification provisions apply correspondingly to other transactions and court proceedings.
<p>14. Compliance with statutory obligations</p>	<ul style="list-style-type: none"> • The board is responsible for making sure the company is in compliance with statutory obligations. 		<ul style="list-style-type: none"> • The Companies Act Chapter 6, Section 2 requires that <i>“The Board of Directors or a Member of the Board of Directors shall not comply with a decision of the General Meeting, the Supervisory Board or the Board of Directors where it is invalid owing to being contrary to this Act or the Articles of Association.”</i>
<p>15. Disclosure obligations of listed companies (both on the regulated market and an MTF)</p>		<ul style="list-style-type: none"> • A listed company must inform the public as soon as possible of inside information which directly concerns the company. (Article 17 MAR) • A listed company has additional rules to follow regarding disclosure of information, 	<ul style="list-style-type: none"> • There are some exceptions where disclosure may be delayed.

		<p>for example The Rule Book. These rules, however, are closely connected to MAR.</p>	
<p>16. Potential liability</p>	<ul style="list-style-type: none"> • The law requires you to be aware of and adhere to the legal requirements that rest upon you as a board director. You are also required to adhere to the articles of association; • Additionally, you can be held liable if you, intentionally or through negligence, cause damage to the company; • Remember that a claim for damages on behalf of the company presupposes that you as a member of the board have not been discharged from liability by the shareholders’ meeting. If discharge from liability has been granted, an action for damages on behalf of the company may only be instituted if incorrect and incomplete information was given in the annual report, audit report or otherwise; • <p>Potential liability in other areas:</p> <ul style="list-style-type: none"> • Unlawful distribution of funds; • Insider dealing (see <i>Section 20</i>); • Tax issues; • Criminal Acts; and • Environmental issues. 	<ul style="list-style-type: none"> • The Securities Markets Act imposes obligations on listed companies in addition to those required from private limited liability companies, especially in relation to obligations to notifying information to the market. • Related party transactions that can be expected to be material for the shareholder must be published. • An issuer’s managers and persons closely associated with them are obliged to notify the issuer and the FIN-FSA of their transactions relating to said issuer’s shares, debt instruments, derivatives or other financial instruments (Market Abuse Regulation, MAR, Article 19). • An issuer must publicly disclose information on transactions by its managers and persons closely associated with them. • The obligation to notify transactions applies to managers (persons discharging managerial responsibilities) and persons closely associated with them. • As there are several other situations and actions that trigger a notification obligation, you should confirm with general (or external) counsel what obligations apply to the specific situation. 	<ul style="list-style-type: none"> • According to the Companies Act, members of the board of directors may be liable for damages to the company where a director, when performing his/her duties, intentionally or through negligence, cause damage to the company by breach of the Duty of Care. • Liability towards a shareholder or a third party may only arise if the act also involves a violation of the Companies Act, applicable legislation for the annual accounts of the company or the company’s articles of association. • The rules concerning liability in damages set out in the Companies’ Act do not preclude liability from arising under e.g. the Finnish general Tort Liability Act. However, as damages caused by corporate actions are typically economic losses, those would only be compensated if there are especially weighty reasons for the same. Hence the Tort Liability Act has had limited relevance for the potential liability for management of Finnish limited liability companies. <p>Potential liability in other areas: Unlawful distribution of funds.</p> <p>The Finnish Companies’ Act defines the permitted means for distributing funds from the company.</p>

			<p>Other transactions that reduce the assets of the company or increase its liabilities without a sound business reason shall constitute unlawful distribution of assets.</p> <p>Company law offence: A person who intentionally violates the protection of the shareholders or the creditors by distributing the assets of the company in contravention of the provisions of the Companies Act, shall be convicted, unless the act is of minor significance or subject to a more severe penalty elsewhere in the law, of a company law offence and sentenced to a fine or to imprisonment for at most one year.</p> <ul style="list-style-type: none"> •
17. Duration of duties	<ul style="list-style-type: none"> • The duties apply for the entirety of the director's term of office. • The term of office in private limited liability companies is, by default, indefinite, unless a shorter term is prescribed in the Articles. 	<ul style="list-style-type: none"> • The term of office in public limited companies (i.e. listed companies) is, by default, a term ending at the closing of the General Meeting following the election. The Articles may prescribe a different term (longer or shorter). 	<ul style="list-style-type: none"> • The director's term of office is in most cases one year (i.e. until the annual general meeting after the year the board member was elected. • After this period the board members may be re-elected. There are no limitations under law limiting the number of extensions that may be granted to board members. • • The term of office for the managing director is generally until further notice.
Special circumstances			
18. Bankruptcy	<ul style="list-style-type: none"> • If the board of directors notice that the company has negative equity, the Board 	<ul style="list-style-type: none"> • If the Board of Directors of a public company notices that the equity of the company is less than one half of the share 	<ul style="list-style-type: none"> • If the balance sheet shows that the equity of the company is less than one-half of the registered share capital, the

	<p>shall at once make a register notification on the loss of share capital.</p> <ul style="list-style-type: none"> • The register entry on the loss of share capital may be removed on the basis of a register notification made by the company, if the equity of the company, according to the balance sheet and the other information referred to in the Act, as attached to the register notification, is more than one half of the share capital. • If the company is to appoint an auditor under the law or the Articles of Association, the balance sheet and the other information shall have been audited. • The members of the board of directors may become liable for losses caused by a failure to register the negative equity situation. • 	<p>capital, the Board of Directors shall without delay draw up financial statements and annual report in order to ascertain the financial position of the company.</p> <ul style="list-style-type: none"> • If according to the balance sheet the equity of the company is less than one half of the share capital, the Board of Directors shall without delay convene a General Meeting to consider measures to remedy the financial position of the company. • The General Meeting shall be held within three months of the date of the financial statements. 	<p>board of directors shall as soon as possible convene a shareholders' meeting to decide whether the company shall be liquidated or on other measures to address the situation.</p> <ul style="list-style-type: none"> • The General Meeting is not under an obligation to liquidate the company, even if there is an equity shortfall. • The assets of the company may be surrendered into bankruptcy by the decision of the Board of Directors or, if the company is in liquidation, by a decision of the liquidators. • While in bankruptcy, the company as the bankrupt debtor shall be represented by the Board of Directors and the Managing Director or by the liquidators appointed before the bankruptcy.
<p>19. Takeover bids</p>	<p>If you are a director of a bidder company, consider basic prerequisites to involving in a bid, such as:</p> <ul style="list-style-type: none"> • The bidder shall issue a press release announcing a public offer immediately after having decided to make the offer.; • Before the launch of the takeover offer the bidder must prepare offer document. According to the Securities Markets Act, an offer document must be prepared and filed for approval with the FIN -FSA by the bidder. 	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> • Public takeovers in Finland are governed by a number of sets of rules. The European Parliament and the Council and Commission Directives' ("EC") takeover bids directive 2004/25/EC and Chapter 11 of the Finnish Securities Markets' Act (2012/746), which regulates both voluntary and mandatory bids. The provisions apply, as provided for by the Takeover Directive, to a bid that is made for securities that are publicly traded in Finland on a regulated market, or which give title to such securities.

	<p>If you are the director of a target company, prepare for:</p> <ul style="list-style-type: none">• That in a public offer situation, the Companies Act requires the target board to continue to observe its fiduciary duties and the principle of equal treatment of shareholders. In addition, it must observe the general principles of respect for the stock market and respect for the shareholders' right to decide on a public offer. The target board may neither act in its own interest nor allow itself to be swayed by the interests of one shareholder or a limited number of shareholders. Similarly, if there is more than one bidder, the target board may not unduly favour any particular bidder;• However, market practice is that the bidder and the target company each engage a legal adviser and a financial adviser, and that the accounting firm of each company is involved in the process. Where the financial adviser is not a Finnish bank, the bidder also engages a receiving agent to receive the shareholder acceptances;• If a member of the target company's board or the target company's managing director has an interest in the matter due to a common interest with the bidder that is in conflict with the interest of the shareholders of the target company, the board member or the managing director		<ul style="list-style-type: none">• The Finnish Securities Market Association has published a "Helsinki Takeover Code" for the regulated market intended to standardise procedures and promote good market practise. In addition to these MAR is also to be complied with.• .• The Finnish Financial Supervisory Authority ("FIN -FSA") (Fin. <i>Rahoitustarkastus</i>) supervises compliance with the Securities Markets Act. The Act on the Financial Supervisory Authority (878/2008) includes specific provisions regarding the right of the Financial Supervisory Authority to supervise the actions of certain parties taking part in takeover bids. The Financial Supervisory Authority has the right, in relation to its right of supervision, among others, to impose administrative sanctions and to provide information to other authorities or bodies.• The Financial Supervisory Authority has issued Financial Supervisory Authority's regulations and guidelines on Takeover Bid and Obligation to Launch a Bid 9/2013 ("FIN-FSA RAG on Takeover Bids"). Other regulations and guidelines also issued by the Financial Supervisory Authority, such as The Financial Supervisory Authority's regulations and guidelines on the Disclosure Obligation of the Issuer ("FIN-FSA RAG on Disclosure Obligation") may become applicable in
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	<p>may not participate in the handling of issues relating to the offer;</p> <ul style="list-style-type: none"> • The board of directors of the target company is required to, not later than five business days prior to expiration of the acceptance period, issue a public statement expressing its opinion of the offer and the reason for its opinion; • Defensive measures available to the board of directors of a target company, as well as other acts, measures and resolutions of it, are restricted by the general legal duty of the board of directors to act in the interests of the company and all shareholders. <p>The board of the target company shall, regarding the offer, act in the shareholder's best interests.</p>		<p>connection with a public takeover bid process.</p> <ul style="list-style-type: none"> • The obligation to comply with the Takeover Code is based on the provisions of the Securities Markets Act. The 'comply or explain' principle shall be applied with in respect to the recommendation referred to under Chapter 11, Section 28 of the Act, which, in other words, means that a party not committed to complying with the Takeover Code must provide an explanation for this. • Please note that the sanctioned fees according to MAR can be considerably larger than above mentioned special fees.
<p>20. Market abuse/insider dealing</p>		<ul style="list-style-type: none"> • When inside information occurs and its disclosure is delayed, an insider list must always be drawn up by listed public companies. In Finland, this is governed by MAR and the Securities Markets Act. • Article 18.1a in MAR states the following: <ul style="list-style-type: none"> 1. Issuers or any person acting on their behalf or on their account, shall: <ul style="list-style-type: none"> (a) draw up a list of all persons who have access to inside information and who are working for them under a contract of employment, or otherwise performing 	<ul style="list-style-type: none"> • Insider dealing is a criminal offence. • Insider information is defined as information regarding a circumstance which has not been made public or which is not generally known and is likely to materially affect the price of financial instruments. • Any person with such knowledge who acquires or sells such financial instruments to which the information relates commits an act of insider dealing. • A director/deputy director of a listed company or its parent company is prevented from acquiring or selling shares during blackout periods, which

		<p>tasks through which they have access to inside information, such as advisers, accountants or credit rating agencies (insider list).</p> <p>A list of all persons discharging managerial responsibilities and persons closely associated with them must also be drawn up. Article 19.5 in MAR).</p>	<p>occur 30 days before the ordinary financial report for a part of the year is made public.</p> <ul style="list-style-type: none"> • Transactions by persons discharging managerial responsibilities and persons closely associated should be reported to the PDMR Register. • The obligation to report transactions to the PDMR transactions register covers transactions in issuers listed on a regulated market or a multilateral trading facility (MTF). •
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Defences

<p>21. Good corporate governance</p>	<ul style="list-style-type: none"> • To avoid a situation where liability may arise, make sure that the company has good corporate governance processes in place. Consider: • The composition of the board; • The general functions and roles of the board; • Any specific functions and roles of board members; • The information systems; and board processes and practices. 	<p>Pursuant to the Companies' Act the board of directors of a listed company is, in particular, obliged to monitor and assess:</p> <ol style="list-style-type: none"> 1) the financial reporting system of the company; 2) the efficacy of the company's internal control, audit and risk management systems; 3) how the contracts and other transactions conducted between the company and its related parties fulfil the requirement of belonging to the company's ordinary course of business and ordinary market terms in light of the disqualification rules; and 4) the independence of the auditor and the provision of other than auditing services by the auditor. 	<p>Composition:</p> <ul style="list-style-type: none"> • Consider whether the composition of the board is well suited for the company's purpose, development and conditions in general. According to the Code, the board should consist of persons representing an appropriate mix of skills and experience, and be made up of both genders. It is, further, required that a majority of the directors elected by the general meeting are independent in relation to the company At least two directors who are independent of the company shall also be independent of significant shareholders of the company. Consider, also, the need for any additional committees. <p>Functions and roles:</p>
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<p>22. Minutes of board meetings and publication requirements</p>	<ul style="list-style-type: none"> Minutes shall be kept of the meetings of the board. The minutes shall record the decisions taken by the board. The minutes shall be numbered consecutively and archived in a reliable manner. 		<ul style="list-style-type: none"> The minutes shall be signed by the chairperson of the meeting and, if there are several members of the board, at least one other board member appointed by the meeting. The members of the board and the managing director have

	<ul style="list-style-type: none"> • There is no requirement to publish board minutes. They should however be available and sent out to every director. 		<p>the right to have a dissenting opinion recorded in the minutes.</p>
23. Discharge and Indemnification	<ul style="list-style-type: none"> • The directors may be discharged from liability by the annual general meeting. See further under section 16 above regarding the effects of discharge from liability. • It is not uncommon that shareholders (or other third parties having an interest in the company) enter into agreements to indemnify company directors and there are no obstacles to this under Finnish law. 		<ul style="list-style-type: none"> • It is questionable to what extent the company itself can enter into an indemnity agreement with its directors. • Any such agreement must therefore be reviewed by legal counsel.
24. Insurance	<ul style="list-style-type: none"> • It is considered normal practice that the board itself resolves to adopt a liability insurance policy for directors and officers covering legal fees (“D&O policy”), which is paid for by the company. • As a board member in a company without a D&O policy, a director may accordingly propose to the board that such policy is adopted. 		<ul style="list-style-type: none"> •
25. Resignation	<ul style="list-style-type: none"> • A director may at any time during the term choose to resign from his/her duty. • If the director is elected by the shareholders meeting, a note of resignation should be delivered to the board. • The resignation takes effect at the earliest when the it has been notified to the board of directors. 		<ul style="list-style-type: none"> • A board member may also notify the Finnish Trade Register of his or her resignation and request to be removed from the register as board member. • If the board member only notifies the trade register (and not the board) of his or her resignation, the resignation is generally deemed to take effect from the registration of the resignation.

	<ul style="list-style-type: none"> • If appointed by a third party, resignation shall also be delivered to that party. 		<ul style="list-style-type: none"> •
26. Restructuring of assets	<ul style="list-style-type: none"> • A director may structure his or her assets by means of transferring assets to his/her spouse or a family company, so that few assets are held by the director personally. 		<ul style="list-style-type: none"> • There are anti-avoidance measures which may apply to such arrangements. Legal advice should be obtained regarding this matter.
27. ESG and D&I policies, metrics, reports	<ul style="list-style-type: none"> • The company shall publish an annual report containing among other things information on the company's sustainability work regarding both the environment and personnel matters, including employee diversity. • The annual report shall in some cases also include a full sustainability report in addition to the previously mentioned information. A sustainability report includes information on for example different company policies on sustainability and the results of the policies. • 	<ul style="list-style-type: none"> • Listed public companies are considered large companies. Private companies may be considered large companies if certain thresholds are met. 	