

# **Charter of the Board of Directors**

Charter  
Board of Directors  
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Public

**Lumo**



**Sisällys**

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## **1 General**

In its operations, Lumo Homes plc's Board of Directors adheres to the current legislation, Lumo Homes plc's Articles of Association as well as other applicable sets of rules, such as the rules of Nasdaq Helsinki Ltd and the Corporate Governance Code for Finnish listed companies.

The Board of Directors has approved this charter to complement the set of rules that guide their operations.

## **2 Composition and election of the Board of Directors**

The members and the Chairman of Lumo Homes plc's Board of Directors are elected by the Annual General Meeting, based on a proposal by the Shareholders' Nomination Board. The Board elects a Vice-Chairman from among its members and appoints a secretary.

In accordance with the Articles of Association, the Board of Directors consists of a minimum of five (5) and a maximum of eight (8) members. The term of a Board member is one (1) year and ends at the close of the next Annual General Meeting following the election.

Those standing for election to the Board of Directors shall attend the Annual General Meeting deciding on the election.

The Company's Board of Directors shall have sufficient expertise, competence and experience in matters related to the Company's industry and business operations. The Board shall collectively have sufficient competence and qualifications in matter related especially to the Company's industry and business operations, managing a public limited company comparable in size, corporate and financial management, strategy and corporate transactions, internal auditing, risk management, and business conduct and Corporate Governance.

A Board member shall have sufficient time for their Board duties.

## **3 Independence of the members of the Board of Directors**

A majority of the Board members must be independent of the company. At least two of the members belonging to the aforementioned majority must be independent of the company's significant shareholders. Independence here refers to independence within the meaning of the Finnish Corporate Governance Code 2025, which entered into force on 1 January 2025.

The Board of Directors evaluates the independence of its members annually. The Board members are required to provide the Board with sufficient information to evaluate their independency and to report of any changes to the information.

#### 4 Duties of the Board of Directors

The Board of Directors' duty is to promote the interest of Lumo Homes plc and all its shareholders. The Board members do not represent shareholders who might have nominated them.

The Board of Directors oversees the appropriate organisation of the management and operations of the Company. The Board of Directors is responsible for ensuring the appropriate organisation of the Company's accounting and financial control. The Board of Directors guides and supervises the Company's operational management.

Duties of the Board of Directors include:

- electing the Vice-Chairman of the Board of Directors and appointing a Secretary
- confirming its own written charter and regularly evaluating the appropriateness of the charters;
- confirming the charters of the Audit Committee and Remuneration Committee as well as appointing the Chairman and members of the committees;
- appointing the CEO of the Company and the Deputy CEO as well as deciding on the terms of their employment;
- setting annual personal objectives for the CEO and evaluating their achievement;
- appointing the members of the Group's Management Team and confirming the terms of their employment;
- deciding on short-term and long-term incentive plans;
- confirming organisational changes presented the by the CEO;
- giving and reversing rights to represent the Company;
- approving financial statements and consolidated financial statements as well as interim and half-year reports and financial statement bulletins;
- preparing matters that will be considered by the Annual General Meeting, convening the Annual General Meeting and preparing draft resolutions for the Annual General Meeting in accordance with the Finnish Limited Liability Companies Act and the Company's Articles of Association (e.g. the use of the profit shown in the balance sheet);
- approving the Corporate Governance report;
- approving the Remuneration Policy and Remuneration Report;
- approving the Group's strategic objectives;

- approving the budget as well as investment and divestment plans;
- ensuring the operation of the management system;
- confirming any policies devised in the Group (e.g. policies related to personnel, treasury and risk management) and the significant amendments thereto to the extent that it is not within the duties of Audit committee;
- confirming the values and operation model of the Company and monitoring their realisation;
- deciding on significant investments and divestments;
- deciding on significant loans and guarantees;
- deciding on related party transactions that are not conducted in the ordinary course of business of the Company or are not implemented under arm's-length terms;
- meeting with the auditors at least once a year;
- conducting an annual independence evaluation of the Board members;
- regularly evaluating its own operations;
- deciding on delaying the disclosure of inside information in accordance with the Company's insider guidelines. The delay decision can also be made by the CEO with the CFO as deputy;
- processing and approving significant stock exchange releases; and
- processing all other matters that the Chairman of the Board of Directors or the CEO have submitted to the agenda of the meeting. Board members are also entitled to have an issue considered by the Board of Directors by announcing it to the Chairman.

The Board of Directors annually draws up and adopts an action plan. The action plan includes, for example, a meeting schedule, the most important issues considered at each meeting and an evaluation procedure, decided in advance, carried out after the end of the year of operations.

## **5 Duties of the Chairman of the Board of Directors**

The general duty of the Chairman of the Board of Directors is to oversee the Board's work to ensure that its duties are carried out as efficiently and appropriately as possible. To this purpose, the Chairman:

- supervises that the meetings set out in the Board's meeting schedule are convened

- convenes the Board of Directors for extraordinary meetings as necessary
- approves the agenda prepared by the CEO for each meeting
- supervises that the minutes drawn up of the meeting correspond to the actual proceedings
- keeps in contact with the CEO as well as monitors the Company's operations and operating conditions
- keeps in contact with the members of the Board of Directors between meetings - keeps in contact with the owners of the Company and other stakeholders as necessary
- is responsible for planning and assessing the operations of the Board of Directors.

In the event of the Vice-Chairman acting as deputy to the Chairman, the aforementioned duties apply to the Vice-Chairman correspondingly.

## 6 Board meetings

The Board of Directors convenes in accordance with the schedule agreed upon in advance, usually 5–7 times a year, and convenes for extraordinary meetings if necessary. Meetings are mainly arranged on a meeting venue but, by the approval from the Chairman, the participation can take place also remotely via electronic audiovisual means. Extraordinary meeting can also be held via telephone or email. With the consent of all members, the Board can also make decisions without convening.

The notice convening the meeting, agenda of all the issues to be considered, draft resolutions and other pre-read material in relation to the items on the agenda are to be delivered to the Board members in advance according to the confirmed schedule.

Members of the Board of Directors shall pursue to attend all meetings and prepare for them.

The CEO shall attend all meetings, unless the Board of Directors specifically decides otherwise. In addition to the Board members, the Secretary, appointed by the Board, is entitled to attend meetings, unless otherwise decided in a particular case. The Board of Directors can also invite other people to attend the meetings for the consideration of specific issues.

Minutes are taken for the Board meetings, and they are reviewed and signed by the Chairman and one Board member in turn following an alphabetical order. The Board Secretary also signs the minutes. Should the Board make decisions without convening, all Board members shall sign the minutes drawn up on the decisions.

Issues considered by the Board of Directors are classified as confidential until they are made public in a stock exchange or press release.

## **7 The Board of Directors' decision-making process and conflict of interest**

A quorum of a Board meeting shall be attained when over half of the Board members are present. Decisions require a simple majority of votes. In the event of a tied vote, the Chairman will exercise the deciding vote.

A Board member may not participate in the discussion of a matter that pertains to an agreement concluded between the said member and the Company. The relevant Board member may also not participate in the discussion of a matter pertaining to an agreement concluded between the Company and a third party, if the member in question thereby stands to gain a material benefit that may be in conflict with the Company's interests. The term 'agreement' as used here shall be deemed to include also litigation or other legal proceedings or exercising other rights to speak.

Thus, a Board member shall not participate in the discussion of a matter that pertains to a company or other organization of which they are an employee or an executive member of. In addition, Board members should always consider excusing themselves in a situation where a conflict of interest might objectively arise, while also taking into consideration a Board member's responsibility to express their view on the Company's business and to look after the Company's interests.

## **8 Evaluation of the Board of Directors' operations**

The Board of Directors evaluates its operations and working methods annually. The objective is to evaluate the success of the Board of Directors' operations and how they could be developed.

The evaluation looks into how the Board of Directors' own action plan has been carried out. In addition, the evaluation examines whether the charter of the Board of Directors is up to date. The Board of Directors also aims to evaluate the effectiveness of their own operations. The outcome of the evaluation shall be taken into consideration when preparing a proposal for the composition of the new Board of Directors and when drafting the next action plan.

## **9 Board committees and working groups**

The Board of Directors has two permanent committees that assist the Board by preparing matters for the Board to consider. The permanent committees are the Audit Committee and the Remuneration Committee. The Board of Directors is responsible for the performance of the duties it allocates to the Committees. The committees report regularly to the Board of Directors.

The Board of Directors elects the members and chairmen of the committees from among its members. The members' term of office is one year, ending at the close of the next Annual General Meeting after the election. Each committee shall have at

least three (3) members. A quorum of a committee meeting shall be attained when the Chairman and at least one member are present.

The Audit Committee prepares matters pertaining to financial reporting, risk management, financial statements and interim reports, auditors, assurance of the sustainability reporting internal auditing as well as complying with laws and regulations, and updating the policies and instructions appointed by the Board of Directors.

The Remuneration Committee prepares matters pertaining to the remuneration and other financial benefits of the Company's management, the management's remuneration and incentive plans as well as the nomination of the CEO and other executives.

The Board of Directors has confirmed written charters for the committees, defining their tasks and operating principles.

If necessary, the Board of Directors may also establish other committees and temporary working groups from among its members to prepare other important decisions.

## **10 Remuneration of the Board members**

Remuneration of the Board members is prepared by the Shareholder's Nomination Board. The remuneration payments of the Board members are decided at the Annual General Meeting.