

NELES

Neles Audit Committee Charter

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Neles Corporate Policy	General Counsel	Audit Committee
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1. General

The Audit Committee is established by the Board to assist in supervising the company's accounting and financial reporting processes, including the review of financial statements of Neles, risk management as well as in organizing external and internal audit.

The Audit Committee manages its tasks in accordance with this charter, the Finnish Corporate Governance Code as well as the applicable laws and regulations.

2. Composition

The Audit Committee comprises at least three members, one of which shall be the Chair of the committee, appointed annually by the Board among its members. The members of the committee must be independent of the company and at least one member must also be independent of significant shareholders of the company.

The Audit Committee as a whole, taking into account members' complementary skills and knowledge, shall have sufficient expertise and experience on the duties of Audit Committee and the environment where the company is active. At least one member of the committee shall have expertise on accounting or auditing. A member of the Audit Committee may not participate in the company's or its group company's daily management.

3. Duties

The Audit Committee shall be responsible for the following:

1. Review of financial reporting by:

- monitoring the reporting process of financial statements and other financial reports
- reviewing of draft financial statements and interim reports and of Neles' accounting principles
- reviewing of significant or exceptional business transactions and of the management's assessments
- monitoring tax and funding positions

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2. Review of compliance with:

- laws and regulations
- code of conduct procedures and assessment, including channel for reporting misconduct by the employees

3. Review of internal control and risk management by:

- assessment and monitoring the efficiency of Neles' internal control and internal audit systems
- assessment and monitoring the efficiency of Neles' risk management systems
- monitoring of the processes and risks relating to IT security

4. Review of internal audit by:

- approval of the engagement of the external internal audit service provider and the audit plan
- assessment of the internal audit
- follow-up of internal audit reporting

5. Review of Corporate Governance Statement and Non-Financial Report

6. Matters relating to external auditors, such as:

- preparation of the proposal for the election of auditors
- approve the purchase principles of the external audit services and approve the external auditor's annual audit fees under the guidance given by the shareholders at the Annual General Meeting
- assessment of the audit plan
- monitoring the statutory audit of the financial statements and consolidated financial statements
- thorough review of the auditor's reports and discussion about the reports with the auditors
- assessment of the quality and scope of the audit
- evaluation of the independence of the auditors, particularly the provision of related services to Neles
- the sole authority to pre-approve all non-audit services provided by the external auditor

7. Review the effectiveness of Neles' disclosure controls and procedures

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8. Monitor and evaluate if related party transactions and other acts between company and its related parties fulfil the requirement of ordinary course of business and market price principle as well as define the principles and processes related to these.

The forgoing list of duties is not exhaustive, and the Audit Committee performs, in addition, such other functions as may be necessary for the performance of its oversight function in accordance with the Companies Act and Finnish Corporate Governance Code.

4. Meetings and reporting to the Board

The committee convenes at least four times a year according to the Board calendar. The CEO and CFO also attend the committee meetings. Other employees of the company attend the committee meetings as required on the invitation of the committee.

The Chair of the Audit Committee develops and sets the committee's agenda in consultation with the management. General Counsel shall be secretary to the Audit Committee unless otherwise decided by the Audit Committee.

The agenda for Audit Committee meetings with all related materials shall be sent to the members at least five days before the meeting unless otherwise decided by the committee. Should there be updates to the meeting materials already delivered, such updated meeting materials shall be delivered two days before the meeting. Notwithstanding the foregoing, quarterly financial reports shall be sent at least three days before the meeting.

The Audit Committee shall meet separately the external and internal auditor at least once a year.

The Audit Committee shall have access to all corporate information needed for the successful performance of their duties. The Audit Committee may use external consultants and experts when necessary.

The committee reports of its actions to the Board in the following Board of Directors' meeting. The Board has access to the minutes of meeting of the Audit Committee.

The Audit Committee shall annually review its performance and report to the Board thereon.

Audit Committee members shall not receive compensation other than as decided by the Annual General Meeting.