

NORDIC ALUMINIUM PLC'S  
CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement has been handled at the meeting of the Board of Directors of Nordic Aluminium Plc March 4, 2010.

**Contents**

1. Rules and the corporate Governance Code observed by Nordic Aluminium.....	3
2. Departure from Corporate Governance Code recommendation and explanation for departure.....	3
3. Nordic Aluminiumin corporate governance system.....	3
4. Board.....	3
4.1 Term, composition and independence.....	3
Term.....	3
Composition.....	4
Independence.....	4
4.2. Discription of functions.....	4
4.3. Evaluation and participation activity.....	5
5. Board committees.....	5
6. Managing Director & CEO and his duties.....	5
7. Description of the main features of the internal control and risk management systems pertaining to the Group's financial reporting.....	5
8. Internal audit .....	6

This is the separate Corporate Governance Statement referred to in Recommendation 51 of the Finnish Corporate Governance Code issued by the Securities Market Association. This statement and the other information required by the Corporate Governance Code, the company's financial statements, the Report by the Board of Directors and the Auditor's Report are available on Nordic Aluminium's website at [www.nordicaluminium.fi/Financial info](http://www.nordicaluminium.fi/Financial%20info).

## **NORDIC ALUMINIUM PLC'S CORPORATE GOVERNANCE STATEMENT**

### **1. Rules and the corporate Governance Code observed by Nordic Aluminium**

In its decision making and management Nordic Aluminium Plc adheres to the Finnish Companies Act, other legislature, rules and guidelines applicable to publicly quoted companies as well as its Articles of Association. Additionally Nordic Aluminium Plc adheres to the Corporate Governance Code issued by the Securities Market Association. The Corporate Governance Code is available in full at [www.cgfinland.fi](http://www.cgfinland.fi). Deviations from the CG recommendation are specified later.

### **2. Departure from Corporate Governance Code recommendation and explanation for departure**

In accordance with the Recommendation the majority of the members of the Board of Directors shall be independent of the Company. In addition, at least two of the members of the Board of Directors representing the said majority shall be independent of significant shareholders of the Company. In the case of Nordic Aluminium the requirements of the Recommendation are not met. Stig Lival-Lindström owns directly and together with a company, Oy Lival Ab, in which he has dominant influence, 66.51 % of the Company's shares and votes. Mrs Viveka Iisaho is dependent of the Company due to her working relations with Oy Lival Ab. Mrs Nina Ehrnrooth and Mr Hans Jonasson are the Board of Directors' independent members.

The Board of Directors has not established committees. Taking into consideration the size of the Company and the number of Board members it has been considered that there are no grounds for establishing committees. The Board will exercise audit committee's tasks.

### **3. Nordic Aluminiumin corporate governance system**

The responsibility for the management and operations of Nordic Aluminium Group of companies rests with the Nordic Aluminium Plc's administrative organs. They are the General Meeting of Shareholders, Board of Directors and the Managing Director & CEO. Nordic Aluminium Plc's parent company is Oy Lival Ab. The Nordic Aluminium Group is made up of the parent company Nordic Aluminium Plc, operating at Kirkkonummi and Nivala, and its subsidiaries Nordic Aluprofiler AB in Sweden and Nordic Aluminium, Inc. in the United States. The Group's business operations consist of one business segment, Aluminium Products.

## **4. Board**

### **4.1 Term, composition and independence**

#### **Term**

In accordance with its Articles of Association Nordic Aluminium's Board of Directors consists of a minimum of three (3) and a maximum of seven (7) members. The Board holds full competence when there are at least three (3) members present. The members of the Board of Directors are elected by the Annual General Meeting of Shareholders for a period of one year. In accordance with the Articles of Association the Board of Directors elects amongst its members a Chairman for a period ending at the conclusion of the next Annual General Meeting of Shareholders. The Articles of Association do not set an age limit, restrict the number of mandate periods or in any other way limit the Annual General Meeting of Shareholders' decision making powers when electing members of the Board of Directors.

### **Composition**

The Annual General Meeting of Nordic Aluminium Shareholders held on April 1, 2009 elected as board members:

**Stig Lival-Lindström**, b. 1937, M.Sc (Econ.).

- Chairman of the Board since 2003
- Managing Director, Oy Lival Ab, Chairman of the Board, Oy Lival Ab
- Board member since 1998

**Viveka Iisaho**, b. 1945, BC

- HR Manager, Quality Manager, Oy Lival Ab
- Board member since 2009

**Nina Ehrnrooth**, b. 1962, M.Sc (Econ.).

- Managing Director, Partioaitta Oy
- Board member since 2009
- Independent member of the company and significant shareholders

**Hans Jonasson**, b. 1967, DBS

- Chairman of the Board, Euro Work Oü
- Member of the Board, Nordic Jetline Finland Oy
- Member of the Board, Nordic Jetline As
- Member of the Board, Pörtö-Bodö Trafik Ab
- Board member since 2009
- Independent member of the company and significant shareholders

## **4.2 Discription of functions**

The Board of Directors of Nordic Aluminium Plc is responsible for the management, the operations and the organization of the activities of the Nordic Aluminium Group of Companies. The Board of Directors' duty is to oversee that the Company is managed in accordance with laws and regulations. The Board of Directors decides on matters, which taking into consideration the extent and size of the Nordic Aluminium Group of Companies have an extensive effect on the Group's operations. Such matters are among others the approval of the Group goals and the strategy to achieve them, approval of the operating plan, the defining and approval of the Group's control plans, approval of the Group's operative structure, appointment of the Managing Director & CEO as well as overseeing and assessing his actions.

Other central tasks of the Board of Directors are among others:

1. Oversee that the Group's administration and activities are in order and to oversee that the accounting and the treasury functions are organized appropriately.
2. Prepare the issues to be dealt with at the General Meeting of Shareholders and to oversee that such decisions are put into effect.

3. Set the Group's long-term goals to generate added value and approve the strategies to achieve the set goals.
4. Approve the Group's annual budgets.
5. Ensure that the operational and financial reporting and controls are organized appropriately in a manner whereby the set goals can be monitored on a continuous basis and that in case of deviations rapid reactions can be taken.
6. Decide on the Group's overall investments and decide on single investments of substantial importance.
7. At the Managing Director & CEO's initiative hire and fire members of the top management and decide on their remuneration principles. Members of the top management are persons in managerial position having principle responsibility of processes and who report to the Managing Director & CEO.
8. Decide on the principles of the result based compensation and incentive schemes.
9. Decide on other such matters which considering the size of the Group are to be regarded as material and which are not regarded as routine matters in the ordinary course of business such as expansion or down-sizing of business activities, or other material changes in the operations, long-term lending and the sale and pledging of real estate.
10. Decide on the summoning of the General Meetings of Shareholders.

#### **4.3 Evaluation and participation activity**

The Board evaluates its work on an annual basis. The assessment is done by the Board of Directors' internal self-evaluation.

The Board of Directors convened 16 times during 2009.

The members of the Board of Directors attended the meeting average at the rate of 100 %.

#### **5. Board committees**

The Board of Directors has not established committees. Taking into consideration the size of the Company and the number of Board members it has been considered that there are no grounds for establishing committees. The Board will exercise audit committee's tasks.

#### **6. Managing Director & CEO and his duties**

Managing Director & CEO Peter Högel has entered into a service contract with the Company (starting July 21, 2009).

Managing Director & CEO is appointed and dismissed by the Board of Directors. The duties of the Managing Director & CEO are laid down by the law, the Articles of Association of the Company and the instructions given by the Board of Directors. The Managing Director & CEO reports to the Board of Directors of Nordic Aluminium Plc.

#### **7. Description of the main features of the internal control and risk management systems pertaining to the Group's financial reporting**

The Company's Board of Directors and the Managing Director & CEO decide on the procedures which steer the Company's operations. The management is responsible that the procedures are conformed as part of the internal control.

The control is accomplished by in-built inspection and control systems within the Nordic Aluminium Plc's management system. Strategic planning and daily reporting together with monthly economic overview are the central tools, which support and enhance the managing and

control of the Company. The function of Nordic Aluminium Plc's internal control is to ensure efficiency of the Group's different operations, the correctness of the financial reporting as well as the legitimacy of the operations.

The Company has evaluated and systematically follows risks which relate to its operations. Risk Management is part of the Company's management system. The hedging principles are reported in the Company's financial statements.

#### **8. Internal audit**

The Company does not have an internal audit. Taking into consideration the size of the Company it has been considered that there are no grounds for internal audit.