

## **PROPOSALS TO THE ANNUAL GENERAL MEETING 2020**

### **Deciding on the use of the profit shown on the balance sheet and payment of dividends (Item 8 of AGM)**

Due to the tender offer by Mehiläinen, the Board of Directors proposes no dividends to be paid for the financial year that ended on 31 December 2019. If the public tender offer does not realise, the Board of Directors will reconsider the matter.

### **Deciding on the remuneration of the Board of Directors (Item 11 of AGM)**

The Shareholders' Nomination Board proposes to the AGM that the remuneration of the Board of Directors be kept unchanged, and that the following annual remuneration be paid to the members of the Board of Directors to be elected at the General Meeting for the term of office ending at the close of the Annual General Meeting 2021: to the full-time Chairman of the Board of Directors EUR 250,000 per year, to the Vice-Chairman EUR 36,000 per year, and to the other members of the Board of Directors EUR 24,000 per year.

In addition, the Shareholders' Nomination Board proposes that each member of the Board of Directors be paid an attendance fee of EUR 500 per Board or Committee meeting. Reasonable travel expenses will also be reimbursed to the members of the Board in accordance with the company's travel policy.

### **Deciding on the number of members of the Board of Directors (Item 12 of AGM)**

The Shareholders' Nomination Board proposes to the AGM that the number of the members of the Board of Directors be confirmed as seven.

### **Electing the members, Chairman and Vice-Chairman of the Board of Directors (Item 13 of AGM)**

The Shareholders' Nomination Board proposes to the AGM that all current Board members Matti Jaakola, Hannu Juvonen, Mika Manninen, Leena Niemistö, Kati Sulin, Seija Turunen and Mikko Wirén be re-elected as members of the Board of Directors.

The Shareholders' Nomination Board proposes to the AGM that the General Meeting elect Mikko Wirén as the Chairman of the Board and Leena Niemistö as the Vice-Chairman.

Further information on the proposed members and their independence is available on the company's website at <http://investors.pihlajalinna.fi>.

### **Deciding on the remuneration of the auditor (Item 14 of AGM)**

On the recommendation of the Audit Committee, the Board of Directors proposes to the General Meeting that the auditor be remunerated according to the invoice approved by the Board's Audit Committee.

**Electing an auditor  
(Item 15 of AGM)**

On the recommendation of the Audit Committee, the Board of Directors proposes to the General Meeting that KPMG Oy Ab, authorised public accountants, be re-elected as the company's auditor for the financial year 1 January – 31 December, 2020, with Lotta Nurminen, authorised public accountant, as the principal auditor.

**Authorising the Board to decide on purchasing the company's own shares  
(Item 16 of AGM)**

The Board of Directors proposes to the AGM that the Board of Directors be authorised to decide to repurchase an aggregate maximum of 2,061,314 of the company's own shares in one or more tranches, which corresponds to approximately 9 per cent of all existing shares in the company. Own shares may be repurchased on the basis of the authorisation only by using unrestricted equity.

Own shares may be repurchased at a price formed on a regulated market at the date of the repurchase or otherwise at a market price. Own shares may be repurchased using, inter alia, derivatives. The Board of Directors decides how shares are repurchased. Own shares may be repurchased otherwise than in proportion to the shares held by the shareholders (directed repurchase), provided that there is a weighty financial reason for the company to do so.

The authorisation revokes the authorisation given by the General Meeting on 4 April 2019 to decide on the repurchase of the company's own shares. The authorisation will remain in force until the end of the next AGM, however, no longer than until 30 June 2021.

**Authorising the Board of Directors to decide on the issuance of shares and other special rights entitling to shares  
(Item 17 of AGM)**

The Board of Directors proposes to the AGM that the Board of Directors be authorised to decide on the issuance of shares and other special rights entitling to shares, as referred to in Chapter 10, Section 1 of the Limited Liability Companies Act, in one or more tranches as follows.

The number of shares issued pursuant to the authorisation may not exceed 3,091,971, which corresponds to approximately 14 per cent of all existing shares in the company. The authorisation concerns both the issuance of new shares and the transfer of the company's own shares.

The Board of Directors decides on all other terms and conditions applicable to the issuance of shares and other special rights entitling to shares. The authorisation includes a right to deviate from the shareholder's pre-emptive right to subscription (directed issue), provided that there is a weighty financial reason for the company to do so. The authorisation may be used, for example, to finance acquisitions or other business arrangements and investments or the implementation of the company's share-based incentive schemes, as well as other purposes determined by the company's Board of Directors.

The authorisation revokes the authorisation given by the General Meeting on 4 April 2019 to decide on the issuance of shares and special rights entitling to shares. The authorisation will remain in force until the end of the next AGM, however, no longer than until 30 June 2021.