

Proposals made by certain shareholders on March 28, 2018 to the annual general meeting; proposed charter

CHARTER OF THE SHAREHOLDERS' NOMINATION BOARD

1. Background and Purpose

The Shareholders' Nomination Board (the "**Nomination Board**") of Pihlajalinna Plc (the "**Company**") is the Company's shareholders' body responsible for preparing the proposals to the General Meeting concerning the election and remuneration of the members of the Board of Directors.

The Nomination Board's main responsibility is to ensure that the Board of Directors and its members have a sufficient level of knowledge and experience for the needs of the Company, and to prepare well-grounded proposals to the General Meeting concerning the election and remuneration of the members of the Board of Directors.

Each Shareholder of the Company can also make its own proposal directly to the General Meeting.

2. Appointment and Composition of the Nomination Board

The Nomination Board consists of four (4) members nominated by the shareholders of the Company. In addition, the Chairman of the Board of Directors of the Company participates in the work of the Nomination Board as an expert. The right to nominate members shall be vested with the four (4) shareholders of the Company having the largest share of the votes represented by all the shares in the Company annually on September 1 based on the Company's shareholders' register held by Euroclear Finland Ltd. The Nomination Board shall elect a Chairman from among its members, who may not be the Chairman of the Board of Directors of the Company.

In case two of the largest shareholders have an equal number of shares and votes and the representatives of both such shareholders cannot be appointed to the Nomination Board, the decision between them shall be made by drawing lots. If a shareholder who has distributed his/her/its holdings e.g. into several funds and has an obligation under the Finnish Securities Markets Act to take these holdings into account when disclosing changes in his/her/its share of ownership makes a written request to such effect to the Chairman of the Board of Directors no later than on August 31, or if there are such shareholders in the Company the ownership of which, according to the knowledge of the Company, are calculated together when disclosing changes in share of ownership in accordance with the Finnish Securities Markets Act, such shareholder's holdings in several funds or registers, or holdings of such shareholders that the Company has knowledge as described above, will be combined when calculating the share of votes which determines the nomination right, and provided that combined holdings entitle, pursuant to the preceding paragraph, to appoint a member in the Nomination Board, such shareholder has, or such shareholders have, a right to appoint one member in the Nomination Board. Should a shareholder not wish to exercise his/her nomination right, the right shall be transferred to the next largest shareholder who otherwise would not be entitled to nominate a member.

The term of office of the Nomination Board expires annually when the new Nomination Board has been appointed.

The member nominated by a shareholder is obliged to resign from the Nomination Board if the shareholder concerned later transfers more than half of the shares it held on the September 1 which entitled it to nominate a member and as result is no longer among the Company's ten largest shareholders. If a member nominated by a shareholder resigns from the Nomination Board, the Nomination Board may decide to request a shareholder who is not represented in the Nomination Board to nominate a new member. The request shall be presented to the largest

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shareholders in the order of votes represented by their shares based on their shareholdings on the day preceding such request. Should the number of members of the Nomination Board (excluding the Chairman of the Company's Board of Directors) decrease to less than two, the Nomination Board is obliged to request for such nomination.

3. Decision-making

The Nomination Board shall constitute a quorum when more than half of its members are present. No decision shall be made unless all members have been reserved the possibility to consider the matter and to participate in the meeting.

Decisions of the Nomination Board shall be made unanimously.

All decisions of the Nomination Board shall be recorded in minutes. The minutes shall be dated, numbered and retained in a safe manner. The minutes shall be signed by the Chairman of the Nomination Board together with at least one other member of the Nomination Board.

4. Duties of the Nomination Board

4.1 Duties of the Nomination Board

The duties of the Nomination Board shall include:

- (a) to prepare and present to the General Meeting a proposal on the remuneration of the members of the Board of Directors;
- (b) to prepare and present to the General Meeting a proposal on the number of members of the Board of Directors;
- (c) to prepare and present to the General Meeting a proposal on the members of the Board of Directors;
- (d) to prepare and present to the General Meeting a proposal on the Chairman and Vice-Chairman of the Board of Directors; and
- (e) to seek prospective successor candidates for the members of the Board of Directors.

4.2 Qualifications of the Members of the Board of Directors

The Board of Directors of the Company shall have sufficient expertise, and it shall as a collective have sufficient knowledge of and competence in the Company's field of business and industry.

In particular, the Board of Directors as a whole shall have sufficient knowledge of and competence in:

- (a) the Company's business activities and industry;
- (b) the management of a publicly listed company of corresponding size;
- (c) financial statements and financial reporting;
- (d) risk management;
- (e) corporate acquisitions; and

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(f) corporate governance.

The actions of the Board of Directors will be evaluated annually and the results of such evaluation will be disclosed to the Nomination Board. The results of the evaluation shall be taken appropriately into account in the work of the Nomination Board. The Nomination Board may also consult with other Shareholders or use external experts in order to find suitable candidates.

In addition to the foregoing, the Nomination Board shall comply with applicable legislation, Stock Exchange rules and the recommendations set out in the Finnish Corporate Governance Code, and in particular the independence requirements set out in the Corporate Governance Code.

4.3 Chairman

The Chairman of the Nomination Board shall steer the work of the Nomination Board so that the Nomination Board achieves the objectives set for it and takes duly into account the interests of the shareholders and the Company.

The Chairman of the Nomination Board shall convene and chair the meetings of the Nomination Board. In addition, the Chairman of the Nomination Board shall convene an extraordinary meeting of the Nomination Board within 14 days from a request made by a member of the Nomination Board to that effect.

4.4 Proposals to the General Meeting

The Nomination Board shall submit its proposals to the Board of Directors of the Company at the latest on the February 1 preceding the next Annual General Meeting. The proposals of the Nomination Board will be included in the notice to the Annual General Meeting.

The Nomination Board shall also present its proposals and report on its activities to the General Meeting. The above-mentioned information will be published on the Company's website.

Should a matter that is to be prepared by the Nomination Board come up for decision-making in an Extraordinary General Meeting, the Nomination Board shall submit its proposal to the Board of Directors of the Company in sufficient time for it to be included in the notice to the General Meeting.

5. Confidentiality

The members of the Nomination Board and the shareholders they represent shall keep the information regarding the proposals to the General Meeting confidential until the decisions of the Nomination Board have been published by the Company. The Chairman of the Nomination Board may, if he/she considers it necessary, propose to the Board of Directors of the Company that the Company should enter into non-disclosure agreements with the shareholders or the members nominated by them.

6. Amendments to the Charter and authorization

The Nomination Board shall review this Charter annually and propose potential amendments to the Annual General Meeting for adoption. Any changes concerning the number of members of the Nomination Board or their selection criteria shall always be decided by the General Meeting. The Nomination Board is authorized to make technical updates and changes to this Charter when necessary.

7. Other Terms

In case any fixed date prescribed in this Charter does not fall on a business day, the Charter shall be construed to refer to the business day immediately preceding such fixed date.

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This Charter has been drafted in both Finnish and English language versions. In the event of any discrepancies, the Finnish language version shall prevail.