

**Annual General Meeting of Pihlajalinna Plc**

**Time:** 4 April 2017 at 3:00 p.m.

**Place:** Yliopistonkatu 55, 33100 Tampere (Tampere Hall, conference room Sonaatti)

**Present:** Shareholders were present at the meeting, in person or represented by proxy, in accordance with the list of votes (Appendix 1) adopted at the meeting.

In addition, all Members of the Board of Directors, the CEO, the Company's Auditor, members of the Company's senior management and technical personnel were present at the meeting.

**1 §**

**OPENING OF THE MEETING**

The Chairman of the Board of Directors Mr. Mikko Wirén opened the meeting.

**2 §**

**CALLING THE MEETING TO ORDER**

Mr. Carl-Henrik Wallin, Attorney-at-Law, was elected as Chairman of the General Meeting and he called Ms. Hanne Keidasto, General Counsel, to act as Secretary.

The Chairman explained the procedures for handling matters on the agenda of the meeting.

The Chairman noted that certain nominee registered shareholders had provided the Company with voting instructions prior to the General Meeting and that the summary list of the voting instructions was attached to the minutes (Appendix 2).

The custodian banks representing the nominee registered shareholders had stated that their clients did not demand a vote on those agenda items, under which the instruction was to oppose the proposed resolution or to abstain from taking part in the decision-making, but that it was sufficient that such votes were recorded in the minutes under each item concerned.

If voting, relating to the matter, is not carried out, the amounts of empty and opposing votes are marked in each relevant section of the minutes.

**3 §**

**ELECTION OF PERSONS TO SCRUTINIZE THE MINUTES AND TO SUPERVISE THE COUNTING OF VOTES**

Juha Rautio and Niclas Köhler were elected to scrutinize the minutes.

Kimmo Saarinen and Juho Rahikkala were elected to supervise the counting of votes.

**4 §**

**RECORDING THE LEGALITY OF THE MEETING**

It was noted that the notice to the meeting had been published on the Company's website and as a stock exchange release on 10 March 2017.

It was noted that the General Meeting had been convened in accordance with the Articles of Association and the provisions of the Companies Act.

The notice to the meeting was attached to the minutes ([Appendix 3](#)).

**5 §**

**RECORDING THE ATTENDANCE AT THE MEETING AND ADOPTION OF THE LIST OF VOTES**

A list of attendees as of the beginning of the meeting and a list of votes represented at the meeting, by legal representative or by proxy, was presented. It was noted that 79 shareholders by person or by legal representative or by proxy and 11,286,152 shares and votes were represented at the beginning of the meeting.

The list recording the attendance at the beginning of the meeting and the corresponding list of votes were attached to the minutes ([Appendix 1](#)). The list of votes was adopted.

**6 §**

**PRESENTATION OF THE ANNUAL ACCOUNTS INCLUDING THE CONSOLIDATED ANNUAL ACCOUNTS, THE REPORT OF THE BOARD OF DIRECTORS AND THE AUDITOR'S REPORT FOR THE YEAR 2016**

It was noted that the Annual Accounts – consisting of the Consolidated Annual Accounts, Parent Company's Annual Accounts and the Report of the Board of Directors as well as the Auditor's Report – had been available on the Company's website since 14 March 2017. In addition, the Annual Accounts have been available at the meeting place.

The Company's CEO Mr. Aarne Aktan gave a presentation on the parent Company's Annual Accounts and Consolidated Annual Accounts for the financial year 1 January 2016 – 31 December 2016. The CEO's review was attached to the minutes ([Appendix 4](#)).

The responsible Auditor, Ms. Lotta Nurminen, presented the essential matters of the auditing of the financial year 1 January 2016 – 31 December 2016.

The Annual Accounts and the material supporting Auditor Lotta Nurminen's presentation were attached to the minutes ([Appendix 5 and 6](#)).

**7 §**

**ADOPTION OF THE ANNUAL ACCOUNTS INCLUDING THE CONSOLIDATED ANNUAL ACCOUNTS**

The General Meeting approved the Annual accounts, including the Consolidated Annual Accounts, for the financial year 1 January 2016 – 31 December 2016.

Under this agenda item, 27,000 opposing votes of nominee registered shareholders were recorded.

**8 §**

**RESOLUTION ON THE USE OF THE PROFIT SHOWN ON THE BALANCE SHEET AND THE PAYMENT OF DIVIDEND**

It was noted that the Board of Directors had proposed to the General Meeting that a dividend of EUR 0.15 per share would be paid based on the balance sheet adopted for the financial period ended on 31 December 2016. According to the proposal, the dividend would be paid to a shareholder who on the dividend record date 6 April 2017 is registered as a shareholder in the Company's shareholders' register held by Euroclear Finland Ltd. According to the proposal, the dividend shall be paid on 13 April 2017.

The General Meeting resolved, in accordance with the proposal by the Board of Directors, that a dividend of EUR 0.15 per share, based on the balance sheet adopted for the financial period ended on 31 December 2016, be paid to shareholders who on the record date of the dividend payment 6 April 2017 are recorded in the shareholders' register held by Euroclear Finland Ltd. The dividend shall be paid on 13 April 2017.

**9 §**

**RESOLUTION ON THE DISCHARGE OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE CEO FROM LIABILITY**

The General Meeting resolved to discharge the Members of the Board of Directors and the CEOs from liability for the financial period 1 January 2016 – 31 December 2016.

Under this agenda item, 61,576 opposing votes of nominee registered shareholders were recorded.

**10 §**

**RESOLUTION ON THE REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS**

It was recorded that the largest shareholders of the Company, representing approximately 41 percent of the shares and votes in the Company, had proposed to the General Meeting that a full-time Chairman of the Board of Directors would be elected for the Company on the agenda point 12 and the remuneration of the Chairman of the Board of Directors would be increased accordingly. It was recorded that the above-mentioned shareholders propose that the annual remuneration to the Members of the Board of Directors would be paid as follows: to the Chairman EUR 250,000 to the Vice-Chairman EUR 48,000 and to other members EUR 24,000.

It was also recorded that the above-mentioned largest shareholders in addition propose that the meeting fees would be paid as follows: each Member of the Board would be paid EUR 500 per meeting of the Board and of a Committee. In addition, reasonable travelling expenses would be paid according to the Company travel rules.

The proposal of the above-mentioned shareholders was attached to the minutes (Appendix 7).

The General Meeting resolved to approve the proposal of the above-mentioned shareholders.

Under this agenda item, 91,220 opposing votes of nominee registered shareholders were recorded.

**11 §**

**RESOLUTION ON THE NUMBER OF MEMBERS OF THE BOARD OF DIRECTORS**

It was recorded that the largest shareholders of the Company, representing approximately 41 percent of the shares and votes in the Company, had proposed to the General Meeting that the number of Members of the Board of Directors would be six (6).

The proposal of the above-mentioned shareholders was attached to the minutes (Appendix 8).

The General Meeting resolved that the number of the Members of the Board shall be six (6).

**12 §**

**ELECTION OF MEMBERS OF THE BOARD OF DIRECTORS**

It was recorded that the largest shareholders of the Company, representing approximately 41 percent of the shares and votes in the Company, had proposed to the General Meeting that the following individuals shall be re-elected as Members of the Board of Directors for a term of office starting from this General Meeting and ending at the end of the Annual General Meeting 2018:

Jari Eklund  
Timo Everi  
Leena Niemistö  
Jari Sundström  
Seija Turunen  
Mikko Wirén

The proposal of the above-mentioned shareholders was attached to the minutes (Appendix 9).

The General Meeting resolved that the individuals proposed by the above-mentioned shareholders, be elected Members of the Board of Directors.

Under this agenda item, 49,000 opposing votes of nominee registered shareholders were recorded.

**13 §**

**PROPOSAL BY THE BOARD OF DIRECTORS TO APPOINT A SHAREHOLDERS' NOMINATION BOARD**

It was recorded that the Board of Directors had proposed that the Annual General Meeting would resolve to establish a Shareholders' Nomination Board to prepare future proposals concerning the election and remuneration of the Members of the Board of Directors to the General Meetings. The Board of Directors had simultaneously proposed that the Annual General Meeting accepts the written charter of the Shareholders' Nomination Board.

The above-mentioned proposal of the Board of Directors was attached to the minutes (Appendix 10).

The General Meeting decided, in accordance with the proposal of the Board of Directors, to establish a Shareholders' Nomination Board and accept the written charter of the Shareholders' Nomination Board.

## **14 §**

### **RESOLUTION ON THE REMUNERATION OF THE AUDITOR**

It was recorded that the Board of Directors had proposed, based on recommendation of the Board's Audit Committee, to the Annual General Meeting that the Auditor's remuneration would be paid against an invoice approved by the Audit Committee of the Board of Directors.

The proposal of the Board of Directors was attached to the minutes (Appendix 11).

The General Meeting resolved, in accordance with the proposal of the Board of Directors, that the remuneration of the Auditor to be elected will be paid against invoice approved by the Board's Audit Committee.

Under this agenda item, 27,000 opposing votes of nominee registered shareholders were recorded.

## **15 §**

### **ELECTION OF THE AUDITOR**

It was recorded that the Board of Directors had proposed, based on recommendation of the Board's Audit Committee, to the Annual General Meeting that KPMG Oy Ab, a firm of authorized public accountants, would be re-elected as Auditor for the financial year 1 January - 31 December 2017. KPMG Oy Ab has announced that Ms. Lotta Nurminen, APA, would be the Auditor with principal responsibility.

The proposal of the Board of Directors was attached to the minutes (Appendix 12).

The General Meeting resolved, in accordance with the proposal of the Board of Directors, that KPMG Oy Ab, which has announced that Ms. Lotta Nurminen, APA, will be the responsible Auditor, be re-elected Auditor of the Company for a term of office ending at the end of the Annual General Meeting 2018.

Under this agenda item, 27,000 opposing votes of nominee registered shareholders were recorded.

## **16 §**

### **AMENDING THE ARTICLES OF ASSOCIATION**

It was recorded that the Board of Directors had proposed to the Annual General Meeting that sections 4 and 8 of the Articles of Association be amended to read as follows:

4 §. "The Company has a Board of Directors, which consists of no less than four (4) and not more than ten (10) members.

The General Meeting shall elect the Chairman and Vice-Chairman of the Board of Directors. The term of office of a Member of the Board of Directors shall expire at the close of the first Annual General Meeting following the election. In case the Chairman and Vice-

Chairman of the Board of Directors resign or become otherwise unable to act as the Chairman during their term of office, the Board of Directors may elect from among its members new Chairman of the Board of Directors for the remaining term of office.”

8 §. “The Company shall have one (1) Auditor that shall be a firm of authorized public accountants with an APA certified Auditor acting as the Auditor with principal responsibility.”

The proposal of the Board of Directors was attached to the minutes (Appendix 13).

The General Meeting decided that the Articles of Association of the Company be amended in accordance with the proposal of the Board of Directors.

## **17 §**

### **AUTHORIZING THE BOARD OF DIRECTORS TO RESOLVE ON THE REPURCHASE OF THE COMPANY'S OWN SHARES**

It was recorded that the Board of Directors had proposed to the Annual General Meeting that the Board of Directors would be authorized to resolve on the repurchase of an aggregate maximum of 2,061,314 of the Company's own shares, which corresponds to approximately 10 percent of all the existing shares in the Company. Own shares may be repurchased on the basis of the authorization only by using non-restricted equity.

Own shares may be repurchased at a price formed in public trading on the date of the repurchase or otherwise at a price formed on the market. Own shares may be repurchased using, inter alia, derivatives. The Board of Directors resolves on how shares are repurchased. Own shares may be repurchased otherwise than in proportion to the shares held by the shareholders (directed repurchase) if there are weighty reasons for the Company.

The authorization cancels the authorization given by the Annual General Meeting on 4 April 2016 to decide on the repurchase of the Company's own shares. The authorization remains in force until the end of the next Annual General Meeting, however, no longer than until 30 June 2018.

The proposal of the Board of Directors was attached to the minutes (Appendix 14).

The General Meeting authorized the Board of Directors to resolve on the repurchase of the Company's own shares.

## **18 §**

### **RESOLUTION ON THE AUTHORIZATION OF THE BOARD OF DIRECTORS TO DECIDE ON ISSUANCE OF SHARES AND OTHER SPECIAL RIGHTS ENTITLING TO SHARES**

It was recorded that the Board of Directors had proposed to the Annual General Meeting that the Board of Directors would be authorized to decide on the issuance of shares and other special rights entitling to shares referred to in Chapter 10, Section 1 of the Finnish Companies Act by virtue of one or several decisions as follows.

The number of shares issued pursuant to the authorization shall not exceed 4,122,629 shares, which corresponds to approximately 20 percent of all the existing shares in the Company. The authorization concerns both the issuance of new shares as well as the transfer of the Company's own shares.

The Board of Directors decides on all other terms and conditions of the issuance of shares and other special rights entitling to shares. The authorization includes a right to deviate from the shareholders pre-emptive right to subscription (directed issue) if there are weighty reasons for the Company. The authorization may be used, for example, to finance acquisitions or other business arrangements and investments or the implementation of the Company's share-based incentive plans as well as other purposes determined by the Company's Board of Directors.

The authorization cancels the authorization given by the Annual General Meeting on 4 April 2016 to decide on issuance of shares and other special rights entitling to shares. The authorization remains in force until the end of the next Annual General Meeting, however, no longer than until 30 June 2018.

The proposal of the Board of Directors was attached to the minutes (Appendix 15).

The General Meeting authorized the Board of Directors to decide on the issuance of shares and option rights and other special rights entitling to shares referred in the Chapter 10, section 1 of the Companies Act in accordance with the proposal of the Board of Directors.

## **19 §**

### **CLOSING OF THE MEETING**

The Chairman noted that all items on the agenda had been attended to and that the minutes of the meeting will be available on the Company's website as from 18 April 2017 at the latest.

The Chairman announced the meeting closed at 4:05 p.m.

Chairman of the General Meeting:

Carl-Henrik Wallin  
*Chairman*

In fidem:

Hanne Keidasto  
*secretary*

Minutes reviewed and confirmed by:

Juha Rautio  
*scrutinizer*

Niclas Köhler  
*scrutinizer*

**APPENDICES**

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| <u>Appendix 2</u>  | Summary list of the Nominee Registered Shareholders Voting Instructions  |
| <u>Appendix 3</u>  | The Notice to the Annual General Meeting 10 March 2017   |
| <u>Appendix 4</u>  | Review by the CEO  |
| <u>Appendix 5</u>  | The Annual Accounts  |
| <u>Appendix 6</u>  | Auditor Lotta Nurminen's presentation  |
| <u>Appendix 7</u>  | The Proposal by the Largest Shareholders's of the Company on the Remuneration of the Members of the Board of Directors   |
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| <u>Appendix 10</u> | The Proposal by the Board of Directors to Appoint a Shareholders' Nomination Board   |
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| <u>Appendix 13</u> | The Proposal by the Board of Directors on the Amending the Articles of Association   |
| <u>Appendix 14</u> | The Proposal by the Board of Directors on Authorizing the Board of Directors to Resolve on the Repurchase of the Company's Own Shares  |
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