

THE BOARD OF DIRECTORS' PROPOSALS FOR THE ANNUAL GENERAL MEETING

The Board of Directors' Proposal for the Disposal of Profits

The parent company's distributable funds are EUR 136.1 million, of which EUR 65.3 million is distributable as dividends, including the net profit (loss) for the financial year EUR 40.7 million. The Board of Directors will propose to the Annual General Meeting to be held on 6 April 2016 that a dividend of EUR 0.70 per share be paid for a total of EUR 16.9 million and that the remainder of the distributable funds be transferred to shareholders' equity. The number of shares may change due to share subscriptions registered before the record date. The record date for the dividend pay-out is 8 April 2016 and the payment date is 15 April 2016. In the view of the Board of Directors, the proposed dividend pay-out will not put the company's liquidity at risk.

THE BOARD OF DIRECTORS' PROPOSALS FOR THE ANNUAL GENERAL MEETING

Auditors and Board of Directors

Resolution on the remuneration of the members of the Board of Directors and the auditor

The Board of Directors proposes, upon Nomination and Remuneration Committee's proposal, that the remuneration for the members of the Board of Directors to remain unchanged for a third year in a row and

- the annual remuneration payable to the members of the Board of Directors to be elected for a term of office ending at the end of the next Annual General Meeting shall be the following: Chairman of the Board EUR 60,000, Vice Chairman of the Board EUR 45,000 and other Board members EUR 30,000;
- the Chairmen of the Board Committees shall be paid an additional annual remuneration of EUR 10,000 and the other Committee members EUR 5,000;
- the meeting fee for attending the Board and Committee meetings shall be the following: Chairmen EUR 1,200 per meeting and other members EUR 800 per meeting. The meeting fees will be doubled in case member physically participates in a meeting held in a country, where member is not resident. No meeting fee shall be paid for the decision minutes drafted without holding a meeting;
- in addition, the travel and accommodation expenses related to the Board and Committee meetings shall be paid.

The Board of Directors proposes, upon Audit Committee's proposal, that the remuneration and travel expenses for the auditor to be elected be paid according to the auditor's reasonable invoice.

Resolution on the number of members of the Board of Directors and the auditors

The Board of Directors proposes, upon Nomination and Remuneration Committee's proposal, that seven members shall be elected to the Board of Directors and, upon Audit Committee's proposal, that one authorised public accounting firm shall be elected as auditor.

Election of members of the Board of Directors

The Board of Directors proposes, upon Nomination and Remuneration Committee's proposal, that Reinhard Buhl, Wolfgang Diez, Shemaya Levy, Mingming Liu, Robert Remenar and Matti Ruotsala shall be re-elected as Board members and Henrik Lange shall be elected as new member.

The proposed new Board member is presented in more detail in the attachment.

Jyrki Tähtinen has informed that he shall not be available for re-election to the Board of Directors.

Election of auditor

The Board of Directors proposes, upon Audit Committee's proposal, that authorised public accounting firm KPMG Oy Ab, which has announced Virpi Halonen, APA, to be the Auditor with principal responsibility, shall be selected as auditor.

THE BOARD OF DIRECTORS' PROPOSALS FOR THE ANNUAL GENERAL MEETING

Authorisation to the Board of Directors to decide on the repurchase of own shares

The Board of Directors proposes that the Annual General Meeting of Shareholders authorize the Board of Directors to resolve to repurchase a maximum of 1,200,000 shares in the Company by using funds in the unrestricted shareholders' equity. The proposed number of shares corresponds to about 5 per cent of all shares of the Company.

The price paid for the shares repurchased shall be based on the market price of the Company's shares in public trading. The minimum price to be paid would be the lowest market price of the share quoted in public trading during the authorization period and the maximum price the highest market price quoted during the authorization period.

Own shares can be repurchased otherwise than in proportion to the shareholdings of the shareholders (directed repurchase).

It is proposed that the authorization be used for purposes determined by the Board of Directors, among other things, for the Company's incentive plans.

It is proposed that the authorization be effective until next Annual General Meeting of Shareholders, however, at most until 30 September 2017. (The authorisation granted to Board of Directors by the Annual General Meeting on 1.4.2015 is effective until Annual General Meeting of Shareholders to be held at 6 April 2016.)

THE BOARD OF DIRECTORS' PROPOSALS FOR THE ANNUAL GENERAL MEETING

Proposal by the Board of Directors for the establishment of a shareholders' nomination board

The Board of Directors proposes that the Annual General Meeting resolve to establish a permanent Shareholders' Nomination Board with the task of preparing the proposals concerning the election and remuneration of the members of the Board of Directors.

The Board of Directors further proposes that the Annual General Meeting adopts the Charter of the Share-holders' Nomination Board as attached hereto.

According to the proposal, the Nomination Board shall consist of representatives of the three largest shareholders and the Chairman of the Board of Directors, acting as an expert member.

The right to nominate members shall be vested with the three shareholders of the company having the largest share of the votes represented by all the shares in the company on September 1 based on the company's shareholders' register held by Euroclear Finland Ltd.

In the event that a shareholder who according to the Securities Markets Act has an obligation to take such ownership into account when making notifications regarding changes in ownership (shareholder subject to shareholder disclosure rules), notifies the Chairman of the Board of Directors thereof in writing at the latest on August 31, the shareholding of such shareholder divided between two or more funds or group companies shall be counted as one.

In the event that a shareholder does not wish to exercise the right to appoint a member to the Shareholders' Nomination Board, the right to appoint shall be transferred to the next largest shareholder in the company's shareholders' register, who would otherwise not have a right to appoint a member.

The Chairman of the Board of Directors convenes the first meeting of the Nomination Board and the representative of the shareholder of the company having the largest share of the votes represented by all the shares in the company on September 1 based on the company's shareholders' register held by Euroclear Finland Ltd, shall be the Chairman of the Nomination Board unless otherwise unanimously decided by the Nomination Board.

The Nomination Board shall annually submit its proposals to the Board of Directors at the latest on 31 January preceding the Annual General Meeting.

ATTACHMENT: PRESENTATION OF THE PROPOSED NEW BOARD MEMBER

Lange, Henrik (b. 1961)



- Bachelor of Science, Business Administration and International Economics
- CEO, Gunnebo AB
- Previously CFO, SKF AB (2013-2015), President, Industrial Division, SKF AB (2005-2013), Senior Vice President, SKF AB (2003-2005), CEO, Johnson Pump International AB (2000-2003), Managing Director; SKF Österreich AG (1997-2000), Managing Director, SKF Poland Sp. z o.o. (1995-1997), before that several executive and managerial positions within SKF and IBM
- Independent of Company and of its significant shareholders

CURRENT BOARD OF DIRECTORS:

<http://www.pkcgroup.com/investors/management-and-insider-register/board-of-directors.html>

ATTACHMENT: CHARTER OF THE SHAREHOLDERS' NOMINATION BOARD OF PKC GROUP PLC

1 Purpose of the Shareholders' Nomination Board

The Shareholders' Nomination Board (the "Nomination Board") of PKC Group Plc 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 and for ensuring that the Board of Directors and its members have a sufficient level of knowledge and experience for the needs of the company.

The Nomination Board shall observe the legislation in force and the Finnish Corporate Governance Code.

The charter of the Nomination Board regulates the election and the composition of the board and defines the tasks and areas of responsibilities belonging to the Nomination Board.

2 Election and Composition of the Nomination Board

The Nomination Board shall consist of four (4) members. Three of the members shall represent the three shareholders who on 1 September preceding the Annual General Meeting represent the largest number of the votes of all shares in the company. The Chairman of the Board of Directors shall be the fourth expert member of the Nomination Board.

The largest shareholders as per 1 September are determined on the basis of their shareholdings registered in the Company's shareholders' register held by Euroclear Finland Ltd. The task of the Chairman of the Board of Directors is to request each of the three shareholders who on 1 September represent the largest number of the votes of all shares in the company to nominate one member to the Nomination Board. If two or several shareholders have an equally large ownership and it is not possible to nominate a representative of both or all of such shareholders to the Nomination Board, the right to nominate a member shall be decided by drawing lots.

In the event that a shareholder who has an obligation to take such ownership into account when making notifications regarding changes in ownership (shareholder subject to shareholder disclosure rules), notifies the Chairman of the Board of Directors thereof in writing at the latest on 31 August, the shareholding of such shareholder divided between two or more funds or group companies shall be counted as one when calculating the shares of the votes.

In the event that a shareholder does not wish to use the right to appoint, the right to appoint shall be transferred to the next largest shareholder in the Company's shareholders' register, who would otherwise not have a right to appoint a member.

The Chairman of the Board of Directors convenes the first meeting of the Nomination Board and the representative of the shareholder of the company having the largest share of the votes represented by all the shares in the company on September 1 based on the company's shareholders' register held by Euroclear Finland Ltd, shall be the Chairman of the Nomination Board unless otherwise unanimously decided by the Nomination Board.

The Nomination Board has been established for an indefinite term. The term of the office of the members of the Nomination Board shall cease at the conclusion of the Annual General Meeting following the appointment of the members.

In the event a shareholder has divested more than half of its shareholding upon appointment, and as result of the divestment no longer falls under the ten largest shareholders of the Company, the appointed representative of such shareholder shall be obliged to resign. The Nomination Board may appoint a new member to replace a prematurely vacated seat and the Nomination Board shall appoint new members if the number of Nomination Board members decreases to less than three during a term. The Nomination Board shall offer the vacated seats to those shareholders (in size order, based on the votes conferred by all shares in the Company) that have not nominated a member to the Nomination Committee.

3 Tasks of the Nomination Board

The tasks 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 seek prospective successor candidates for the members of the Board of Directors; and
- e) to prepare and present for board approval the principles concerning the diversity of the board of directors.

4 Tasks of the Chairman

The Chairman of the Nomination Board shall direct the work of the Nomination Board in order to efficiently achieve the goals set for it, taking into account the expectations of the shareholders and the Company's benefit.

The Chairman of the Nomination Board:

- a) convenes and chairs the meetings of the Nomination Board;
- b) monitors that the scheduled meetings of the Nomination Board are held according to schedule; and
- c) convenes extra meetings as needed and in any event within 14 days of a request presented by a member of the Nomination Board.

5 Decision-Making

The Nomination Board shall have a quorum when more than half of its members are present. No decision shall be made unless all members have been given timely opportunity to prepare for and participate in the meeting.

All decisions of the Nomination Board shall be unanimous. If a unanimous decision cannot be reached, the members shall present their proposals to the General Meeting individually or together with other members of the Nomination Board.

All decisions of the Nomination Board must be recorded in minutes of meeting. The minutes shall be dated, numbered and be kept in a reliable manner. The Chairman of the Nomination

Committee together with at least one other member of the Nomination Committee shall sign the minutes.

5.1 Proposal preparation

Proposals to be presented to the Annual General Meeting of Shareholders on the composition and remuneration of the Board of Directors are prepared by the Nomination Board.

However, irrespective of the above, any shareholder of the Company may also make proposals directly to the General Meeting of Shareholders in accordance with the Companies' Act.

The Nomination Board is entitled to receive, in confidence and subject to insider rules, information on the independence of the candidates (or, in the case of new candidates, on any factors that may affect their in-dependence), and on the findings of the evaluations concerning the board of directors' performance, insofar as they may be relevant when planning the composition of the board of directors.

The performance of the Board of Directors shall be assessed annually. The Nomination Board shall take the results of the assessment into account in its work. The Nomination Board may also retain an outside consultant for candidate search.

5.2 Qualifications for the Board of Directors member

The Board of Directors of the company shall have sufficient expertise, knowledge of and competence in the company's field of business and industry.

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

- a) matters relating to 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) strategy and corporate acquisitions;
- e) internal control and risk management; and
- f) corporate governance.

In addition to the foregoing, the Nomination Board shall take into account the independence requirements of the Finnish Corporate Governance Code and the Stock Exchange rules applicable on the Company.

5.3 Proposals of the Nomination Board to the Annual General Meeting

The Nomination Board shall present and argue its proposals to the Annual General Meeting. The Nomination Board must submit its contemplated proposals to the Board of Directors at the latest on 31 January preceding the Annual General Meeting.

The proposals shall be included in the notice of the Annual General Meeting.

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.

The Nomination Board shall evaluate its work and activities annually and report on its activities.

6 Confidentiality

The Nomination Board members and shareholders they represent shall keep the information regarding the proposals to the Annual General Meeting confidential until the final decision has been made by the Nomination Board and published by the Company.

The Chairman of the Nomination Board may, if deemed needed, recommend to the Board of Directors of the company that the company should enter into non-disclosure agreement with the shareholder or with its representative member of the Nomination Board.

7 Amendments to this Charter and Authorization

The Nomination Board shall review this charter annually and propose possible changes for approval to the Annual General Meeting.

The Nomination Board is authorized to execute necessary technical updates and amendments to this charter. Any changes concerning the number of members of the Nomination Board or their selection criteria shall always be decided by the General Meeting.

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