

Business ID 0116300-4

3 May 2018

Ordinary meeting of the Representative Council of Metsäliitto Cooperative

Time Thursday 3 May 2018, at 3:00 p.m.

Venue Metsätapiola, Revontulenpuisto 2 C, Espoo, Finland

Present

Anttila, Juha	Nybacka, Mika
Haikkonen, Aila	Nylund, Mats
Halkilahti, Jaakko	Oinas-Panuma, Eero
Hanhimäki, Jorma	Orjala, Jari
Hiekka, Matti	Pekonen, Kari
Hiltunen, Martti	Pietilä, Juho
Häppölä, Heikki	Purhonen, Petri
Härkönen, Matti	Pylkkänen, Ari
Isomuotia, Harri	Raininko, Tuomo
Jänkälä, Aarne	Ruusuvirta, Jukka
Kallio, Maarit	Saviniemi, Timo
Kankaanpää, Antti	Savola, Mikko
Karhunen, Asko	Sipola, Atso
Ketola, Jyrki	Sirviö, Antti
Kivenmäki, Ari	Soronen, Mauno
Kiviranta, Esko	Säynätjoki, Ilkka
Koistinen, Pertti	Tasanen, Terho
Kontinen, Kati	Tikka, Antti-Lassi
Koskinen, Jaakko	Tolvanen, Matti
Kurtti, Aulis	Tuominen, Pasi
Könönen, Katri	Tyskas, Kim
Laitinen, Markku	Törmikoski, Jari
Långgård, Tomas	Uotila, Kirsi
Minkkinen, Timo	Vanhatalo, Tuula
Moilanen, Heli	Virnala, Jukka
Morri, Tiina	Ylimartimo, Aatto
Mäntylä, Arto	Ylä-Outinen, Päivi
Nevavuori, Jari	Ylönen, Reino
Niemelä, Henry	

Absent

Lunttila, Tommi
Vidlund, Mikael
Wasberg, Johan

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Also present Members of the Supervisory Board and the Board of Directors of Metsäliitto Cooperative, the President and Chief Executive Officer of Metsä Group, and officers of Metsä Group.

Matters on the agenda

- 1 Opening the meeting
- 2 Electing chairperson and secretary
- 3 Electing examiners of the minutes and vote counters
- 4 Legitimacy and quorum
- 5 Status reports
- 6 Financial statements 2017
 - 6.1 Financial statements of Metsäliitto Cooperative (income statement, balance sheet and Board of Directors' report)
 - 6.2 Consolidated financial statements of Metsä Group
 - 6.3 Report of the Supervisory Board
 - 6.4 Auditor's report
- 7 Confirming the income statement and balance sheet, as well as confirming the consolidated income statement and balance sheet
- 8 Using the surplus and confirming payment date
 - 8.1 Paying interest on members' capital
- 9 Granting indemnity to the members of the Board of Directors, the members of the Supervisory Board and the CEO
- 10 Amending the rules of Metsäliitto Cooperative
- 11 Fees of the representatives and compensation for travel expenses
- 12 Fees of the chairperson of the Supervisory Board, the vice chairperson of the Supervisory Board, members of the Supervisory Board and the auditor
- 13 Number of members in the Supervisory Board and their election
- 14 Electing the Auditor
- 15 Other issues
- 16 Closing the meeting

1 Opening the meeting

The chairperson of the Supervisory Board, Mr Juha Paajanen, addressed the representatives (Appendix 1) and welcomed them and the other participants to the 2018 ordinary meeting of the Representative Council.

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2 Electing chairperson and secretary

Mr Jaakko Halkilahti was *elected* as the chairperson of the meeting.

He *invited* Mr Miika Arola, LL.M., General Counsel of Metsä Group, to act as the secretary.

3 Electing examiners of the minutes and vote counters

Mr Matti Härkönen and Mr Harri Isomuotia were elected as examiners of the minutes and as vote counters.

4 Legitimacy and quorum

According to Clause 21 of the rules, an invitation to a meeting must be sent to each representative at the earliest two months and at the latest seven days prior to the meeting.

An invitation to the meeting was sent by regular mail to all the representatives on 27 March 2018 or 37 days prior to the meeting, and the invitation was also published in the newspapers *Helsingin Sanomat*, *Maaseudun Tulevaisuus* and *Landsbygdens Folk*.

After having completed a roll call, the secretary established that 57 members of the Representative Council were present at the meeting.

The chairperson stated that the meeting was lawfully summoned and had a quorum.

5 Status reports

Mr Ilkka Hämälä, the President and Chief Executive Officer of Metsä Group, presented the Q1 result of the Group for 2018 and the prospects of the business areas ([Appendix 2.1](#)).

Juha Mäntylä, EVP, Metsä Forest, presented a status report on wood trade and the forest management services ([Appendix 2.2](#)).

The meeting took note of the reports and discussions.

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6 Financial statements 2017

6.1 – 6.2 Financial statements of Metsäliitto Cooperative and consolidated financial statements of Metsä Group

The Group's Chief Financial Officer, Mr Vesa-Pekka Takala, presented the consolidated financial statements of Metsä Group and the financial statements of Metsäliitto Cooperative for 2017 (Appendix 3).

6.3 Report of the Supervisory Board

The secretary read a report by the Supervisory Board, dated 26 March 2018, on the financial statements (Appendix 4). According to the report, the Supervisory Board agrees with the proposal of the Board of Directors on the use of the result shown on the balance sheet.

6.4 Auditor's report

Ms Raija-Leena Hankonen, Auditor, read the auditor's report, dated 13 February 2018 (Appendix 5).

According to the auditor's report, the consolidated financial statements present a true and fair view of the Group's financial situation and the results of its operations and cash flow in accordance with the International Financial Reporting Standards (IFRS) adopted in the EU, and the financial statements present a true and fair view of the parent cooperative's operating results and financial situation in accordance with the regulations concerning the preparation of financial statements valid in Finland, and they meet the statutory requirements. The information in the Board of Directors' report and the financial statements is consistent, and the Board of Directors' report has been prepared according to the rules applicable to its preparation.

The auditor is in favour of confirming the financial statements and the consolidated financial statements and granting indemnity to the members of the cooperative's Supervisory Board and Board of Directors and the CEO for the 2017 accounting period. In addition, according to the auditor's statement, the Board of Directors' proposal on the use of the surplus shown on the balance sheet accords with the Cooperatives Act.

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7 Confirming the income statement and balance sheet, as well as confirming the consolidated income statement and balance sheet

The Representative Council *confirmed* the financial statements of Metsäliitto Cooperative and the consolidated financial statements of Metsä Group for the 2017 accounting period (Appendix 6).

8 Using the surplus and confirming payment date

The Representative Council *accepted* the proposal of the Board of Directors on the use of the surplus on the balance sheet in such a way that interest on members' capital will be paid, according to Clause 14 of the rules, for the 2017 accounting period as follows:

- 7.0% for regular participation shares (EUR 14,498,175.22)
- 6.5% for additional A participation shares (EUR 44,593,309.60)
- 2.5% for additional B participation shares (EUR 4,097,750.75)

i.e. a total of EUR 63,189,235.57, and that EUR 250,000,000 will be transferred to the invested non-restricted equity reserve.

8.1 Paying interest on members' capital

The payment date for the interest on members' capital whose participation shares have been fully paid was *confirmed* as 15 May 2018. In the case of other members, the interest on members' capital will be primarily used to pay for their basic participation shares and only secondarily be paid to the member.

9 Granting indemnity to the members of the Board of Directors, the members of the Supervisory Board and the CEO

The Representative Council *granted* indemnity to the members of the Metsäliitto Cooperative Board of Directors, the Metsäliitto Cooperative Supervisory Board and the CEO for the 2017 accounting period.

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10 Amending the rules of Metsäliitto Cooperative

Mr Arola presented the amendments to the rules of Metsäliitto Cooperative proposed by the Board of Directors ([Appendix 7.1](#)). The Supervisory Board has processed and adopted the proposed amendments to the rules in its meeting of 26 March 2018.

The meeting took note of the discussion on the proposed amendments to the rules.

In its proposed amendments to the rules, the Board of Directors proposes that the upper age limit stipulated for members of the Supervisory Board and Board of Directors in Clauses 23 and 26 of the rules be removed. In the context of the processing of the matter, Mr Pasi Tuominen, member of the Representative Council, proposed that Clauses 23 and 26 of the rules be amended in such a way that the upper age limit for members of the Supervisory Board and Board of Directors be raised from 65 years to 68 years. Mr Tuominen's proposal was seconded by Mr Aatto Ylimartimo, member of the Representative Council, due to which the matter was voted on.

The meeting took note of Mr Mats Nylund and Mr Mikko Savola, members of the Representative Council, having left the meeting at 5:05 p.m., prior to the vote. In the vote conducted, 54 votes were given. The Board of Directors' proposal concerning the amendment to Clauses 23 and 26 of the rules, on removing the age limits, was seconded by 47 members of the Representative Council, and Mr Tuominen's proposal concerning the raising of the age limits was seconded by 7 members of the Representative Council (the document concerning the vote has been appended hereto as [Appendix 7.2](#)).

According to Clause 34 of the rules of the Cooperative, an amendment to the rules requires at least two-thirds of the votes given in a meeting of the Representative Council to second the proposed amendment. In the vote conducted, 54 votes were given. The Board of Directors' proposal concerning the amendment to Clauses 23 and 26 of the rules, on removing the age limits, was seconded by 50 members of the Representative Council and opposed by 4 members of the Representative Council ([Appendix 7.2](#)). It was noted that the proposed amendment of Clauses 23 and 26 of the rules on the removal of the age limits received the required two-thirds majority of the votes given in the meeting, due to which the proposed amendment was considered approved.

The Representative Council unanimously approved all other proposed amendments to the rules of the Cooperative and the election

procedure of the Representative Council of Metsäliitto pursuant to Appendix 7.1. Furthermore, the Representative Council confirmed the principles pursuant to Appendix 7.1 concerning the maximum term for the members of the administrative bodies.

The new Clauses 23, 25, 26 and 27 to the rules of the Cooperative approved by the Representative Council, and the new Clauses 5, 7 and 11 to the election procedure of the Representative Council, were appended to the minutes as Appendix 7.3.

11 Fees of the representatives and compensation for travel expenses

It was noted that the attendance fee for representatives, ratified by the meeting of the Representative Council on 4 May 2017, is EUR 700 per meeting.

The Representative Council *decided* that the attendance fee will remain the same, i.e. EUR 700 per meeting, until the 2019 ordinary meeting of the Representative Council.

Furthermore, the Representative Council *decided* that travel expenses and daily allowances are to be paid in accordance with the currently valid travel policy of Metsäliitto Cooperative, and the fee for meetings of district committees is EUR 350 per meeting.

12 Fees of the chairperson of the Supervisory Board, the vice chairperson of the Supervisory Board, members of the Supervisory Board and the auditor

Mr Arola presented the issue (Appendix 8).

The Representative Council *approved* the fees for the members of the Supervisory Board until the 2019 ordinary meeting of the Representative Council as follows:

- Chairperson of the Supervisory Board EUR 3,900 per month
- Vice chairperson of the Supervisory Board EUR 1,700 per month
- Attendance fee for members of the Supervisory Board
EUR 700 per meeting
(the attendance fee is also paid for meetings of the nomination committee and meetings of any other committees)

Travel expenses and daily allowances *are to be paid* in accordance with the currently valid travel policy of Metsäliitto Cooperative, and the fee for meetings of district committees is EUR 350 per meeting.

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It was *approved* that the auditor is to be paid for work done against an invoice.

13 Number of members on the Supervisory Board and their election

Mr Juha Jumppanen, SVP, Member Services, presented the number of the Cooperative's members by region in relation to the seats in the Supervisory Board (Appendix 9.1). The meeting took note of the presentation.

The number of members in the Supervisory Board was *ratified* as 30. In addition, the Supervisory Board includes four (4) representatives of employees.

The Representative Council *re-elected* the following outgoing members of the Supervisory Board:

Alatalo, Matti
Brandt, Mats
Haukilahti, Tapani
Laitinen, Pirkko
Lauttia, Petri
Nikula, Timo
Siponen, Ahti
Turtiainen, Matti
Äijö, Matti

The term of office for the above members of the Supervisory Board elected lasts until the end of the 2021 ordinary meeting of the Representative Council.

To replace Mr Esko Kinnunen, who retired from the Supervisory Board, the Representative Council elected Ms Kati Kontinen as a new member of the Supervisory Board. Ms Kontinen's term lasts until the end of the 2021 ordinary meeting of the Representative Council.

To replace Mr Johan Björkenheim, elected as a member of the Board of Directors as of 1 January 2018, the Representative Council *elected* – for the remainder of the term – Mr Jukka Virnala as a new member of the Supervisory Board. Mr Virnala's term lasts until the end of the 2020 ordinary meeting of the Representative Council.

It was noted that the Representative Council has, in its meeting, approved the removal of the rule concerning the age limit for members of the Supervisory Board, due to which Mr Risto Junttila and Mr

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Mårten Malmström were confirmed to continue as members of the Supervisory Board.

Ms Anneli Karhula, SVP, HR, presented the representatives of employees on the Supervisory Board (Appendix 9.2). The representatives of the personnel groups on the Supervisory Board were confirmed as follows:

Kaukinen, Sanna
Koljonen, Timo
Kuhalampi, Rauno
Naukkarinen, Janne

14 Electing the Auditor

KPMG Oy Ab, authorised public accountants, was *chosen* as the principal auditor for the 2018 accounting period. Ms Raija-Leena Hankonen, Authorised Public Accountant, was named as the auditor in charge.

15 Other issues

The meeting took note of the discussion on, among other things, the top diameter of softwood fibre and the uses of member bonuses.

16 Closing the meeting

The chairperson closed the meeting at 6:10 p.m.

In witness thereof

Jaakko Halkilahti
Chairperson

Miika Arola
Secretary

Matti Härkonen
Examiner

Harri Isomuotia
Examiner