

Remuneration statement 2012

This remuneration statement has been prepared in accordance with Recommendation 47 of the Finnish Corporate Governance Code.

1 Remuneration of Board Members 2012

The remuneration and other benefits of the Board of Directors are decided annually by the Annual General Meeting.

The AGM on 25 April 2012 resolved that the annual remuneration payable to the members of the Board of Directors remains unchanged from 2011:

- EUR 21 000 to Board members,
- EUR 25 800 to the Vice Chairman of the Board and
- EUR 51 600 to the Chairman of the Board.

To Chairmen of the Board committees will be paid a new annual remuneration of EUR 4 800.

In addition a compensation of EUR 500 per meeting will be paid for attendance at Board and Board committee meetings as before.

All Board remunerations are paid in cash. The company has no share-based incentive scheme for Board members, neither are the members of the Board covered by the company's incentive or pension schemes. Board members receive per diems as outlined in the company's travel policy for travel within and outside Finland. Normal travel expenses are also covered. Board members receive no separate meeting attendance fees for serving on the Boards of Directors of the Group's subsidiaries or associated companies.

In 2012, Board members were paid remuneration totalling EUR 220 500 and other compensation for expenses, including i.a. travel expenses, of EUR 21 145.

Fees of the Board of Directors and Committees on a cash basis:

	Board		Committees				Total 2012
	Annual fee	Attendance fees	Audit	Nomin.	Compens.	Work.	
Teija Andersen*	14 000	3 100					17 100
Gunilla Aschan*	14 000	3 600	1 500				19 100
Niels Borup	25 800	5 000	2 000		5 200		38 000
Tero Hemmilä	21 000	4 600	6 700				32 300
Matti Karppinen**	7 000	2 000	1 500				10 500
Juha Kylämäki	51 600	5 600	2 500	1 000	2 000	3 200	65 900
Otto Ramel**	7 000	2 000					9 000
Henrik Treschow	21 000	5 600			2 000		28 600
Total	161 400	31 500	14 200	1 000	9 200	3 200	220 500

* Member of the Board as of 25 April 2012.

** Member of the Board until 25 April 2012.

Fees of the Board of Directors and Committees on an accrual basis:

	Board		Committees				Total 2012
	Annual fee	Attendance fees	Audit	Nomin.	Compens.	Work.	
Teija Andersen*	14 000	3 600					17 600
Gunilla Aschan*	14 000	3 600	1 500				19 100
Niels Borup	25 800	5 000	2 000		4 700		37 500
Tero Hemmilä	21 000	4 600	5 700				31 300
Matti Karppinen**	7 000	1 500	500				9 000
Juha Kylämäki	51 600	5 600	1 500	1 000	1 500	3 200	64 400
Otto Ramel**	7 000	1 500					8 500
Henrik Treschow	21 000	5 600			1 500		28 100
Total	161 400	31 000	11 200	1 000	7 700	3 200	215 500

* Member of the Board as of 25 April 2012.

** Member of the Board until 25 April 2012.

2 Principles of remuneration to the CEO and the Management Team 2012

Remuneration at HKScan Group is based on the principles of remuneration approved by the Board. In designing remuneration, attention is paid to the Group's strategic objectives and financial performance. A motivating remuneration scheme is used as a tool to elicit the commitment to the Group of core expertise and key employees. Matters pertaining to remuneration are prepared by the Compensation Committee of the Board. The principles of the remuneration schemes are decided by the Board of Directors on the basis of the Compensation Committee's proposal.

The remuneration and terms of employment of the CEO are decided by the Board of Directors. The remuneration and terms of employment of the Group Management Team are decided by the Board of Directors on the basis of a proposal from the CEO. HKScan Corporation's remuneration scheme consists of a competitive base salary, benefits, as well as short-term and long-term incentive schemes.

2.1 Short-term incentive scheme

In 2012, the Group had in place a short-term incentive scheme. It covered the Group's CEO and the members of the Management Team. Possible fees earned on the basis of the scheme were paid in cash.

The earning criteria of the incentive scheme and the possible performance fees are set for each year by the Board of Directors on the proposal of the Compensation Committee. The possible performance bonus earnable on the basis of the incentive scheme was based on the EBIT, EBT and net debt.

2.2 Long-term incentive scheme

In 2012, the Group had in place no long-term incentive scheme for its employees.

In December 2012 a share based incentive plan for 2013 -2015 for the Group key personnel was published (Stock Exchange Release of 20 December 2012).

2.3 Additional pension benefits

Members of the Group's Management Team are covered by a contribution-based additional pension insurance. The contribution is 20 per cent of the insured person's annual pay. The retirement age according to the pension agreements is 63 years; the pension insurance includes a paid-up policy applicable after four years' employment.

2.4 Remuneration of the CEO

The remuneration and terms of employment of the CEO are decided by the Board of Directors.

Hannu Kottonen started as the Group CEO on 1 March 2012. The remuneration of the CEO consists of a fixed base salary, benefits, supplementary pension benefits and possible incentive awards under the Group's incentive scheme. Under the terms of the CEO's executive agreement Hannu Kottonen can retire at the age of 62.

Under the terms of the CEO's executive agreement, the agreement can be terminated by both the Group and the CEO. The period of notice for the CEO is six months. In the event that the HKScan terminates the agreement, the CEO will be paid a sum corresponding to his 12 months' salary inclusive of the salary for the termination period.

In 2012, CEO Hannu Kottonen was paid a total salary (including benefits) of EUR 0.6 million.

The former CEO of the Group, Matti Perkonaja, retired on 29 February 2012. He was paid a total salary of EUR 0.1 million in 2012.