



# HKScan Corporation

## Remuneration statement

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This Remuneration Statement has been prepared in accordance with Recommendation 47 of the Finnish Corporate Governance Code 2010.

## 1 Remuneration of Board Members

### Salaries and fees paid to Board members in 2009

The remuneration and other benefits of the Board of Directors are decided annually by the Annual General Meeting of Shareholders, which on 23 April 2009 resolved on the following remuneration of Board members:

- chairman, EUR 40 000;
- deputy chairman, EUR 25 000;
- other Board members, EUR 20 000 per year.

Board members are paid an attendance fee of EUR 500 for each meeting. An attendance fee of the same magnitude is also paid for meetings of the Committees. In the early part of the year, before the General Meeting of Shareholders, the fee for Committee meetings was EUR 300. In addition, members receive an overnight compensation of EUR 100 for two-day meetings.

All Board remunerations are paid in cash. The company has in place no share-based incentive scheme for Board members, and members of the Board are not 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 fee for serving on the Boards of Directors of the Group's subsidiaries or associated companies.

In 2009, Board members were paid remuneration totalling EUR 173 337 and other compensation for expenses, including i.a. travel expenses, of EUR 31 175.05.

	Board of Directors		Committees				Total	
	Annual fee	Attendance fees	Audit	Nomination	Remuneration	Working	2009	2008
Markku Aalto	40 000	6 200	1 900	400	1 800	1 900	52 200	54 600
Tiina Varho-Lankinen	25 000	6 000	1 900		800	1 900	35 600	32 434
Matti Murto	20 000	7 100		300		2 200	29 600	18 733
Matti Karppinen	20 000	5 500	1 900		500	1 000	28 900	19 133
Lars Hultström*	11 669	3 500				1 000	16 169	
Johan Mattsson*	6 668	2 700		300		1 200	10 868	27 400
Marcus H. Borgström*								19 536
<b>Total</b>	<b>123 337</b>	<b>31 000</b>	<b>5 700</b>	<b>1 000</b>	<b>3 100</b>	<b>9 200</b>	<b>173 337</b>	<b>171 836</b>

\* Lars Hultström until 1 December 2009, Johan Mattsson until 22 April 2009 and Marcus Borgström until 22 April 2008.

The attendance fees for Board and Committee meetings are presented above on a payment basis.

## Remuneration of the Board of Directors in 2010

The Annual General Meeting of Shareholders of 2010 resolved on 23 April 2010 the following on the remuneration payable to Board members: the chairman is paid EUR 51 600, the deputy chairman EUR 25 800 and other Board members EUR 21 000 each per year. An attendance fee of EUR 500 was resolved to be paid for meetings of the Board and of the Committees.

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

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

The remuneration and terms of employment of the CEO are decided by the Company's Board of Directors. The remuneration and terms of employment of the 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 and short-term incentive scheme.

### 2.1

### 2.2 Short-term incentive scheme

The company has in place a short-term incentive scheme, the terms of which are decided by the Board of Directors. The incentive scheme covers the company's CEO and the members of the Group's Management Team, and any award earned therein is paid wholly in cash.

The earning criteria of the incentive scheme are set for each year to lend the greatest possible support to the achievement of the company's financial objectives and enhancement of shareholder value. In 2009, the possible award earnable on the basis of the incentive scheme was based on the EBIT and EBT of the Group and the segments. In 2010, it was resolved to keep the incentive scheme principles unchanged. The company's Remuneration Committee annually evaluates the achievement of the objectives of the incentive scheme and submits to the Board of Directors a proposal on the payment of any awards. The maximum award under the incentive scheme may not exceed 50 percent of the annual fixed salary of the CEO and the members of the Management Team.

### 2.3 Long-term incentive scheme

The company had in place a share-based incentive scheme for the years 2006-2008. The share element of the award payable to the approximately ten key employees designated for the first earning period (2006) came to 64 974 A Shares in HKScan. These were assigned to their recipients in December 2007 and December 2008. In the 2007 earning period, the scheme concerned 20 key employees who were assigned a total of 45 552 shares in April 2008. In the 2008 earning period, the scheme concerned 25 key employees and the number of shares was not to exceed 180 000 A Shares in HKScan. The criteria were not met in 2008 and no shares were distributed.

The shares assigned are subject to a three-year lock-up period which ends in full on 31 December 2010.

At present, the company has in place no long-term incentive scheme for its employees.

## 2.4 Pension benefits

The CEO, Management Team and other employees of HKScan Corporation are covered by the local pension scheme of the home country. The CEO and the Group's Management Team are covered in Finland by the statutory employment pension scheme in which pension is determined on the basis of years of service and earned income. The Finnish statutory employment pension scheme is a defined benefit plan and offers flexible retirement between the ages of 63 and 68. The company does not provide the CEO or the Group Management Team with any supplementary pension benefits.

## 2.5 Remuneration of the CEO

The remuneration and terms of employment of the CEO are decided by the Company's Board of Directors. The remuneration of the CEO consists of a fixed monthly salary, benefits and possible incentive awards under the company's incentive scheme.

Under the terms of the CEO's executive agreement, the CEO's employment may be terminated for cause by both the company and the CEO. The period of notice for the CEO is three months from the date of termination. In the event that the company terminates the employment before 28 February 2012, the CEO will nonetheless be paid his full salary inclusive of any incentive award up through that date.

The CEO will take retirement on 28 February 2010. The CEO has no separate supplementary pension provided by the company.

## 2.6 Salaries and fees paid to the CEO and the Management Team

The following table illustrates, on a payment basis, the salaries and fees paid to the CEO and the Management Team in 2009.

	Fixed monthly salary	Benefits	Incentive award	Share-based incentive scheme	Total	2008
CEO*	60 6000	14 000	-	0	620 000	750 000
Management Team	1 465 000	41 000	-	0	1 506 000	1 535 000
Total	1 525 600	55 000		0	2 126 000	2 285 000

\* From 12 January 2009

The company introduced its short-term incentive scheme on 1 January 2009. Based on earnings in 2009, the CEO was paid in March 2010 an incentive award of EUR 203 000 and the Management Team EUR 165 000 on the basis of the scheme.

The company's former CEO Kai Seikku resigned on 5 January 2009. The remuneration payable to him for the financial year was EUR 1 271 000, which sum breaks down into a fixed salary of EUR 379 000 and severance pay of EUR 892 000 in accordance with his executive agreement.