

HKScan Corporation

Remuneration statement 2011

(4 April 2012)

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

1 Remuneration of Board Members

1.1 Salaries and fees paid to Board members in 2011

The remuneration and other benefits of the Board of Directors are decided annually by the Annual General Meeting. The Annual General Meeting held on 27 April 2011 resolved on the following remuneration of Board members:

- chairman, EUR 51 600;
- deputy chairman, EUR 25 800;
- other Board members, EUR 21 000 per year.

Board members are paid an attendance fee of EUR 500 for each Board meeting- No separate compensation is paid for telephone conferences. An attendance fee of EUR 500 is also paid for committee's meetings. In addition, members receive an overnight compensation of EUR 100 for two-day meetings.

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 2011, Board members were paid remuneration totalling EUR 207 400 and other compensation for expenses, including i.a. travel expenses, of EUR 34 377.

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

	Board		Committees				Total	
	Annual fee	Attendance fees	Audit	Nomin.	Compens.	Work.	2011	2010
Markku Aalto*	4 300	1 500	500		500		6 800	62 400
Niels Borup***	23 650	5 500	500				29 650	
Tero Hemmilä***	19 250	4 500	1 000				24 750	
Matti Karppinen	21 000	7 000	2 000		500		30 500	29 600
Juha Kylämäki***	47 300	6 000	2 000	500			55 800	
Pasi Laine**	7 000	2 000					9 000	17 500
Matti Murto*	1 750	1 500	500				3 750	29 000
Otto Ramel	21 000	5 000					26 000	17 000
Henrik Treschow****	14 000	2 500					16 500	
Tiina Varho-Lankinen*	2 150	1 500			1 000		4 650	34 600
Total	161 400	37 000	6 500	500	2 000	0	207 400	190 100

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

	Board		Committees				Total	
	Annual fee	Attendance fees	Audit	Nomin.	Compens.	Work.	2011	2010
Markku Aalto*	4 300	1 000			500		5 800	62 800
Niels Borup***	23 650	6 000	500		500		30 650	
Tero Hemmilä***	19 250	5 000	2 000				26 250	
Matti Karppinen	21 000	7 000	2 500		500		31 000	29 500
Juha Kylämäki***	47 300	6 000	2 500	500	500		56 800	
Pasi Laine**	7 000	1 500					8 500	18 500
Matti Murto*	1 750	1 000					2 750	29 900
Otto Ramel	21 000	5 000					26 000	18 000
Henrik Treschow****	14 000	3 000			500		17 500	
Tiina Varho-Lankinen*	2 150	1 000			500		3 650	33 900
Total	161 400	36 500	7 500	500	3 000	0	208 900	192 600

* Member of the Board until 4 February 2011.

** Member of the Board until 27 April 2011.

*** Member of the Board as of 4 February 2011.

**** Member of the Board as of 27 April 2011.

2 Principles of remuneration to the CEO and the 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 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 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 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. Half of any fees earned on the basis of the scheme are paid in cash and half are deposited in the bonus bank to be invested in a voluntary pension fund.

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 2011, the possible performance bonus earnable on the basis of the incentive scheme was based on the EBIT and EBT of the Group and the segments. The company's Compensation 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 performance bonus. The maximum performance bonus under the incentive scheme may not exceed 50 percent of the annual fixed salary of the CEO and the members of the Management Team.

2.2 Long-term incentive scheme

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

2.3 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 (exception, see section 2.1 Short-term incentive scheme).

2.4 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 Matti Perkonen consisted of a fixed base salary, benefits and possible incentive awards under the company's incentive scheme.

In addition the CEO had an incentive scheme consisting of two parts. A bonus, which is 60 percent of the last month's salary according to the CEO's executive agreement times seven, is paid regardless of the company's performance. The variable portion is based on the realization of the EBIT budgeted for 2009-2011. The bonus based on the variable portion will not be realized for payment.

Under the terms of the CEO's executive agreement, the CEO's employment could have been terminated for cause by both the company and the CEO. The period of notice for the CEO was three months from the date of termination. In the event that the company had terminated the employment before 29 February 2012, the CEO would nonetheless have been paid his full salary inclusive of any incentive award up through that date.

The CEO Matti Perkonen retired on 29 February 2012. The CEO has no separate supplementary pension provided by the company.

Hannu Kottonen started as the CEO on 1 March 2012. The remuneration of the new CEO consists of a fixed base salary, benefits and possible incentive awards under the company's incentive scheme.

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

2.5 Salaries and fees paid to the CEO and the Management Team

The following tables illustrate, on a cash basis and on an accrual basis, the salaries and fees paid to the CEO and the Management Team in 2011.

Salaries and fees of the CEO and Management Team on a cash basis:

	Fixed based salary	Benefits	Incentive award	Share-based incentive	Total 2011	2010
CEO	629 199	18 120	0	0	647 319	830 000
Management Team	1 528 763	61 231	0	0	1 589 994	1 221 000
Total	2 157 962	79 351	0	0	2 237 313	2 051 000

Salaries and fees of the CEO and Management Team on an accrual basis:

	Fixed based salary	Benefits	Incentive award	Share-based incentive	Total 2011	2010
CEO	629 199	18 120	0	0	647 319	627 000
Management Team	1 528 763	61 231	0	0	1 589 994	1 065 000
Total	2 157 962	79 351	0	0	2 237 313	1 692 000

The company introduced a short-term incentive scheme on 1 January 2009. Based on performance in 2010 and 2011, no incentive bonus was paid on the basis of the scheme. Based on performance in 2009, the CEO was paid in March 2010 a performance bonus of EUR 203 000 and the Management Team EUR 156 000 on the basis of the scheme.