

HKScan Corporation Remuneration statement 2010

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HKScan Oyj

HKScan Abp

HKScan Corporation

TURKU (KOTIPAIKKA)
PL 50 (KAIVOKATU 18)
FI-20521 TURKU, FINLAND
TEL: +358 10 570 100
FAX: +358 10 570 2429
Y-TUNNUS/BUSINESS ID 0111425-3
ALV REK.
VAT NUMBER FI01114253

VANTAA
PL 49 (VÄINÖ TANNERIN TIE 1)
FI-01511 VANTAA, FINLAND

PANKKI (BANK ACCOUNTS)
OKO 500001-2582
SAMPO 800013-353142
NORDEA 157130-112327

ETUNIMI.SUKUNIMI@HKSCAN.COM
FIRSTNAME.SURNAME@HKSCAN.COM
WWW.HKSCAN.COM

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 2010

The remuneration and other benefits of the Board of Directors are decided annually by the Annual General Meeting which on 23 April 2010 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, separate compensation is not paid for telephone conferences. An attendance fee of the same magnitude is also paid for meetings of the Committees. 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 2010, Board members were paid remuneration totalling EUR 190 100 and other compensation for expenses, including i.a. travel expenses, of EUR 29 500.

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

	Board of Directors		Committees				Total	
	Annual fee	Attendance fees	Audit	Nomina-tion	Remuneration	Working	2010	2009
Markku Aalto	51 600	7 300	2 000	1 000	500		62 400	52 200
Tiina Varho-Lankinen*	25 800	7 800	500		500		34 600	35 600
Matti Murto**	21 000	6 500	1 500				29 000	29 600
Matti Karppinen	21 000	6 100	2 000		500		29 600	28 900
Pasi Laine***	14 000	3 500					17 500	
Otto Ramel***	14 000	3 000					17 000	
Lars Hultström****								16 169
Johan Mattsson****								10 868
Total	147 400	34 200	6 000	1 000	1 500		190 100	173 337

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

	Board of Directors		Committees		Remuneration	Working	Total	
	Annual fee	Attendance fees	Audit	Nomination			2010	2009
Markku Aalto	51 600	6 700	2 500	1 000	500	500	62 800	54 000
Tiina Varho-Lankinen *	25 800	6 600	500		500	500	33 900	36 900
Matti Murto**	21 000	6 400	2 000			500	29 900	29 100
Matti Karppinen	21 000	5 500	2 500		500		29 500	30 500
Pasi Laine***	14 000	4 000				500	18 500	
Otto Rame ***	14 000	3 500				500	18 000	
Lars Hultström****								16 169
Johan Mattsson****								9 468
Yhteensä	147 400	32 700	7 500	1 000	1 500	2 500	192 600	176 137

* Member of the Audit Committee until 23 April 2010.

** Member of the Audit Committee as of 23 April 2010.

*** Member of the Board of Directors as of 23 April 2010.

**** Lars Hultström member of the Board of Directors until 1 December 2009 and Johan Mattsson until 23 April 2009.

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 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 2010, 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 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 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

The company had in place a share-based incentive scheme for the years 2006-2008. The share element of the remuneration 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 ended in full on 31 December 2010.

At present, 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 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 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 2012. The CEO has no separate supplementary pension provided by the company.

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 2010.

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

	Fixed based salary	Benefits	Incentive award	Sharebased incentive scheme	Total	2009*
CEO	611 000	16 000	203 000		830 000	620 000
Management Team	1 023 000	42 000	156 000		1 221 000	1 506 000
Total	1 634 000	58 000	359 000		2 051 000	2 126 000

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

	Fixed based salary	Benefits	Incentive award	Sharebased incentive scheme	Total	2009*
CEO	611 000	16 000			627 000	823 000
Management Team	1 023 000	42 000			1 065 000	1 662 000
Total	1 634 000	58 000			1 692 000	2 485 000

The company introduced its short-term incentive scheme on 1 January 2009. Based on performance in 2010, incentive bonus was not 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 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 (the figures are not included in the tables above).