



REMUNERATION STATEMENT 2 0 1 2

This Remuneration Statement has been drawn up in accordance with recommendation 47 of the Finnish Corporate Governance Code 2010.

Remuneration of the members of the Supervisory Board

The Annual General meeting decides on the remuneration of the Supervisory Board.

The Annual General Meeting on 28 March 2012, decided to leave the remuneration of the Supervisory Board members unchanged. The remuneration paid to the members of the Supervisory Board are;

- the yearly remuneration paid to the Supervisory Board's chairman is EUR 7,685 (until 28 March 2012 7,500)
- the yearly remuneration paid to the deputy chairman is EUR 5,125 (5,000)
- the meeting allowance paid to the chairman and the members of the Supervisory Board is EUR 255 (250)
 - o the meeting allowance is also paid to the chairman and deputy chairman of the Supervisory Board for their attendance at meetings of the company's Board of Directors.
 - o the meeting allowance is also paid to the members of the Supervisory Board's Nomination Committee.

In 2012 the Supervisory Board met four times. The average attendance rate of members was 83.9%. The members of the Supervisory Board were paid a total of EUR 38,848 in remuneration and allowances in 2012 and are as follows;

Members of the Supervisory Board 2012	Monthly remuneration	Meeting allowances for Supervisory Board meetings	Meeting allowances for Board of Directors' meetings	Meeting allowances for Nomination Committee meetings	Remuneration total
Heikki Aaltonen		765			765
Harri Eela, 28.3.-31.12		765			765
Matti Eskola		1,015			1,015

Jaakko Halkilahti		1,015			1,015
Jussi Hantula		760			760
Börje Helenelund		760			760
Laura Hämäläinen		1,015			1,015
Pasi Jaakkola, 1.1.-28.3.		250			250
Timo Kaunisto, 1.1.-28.3.		250			250
Risto Korpela		760			760
Mikko Kurittu		505			505
Mika Leikkonen		1,015			1,015
Markku Länninki		505			505
Ilkka Markkula		1,015			1 015
Timo Miettinen	7,639	1,015	1,515	760	10,929
Marja-Liisa Mikola-Luoto	5,094	1,015	3,290	760	10,159
Jari Nevavuori, 28.3.-31.12.		765			765
Markku Pärssinen, 28.3.-31.12.		765			765
Tuomo Raininko		1,015			1,015
Esa Ruohola		1,015			1,015
Mauno Ylinen		255			255
Mari Hakanperä, 28.3.-31.12.		510			510
Timo Kaila, 28.3.-31.12.		1,015			1,015
Aila Koivuniemi, 1.1.-28.3.		250			250
Veijo Kukkonen, 1.1.-25.9.		505			505
Kirsi Roos		1,015			1,015
Heikki Vesanto, since 28.3.		255			255
Total, EUR	12,733	19,790	4,805	1,520	38,848

The figures concern the whole year 2012 unless other stated under the member.

On 13 April 2012 Lännen Tehtaat plc's Supervisory Board elected Timo Miettinen as Chairman of the Supervisory Board and Marja-Liisa Mikola-Luoto as Deputy Chairman.

Remuneration of the Supervisory Boards' Nomination Committee

The Annual General Meeting decides on the remuneration of the Nomination Committee.

The Annual General Meeting of Lännen Tehtaat plc on 28 March 2012 decided that the remuneration is as follows;

- meeting allowance EUR 255 (until 28 March 2012 250).

In 2012 the Nomination Committee met three times. The average attendance rate of members was 100.0%. The meeting allowances were as follows:

Supervisory Boards' Nomination	Meeting
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Committee	allowances
Heikki Laurinen	760
Tauno Uitto	760
Total, EUR	1,520

The meeting allowances paid to the Chairman of the Board and to the Chairman and Deputy Chairman of the Supervisory Board for Nomination Committee meetings are shown under respective body.

Remuneration of the Board of Directors

Based on the proposals prepared by the Nomination Committee, the company's Supervisory Board elects the members of the Board of Directors, the chairman and the deputy chairman of the Board, and the remuneration payable to them.

As decided by the Supervisory Board on 13 April 2012;

- o the monthly remuneration paid to the chairman of the Board of Directors is EUR 3,100 (until 13 April 2012 3,025)
- o the monthly remuneration paid to the deputy chairman EUR is 1,915 (1,870)
- o the monthly remuneration paid to the other Board members is EUR 1,550 (1,485)
- o a meeting allowance of EUR 510 (500) is also paid to the chairman, and EUR 255 (250) to the members.

In 2012 the Board of Directors met 14 times. Three of the meetings were telephone conferences. The average attendance rate of members was 91.7%. In 2012 the members of the Board of Directors received a total of EUR 159,280 in remuneration and allowances, and was as follows;

Members of the Board of Directors' in 2012	Monthly remuneration	Meeting allowances for Board of Directors' meetings	Meeting allowances for Supervisory Board meetings	Meeting allowances for Nomination Committee meetings	Remuneration total
Matti Lappalainen	36,900	7,080	2,030	760	46,770
Heikki Halkilahti, 1.1.-13.4.	5,940	1,000			6,940
Aappo Kontu	21,260	3,285	510		25,055
Veijo Meriläinen, 13.4.-31.12.	12,400	2,040	510		14,950
Samu Pere, 13.4.-31.12.	12,400	1,530	255		14,185
Hannu Simula, 1.1.-13.4.	5,610	1,500	250		7,360
Jorma J. Takanen	18,340	3,540	255		22,135
Helena Walldén	18,340	3,035	510		21,885
Total, EUR	131,190	23,010	4,320	760	159,280

The figures concern the whole year 2012 unless other stated under the member.

Matti Lappalainen was the chairman and Hannu Simula until 13 April 2012 and Aappo Kontu since 13 April 2012 the deputy chairman of the Board.

Principles of remuneration of the CEO and Corporate Management

Principles of remuneration and decision-making process

The remuneration and incentive plans for management are made up of monetary remuneration, fringe and pension benefits, and performance-related compensation, by which the degree of success for the year is measured. The level of these plans as a whole is compared annually with the general market level. The Board of Directors of Lännen Tehtaat plc decides on the principles for the remuneration and incentive plans for the CEO and other members of the management.

The Board also confirms annually the indicators to be used for the plans and their level in relation to the targets set. The indicators also include key figures connected with annual budgets as well as development targets selected on a function-specific basis. In 2012, indicators for the CEO and management were among others the Group's net sales growth, earnings per share, the Group's ROCE-%, the business unit's ROCE-% and the business unit's operating profit before non-recurring items. The maximum amount of performance-related compensation corresponds to 60 per cent of annual salary in the case of the CEO, and 50 per cent of annual salary for other management.

The CEO and one member of the management have defined benefit pension plan, pension of other members of management are determined based on the Employees' Pensions Act (TyEL).

Remuneration of the CEO

The Board of Directors appoints and releases from duties the CEO and deputy CEO, determines their duties and decides on their terms of service and their incentive schemes.

The key conditions of the CEO's terms of service are defined in his contract. The agreed period of notice is six months. Should the CEO be given notice by the company, he will be entitled to a severance package equivalent to 12 months' pay.

The retirement age for the parent company's CEO has been set at 62 years and the retirement pension is 62% of his pensionable salary in accordance with 2004 legislation. In 2012, contribution to the CEO's supplementary pension benefits was EUR 111 thousands.

The salary with fringe benefits and bonuses paid to the CEO in 2012 amounted EUR 314,124 and were as follows;

CEO	Non-variable salary	Fringe benefits	Bonus for 2011	Total, EUR
Matti Karppinen	296,424	17,700	0	314,124

Share-based incentive scheme

There are no share-based incentive schemes in the Group.