



## REMUNERATION STATEMENT 2011

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 31 March 2011, 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 7,500
- the yearly remuneration paid to the deputy chairman is EUR 5,000
- the meeting allowance paid to the chairman and the members of the Supervisory Board is EUR 250.
  - 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.
  - the meeting allowance is also paid to the members of the Supervisory Board's Nomination Committee.

In 2011 the Supervisory Board met four times. The average attendance rate of members was 76.3%. The members of the Supervisory Board were paid a total of EUR 37,708 in remuneration and allowances in 2011 and are as follows;

Remuneration paid to the members of the Supervisory Board 2011	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		750			750
Matti Eskola		1 000			1 000
Jaakko Halkilahti, 31.3.-31.12.		250			250
Jussi Hantula		750			750
Börje Helenelund		250			250
Laura Hämäläinen		1 000			1 000
Pasi Jaakkola		1 000			1 000
Timo Kaunisto		250			250
Risto Korpela		750			750
Mikko Kurittu		500			500
Mika Leikkonen		1 000			1 000
Markku Länninki		750			750
Ilkka Markkula		1 000			1 000
Timo Miettinen, 31.3.-31.12.	5 000	750	1 250	500	7 500
Marja-Liisa Mikola-Luoto	3 333	1 000	1 500	500	6 333

Juha Nevavuori, 1.1.-31.3.	1 250	250	1 250	1 000	3 750
Samu Pere		250			250
Tuomo Raininko		750			750
Esa Ruohola		750			750
Esko Suomala, 1.1.-31.3.		250			250
Helena Walldén, 1.1.-31.3.	1 875	250	1 500	1 000	4 625
Mauno Ylinen		750			750
Pauli Juutinen		750			750
Aila Koivuniemi		1 000			1 000
Veijo Kukkonen		750			750
Kirsi Roos		1 000			1 000
<b>Total, EUR</b>	<b>11 458</b>	<b>17 750</b>	<b>5 500</b>	<b>3 000</b>	<b>37 708</b>

The figures concern the whole year 2011 unless other stated under the member.

On 14 April 2011 Lännen Tehtaat plc's Supervisory Board elected Timo Miettinen as Chairman of the Supervisory Board and Marja-Liisa Mikola-Luoto as Deputy Chairman. Helena Walldén was Chairman and Juha Nevavuori Deputy Chairman until 31 March 2011.

### 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 31 March 2011 decided that the remuneration is as follows;

- meeting allowance EUR 250

In 2011 the Nomination Committee met four times. The average attendance rate of members was 95.0%. The meeting allowances were as follows:

Meeting allowances	Meeting allowances
Timo Miettinen, 30.3.2010-31.3.2011	1 000
Heikki Laurinen, 31.3.2011-31.12.2011	500
Antti Rauhamaa, 30.3.2010-31.3.2011	750
Tauno Uitto, 31.3.2011-31.12.2011	500
<b>Total, EUR</b>	<b>2 750</b>

Figures above include also meeting allowances for the year 2010 that were paid in 2011.

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 14 April 2011;

- the monthly remuneration paid to the chairman of the Board of Directors is EUR 3,025
- the monthly remuneration paid to the deputy chairman EUR is 1,870
- the monthly remuneration paid to the other Board members is EUR 1,485
- a meeting allowance of EUR 500 is also paid to the chairman, and EUR 250 to the members.

In 2011 the Board of Directors met 15 times. Five of the meetings were telephone conferences. The average attendance rate of members was 95.6%. In 2011 the members of the Board of Directors received a total of EUR 145,020 in remuneration and allowances, and was as follows;

Remuneration paid to the members of the Board of Directors' in 2011	Monthly remuneration	Meeting allowances for Board of Directors' meetings	Meeting allowances for Supervisory Board meetings	Meeting allowances for Nomination Committee meetings	Remuneration total
Harri Eela, 1.1.-14.4.	5 940	0	0	0	5 940
Heikki Halkilahti	17 820	1 750	0	0	19 570
Aappo Kontu	17 820	1 750	0	0	19 570
Matti Lappalainen	36 300	3 500	1 000	1 500	42 300
Hannu Simula	22 440	1 500	500	0	24 440
Soili Suonoja, 1.1.-14.4.	5 940	0	0	0	5 940
Jorma J. Takanen, 14.4.-31.12.	11 880	1 750	0	0	13 630
Helena Walldén, 14.4.-31.12.	11 880	1 750	0	0	13 630
Yhteensä, euroa	130 020	12 000	1 500	1 500	145 020

The figures concern the whole year 2011 unless other stated under the member.

Matti Lappalainen was the chairman and Hannu Simula 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 2011, indicators for the CEO and management were among others the Group's 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 2011, contribution to the CEO's supplementary pension benefits was EUR 106 thousands.

The salary with fringe benefits and bonuses paid to the CEO in 2010 amounted EUR 377,084 and were as follows;

CEO	Non-variable salary	Fringe benefits	Bonus for 2010	Total, EUR
Matti Karppinen	289 114	16 907	71 064	377 084

### Share-based incentive scheme

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