

## Salary and remuneration report 2012 of Suominen Corporation

Suominen Corporation (Suominen) complies with the Finnish Corporate Governance Code issued by the Securities Market Association on 15 June 2010. The code is available on the Association's website at [www.cgfinland.fi](http://www.cgfinland.fi). This Salary and remuneration report has been prepared in accordance with Section 7 (Remuneration), Recommendation 47 of the Code.

### 1) Remuneration of the Board of Directors

The Annual General Meeting determines the remuneration paid to the members of the Board of Directors in advance, for one year at a time. The Nomination Committee prepares a proposal on the remuneration of the Board of Directors for the Annual General Meeting. Suominen's Annual General Meeting held on 4 April 2012 resolved that the remuneration payable to the members of the Board of Directors for the term lasting until the close of the Annual General Meeting in 2013 be on the same level and be confirmed to correspond the decision made in Extraordinary General Meeting 12 September 2011 as follows: Chairman of the Board would be paid an annual fee of EUR 50,000, Vice Chairman of the Board an annual fee of EUR 37,500 and other Board members an annual fee of EUR 28,000. Further, each member of the Board will receive a fee of EUR 500 for each meeting held in the home country of respective member and a fee of EUR 1,000 per each meeting held elsewhere than in home country of respective member. 60 % of the annual remuneration is paid in cash and 40 % in Suominen Corporation's shares purchased from the market.

Members of the Board of Directors of Suominen do not have an employment relationship with the company. They are not included in the company's stock option schemes or share-based incentive programs and they do not have any pension contracts with the company.

#### Remuneration of the Board of Directors in 2012

		Annual fee paid in cash, €	Annual fee paid in shares, €	Meeting fees, €	Total, €
Jorma Eloranta	Chairman	30,000	20,000	6,000	56,000
Risto Anttonen	Deputy Chairman	22,500	15,000	6,000	43,500
Suvi Hintsanen	Member	16,800	11,200	6,000	34,000
Hannu Kasurinen	Member (as of 4 April 2012)	16,800	11,200	4,500	32,500
Heikki Mairinoja	Member	16,800	11,200	6,000	34,000
Mikko Maijala	Member (until 4 April 2012)	1,500	0	1,000	2,500

Remuneration of the Board of Directors in 2012 totaled 202,500 euro.

The shareholdings of the members of the Board of Directors are presented at the NetSire Service, which can be accessed via Suominen website.

### 2) Remuneration of the President and CEO and other management

The Board of Directors of Suominen determines the salary, bonuses and other benefits paid to the President and CEO and to the members of the Corporate Executive Team serving under President and CEO. The remuneration of the President and CEO and the Corporate Executive Team consists of a fixed monthly salary and benefits (short term remuneration), of a performance bonus (short term remuneration), and of a share-based incentive plan and of a stock option schemes (long term remuneration).

#### Long term remuneration: share-based incentive plan

The Board of Directors has resolved a share-based incentive plan for calendar years 2012-2014. The target group of the plan consists of approximately 14 employees. The President and CEO, the members of the Corporate Executive Team and the members of the business unit's management teams are included in the share-based incentive plans for the Group key personnel.

The potential reward from the performance period will be based on Suominen Group's cumulative Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) and cumulative cash flow, and it will be paid in 2015 partly in the company's shares and partly in cash. The aim is that the proportion to be paid in cash will cover taxes and tax-related costs arising from the reward to a key employee. No reward will be paid if a key employee's employment or service ends before the reward payment.

The rewards to be paid on the basis of the plan correspond to the value of an approximate maximum total of 5,050,000 Suominen Corporation shares, including also the cash-settled part.

### **Long term remuneration: Option plan 2009**

Suominen's stock option plan 2009 is currently in effect. Of the current members of Suominen's Corporate Executive Team, only Mr Erik van Deursen holds option rights (50 000 2009B options). The subscription period of 2009B options is 2 May 2012 – 30 October 2013 and the subscription price is 0.96 euro. Terms and conditions of the option schemes are available on Suominen website.

### **Short term remuneration**

In 2012, the salaries and benefits paid to the President and CEO totaled EUR 305 thousand. The sum included no performance bonus. The salaries and benefits paid to the other members of the Corporate Executive Team totaled EUR 1 081 thousand, including bonuses of EUR 255 thousand in total. The figures include salaries for the period during which the persons in question held a position in the Corporate Executive Team. The salaries and other benefits paid to the former Deputy President and CEO who resigned from Suominen in the end of May 2012, including bonus and severance pay in accordance with the service contract of President and CEO, totaled EUR 739 thousand.

Suominen applies a bonus scheme based on the principles approved by the Board of Directors in advance for one year at a time. The bonus is based on the operating profit and on the net debt to EBITDA ratio and it may not exceed 60% of the annual salary. In 2012, based on the decision of the Board of Directors, performance bonus was paid also due to the acquisition made.

Separate compensation is not paid to the members of the Boards of Directors of the company's subsidiaries.

The members of the Corporate Executive Team, excluding the President and CEO, are not covered by any supplementary pension scheme.

### **3) Service contract of the President and CEO**

A service contract has been made in writing with the President and CEO. According to the contract, the period of notice is six months should either the company or the President and CEO terminate the contract. Should the company terminate the President and CEO's contract of employment, an additional compensation corresponding to 12 months' salary shall also be paid.

Suominen's President and CEO has a complementary pension arrangement granting benefits for old-age, disability and survivor's pension at the age of 63. The complementary pension is a defined-contribution pension scheme and the annual sum to be reserved for the pension is 11.5% of the President and CEO's salary (as defined in the Finnish Employees Pensions Act) for the year in question.

Up-to-date information on the shareholdings of the President and CEO and the members of the Corporate Executive Team are presented on Suominen website under Investors.

### **4) Auditor's fees**

The statutory audit of the financial statements is carried out by PricewaterhouseCoopers Oy, Authorised Public Accountants, elected by the Annual General Meeting. The auditor's fees are paid according to invoicing.

In 2012, the fees paid to PricewaterhouseCoopers for the statutory auditing of the Group companies totaled EUR 331 thousand. The fees paid to the auditing company and companies belonging to the same group for non-audit services such as tax, IFRS and due diligence services, totaled EUR 174 thousand.