



Remuneration of Glaston Corporation's Board of Directors, President & CEO and Executive Management Group in 2016

The remuneration statement presents Glaston's decision-making procedure, remuneration principles and the remuneration paid to members of the Board of Directors, President and CEO and the Executive Management Group in 2016.

Remuneration of the Members of the Board

The Annual General Meeting (AGM) decides on the remuneration of members of the Board of Directors, on the basis of a proposal made by the company's Nomination Board.

The 2015 Annual General Meeting approved annual remuneration to the Chairman of the Board of Directors amounting to EUR 40,000, to the Deputy Chairman EUR 30,000 and to other Members of the Board EUR 20,000. In addition, the Chairman of the Board was paid a meeting fee of EUR 800 and the other Members of the Board EUR 500 for those meetings of the Board that they attended. Remuneration for meetings held by telephone was paid on a different basis.

The Board members do not receive shares or share-related rights as remuneration for their membership and they do not participate in the Company's incentive plans.

In 2016 the Board of Directors' remuneration totalled EUR 197 400.

EUR	2016 annual fee	meeting fee	2015 annual fee	meeting fee
Andreas Tallberg, Chairman	40,000	7,300	40,000	6,700
Teuvo Salminen Deputy Chairman	30,000	4,600	30,000	4,300
Claus von Bonsdorff	20,000	4,600	20,000	4,300
Anu Hämäläinen	20,000	4,600	20,000	4,300
Pekka Vauramo	20,000	3,600	20,000	4,300
Kalle Reponen	20,000	4,600	20,000	4,300
Sarlotta Narjus *)	15,000	3,100	-	-
Total	165,000	32,400	150,000	28,200

*) member of the Board of Directors from 5 April 2016

The travel expenses of Members of the Board are compensated in accordance with the Company's travel rules. None of the Members of the Board receives from the Company remuneration unconnected with their work on the Board of Directors. The Members of the Board are covered by voluntary pension insurance accrued from their Board of Directors' remuneration. The value of the pension insurance corresponds with the Finnish TyEL pension scheme.

Remuneration of the President & CEO and the Executive Management Group

The remuneration of the President & CEO and the Members of the Executive Management Group consists of a fixed monthly salary, an annual bonus (variable salary component) and a share-based incentive plan (variable salary component) based on the development of the share price, which is intended as a long-term reward. The annual bonus is determined on the basis of Glaston's financial performance.

Decision-making procedure

The Board of Directors decides on

- the compensation and benefits of the CEO including his individual performance target setting
- the Group Long-term incentive plans for the Executive Management Group and other management and key employees as well as the financial performance objectives under such plans
- the Group Bonus plan as well as the financial performance objectives under such plans

The Chairman of the Board of Director's approves the salary and other benefits of the Executive Management Group.

Incentive plans

Bonus plan

The annual bonus is determined on the basis of Glaston's financial performance. The criteria for bonus payments are consolidated result, result of the business area or business unit as well as functional targets. The maximum amount of the President & CEO's annual bonus is 50% of annual salary. For the other members of the Executive Management Group, the maximum amount of annual bonus is 40% of annual salary.

Share based incentive plans

Glaston's share-based incentive plans are directed to the Group's key personnel as part of the Group's incentive schemes. The plans aim to align the interests of the company's shareholders and key personnel in the Group in order to raise the value of Glaston.

Long-term incentive plan 2014-2016

On 21 January 2014, Glaston's Board of Directors approved a new long-term incentive and commitment plan for the Group's key personnel including senior management of the Group and its subsidiaries. The incentive plan is based on the development of Glaston's share price.

The first period of the incentive plan covered the years 2014–2016. No rewards have been paid from the scheme. The incentive scheme covered 30 key Glaston personnel.

Long-term incentive plan 2015-2017

On 27 January 2015, Glaston's Board of Directors approved a new period for the long-term incentive and commitment plan for the Group's key personnel including senior management of the Group and its subsidiaries. The incentive plan is based on the development of Glaston's share price.

The plan covers the years 2015–2017 and the possible rewards will be paid in spring 2018. The incentive plan launched in 2015 covers 31 key Glaston personnel.

Long-term incentive plan 2016-2018

On 19 January 2016, Glaston's Board of Directors decided on a new period in the share-based incentive plan for the Group's key personnel that began in 2014. The incentive plan is part of the long-term incentive and commitment plan for the senior management of the Group and its subsidiaries, and it is linked to the development of Glaston's share price.

The new period covers 2016–2018, and any rewards from the scheme will be paid in spring 2019. The incentive plan launched in 2016 covers 18 key Glaston personnel.

The table presents the total remuneration of the President & CEO and the Members of the Executive Management Group in 2016.

EUR	2016	2015
President & CEO Arto Metsänen		
Paid salary	391,184	510,303
Bonuses paid	15,000	20,000
Share bonus	-	-
Total salary	407,436	530,303
Fringe benefits	-	-
Total	407,436	530,303
Statutory pension contributions (TyEL or similar scheme)	71,424	72,983
Voluntary pension contributions	54,475	63,671

EUR	2016	2015
Other Executive Management Group, total		
Paid salaries	1,155,128	1,092,208
Severance pay	-	-
Performance bonuses	80,059	54,000
Share bonus	-	-
Total salaries	1,235,187	1,146,208
Fringe benefits	30,969	78,348
Total	1,266,156	1,224,556
Statutory pension contributions (TyEL or similar scheme)	170,501	158,967
Voluntary pension contributions	20,160	46,097

Other terms relating to the remuneration of the CEO and the other members of the Executive Management Group

The President & CEO's period of notice is three months. In addition, the President & CEO is paid compensation corresponding to 12 months' salary if he is dismissed by the Company. If more than 50% of the Company's shares are transferred to a new owner in connection with a merger or acquisition, the President & CEO shall have the right to terminate his employment contract with 1 month's notice, in which case he shall be paid one-off severance pay of EUR 200,000.

The President & CEO has the opportunity to retire at 63 years of age. The President & CEO and one other member of the Executive Management Group are entitled to a supplementary pension that exceeds the statutory scheme. The retirement age of other members of the Executive Management Group is in accordance with normal local legislation, 63-68 years.