

CORPORATE GOVERNANCE STATEMENT 2009

(Not included in the official Board of Directors' Review and Financial Statements)

Glaston Corporation complies with its Articles of Association, the Finnish Companies Act and the rules of NASDAQ OMX Helsinki Stock Exchange. In addition, Glaston complies with the Finnish Corporate Governance Code for listed companies, which came into force on 1 January 2009, with the exception that the company has no committees established by the Board of Directors. The Finnish Corporate Governance Code is publicly available at the internet address www.cgfinland.fi.

DUTIES AND RESPONSIBILITIES OF GOVERNING BODIES

The Annual General Meeting, Board of Directors and the President & CEO, whose duties are determined mainly in accordance with the Finnish Companies Act, are responsible for the management of Glaston Group.

GENERAL MEETING OF SHAREHOLDERS

The General Meeting of Shareholders is the company's ultimate decision-making body. It decides the duties for which it is responsible in accordance with the Companies Act and the Articles of Association. The Annual General Meeting (AGM) decides on, among other things, the adoption of the financial statements and the consolidated financial statements contained therein, the distribution of profits and the discharge of the Members of Board of Directors and the President & CEO from liability. In addition, the AGM elects the Members of the Board of Directors and the auditors, and decides on the remuneration paid to Members of Board of Directors and the auditors. The AGM, furthermore, may decide on, for example, amendments to the Articles of Association, share issues and the acquisition of the company's own shares.

Glaston Corporation's General Meeting of Shareholders meets at least once per year. The Annual General Meeting must be held at the latest by the end of May. In accordance with the Articles of Association, a notice to attend a General Meeting of Shareholders must be announced no earlier than two months before the last day of registration and no later than 21 days before the meeting in one Finnish-language and one Swedish-language daily newspaper specified by the Board of Directors. In addition, Glaston publishes the notice to the General Meeting of Shareholders as a stock exchange release and on its website.

The President & CEO, the Chairman of the Board and a sufficient number of Members of the Board must attend a General Meeting of Shareholders. In addition, the auditor must be present at the Annual General Meeting.

EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

An Extraordinary General Meeting of

Shareholders is convened when the Board of Directors considers there is good cause to do so, or if the auditor or shareholders who control one tenth of all the shares so demand in writing for the consideration of a certain issue.

SHAREHOLDERS' RIGHTS

In accordance with the Finnish Companies Act, a shareholder shall have the right to have a matter falling within the competence of the General Meeting dealt with by the General Meeting, if the shareholder so demands in writing from the Board of Directors well in advance of the meeting, so that the matter can be mentioned in the notice. At a General Meeting, shareholders have the right to make proposals and ask questions on the issues being handled.

Shareholders have the right to participate in a General Meeting if they are registered as shareholders in the company's shareholder register eight days before a General Meeting. Owners of nominee-registered shares can be temporarily registered in the company's shareholder register for participation in a General Meeting. Shareholders may attend a General Meeting personally or through an authorised representative. Shareholders may also have an assistant at a meeting.

BOARD OF DIRECTORS

The Board of Directors is responsible for the appropriate arrangement of the company's administration and operations. The Board of Directors consists of minimum of five and a maximum of nine members elected by a General Meeting of Shareholders. The term of office of Members of the Board of Directors expires at the end of the next Annual General Meeting that follows their election. According to the Articles of Association, a person who has reached 67 years of age cannot be elected a Member of the Board of Directors.

The Board of Directors elects from among its members a Chairman and a Deputy Chairman to serve for one year at a time. The Board of Directors has a quorum if more than half of its members are present at a meeting.

The Board of Directors' tasks and responsibilities are determined primarily by the company's Articles of Association, the Finn-

ish Companies Act and other legislation and regulations. It is the responsibility of the Board of Directors to further the interests of the company and all of its shareholders.

The main duties and operating principles of the Board of Directors are defined in the board charter approved by the Board. It is the Board's duty to prepare the matters to be handled by a General Meeting and to ensure that the decisions made by a General Meeting are appropriately implemented. It is also the Board's task to ensure that the appropriate arrangement of the control of the company accounts and finances. In addition, the Board directs and supervises the company's executive management, appoints and dismisses the CEO, decides on the CEO's employment and other benefits, and approves the salary and other benefits of the Executive Management Group. The Board approves the Executive Management Group's charter.

The Board of Directors also decides on far-reaching and fundamentally important issues affecting the Group. Such matters are the Group's strategy, approving the Group's budget and action plans and monitoring their implementation, acquisitions and the Group's operating structure, significant capital expenditures, internal control systems and risk management, key organisational issues and incentive schemes.

The Board of Directors is also responsible to monitor the reporting process of financial statements, the financial reporting process and the efficiency of the company's internal control, internal audit, if applicable, and risk management systems, to review the description of the main features of the internal control and risk management systems pertaining to the financial reporting process, to monitor the statutory audit of the financial statements and consolidated financial statements, to evaluate the independence of the statutory auditor or audit firm, particularly the provision of related services to the company to be audited and to prepare the proposal for resolution on the election of the auditor.

The Board of Directors regularly assesses its operations and working practices. The assessment may be performed by the Board itself or by an external assessor.

Meetings of the Board of Directors are held as a rule in the company's office in Helsinki. The Board of Directors also visits each year the Group's other operating locations and holds meetings there. The Board of Directors may also, if necessary, hold telephone conferences. The Board of Directors normally meets 7–10 times per year. The company's President & CEO and Chief Financial Officer generally attend the meetings of the Board. If necessary, such as in connection with the handling

of strategy or the annual plan, other members of the Executive Management Group may also attend meetings of the Board. The auditor attends two meetings per year.

INDEPENDENCE OF MEMBERS OF THE BOARD

According to an independence assessment performed by the company's Board of Directors, all of the Board's six members are, in principle, independent of the company. Excluding Andreas Tallberg, the Members of the Board are independent of the company's significant shareholders. Andreas Tallberg is Chairman of the Board of GWS Trade Oy (GWS Trade Oy's ownership of Glaston Corporation shares was 16.95% on 31 December 2009) and Managing Director of Oy G.W. Sohlberg Ab (Oy G.W. Sohlberg Ab's ownership was 16.16% on 31 December 2009). Based on a broader assessment, however, the Board considers that Carl-Johan Rosenbröijer and Christer Sumelius are not independent of the company, because they have served as Members of the Board for more than 12 consecutive years. The Members of the Board, the President & CEO and the Members of Executive Management Group have no conflicts of interest between the duties they have in the company and their private interests.

COMMITTEES OF THE BOARD OF DIRECTORS

The company has no committees established by the Board of Directors and therefore the Board is responsible for the duties of the Audit Committee in accordance with the Finnish Corporate Governance Code for listed companies. The company's Board of Directors has considered that it wishes to participate as a whole in the preparation of issues specified for the Board and that the effectiveness of the company's Corporate Governance is such that it does not currently require the establishment of separate committees.

PRESIDENT & CEO

President & CEO handles the operational management of the company in accordance with instructions issued by the Board. He is responsible to the Board of Directors for fulfilling the targets, plans and goals it sets. The President & CEO is responsible for ensuring that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner. The President & CEO is supported in the Group by the Executive Management Group.

EXECUTIVE MANAGEMENT GROUP

The Executive Management Group comprises the President & CEO, the Senior

Vice Presidents of the Machines, Software Solutions and Services segments, the Senior Vice President, Sales of the EMEA area, the Senior Vice President, Human Resources and the Chief Financial Officer. The members of the Executive Management Group report to the President & CEO and assist him in implementing the company's strategy, operational planning and management, and in reporting the development of business operations. The Executive Management Group meets under the direction of the President & CEO.

The Chairman of the company's Board of Directors appoints, on the proposal of the President & CEO, the members of the Executive Management Group and confirms their remuneration and other contractual terms. The company's President & CEO acts as the chairman of the Executive Management Group. The Executive Management Group handles the Group's and segments' strategy issues, capital expenditure, product policy, Group structure and control systems, and supervises the company's operations. Information on the members of the Executive Management Group is presented on the company's website at the address www.glaston.net.

INSIDER ADMINISTRATION

In addition to statutory insider regulations, Glaston complies with the insider guidelines for listed companies of NASDAQ OMX Helsinki Ltd as well as the regulations and guidelines of the Finnish Financial Supervisory Authority.

Glaston's permanent insiders include the statutory insiders, namely the Board of Directors, the President & CEO and the responsible auditor. In addition to these, other members of the Executive Management Group are also permanent insiders with a duty to disclose their ownership in Glaston.

Glaston's company-specific non-public insider register also includes other management and employees according to their job descriptions. At the preparation stage of significant projects, the company also keeps a project-specific insider register. Insiders are given a written statement of their inclusion in an insider register as well as guidelines on insider obligations.

The company's insider registers are maintained by the Group's Communications Department, which is responsible for updating the information. Shareholding information on the company's permanent insiders as well as their related parties' shareholdings are available in the SIRE system of Euroclear Finland Ltd. The information is also on Glaston's website.

AUDITING

The company has one auditor, which shall

be an auditing firm authorised by the Finnish Central Chamber of Commerce. Annual General Meeting elects the auditor to audit the accounts for the financial year, and the auditor's duties cease at the close of the subsequent Annual General Meeting. The auditor's duty is to audit the consolidated and parent company financial statements and accounting as well as the parent company's governance, and to give reasonable assurance that the financial statements and the Board of Directors' Review give true and fair view of the Group's operations and result as well as its financial position. The company's auditor presents the audit report required by law to the company's shareholders in connection with the annual financial statements and reports regularly to the Board of Directors. The auditor, in addition to fulfilling general competency requirements, must also comply with certain legal independence requirements guaranteeing the execution of an independent and reliable audit.

MAIN FEATURES OF THE INTERNAL CONTROL AND RISK MANAGEMENT PERTAINING TO THE FINANCIAL REPORTING PROCESS

Internal control is an essential part of the company's administration and management. Its aim is to ensure that the Group's operations are efficient, productive and reliable and that legislation and other regulations are complied with. The Group has specified for the main areas of its operations Group-wide principles that form the basis for internal control.

The Group's internal control systems serve to provide reasonable assurance that the financial reports published by the Group give reasonably correct information about the Group's financial position. The Board of Directors and the President & CEO are responsible for arranging internal control. A report covering the Group's financial situation is supplied monthly to each Member of the Board of Directors. The Group's internal control is decentralised to different Group functions, which supervise within their areas of responsibility compliance with the policies approved by the Board of Directors. The Group's financial management and operational control are supported and coordinated by the Group's financial management and controller network.

The Group's financial reporting process complies with the Group's operating guidelines and standards relating to financial reporting. The interpretation and application of financial reporting standards has been concentrated in the Group's Financial Management organisation, which maintains operating guidelines and standards relating to financial reporting and is responsible for internal communication relating to

them. The Group's Financial Management organisation also supervises compliance with these guidelines and standards. The company has no separate internal auditing organisation. The Group's Financial Management organisation regularly monitors the reporting of segments and addresses deviations perceived in reporting and, if necessary, performs either its own separate internal auditing or commissions the internal auditing to external experts. Control of reporting and budgeting processes is based on the Group's reporting principles, which are determined and centrally administered by the Group's Financial Management organisation. The principles are applied consistently throughout the Group and a consistent Group reporting system is in place.

RISK MANAGEMENT

Risk management is an essential part of Glaston's management and control system. The purpose of risk management is to ensure the identification, management and monitoring of risks relating to business targets and operations. Risk management principles have been specified in a risk management policy approved by the company's Board of Directors, and operating practices have been specified in a risk management process description and in risk management guidelines.

The principle guiding Glaston's risk management is the continuous, systematic and appropriate development and implementation of the risk management process, with the objective being the comprehensive recognition and appropriate management of risks. Glaston's risk management focuses on the management of risks relating to business opportunities and of risks that threatens the achievement of Group objectives in a changing operating environment. From the perspective of risk management, the company has divided risks into four different groups: strategic risks, operational risks, financial risks and hazard risks. Risks relating to property, business interruption as well as liability arising from the Group's operations have been covered by appropriate insurances. Management of financial risks is the responsibility of the Group's Treasury in the Group's parent company.

Glaston's risk management policy includes the Group's risk management guidelines. Risk management policy also specifies the risk management processes and responsibilities. Glaston's risk management consists of the following stages: risk identification, risk assessment, risk treatment, risk reporting and communication, control of risk management activities and processes, business continuity planning and crisis management. As part of the risk manage-

ment process, the most significant risks and their possible impacts are reported to the management and the Board of Directors regularly, based on which management and the Board can make decisions on the level of risk that the company's business areas are possibly ready to accept in each situation or at a certain time.

It is the duty of Glaston's Board of Directors to supervise the implementation of risk management and to assess the adequacy and appropriateness of the risk management process and of risk management activities. In practice, risk management consists of appropriately specified tasks, operating practices and tools, which have been adapted to Glaston's segments and Group-level management systems. Risk management is the responsibility of the senior manager of each segment and Group-level function. Risk identification is in practice the responsibility of every Glaston employee.

The Group Legal function is responsible for guidelines, support, control and monitoring of risk management measures. In addition, the function consolidates segment and Group level risks. The Group Legal function reports on risk management issues regularly to the President & CEO and the Executive Management Group and assesses in collaboration with them any changes in the probabilities of the impacts of identified risks and in the level of their management. The Group Legal function also reports the result of risk management processes annually to the Board of Directors.

Segment and Group-level risk management is included in the annually repeated Group-wide risk management process. The process can also be initiated during the year if substantial strategic changes requiring the initiation of the risk management process take place in a certain area of operations.

The management group of each segment identifies and assesses segment risks and specifies the segment's risk management measures by which an acceptable level of risk can be achieved.

With the aid of the risk management process, risks are systematically recognised and assessed in each business segment and at Group level. In addition, at each level measures are specified which, when implemented, will achieve an acceptable level of risk. Risks are consolidated from segment level to Group level. Action plans are prepared at each level of operations to ensure risks remain at an acceptable level.

The Group's risks are covered in more detail in the Board of Directors' Review on page 11. The management and organisation of the Group's financial risks are presented in more detail in Note 3 to the consolidated financial statements on page 38.

CORPORATE GOVERNANCE IN 2009**ANNUAL GENERAL MEETING**

Glaston's Annual General Meeting, held on 17 March 2009, confirmed the financial statements and discharged the President & CEO and the Members of the Board of Directors from liability for financial year 2008. All documents relating to the Annual General Meeting are available on the company's website www.glaston.net.

EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS 2009

An Extraordinary General Meeting of Shareholders of Glaston Corporation, held on 8 June 2009, authorised the Board of Directors to decide on the issuing of shares and the issuing of special rights granting entitlement to shares, referred to in Chapter 10 Section 1 of the Companies Act.

COMPOSITION OF THE BOARD OF DIRECTORS

The 2009 Annual General Meeting elected the following to the company's Board of Directors:

Andreas Tallberg	b. 1963 - Chairman of the Board since 2007
Education	M.Sc.(Econ.)
Main occupation	Oy G.W. Sohlberg Ab, President & CEO since 2007
Primary work experience	Senior Partner, EQT, 1997–2006; President, MacAndrews & Forbes International, 1992–1995; Director, Business Development, Amer Group, 1987–1991

Christer Sumelius	b. 1946 - Deputy Chairman of the Board since 1995
Education	M.Sc.(Econ.)
Main occupation	Chairman of the Board, Oy Investsum Ab since 1984
Primary work experience	Managing Director, Se-Center Oy, 1987–2007; Director, Graphex GmbH, 1979–1988; Chairman, Pyramid Advertising Co. Ltd. (Lagos), 1983–1985; Managing Director, Pyramid Paper Products Ltd. (Lagos), 1982–1984; Director, Pyramid Inks Manufacturing Co. Ltd. (Lagos), 1981–1985; Area Representative, Finska Papperbruksföreningen, Finnpap (Singapore), 1980–1981

Klaus Cawén	b. 1957 - independent Member of the Board since 2004
Education	Master of Laws, LL.M.
Main occupation	KONE Corporation, M&A and Strategic Alliances, Russia, Legal Affairs, Member of the Executive Board since 1991
Primary work experience	Member of the Executive Board, KONE Corporation since 1991; employed by KONE Corporation since 1983

Carl-Johan Rosenbröijer	b. 1964 - Member of the Board since 1996
Education	Dr.Sc.(Econ.)
Main occupation	Senior Teacher, Arcada University of Applied Sciences since 2003
Primary work experience	Teacher, University of Oulu, 2001–2003; Senior Consultant, Head Consulting Oy, 2001–2003; Teacher and Researcher Svenska handelshögskolan, 1990–2001

Claus von Bonsdorff	b. 1967 - independent Member of the Board since 2006
Education	M.Sc.(Eng.), M.Sc.(Econ.)
Main occupation	Head of Strategy, Business Development and Marketing, Nokia Siemens Networks, Customer and Market Operations, Director since 2007
Primary work experience	Nokia Siemens Networks since 2007; Expert and management positions in Nokia Plc, 1994–2007

Jan Lång	b. 1957 - independent Member of the Board since 2008
Education	M.Sc.(Econ.)
Main occupation	Ahlstrom Corporation, President & CEO, since 2008
Primary work experience	President & CEO, Uponor Group, 2003–2008; Several management positions, Huhtamäki Group, 1982–2003

Mikael Mäkinen served as a Member of the Board up to the Annual General Meeting held on 17 March 2009.

In 2009 Glaston's Board of Directors held 18 meetings, of which 8 were via telephone conference. The attendance of Members of the Board Government at meetings was 92.7%.

REMUNERATION OF MEMBERS OF THE BOARD

In 2009 the Chairman of the Board was paid remuneration of EUR 40,000, the Deputy Chairman EUR 30,000 and the 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. 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 Glaston's Board of Directors 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 paid to the Board of Directors is outlined in more detail in Note 30 to the consolidated financial statements.

PRESIDENT & CEO

Glaston's President & CEO from 1 January to 5 August 2009 was Mika Seitovirta. Arto Metsänen (b. 1956) became Glaston's President & CEO on 1 September 2009. Chief Financial Officer Kimmo Lautanen handled the duties of the President & CEO from 6 August to 31 August 2009.

REMUNERATION OF THE PRESIDENT & CEO

The remuneration of the President & CEO consists of fixed monthly salary, an annual bonus and a share bonus scheme intended as a long-term incentive. The annual bonus is determined on the basis of Glaston's financial performance. The indicators used are the Group's result and personal targets. The maximum amount of the President &

CEO's annual bonus is 50% of the annual salary. Mika Seitovirta's cash salary plus fringe benefits was EUR 800,870, which includes severance pay. In addition, he was paid a performance bonus of EUR 33,171.

The cash salary plus fringe benefits paid to Arto Metsänen in 2009 totalled EUR 112,000. 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 has the right to terminate his employment contract with 1 month's notice, in which case he is paid one-off severance pay of EUR 200,000. The President & CEO also has a separate share bonus arrangement, according to which 50,000 Glaston Corporation shares will be transferred to him one year after the beginning of his employment relationship.

AUDITING

At the 2009 Annual General Meeting, the accounting firm KPMG Oy Ab was elected as the company's auditor.

The responsible auditor was Sixten Nyman, APA. Auditing units representing the KPMG Group have mainly served as the auditors of the company's subsidiaries in each country. In 2009 the Group's auditing costs totalled EUR 635 thousand, of which KPMG received EUR 558 thousand. KPMG's auditing expenses for the audit for the financial year 2009 totalled EUR 373 thousand. In addition, auditing units belonging to the KPMG Group have provided other advice to companies belonging to the Glaston Group to a value of EUR 48 thousand.