

Corporate Governance Statement 2010

(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 October 2010. 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 and the auditors, and decides on the remuneration paid to Members of the 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, the notice to attend a Gen-

eral Meeting of Shareholders must be announced no later than three weeks before the meeting and at least nine days before the last day of registration for 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 matters being dealt with.

A shareholder shall have the right to participate in a General Meeting if the shareholder is registered 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 General 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 shall elect from among its members a Chairman and a Deputy Chairman to serve for one year at a time. The Board of Directors shall have a quorum if more than half of its members are present at the meeting.

The Board of Directors' tasks and responsibilities are determined primarily by the company's Articles of Association, the Finnish 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 dealt with 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 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 for monitoring the reporting of financial statements, the financial reporting process and the efficiency of the company's internal control, and, if applicable, internal auditing and risk management systems pertaining to the financial reporting, monitoring the statutory audit of the financial statements and consolidated financial statements, evaluating the independence of the statutory auditor or audit firm, particularly with respect to the provision of services unrelated to the audit, and preparing a proposal for resolution on the election of the auditor.

The Board of Directors regularly evaluates its own operations and working practices. This evaluation may be performed by the Board itself or by an external evaluator.

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 at least 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 seven 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 2010) and Managing Director of Oy G.W. Sohlberg Ab (Oy G.W. Sohlberg Ab's ownership was 16.16% on 31 December 2010). Based on a broader assessment, however, the Board considers that Carl-Johan Rosenbröijer and Christer Sumeilius are not independent of the company, because they have served as Members of 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.

Composition of the Board of Directors

In 2010 the company's Board of Directors had no female members at present, and the company deviates in this respect from Recommendation 9 of the Finnish Corporate Governance Code for listed companies. The composition of the Board of Directors is of key importance for the company's future, and when proposing members Glaston strives to ensure that as wide and diverse expertise as possible is represented on the Board. The objective is that in future, the company's Board of Directors would also have members of both genders.

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 effective-

ness 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 that the Board sets. The President & CEO is responsible for ensuring that the company's accounting is in compliance with the law and that financial affairs have been arranged in a reliable manner. The President & CEO is supported by the Executive Management Group.

Executive Management Group

As of the beginning of February 2011 the Executive Management Group comprises the President & CEO, the Senior Vice Presidents of Software Solutions and Services segments, the General Manager, Asia, the Senior Vice President Supply Chain, 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 segment's strategy issues, capital expenditure, product policy, Group structure and control systems, and supervises the company's operations. Information of 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 must be an auditing firm authorised by the Finnish Central Chamber of Commerce. The 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 a 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 from 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 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 threaten 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 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 recognition, 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 management process, the most significant risks and their possible impacts are reported to company 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 recognition 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 identified 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' Re-

view on page 8. The management and organisation of the Group's financial risks are presented in more detail in Note 3 of the consolidated financial statements on page 34.

Corporate Governance in 2010 Annual General Meeting

Glaston's Annual General Meeting, held on 13 April 2010, confirmed the financial statements and discharged the President & CEO and the Members of the Board of Directors from liability for financial year 2009. All documents relating to the Annual General Meeting are available on the company's website www.glaston.net.

Composition of the Board of Directors

The 2010 Annual General Meeting elected the following to the company's Board of Directors:

Andreas Tallberg b. 1963, M.Sc.(Econ.) - Chairman of the Board since 2007
Independent of the company. Chairman of the Board of Directors of GWS Trade Oy, a significant shareholder, and Managing Director of Oy G.W.Sohlberg Ab, a significant shareholder
Share ownership on 31.12.2010: no shares

Main occupation:	Oy G.W. Sohlberg Ab, Managing Director since 2007
Primary work experience:	Senior Partner, EQT, 1997-2006; President, MacAndrews & Forbes International, 1992-1995; Director, Business Development, Amer Group, 1987-1991
Key positions of trust:	Chairman of the Board, Detection Technology Oy; Chairman of the Board, StaffPoint Oy; Member of the Board, Svenska Handelsbanken AB (publ), Finnish branch; Member of the Board, Mylykoski Oy; Deputy Chairman of the Board, Perlos Plc; Member of the Board, Salcomp Plc; Chairman of the Board, Nissala Oy; Member of the Board, Oy Frank media Ab

Christer Sumelius b. 1946, M.Sc.(Econ.) - Deputy Chairman of the Board since 1995
Dependent of the company, independent of significant shareholders
Share ownership on 31.12.2010: 2,624,200 shares, including shares owned by related parties

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 Papperbruks-föreningen, Finnppap (Singapore) 1980-1981
Key positions of trust:	Chairman of the Board, Oy Investsum Ab; Member of the Board, Tecnotree Corporation; Member, The Finnish Association of Professional Board Members; Member of the Board, Chemdyes Sdn. Bhd. Penang (Malaysia); Member of the Board, Xemet Oy; Member of the Board, Nikolai Sourcing Ltd.; Member of the Board, I-Hygiene Solutions (Malaysia)

Klaus Cawén b. 1957, Master of Laws, LL.M. - Member of the Board since 2004
Independent of the company, independent of significant shareholders
Share ownership on 31.12.2010: 6,000 shares

Main occupation: M&A and Strategic Alliances, Russia and Legal Affairs, Member of the Executive Board, KONE Corporation, since 1991

Primary work experience: Member of the Executive Board, KONE Corporation since 1991; employed by KONE Corporation since 1983

Key positions of trust: Member of the Board, Oy Karl Fazer Ab; Member of the Board, Toshiba Elevator and Building Systems Corporation (Japan); Member of the Board, Sponda Plc

Carl-Johan Rosenbröijer b. 1964, Dr.Sc.(Econ.) - Member of the Board since 1996
Dependent on the company, independent of significant shareholders
Share ownership on 31.12.2010: 12,600 shares

Main occupation: Senior Teacher, Arcada University of Applied Sciences since 2003

Primary work experience: Senior Consultant, Head Consulting Oy 2001-2003; Teacher and Researcher, Svenska handelshögskolan 1990-2001; Teacher, University of Oulu 2001-2003.

Key positions of trust: Member of the Board, Ekonomiska Samfundet i Finland

Claus von Bonsdorff b. 1967, M.Sc.(Eng.), M.Sc.(Econ.) - Member of the Board since 2006
Independent of the company, independent of significant shareholders
Share ownership on 31.12.2010: 122,600 shares

Main occupation: Head of Strategy, Business Development and Marketing, Nokia Siemens Networks since 2007

Primary work experience: Management positions, Nokia Siemens Networks since 2007; expert and management positions, Nokia Plc 1994-2007

Key positions of trust: -

Jan Lång b. 1957, M.Sc.(Econ.) - Member of the Board since 2008
Independent of the company, independent of significant shareholders
Share ownership on 31.12.2010: no shares

Main occupation: President & CEO, Ahlstrom Corporation since 2008

Primary work experience: President & CEO, Uponor Group 2003-2008; several management positions, Huhtamäki Group 1982-2003

Key positions of trust: -

Teuvo Salminen b. 1954, M.Sc.(Econ.), APA - Member of the Board since 2010
Independent of the company, independent of significant shareholders
Share ownership on 31.12.2010: no shares

Main occupation: CapMan Plc, Advisor, 2010

Primary work experience: Pöyry Plc 1985-2010: Senior Advisor, 2010, Group Executive Vice President, Deputy to the President & CEO 1999-2009, Head of Infrastructure & Environment business group 1998-2000, Head of Construction business group 1997-1998, Chief Financial Officer 1988-1999

Key positions of trust: Deputy Chairman of the Board, CapMan Plc; Chairman of the Board, Holiday Club Resorts Oy; Chairman of the Board, Havator Oy; Member of the Board, Cargotec Plc; Member of the Board, Evli Bank Plc; Member of the Board, Tieto Corporation

Remuneration of Board of Directors

The 2010 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 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 in 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 paid to the Board of Directors is outlined in more detail in Note 31 of the consolidated financial statements and in a separate salaries and bonuses report.

In 2010 Glaston's Board of Directors held 17 meetings, of which 8 were via telephone conference. The attendance of Members of the Board at meetings was 92%.

Remuneration of the President & CEO and the Executive Management Group

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 scheme (variable salary component) intended as a long-term reward. The annual bonus is determined on the basis of Glaston's financial performance. The indicators used are the Group's result, the business area's or business unit's result as well as personal targets agreed with supervisors at the beginning of the year. The maximum amount of the President & CEO's annual bonus is 50% of annual salary. For the members of the Executive Management Group, the maximum amount of annual bonus is 40% of annual salary.

President & CEO and Executive Management Group

The company's President & CEO in 2010 was Arto Metsänen. At the end of 2010, the Executive Management Group had 8 members. The Executive Management Group had 12 meetings in 2010.

Arto Metsänen b. 1956, M.Sc.(Eng.)

President & CEO and Chairman of the Executive Management Group since 1 September 2009

Primary work experience: President & CEO, CPS Colour Group Oy 2005-2009; President & CEO, Consolis Oy 2005; President, Sandvik Tamrock Oy 2003-2005; SVP USA and Mexico, Sandvik Tamrock 2002-2003; SVP South Europe and Middle East, Sandvik Tamrock Oy 1998-2002

Tapio Engström b. 1963, M.Sc.(Econ.)

Chief Financial Officer

Employed by the company and Member of the Executive Management Group since 1 July 2010

Primary work experience: Chief Financial Officer, CPS Color Holding Oy 2009-2010; SVP Business Development, Vaisala Plc 2007-2008; Chief Financial Officer, Aspocomp Group Plc 2006-2007; Chief Financial Officer, Vaisala Plc 2002-2006; Regional Finance Manager, USA, Vaisala Inc 2000-2002; Andritz Oy, Business Controller, Service, 1998-2000; Asko Kodinkone Oy, Financial Manager, 1994-1998; Tunturipyörä Oy, several financial positions 1990-1994

Topi Saarenhovi b. 1967, M.Sc.(Eng.)

Senior Vice President, Machines segment

Employed by the company and Member of the Executive Management Group from 2007 to 31 January 2011

Primary work experience: President & CEO, Amomatic Oy 2004-2007; Vice President, Amomatic Oy 2003-2004; Plant Manager, Wärtsilä Plc, Turku 2002-2003; Production Management Positions, Wärtsilä Plc, Turku 1996-2001

Günter Befort b. 1954, B.Sc.(Eng.)

Senior Vice President, Software Solutions segment

Employed by the company and member of the Executive Management Group since 2007

Primary work experience: Over 35 years in the glass industry, of which the last 20 years at Albat+Wirsam

Juha Liettyä s. 1958, B.Sc.(Eng.)

Senior Vice President, Services segment

Employed by the company since 1986, Member of the Executive Management Group since 2007

Primary work experience: Glaston, Quality and business development director 2008-2009; VP Technology, Kyro Corporation 2003-2007; Managing Director, Tamglass Engineering Ltd. Oy 1999-2003; Several management positions, Tamglass Ltd. Oy 1991-2003; Maintenance Manager, Tamglass Engineering Ltd. Oy 1989-1991; Project Engineer, Tamglass Engineering Ltd. Oy 1986-1989

Frank Chengdong Zhang b. 1968, EMBA

General Manager, Asia

Employed by the company since 2008, Member of the Executive Management Group since 2010

Primary work experience: Product Group Manager, GE Motors & Fixtures, GE Lighting Asia 2002-2008; Marketing Development Manager, GE Motors & Fixtures, Asia 1999-2002; Sales Manager, GE Motors & Fixtures, Asia 1997-1999; Market Developer, GE Motors & Fixtures, Asia 1994-1997; Product Manager, Shanghai Ship and Shipping Institute

In addition, the President & CEO has a separate share bonus scheme, on the basis of which he received one year after the start of his employment relationship, i.e. on 3 September 2010, 50,000 Glaston Corporation shares as well as cash to the sum required for the taxes and tax-related payments arising from the distributed shares on the date that the shares were awarded. The awarded shares cannot be conveyed or otherwise used within two years of the date they were awarded.

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 has the opportunity to retire at 63 years of age. The President & CEO and one 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.

On 9 June 2010, Glaston's Board of Directors decided on a new share-based incentive scheme for the Group's key personnel. The scheme has one performance period covering 2010 and 2011, with the performance criterion being the development of the Group's operating profit.

The performance criterion consists of the following operating profit percentages calculated on 2011 net sales: Minimum level +4%, target level +6% and maximum level +10%.

Any bonus will be paid after the result for 2011 is published in spring 2012. The target group for the scheme will consist during the performance period of at most 12 people.

On the basis of the scheme, a maximum total gross number of approximately 2.5 million Glaston shares can be distributed. Any income taxes and other statutory payments arising from the payment of the bonus will be deducted from the gross number of shares before their distribution.

Tapani Lankinen b. 1968, M.A.

Senior Vice President, Human Resources

Employed by the company and Member of the Executive Management Group since 4 October 2010

Primary work experience: VP, Human Resources, EMEA, Cargotec Plc, 2008-2010; Head of HRD, MEA, Nokia Siemens Network, 2007-2008; Human Resources management positions, Nokia Plc 2004-2007; Consultant, Mercuri Urval, 1998-2004

Pekka Huuhka b. 1956, M.Sc.(Eng.)

Senior Vice President Supply Chain

Employed by the company and Member of the Executive Management Group since 1 August 2010

Primary work experience: President & CEO, partner, Swot Consulting Finland Oy 1998-2010; Area Sales Director, Tamrock Region Europe 1993-1998; Product Management, Tamrock Oy 1991-1993; Production Management positions, Tamrock Oy 1982-1991

Auditing

At the 2010 Annual General Meeting, the accounting firm Ernst & Young Oy was elected as the company's auditor.

The responsible auditor was Harri Pärssinen, APA. Auditing units representing Ernst & Young have mainly served as the auditors of the company's subsidiaries in each country. In 2010 the Group's auditing costs totalled EUR 390 thousand of which Ernst & Young received EUR 212 thousand. Ernst & Young Oy's auditing expenses for the audit for financial year 2010 totalled EUR 385 thousand. In addition, auditing units belonging to Ernst & Young have provided other services to companies belonging to the Glaston Group to a value of EUR 116 thousand.

Salaries and bonuses paid to the Group's Executive Management Group	2010	2009
EUR		
President & CEO Arto Metsänen ¹⁾		
Salary	316,920	105,580
Share-based incentive scheme, paid in cash	70,312	-
Share-based incentive scheme, value of shares awarded	65,500	-
Total salary	452,732	105,580
Fringe benefits	19,080	6,420
Total	471,812	112,000
Statutory pension contributions (TyEL or similar scheme)	54,768	6,048
Voluntary pension contributions	61,844	-
¹⁾ as of 1 September 2009		
Other Executive Management Group, total		
Salary	1,140,288	1,155,624
Severance pay	327,161	425,036
Performance bonuses	44,819	124,322
Total salary	1,512,268	1,704,982
Fringe benefits	81,058	74,573
Total	1,593,326	1,779,555
Statutory pension contributions (TyEL or similar scheme)	163,143	132,802
Voluntary pension contributions	20,515	3,000

Board of Directors and Executive Management Group Share ownership 31 December 2010

Cawén, Klaus	6,000	Befort, Günter	-
Lång, Jan	-	Engström, Tapio	-
Rosenbröijer, Carl-Johan	12,600	Huuhka, Pekka	-
Salminen, Teuvo	-	Lankinen, Tapani	-
Sumelius, Christer	2,624,200	Liettyä, Juha	-
Tallberg, Andreas	-	Metsänen, Arto	50,000
von Bonsdorff, Claus	122,600	Saarenhovi, Topi	8,225
		Zhang, Frank	-