

## **Remuneration of Glaston Corporation's Board of Directors, President & CEO and Executive Management Group in 2011**

### **Remuneration of the Members of the Board**

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. In 2010 the Board of Directors' remuneration totalled EUR 191,000. 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 company's Board of Directors decides on the terms and conditions and other compensation of the President & CEO. The Board of Directors also decides on the remuneration of 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 plan (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. 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.

In addition, the President & CEO has a separate share bonus plan, on the basis of which he received one year after the start of his employment relationship, i.e. on 3 September 2010, a total of 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 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 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.

The table below presents the total remuneration of the President & CEO and the Members of the Executive Management Group in 2011.

### Salaries and bonuses paid to the Group's Executive Management Group

EUR	2011
<b>President &amp; CEO Arto Metsänen</b>	
Salary	325,955
Share-based incentive plan, paid in cash	-
Share-based incentive plan, value of shares awarded	-
Performance bonuses	105,168
Total salary	431,123
Fringe benefits	16,117
<b>Total</b>	<b>447,240</b>
Statutory pension contributions (TyEL or similar scheme)	79,161
Voluntary pension contributions	40,320
EUR	<b>2011</b>
<b>Other Executive Management Group, total</b>	
Salary	1,163,756
Severance pay	94,482
Performance bonuses	198,455
Total salary	1,456,693
Fringe benefits	42,441
<b>Total</b>	<b>1,499,134</b>
Statutory pension contributions (TyEL or similar scheme)	181,346
Voluntary pension contributions	51,242

### **Share-based incentive scheme**

On 9 June 2010, Glaston's Board of Directors decided on a new share-based incentive plan for the Group's key personnel. The plan had one performance period covering 2010 and 2011, with the vesting condition being the development of the Group's operating result. The plan did not vest, as the vesting condition was not fulfilled.

On 12 December 2011, Glaston's Board of Directors decided on a new share-based incentive plan for the Group's key personnel. The share bonus plan has three performance periods, namely the calendar years 2012, 2013 and 2014. The company's Board of Directors will decide on the plan's performance criteria and the targets set for them at the beginning of each performance period. The possible bonus of the plan for performance period 2012 will be based on the Glaston Group's operating result (EBIT) and net profit. The share bonus plan's target group consists of around 25 people. The bonuses payable on the basis of the plan will correspond during three years to a maximum of 4.8 million Glaston Corporation shares.