



# Remuneration of Glaston Corporation's Board of Directors, President & CEO and Executive Management Group in 2015

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 2015.

## 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 2015 the Board of Directors' remuneration totalled EUR 178 200.

| EUR                            | 2015 annual fee | meeting fee   | 2014 annual fee | meeting fee   |
|--------------------------------|-----------------|---------------|-----------------|---------------|
| Andreas Tallberg, Chairman     | 40,000          | 6,700         | 40,000          | 8,100         |
| Teuvo Salminen Deputy Chairman | 30,000          | 4,300         | 27,500          | 4,600         |
| Claus von Bonsdorff            | 20,000          | 4,300         | 20,000          | 5,100         |
| Anu Hämäläinen                 | 20,000          | 4,300         | 20,000          | 5,100         |
| Pekka Vauramo                  | 20,000          | 4,300         | 20,000          | 4,100         |
| Kalle Reponen *)               | 20,000          | 4,300         | 15,000          | 3,600         |
| Christer Sumelius **)          | -               | -             | 7,500           | 1,500         |
| <b>Total</b>                   | <b>150,000</b>  | <b>28,200</b> | <b>150,000</b>  | <b>32,100</b> |

\*) member of the Board of Directors from 2 April, 2014

\*\*\*) member of the Board of Directors until 2 April, 2014

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 plan launched in 2014 covers the years 2014–2016. Any rewards from the plan will be paid in spring 2017. At the end of 2015 the plan 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.

The table presents the total remuneration of the President & CEO and the Members of the Executive Management Group in 2015.

| EUR  | 2015             | 2014             |
|--|------------------|------------------|
| <b>President &amp; CEO Arto Metsänen</b>                 |                  |                  |
| Paid salary  | 510,303          | 393,885          |
| Bonuses paid   | 20,000           | 65,131           |
| Share bonus  | -                | 201,940          |
| Total salary   | 530,303          | 660,956          |
| Fringe benefits  | -                | 16,583           |
| <b>Total</b>   | <b>530,303</b>   | <b>677,539</b>   |
|  |                  |                  |
| Statutory pension contributions (TyEL or similar scheme) | 72,983           | 117,553          |
| Voluntary pension contributions                          | 63,671           | 56,774           |
| EUR  | 2015             | 2014             |
| <b>Other Executive Management Group, total</b>           |                  |                  |
| Paid salaries  | 1,092,208        | 925,898          |
| Severance pay  | -                | 83,479           |
| Performance bonuses                                      | 54,000           | 115,546          |
| Share bonus  | -                | 378,676          |
| Total salaries   | 1,146,208        | 1,503,599        |
| Fringe benefits  | 78,348           | 38,054           |
| <b>Total</b>   | <b>1,224,556</b> | <b>1,541,653</b> |
|  |                  |                  |
| Statutory pension contributions (TyEL or similar scheme) | 158,967          | 198,438          |
| Voluntary pension contributions                          | 46,097           | 26,701           |

## 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 two other members 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.