

Glaston Corporation

Remuneration Statement 2018



glaston

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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 2018.

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 2018 Annual General Meeting approved annual remuneration to the Chairman of the Board of Directors amounting to EUR 46,000 (40,000), to the Deputy Chairman EUR 34,500 (30,000) and to other Members of the Board EUR 23,000 (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 2018 the Board of Directors' remuneration totaled EUR 237,425.

Remuneration of the Board of Directors

euro	2018 annual fee	meeting fee	2017 annual fee	meeting fee
Teuvo Salminen, Chairman of the Board 1)	42,000	7,900	30,000	4,500
Sebastian Bondestam, Dep Chairman of the Board 2)	25,875	4,000	-	-
Anu Hämäläinen	22,250	5,500	20,000	4,500
Antti Kaunonen 2)	17,250	4,000	-	-
Sarlotta Narjus	22,250	5,500	20,000	4,500
Kai Mäenpää	22,250	5,500	15,000	3,000
Tero Telaranta	22,250	5,500	5,000	1,500
Andreas Tallberg 3)	10,000	2,400	40,000	7,200
Claus von Bonsdorff 3)	5,000	1,500	20,000	4,500
Pekka Vauramo 3)	5,000	1,500	20,000	4,500
Kalle Reponen 4)	-	-	5,000	1,000
Total	194,125	43,300	175,000	35,200

(1 Chairman of the Board of Directors from 10 April 2018
(3 Member of the Board of Directors until 10 April 2018

(2 Member of the Board of Directors from 10 April 2018
(4 Member of the Board of Directors until 4 April 2017

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 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 rewards will be paid in spring 2018. The incentive plan launched in 2015 covers 29 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 16 key Glaston personnel.

Long-term incentive plan 2017-2019

On 18 January 2017, 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 scheme 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 2017–2019, and any rewards from the plan will be paid in spring 2020. The incentive plan launched in 2017 covers 18 key Glaston personnel.

Long-term incentive plan 2018-2020

On 8 February 2018, 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 scheme 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 2018–2020, and any rewards from the plan will be paid in spring 2021. The incentive plan launched in 2017 covers 20 key Glaston personnel.

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

euro	2018	2017
President & CEO Arto Metsänen		
Paid salary	422,319	411,605
Bonuses paid	-	-
Share bonus	23,040	-
Total salary	445,359	411,605
Fringe benefits	1,242	1,114
Total	446,601	412,719
Statutory pension contributions (TyEL or similar scheme)	74,335	72 432
Voluntary pension contributions	57,460	45 975
euro	2018	2017
Other Executive Management Group, total		
Paid salary	1,134,754	1,193,511
Severance pay	-	-
Bonuses paid	34,776	51,381
Share bonus	48,000	-
Total salary	1,217,530	1,244,891
Fringe benefits	146,475	139,721
Total	1,364,005	1,384,612
Statutory pension contributions (TyEL or similar scheme)	163,948	179,231
Voluntary pension contributions	22,369	20,966

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. The President & CEO is paid a 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 possibility to retire at 63 years of age. The President & CEO and the Deputy CEO 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.