



Glaston Corporation Remuneration Statement 2019

Introduction

The Remuneration Report prepared in accordance with the new Corporate Governance Code 2020 has to be published first time for the financial year starting on 1 January 2020. The Remuneration Statement prepared for the previous financial year, started on 1 January 2019, complies as regards a remuneration statement with the stipulations in the previous Corporate Governance Code 2015 approved by the Securities Market Association on 1 October 2015, effective from 1 January 2016.

The remuneration statement presents the Company's remuneration decision-making procedure, the key principles of remuneration, and the salaries and bonuses paid to the Members of the Board of Directors, the President & CEO and Members of the Executive Management Group in 2019.

Glaston's remuneration policy is subject to the approval of the company's Annual General Meeting, to be held on 2 April 2020.

Decision-making procedure

The Annual General Meeting decides on the remuneration of the Members of the Board of Directors, based on the proposal of the Nomination Board. In determining the fees of the Board of Directors, the Nomination Board takes into account the responsibilities and obligations of the members of the Board of Directors towards the Company and compares the fees of the Board of Directors with the fees of the Board of Directors of similar types of companies.

Based on the proposal of the Remuneration Committee, the Company's Board of Directors decides on the following:

- the salary and other benefits of the CEO and the Deputy CEO, and their personal performance targets
- the content, target group and allocations of the Group's long-term incentive plan
- the Group's short-term incentive plan and the performance targets related to the plan

Key principles of remuneration

Board of Directors

The Members of the Board of Directors receive remuneration from the Company solely related to their membership of the Board of Directors and committees, and to their board work. The Members of the Board of Directors do not participate in Glaston's short- and long-term incentive plans.

President & CEO and Executive Management Group

The overall remuneration structure of the President & CEO and Executive Management Group consists of fixed basic salary and fringe benefits as well as incentive plans, which specify long- and short-term targets. A variable salary component consists of a share-based incentive plan linked to long-term targets as well as a short-term performance bonus. The annual bonus is determined on the basis of Glaston's financial performance.

The structure of the Executive Management Group's remuneration is as follows:

Basic salary	Fixed salary including taxable fringe benefits
Short-term incentive plan	<p>The annual bonus is determined on the basis of Glaston's financial performance. The criteria for bonus payments are the consolidated result, the business segment's or business unit's result, and function-specific 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.</p>
Long-term incentive plan	<p>The Performance Share Plan 2019–2023 comprises three performance periods, calendar years 2019–2021, 2020–2022 and 2021–2023. The Board of Directors resolves on the plan's performance criteria and on the performance levels at the beginning of each performance period. The key employees will receive the company's shares as a reward, if the performance levels of the performance criteria, set by the Board of Directors, are achieved. As a rule, no reward will be paid, if a key employee's employment or service terminates before the reward payment.</p> <p>The CEO and each member of the Executive Management Group of the Company must hold 50% of the net number of shares he or she has received on the basis of the plan, until the number of the company's shares he or she holds corresponds to the value of his or her gross annual base salary. Such number of shares must be held as long as such person's employment or service in a company belonging to the Group Company continues.</p> <p><u>Performance Period 2019—2021</u></p> <p>The potential reward of the performance period 2019–2021 will be based on the Glaston Group's comparable EBITA*) and average gearing during a period of 1 January 2019—31 December 2021.</p> <p>If the performance levels of the performance criteria for the performance period 2019–2021 are achieved in full, the payable rewards correspond to a maximum total of 500 000 Glaston Corporation shares, including also the proportion to be paid in cash.</p> <p>Approximately 15 key employees, including the CEO and members of the Executive Management Group, belong to the target group of the plan in the performance period 2019–2021.</p> <p>*) Comparable EBITA: operating result before amortization, impairment of intangible assets and purchase price allocation excluding items affecting comparability.</p> <hr/> <p>Within the former long-term incentive plan two periods are still in effect. This incentive plan is linked to the development of Glaston's share price.</p> <p><u>Long-term incentive plan 2017-2019</u></p> <p>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</p>

	<p>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.</p> <p><u>Long-term incentive plan 2018-2020</u></p> <p>The period covers 2018–2020, and any rewards from the plan will be paid in spring 2021. The incentive plan launched in 2018 covers 20 key Glaston personnel.</p>
Pension	<p>The President has the opportunity to retire at 63 years of age. President & CEO and the Deputy CEO are entitled to a supplementary pension that exceeds the statutory scheme. This is a defined-contribution supplementary pension, the cost of which is 12% of annual earnings.</p> <p>The retirement age of other Members of the Executive Management Group is in accordance with normal local legislation, i.e. 63–68 years.</p>
Notice of termination and severance pay	<p>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/she 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/her employment contract with 1 month's notice, in which case he/she shall be paid one-off severance pay of EUR 200,000.</p> <p>The Deputy CEO's period of notice is three months. In addition, he/she is paid compensation corresponding to 9 months' salary if he/she is dismissed by the Company.</p> <p>The period of notice for the other Members of the Executive Management Group is 3–9 months. In addition, some of them are entitled to compensation of up to 6 months' salary.</p>

Remuneration of the Board of Directors 2019

The 2019 Annual General Meeting resolved that an annual fee of EUR 60,000 (46,000) be paid to the Chairman of the Board of Directors, EUR 30,000 to the Deputy Chairman and EUR 20,000 to other Members of the Board. A meeting fee of EUR 800 is paid to the Chairman for meetings in Finland and EUR 1,500 for meetings abroad, and EUR 500 is paid to the other Members of the Board for meetings in Finland and EUR 1,000 for meetings abroad. Half of the normal fee is paid for a board meeting held per capsulam. In addition, Board members are paid travel and accommodation expenses and other direct expenses arising from board work.

Members of the Audit and Compensation Committees are paid a meeting fee of EUR 500 for each meeting that the members have attended. In addition to the meeting fee, the Chairman of the Audit Committee is paid an annual fee of EUR 10,000 and the Chairman of the Compensation Committee is paid an annual fee of EUR 7,500.

In 2019, fees paid to the Board of Directors totaled EUR 283,550.

Fees paid to the Board of Directors of Glaston Corporation

EUR	2019 Annual fee	2019 Meeting fee	2018 Annual fee	2018 Meeting fee
Teuvo Salminen, Chairman	64 000	12 700	42 000	7 900
Sebastian Bondestam, Deputy Chairman 1)	44 250	8 600	25 875	4 000
Antti Kaunonen 2)	28 250	8 600	17 250	4 000
Sarlotta Narjus	28 250	8 600	22 250	5 500
Kai Mäenpää	28 250	6 850	22 250	5 500
Tero Telaranta	28 250	8 600	22 250	5 500
Andreas Tallberg 3)	-	-	10 000	2 400
Claus von Bonsdorff 4)	-	-	5 000	1 500
Pekka Vauramo 5)	-	-	5 000	1 500
Anu Hämäläinen 6)	5 750	2 600	22 250	5 500
Total	227 000	56 550	194 125	43 300

⁽¹⁾ Member of the Board from 10 April 2018

⁽²⁾ Member of the Board from 10 April 2018

⁽³⁾ Member of the Board until 10 April 2018

⁽⁴⁾ Member of the Board until 10 April 2018

⁽⁵⁾ Member of the Board until 10 April 2018

⁽⁶⁾ Member of the Board until 4 April 2019

Remuneration of the President & CEO, Deputy CEO and other Members of the Executive Management Group

The table presents accrual-based salaries and bonuses. The salaries of the Members of the Executive Management Group have only been taken into account for the period of membership of the Management Group.

EUR	2019	2018
President & CEO Arto Metsänen		
Salary	405 646	428 461
Performance bonuses	40 000	-
Share-based bonus	-	-
Total salary and bonuses	445 646	428 461
Fringe benefits	1 432	1 242
Total	447 078	429 703
Statutory pension contributions (TyEL or similar scheme)	86 167	77 316
Voluntary pension contributions	48 960	57 460
Deputy CEO Sasu Koivumäki		
Salary	271 221	188 332
Performance bonuses 1)	75 000	-
Share-based bonus	-	-
Total salary and bonuses	346 221	188 332
Fringe benefits	11 576	12 300
Total	357 797	200 632
Statutory pension contributions (TyEL or similar scheme)	67 359	33 411
Voluntary pension contributions	27 984	22 369
1) Includes deferred performance bonus of EUR 50,000 at the end of 2019		

Other Members of the Executive Management Group, total		
Salaries *)	752 151	948 747
Performance bonuses 2) *)	93,188	34 776
Share-based bonus	-	-
Total salary and bonuses	845,339	983 523
Fringe benefits *)	71 631	134 175
Total	916,970	1 117 698
Statutory pension contributions (TyEL or similar scheme) *)	56 755	115 664
Voluntary pension contributions	9 130	-
*) figures have been corrected 28 April 2020		
2) Includes deferred performance bonus of EUR 68,188 at the end of 2019		