
Corporate Governance Statement 2021

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Corporate Governance Statement 2021

Glaston Corporation's administration and management are based on the Company's Articles of Association, the Finnish Companies Act and Securities Markets Act, and the rules and guidelines of Nasdaq Helsinki Ltd. In addition, Glaston complies with the Finnish Corporate Governance Code 2020 (also the "Corporate Governance Code"), which is publicly available at: www.cgfinland.fi.

This statement has been approved by the Company's Board of Directors (also the "Board"). The Corporate Governance Statement is issued as a separate report and is published

together with the financial statements, the Report of the Board of Directors and the Remuneration Report on the Company's website at: <https://glaston.net/governance/>. The information is also included in the Annual Review 2021.

Duties and Responsibilities of Governing Bodies

The General Meeting of Shareholders, the 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. The General Meeting of Shareholders elects the Board of Directors and the Auditors. The Board of Directors appoints the President & CEO, who is responsible for the Company's daily operational management. The President & CEO is supported by the Executive Management Group.

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 a 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.

Under Recommendation 10 of the Corporate Governance Code, a majority of Members of the Board of Directors shall be independent of the Company, and at least two Members who are independent of the Company shall also be independent of the Company's significant shareholders. The Nomination Board prepares proposals on the nomination and remuneration of Members of the Board of Directors

to be dealt with by a General Meeting of Shareholders. In the selection of members, attention shall be paid to the diversity of the Board of Directors, which means, among other things, that the members' experience and competence in the Company's field of business and development stage are mutually complementary. In addition, education, age and gender shall be taken into account. Both genders must be represented on Glaston's Board of Directors.

The notice to attend an Annual General Meeting shall include a proposal on the composition of the Board of Directors. The personal information of the candidates shall be published on Glaston's website in connection with the notice to attend an Annual General Meeting.

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 has a quorum if more than half of its members are present at the meeting.

The Board of Directors' tasks and responsibilities are determined by the Company's Articles of Association, the Finnish Companies Act and other

Governance Model 31 December 2021



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's accounts and finances. In addition, the Board directs and supervises the Company's executive management, appoints and dismisses the President & CEO and decides on the President & CEO's employment and other benefits. In addition, the Chairman of the Board 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 issues are the Group's strategy, approving the Group's action plans and monitoring their implementation, monitoring the Group's financial development, acquisitions and the Group's operating structure, significant capital expenditures, internal control systems and risk manage-

ment, key organizational issues and incentive schemes.

The Board of Directors is also responsible for monitoring the reporting process of the financial statements, the financial reporting process and the efficiency of the Company's internal control, internal auditing, if applicable, and risk management systems pertaining to the financial reporting process, 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 also regularly evaluates its own actions and working practices.

Meetings of the Board of Directors are held as a rule in Helsinki. The Board of Directors also endeavors each year to visit the Group's other operating locations and hold meetings there. The Board of Directors may also, if necessary, hold video and telephone conferences. The Board of Directors meets according to a timetable agreed in advance, generally 7-10 times per year and additionally, if necessary. The Company's President & CEO and Chief Financial Officer generally attend the meetings of the Board. The Company's General Coun-

sel acts as Secretary to 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 (either meeting of the Board of Directors or Audit Committee) per year.

Board of Directors in 2021

At the Annual General Meeting, held on 13 April 2021, the Members of the Board of Directors Veli-Matti Reinikkala, Sebastian Bondestam, Antti Kaunonen, Sarlotta Narjus, Michael Willome and Tero Telaranta were re-elected, and Arja Talma was elected as a new member of the Board of Directors. The Board of Directors was elected for a term of office ending at the closing of the next Annual General Meeting.

In 2021, Veli-Matti Reinikkala has served as Chairman of the Board, and Sebastian Bondestam as Deputy Chairman.

In 2021, the Board evaluated its performance and procedures through a self-evaluation questionnaire. In the self-evaluation, the members considered, among other things diversity of the Board, quality of the Board and committee work and information sharing between the Board and the management. The results of the evaluation were discussed and analyzed by

the Board and improvement proposals were agreed based on these discussions.

In 2021, key themes on the Board's agenda were supporting the new CEO & President upon his start in the company, the company's revised strategy for 2021-2025 as well as planning and follow-up of the strategic initiatives. In addition, mitigating the impacts of the Covid-19 pandemic continued to be on the agenda.

Independence of Members of the Board

According to an independence assessment performed by the Company's Board of Directors, all of the Members of the Board are independent of the Company. Member of the Board Tero Telaranta is dependent on a significant shareholder of the Company, Ahlstrom Capital B.V., whose ownership was 26.39% at 31 December 2021. The Members of the Board have no conflicts of interest between the duties they have in the Company and their private interests.

As the General Counsel Taina Tirkkonen was on family leave, Iina-Mari Supperi, Group Legal Counsel (seconded) served as the secretary to the Board of Directors.

The CV details of the members of the Board are available on the company website. The remuneration of the Board is described in the Remuneration Report 2021.

Members of the Board of Directors 31 Dec 2021

Member of the Board	Member since	Independence	Year of birth	Share ownership on 31 December 2021	Education	Main occupation
Veli-Matti Reinikkala	2020, Chairman of the Board	Independent of the company and significant shareholders	1957	500,000 shares	eMBA, Non-executive Director	Board Professional
Sebastian Bondestam	2018, Deputy Chairman	Independent of the company and significant shareholders	1962	35,137 shares	M.Sc.(Eng.)	Uponor Infra Oy, President; Uponor Corporation, Deputy to the CEO
Antti Kaunonen	2018	Independent of the company and significant shareholders	1959	86,349 shares	D.Sc. (Tech), MBA	Cargotec Corporation, President, Kalmar Automation Solutions
Sarlotta Narjus	2016	Independent of the company and of significant shareholders	1966	no shares	M.Sc. Architecture SAFA	SARC Architects Ltd, CEO
Tero Telaranta	2017	Independent of the company, dependent on a significant shareholder	1971	10,720 shares	M.Sc.(Eng.), M.Sc. (Econ.)	Ahlström Capital, Director, Industrial Investments
Michael Willome	2020	Independent of the company and of significant shareholders	1966	no shares	lic. oec HSG, M.A.	Synthomer Plc, Group Chief Executive Officer
Arja Talma ¹⁾	2021	Independent of the company and of significant shareholders	1962	10,344 shares	Master of Science (Econ.), eMBA	Board Professional
Kai Mäenpää ²⁾	2017	Independent of the company and of significant shareholders	1960	15,000 ³⁾	M.Sc.(Eng.)	Valmet Technologies Oy, Vice President, Energy Sales and Services Operations, EMEA
Teuvo Salminen ²⁾	2010	Independent of the company and of significant shareholders	1954	306,057 ³⁾	M.Sc. (Econ.), APA	Board Professional

¹⁾ Member as of 13 April 2021

²⁾ Member until 13 April 2021

³⁾ on 31 December 2020

Board and committee members meeting attendance in 2021

	Board meetings	Audit Committee	Compensation Committee
Veli-Matti Reinikkala	10/10	4/4	
Sebastian Bondestam	10/10		6/6
Antti Kaunonen	10/10		6/6
Sarlotta Narjus	10/10		6/6
Arja Talma*)	8/8	4/4	
Tero Telaranta	10/10	5/5	
Michael Willome	10/10		4/4
Kai Mäenpää**)	2/2		
Teuvo Salminen**)	2/2	1/1	

*) member as of 13 April 2021

***) member until 13 April 2021

Meeting attendance of Members of the Board 2021

In 2021, Glaston's Board of Directors convened ten times. The attendance in the meetings is reported in the table above.

Committees of the Board of Directors

Glaston's Board of Directors has two committees: Audit Committee and Compensation Committee. The Board of Directors appoints the members and chairs of the committees, taking into account the expertise and experience required for the duties of the committees. The members of the committees are appointed for the term of office of

the Board of Directors. The committees are preparatory bodies of the Board of Directors and do not have their own decision-making power.

Audit Committee

The Audit Committee assists the Board of Directors by preparing matters within the competence of the Board of Directors. The Committee reports to the Board of Directors on matters discussed and measures taken at least four times a year and makes proposals to the Board for decision-making, if necessary.

The Board of Directors specifies the duties of the Audit Committee in

a charter confirmed by the Board of Directors. The Audit Committee oversees the financial reporting process and monitors the effectiveness of internal control, internal audit and risk management systems. In addition, the Committee reviews the description of the main features of the internal control and risk management systems associated with the financial reporting process, monitors the statutory audit of the financial statements and the consolidated financial statements, evaluates the independence of the statutory audit firm and prepares a proposal for the election and remuneration of the auditor. Other duties include evaluating compliance with laws, regulations and corporate practices, overseeing significant litigation concerning Group companies, and performing any other duties assigned to the Committee by the Board of Directors.

The Audit Committee carries out self-evaluation of its work annually, and the Chairman of the Committee reports the results to the Board of Directors.

Audit Committee in 2021

Until the Annual General Meeting on 13 April, Teuvo Salminen served as Chairman, and Tero Telaranta as a member of the Audit Committee. The

members of the Audit Committee were independent of the Company. Tero Telaranta is dependent on a significant shareholder of the Company. As of 13 April 2021, Arja Talma served as Chairman, and Veli-Matti Reinikkala and Tero Telaranta as members of the Audit Committee. The members of the Audit Committee are independent of the Company while Tero Telaranta is dependent on a significant shareholder of the Company.

In 2021, the Audit Committee met five times. The meeting attendance is reported in the table to the left.

In 2021, the committee focused especially on the Group's legal structure simplification and financing of Chinese operations related thereto besides its regular reviews of financial reporting, audit and risk management.

Compensation Committee

The Compensation Committee assists the Board of Directors by preparing matters within the competence of the Board of Directors. The Committee is not an independent decision-making body; the Board of Directors makes decisions collectively within its competence. The Board of Directors is responsible for the duties it assigns to the Committee.

The Board of Directors specifies the duties of the Compensation Committee in a charter confirmed by the Board of Directors. Key duties of the Committee include preparing the remuneration and other benefits of Glaston's President & CEO and other members of the Executive Management Group, preparing the appointment of the President & CEO and other members of the Executive Management Group and their successors, and preparing proposals for Glaston's short- and long-term incentive schemes. In addition, the Committee's duties include carrying out all other duties assigned to the Committee by the Board of Directors.

The Compensation Committee convenes at the invitation of the Chairman, as necessary and at least twice a year. The Members of the Board of Directors and the President & CEO have the right to attend the meetings of the Committee.

The Compensation Committee regularly carries out self-evaluation of its work, and the Chairman of the Committee reports the results to the Board of Directors.

Compensation Committee in 2021

Until the Annual General Meeting on 13 April, Sebastian Bondestam served as Chairman, and Sarlotta Narjus and Antti

Kaunonen as members of the Compensation Committee. After the Annual General Meeting, Sebastian Bondestam continued as Chairman, with Antti Kaunonen, Sarlotta Narjus, and Michael Willome as members of the committee.

In 2021, the Compensation Committee met six times. The meeting attendance is reported in the table on page 39. On the committee's agenda were the incentive program for top management and the outcome of the same, top management review and remuneration as well as a talent review follow-up. In addition, the committee prepared the remuneration report for the governing bodies.

Shareholders' Nomination Board

The Nomination Board's task is to prepare and present annually for the Annual General Meeting and, if necessary, for an Extraordinary General Meeting, a proposal concerning the number of Members of the Board of Directors, a proposal on the identities of the Members of the Board, and a proposal on the remuneration of the Members of the Board. An additional task of the Nomination Board is to seek candidates as potential Members of the Board of Directors.

In its activities, the Nomination Board complies with current legisla-

tion, stock exchange rules applicable to the Company, and the Corporate Governance Code.

The Nomination Board consists of four (4) members, all of whom are appointed by the Company's four largest shareholders, who appoint one member each. The Chairman of the Company's Board of Directors serves as an advisory member of the Nomination Board.

The Company's largest shareholders entitled to appoint members to the Nomination Board is determined annually on the basis of the registered holdings in the company's shareholder register held by Euroclear Finland Ltd on the first working day in September of the year in question. The Nomination Board elects a Chairman from among its members.

The Nomination Board is established to serve until a General Meeting of Shareholders decides otherwise. The members of the Nomination Board are appointed annually and the term of office of the members expires when new members are appointed to the Board.

The members of the Nomination Board shall be independent of the company, and no person belonging to the Company's executive management shall be a member of the Nomination Board.

The Nomination Board shall submit its proposals to the Company's Board of Directors annually by the end of the January preceding the Annual General Meeting. Proposals for an Extraordinary General Meeting shall be submitted to the Company's Board of Directors so that they can be included in the notice to attend the meeting.

A decision of the Nomination Board shall be the opinion of a majority of the members of Nomination Board. If the votes are tied, then the Chairman's vote shall be decisive. If the votes are tied in the election of the Chairman, the member candidate for Chairman nominated by the shareholder who had the largest number of shares when the Nomination Board was established shall be elected as Chairman.

A report on the activities of the Nomination Board shall be presented at the Annual General Meeting and published on the Company's website.

Shareholders' Nomination Board 2021

Until 31 August 2021, the Shareholders' Nomination Board comprised of Lasse Heinonen (Chairman), as the representative nominated by Ahlstrom Capital B.V., Jaakko Kurikka, as the representative nominated by Hymy Lahtinen Oy, Pekka Pajamo, as the representative nominated by Varma

Mutual Pension Insurance Company, and Esko Torsti, as the representative nominated by Imarinen Mutual Pension Insurance Company.

In accordance with its charter, the Nomination Board prepared its proposal concerning the Board composition and remuneration to the AGM 2021. The Nomination Board proposed that the number of members of the Board of Directors would be seven and that Sebastian Bondestam, Antti Kaunonen, Sarlotta Narjus, Veli-Matti Reinikkala, Tero Telaranta and Michael Willome be re-elected as Members of the Board of Directors and Arja Talma elected as a new member. The Nomination Board proposed that the remuneration of the Members of the Board of Directors remain unchanged.

Based on ownership on 1 September 2021, the Shareholders' Nomination Board remained unchanged and comprised of Lasse Heinonen, as the representative nominated by Ahlstrom Capital B.V., Jaakko Kurikka, as the representative nominated by Hymy Lahtinen Oy, Pekka Pajamo, as the representative nominated by Varma Mutual Pension Insurance Company, and Esko Torsti, as the representative nominated by Imarinen Mutual Pension Insurance Company. Veli-Matti Reinikkala, Chairman of the Glaston Corpo-

ration's Board of Directors, served as an advisory member of the Nomination Board.

In its organizing meeting on 22 September 2021, the Nomination Board elected Lasse Heinonen amongst its members as the Chairman. The Board met four times during 2021 and the average attendance of members was 100%. No fees were paid to the members of the Nomination Board.

In accordance with its charter, the Nomination Board prepared its proposal concerning the Board composition and remuneration also to the AGM 2022. The proposal was disclosed on 15 December 2021 and according to the proposal, the Nomination Board proposed that the number of members of the Board of Directors would be seven and that Sebastian Bondestam, Antti Kaunonen, Sarlotta Narjus, Veli-Matti Reinikkala, Arja Talma, Tero Telaranta and Michael Willome be re-elected as Members of the Board of Directors. The Nomination Board proposed that the annual remuneration of the Members of the Board of Directors would be increased to be as follows: Chairman EUR 70,000 (60,000), Vice Chairman EUR 43,000 (40,000) and Members EUR 33,000 (30,000).

President & CEO

The President & CEO handles the operational management of the Company in accordance with instructions issued by the Board of Directors. 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 management has been arranged in a reliable manner. The President & CEO is supported by the Executive Management Group.

Anders Dahlblom has served as President & CEO as of 1 January 2021.

Deputy to the CEO

Sasu Koivumäki, CSO (Chief Sales Officer), has served as Deputy to the CEO since 1 January 2015. The Deputy to the CEO carries out the duties of the CEO after the termination of his/her service or when he/she is temporarily prevented from performing his/her duties.

Executive Management Group

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 business areas' strategy issues, capital expenditure, financial development, product policy, Group structure and control systems, and supervises the Company's operations.

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.

In 2021, the composition of the Executive Management Group was the following: President and CEO Anders Dahlblom, CSO and Deputy CEO Sasu Koivumäki, CFO Päivi Lindqvist, SVP Glaston Heat Treatment Technologies Miika Äppelqvist, SVP Glaston Insulating Glass Technologies Dietmar Walz, SVP Glaston Automotive and Display Technologies Robert Prange, SVP Services Artturi Mäki, SVP People & Culture Hannele Anonen (as of 1 August 2021) and General Counsel Taina Tirkkonen (on family leave).

The Executive Management Group convened 15 times in 2021.

Executive Management Group 31 December 2021

	Area of responsibility	Member since	Year of birth	Education	Share ownership on 31.12.2021 ^{*)}
Anders Dahlblom	President & CEO	Employed by the company since 1 January 2021	1974	M.Sc. (Econ.)	420,000 shares
Muu johtoryhmä					
Sasu Koivumäki	CSO Deputy to CEO since 2015	Employed by the Company since 2002, Member of the Executive Management Group since 2012	1974	M.Sc.(Econ.)	89,979 shares
Päivi Lindqvist	Chief Financial Officer	Employed by the company and Member of the Executive Management Group since 2016	1970	M.Sc.(Econ), MBA	38,680 shares
Miika Äppelqvist	SVP Glaston Heat Treatment Technologies	Employed by the company since 2013, Member of the Executive Management Group since December 2020	1981	MSc, Industrial engineering and management	6,815 shares
Dietmar Walz	SVP Glaston Insulating Glass Technologies	Employed by Glaston since April 2019 and Member of the Executive Management Group since May 2019. Employed by Bystronic Lenhardt GmbH since 2014	1960	M.Sc.(B.Admin)	No shares
Robert Prange	SVP, Glaston Automotive and Display Technologies	Member of the Executive Management Group since 2020. Joined Bystronic glass in 2011	1970	Dr. Ing.	30,000 shares
Taina Tirkkonen	General Counsel	Employed by the company since 2011 and Member of the Executive Management Group since 2013	1975	LL.M, M.Sc. (Admin), MBA	27,500 shares
Artturi Mäki	SVP, Services	Employed by the company and Member of the Executive Management Group since 2016	1969	M.Sc.(Eng.)	4,731 shares
Hannele Anonen	SVP, People & Culture	Employed by the company and Member of the Executive Management Group since 1 August 2021	1972	eMBA	No shares

^{*)} Share ownership includes also the ownership of Glaston Corporation shares in entities controlled by the person in question.

Remuneration of the CEO & President and the Executive Management Group is described in the Remuneration Report 2021 and on the company's website.

At the end of 2021, the Steering Executive Management Group comprised, in addition to the above-mentioned members of the Executive Management Group, of Kimmo Kuusela (VP Strategic Accounts & Innovation, Architectural Business), Marcus Schrod (VP Operations, Neuhausen), Gramm He (General Manager, China), Marco Stehr (SVP Sales and service, EMEA), Pia Posio (VP Marketing, Communications and IR), Jens Mayr (SVP Business Control), Iina-Mari Supperi (Group Legal Counsel, secondee), Joe Butler (SVP Sales & Service, Americas), José Yepes, (VP, Strategic accounts & Innovation, Automotive and Display Business) and Janne Puhakka (Director, ICT). The Executive Steering Management Group met six times in 2021.

Main Features of 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 the Board of Directors. The Group's internal control is decentralized to different Group functions, which supervise compliance with instructions approved by the Board of Directors within their areas of responsibility. 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 organization,

which maintains operating guidelines and standards relating to financial reporting and is responsible for internal communication relating to them. The Group's Financial Management organization also supervises compliance with these guidelines and standards. The Company has no separate internal auditing organization. The Group's Financial Management organization regularly monitors the reporting of the Group's units and addresses deviations perceived in reporting and, if necessary, performs either its own separate internal control auditing or commissions the internal control auditing from external experts. Control of reporting and forecasting processes is based on the Group's reporting principles, which are determined and centrally maintained by the Group's Financial Management organization. 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 oper-

ations. Risk management principles and operating practices have been specified in a risk management policy approved by the Company's Board of Directors.

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 guidelines relating to the Group's risk management. 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, and control of risk management activities and processes. As part of the risk management process, the most significant risks and their possible impacts are reported to the Company's 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 functions 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 business functions and Group-level management systems. Risk management is the responsibility of the SVP of each segment and the head of 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 to the President & CEO and the Executive Management Group and assesses in collaboration with them any changes in the probabilities or the impacts of identified risks and in the level of their management. The Group Legal function also reports the results of risk management processes to the Board of Directors.

Segment and Group-level risk management is included in the annual Group-wide risk management process. The process can also always be initiated when required if substantial strategic changes requiring the initiation of the risk management process take place in a certain segment.

The management group of each segment and function identifies and assesses its operational risks and specifies 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 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 at 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 Report of the Board of Directors on page 72. The management and organization of the Group's financial risks are presented in more detail in Note 3 of the consolidated financial statements on page 99.

Information and Communications

An effective internal control system requires sufficient, timely and reliable information to enable management to assess the achievement of the company's goals. There is a need for both financial and other information on the Company's internal and external events and activities. Employees have the opportunity to report, also through a whistleblowing channel, any questionable activity they observe. All external communications are handled in accordance with the Group's Disclosure policy.

Auditing

The Company has one Auditor, which must be an auditing firm authorized by the Finnish Patent and Registration

Office. 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. It is the Auditor's duty 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 as a whole are free from material misstatement. 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.

Audit 2021

At the 2021 Annual General Meeting, the accounting firm KPMG Oy Ab was re-elected as the Company's Auditor.

The auditor with principal responsibility was Lotta Nurminen APA. Auditing units representing KPMG have served as the auditors of the Company's subsidiaries in most operating countries. In 2021, the Group's

auditing costs totaled EUR 338 thousand, of which KPMG received EUR 321 thousand. KPMG Oy Ab's auditing expenses for the audit for financial year 2021 totaled EUR 321 thousand. In addition, auditing units belonging to KPMG have provided other advice to Group companies to a total value of EUR 149 thousand.

Principles for Related Party Transactions

Glaston complies with legislation concerning related party transactions and, in accordance with legislation and the Corporate Governance Code, ensures that requirements related to monitoring, assessing, decision-making and disclosure of related party transactions are complied with. Glaston's Board of Directors monitors and assesses the transactions of the Company and its related parties.

Glaston has defined the parties that are related to the Company, and Glaston's Communications Department maintains a list of individuals and legal persons who are considered to be related parties. Glaston maintains up-to-date guidelines on related party regulation and the monitoring thereof. Requirements regarding related party transactions have also been taken into account in Glaston's Code of Conduct.

Glaston may enter into transactions with its related parties as long as the transactions are part of Glaston's ordinary business operations and made on ordinary commercial terms and conditions. In such situations, Glaston's internal guidelines and decision-making processes are complied with. Related party transactions that deviate from Glaston's normal business operations or are not made on ordinary commercial terms are decided on by Glaston's Board of Directors, respecting provisions on disqualification.

Related party transactions are regularly monitored in Glaston's business and support units. Management personnel belonging to Glaston's related parties are obliged to notify Glaston's Related Party Administration without undue delay about related party transactions or planned related party transactions that they become aware of. Potential conflicts of interest are monitored through internal audits. Results of the monitoring of related party transactions are reported regularly to the Audit Committee of the Board of Directors.

Glaston reports on related party transactions regularly in its financial statements. Related party transactions which are material to sharehold-

ers, and which deviate from normal business or are not made according to ordinary commercial terms and conditions are published in accordance with the Securities Market Act and the rules of Nasdaq Helsinki Ltd.

Insider Administration

In addition to the statutory insider regulations, Glaston complies with the insider guidelines of Nasdaq Helsinki Ltd as well as the internal guidelines adopted by Glaston at any given time.

In accordance with the EU's Market Abuse Regulation, Glaston prepares and maintains a list of persons discharging managerial responsibilities as well as persons and entities closely associated with them. In Glaston Corporation, the persons discharging managerial responsibilities are the Members of the Board of Directors, the President & CEO, the Deputy CEO, and the Chief Financial Officer. At least once a year, Glaston checks the information of persons discharging managerial responsibilities that have a duty to declare as well as persons and entities closely associated with them. Glaston reports the securities transactions of persons discharging managerial responsibilities and their related parties in accordance with the Market Abuse Regulation.

Glaston does not maintain an insider list relating to permanent insiders. During the preparation of significant projects and events, the Company maintains project- and event-specific lists of insiders. Insiders are given a written statement of their inclusion in an insider register as well as guidelines on insider obligations.

The Company's persons discharging managerial responsibilities, persons serving in certain key positions and persons participating in the preparation of financial reports must not trade in the Company's financial instruments during the 30-day period before the publication of interim reports and financial statement releases. With respect to project-specific insiders, trading in the Company's financial instruments is prohibited until the cancellation or publication of the project.

The Company's insider administration, its implementation and supervision are the responsibility of Group Legal function and the Communications Department. Glaston's General Counsel is responsible for the Company's insider issues. The Company's Communications Department is responsible for maintaining the list of insiders and for overseeing the restriction on trading and duty to declare.



Glaston Corporation

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Business identity code: 1651585-0

Glaston Corporation is the glass processing industry's innovative technology leader supplying equipment, services and solutions to the architectural, automotive, solar and appliance industries. The company also supports the development of new technologies integrating intelligence to glass. Glaston is committed to providing its clients with both the best know-how and the latest technologies in glass processing, with the purpose of building a better tomorrow through safer, smarter, and more energy efficient glass solutions. Glaston operates globally with manufacturing, services, and sales offices in 10 countries and its shares (GLA1V) are listed on Nasdaq Helsinki Ltd.