
Remuneration report 2021

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Remuneration report 2021

Introduction

This Remuneration Report for the financial year 2021 (the “Remuneration Report”) describes the remuneration for Governing Bodies of Glaston Corporation (“Glaston” or the “Company”) as required by the Finnish Securities Market Act, the Finnish Companies Act and the Finnish Corporate Governance Code 2020 (the “CG Code”) issued by the Securities Markets Association. In addition to aforementioned, Glaston complies with other legal provisions concerning listed companies, Glaston’s Articles of Association and the rules and guidelines issued by Nasdaq Helsinki Ltd.

The Remuneration Report presents information on the remuneration of the Board of Directors, the President and CEO and the Deputy CEO for the financial year 2021 and has been approved by the Board of Directors (also the “Board”) of Glaston.

The principles, decision-making processes, and practises for the remuneration of the Board of Directors, the President and CEO and the Deputy CEO are set forth in the Remuneration

Policy of Glaston (the “Remuneration Policy”). The Remuneration Policy was approved at the Annual General Meeting on 28 May 2020 without any advisory votes. The Remuneration Policy shall be applied until the Annual General Meeting to be held in 2024 unless the Board determines that a revised policy should be presented for the general meeting at an earlier date.

The remuneration principles in Glaston are designed to attract and retain to the Company’s management persons that possess relevant skills, industry knowledge and experience to oversee the Company’s achievement of its performance and strategy goals with emphasis on long-term shareholder value creation. The structure of the total remuneration is to be aligned with the long-term value of Glaston, the business strategy, financial results as well as to the employee’s contribution. Remuneration is based on predetermined and measurable performance and result criteria. The remuneration principles support the strategy of Glaston.

The remuneration of the Board, the

President and CEO and the Deputy CEO follows the Remuneration Policy framework and principles. No temporarily deviations from the policy have taken place during the financial year 2021. Further, no clawbacks of the remuneration have taken place during the said financial year 2021.

Development of remuneration in relation to financial development of the Company

This section presents the trend of remuneration of the President and CEO, the Deputy CEO and the Board, the average employee remuneration and company performance for the financial years 2017-2021.

The Remuneration Policy and further information about remuneration is available at Glaston website: www.glaston.net/investors.

In accordance with the Remuneration Policy, part of the remuneration payable to the President and CEO and the Deputy CEO may consist of short-term and long-term incentives. Criteria of such incentive plans are linked to the Company’s performance (pay-for

performance) and thus incentive plans of Glaston ensure that the remuneration drives the best interest of the Company.

Glaston is a global company and the remuneration levels vary significantly in markets where Glaston operates. Nevertheless, it is considered most transparent to compare the remuneration of the governing bodies with the remuneration of employees globally on group level. Thus, the figures on average employee remuneration are based on data for all Glaston employees globally. Further, Glaston acquired Bystronic glass in 2019. Bystronic glass was consolidated to Glaston as of 1 April 2019 and as a result of such transaction the total number of Glaston’s employees grew by 121% and totalled 790 on 31 December 2019 (31 December 2018: 357) while net sales in January-December 2019 totalled EUR 181.0 million (2018: EUR 101.1 million).

As reported in the remuneration report for the financial year 2020, due to the COVID-19 pandemic, Glaston took several proactive actions in 2020. Actions affecting employee remuner-

ation included temporarily reducing labour costs by initiating temporary layoffs and reducing working hours. The fixed salaries of the executive management group, of which the President and CEO and the Deputy

CEO are members, were temporarily cut by 10 % during Q2/2020.

Some of these actions continued to have effect also in 2021 but were cancelled in early 2021 as a result of the improved market situation. These

actions did not concern the President and CEO and the Deputy CEO.

Due to the nature of the Board duties and responsibilities, the remuneration of the Board includes fixed remuneration only. The effect of

Bystronic glass transaction on Glaston and its operations has also been reflected in the remuneration level of the Board of Directors.

Remuneration development

EUR	2017	2018	2019	2020	2021
Annual remuneration of the Board	210,200	237,425	283,550	331,300	353,700
Annual remuneration of the President and CEO	412,719	446,601	467,466	163,598 ¹	330,622 ²
Annual remuneration of the Deputy CEO	199,611	198,958	305,777 ³	108,645 ⁴	337,574 ⁵
Annual remuneration of the Acting President and CEO	-	-	-	254,558 ⁶	-
Average salary development ⁷	47,100	49,600	61,500	60,400	66,500

¹Remuneration for Arto Metsänen from the period 1 January to 31 May 2020. (Former President and CEO since 1 June 2020.)

²Remuneration for Anders Dahlblom.

³Excluding reimbursement of costs and expenses paid directly to third parties based on the expatriate agreement.

⁴Remuneration from the period 1 January to 31 May 2020. Deputy CEO appointed as an Acting President and CEO for the rest of the year 2020. Excluding reimbursement of costs and expenses paid directly to third parties based on the expatriate agreement.

⁵Excluding reimbursement of costs and expenses paid directly to third parties based on the expatriate agreement.

⁶Remuneration from the period 1 June to 31 December 2020. Excluding reimbursement of costs and expenses paid directly to third parties based on the expatriate agreement.

⁷Average salary development at Glaston is calculated by dividing salaries and rewards by the average number of employees during the financial year. Employees of former Bystronic companies are included as of April 1, 2019 onwards. Amounts do not include employer's social security costs.

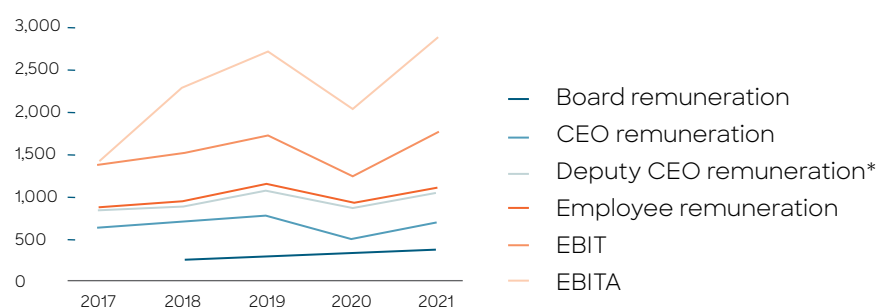
Key financial metrics

EUR 1,000	2017	2018	2019 ⁸	2020	2021
Net sales	109,665	101,139	181,018	170,067	182,662
Comparable operating result (EBIT)	4,994	5,663	5,941	3,225	6,569
Comparable EBITA ⁹	-	7,556	9,746	7,742	11,098

⁸Bystronic glass consolidated as of 1 April 2019.

⁹Glaston has reported comparable EBITA as of 1 January 2018.

Remuneration and financial development



* Deputy CEO remuneration for 2019 includes also remuneration paid to Sasu Koivumäki as Acting CEO and President

Remuneration of the Board of Directors

The 2021 Annual General Meeting resolved that an annual fee of EUR 60,000 shall be paid to the Chairman of the Board, EUR 40,000 to the Deputy Chairman and EUR 30,000 to other Members of the Board.

Further, the 2021 Annual General Meeting resolved that a member of the Board may, at his/her discretion, choose to receive the annual fixed remuneration partly in company shares and partly in cash so that approximately 40% of the annual fixed remuneration is paid in Glaston Corporation's shares. The number of shares forming the above remuneration portion, which would be payable in shares, will be determined based on the share value in the stock exchange trading maintained by Nasdaq Helsinki Ltd, calculated as the trade volume weighted average quotation of the share during the one-month period immediately following the date on which the interim report of January-March 2021 of the Company is published.

A meeting fee of EUR 800 shall be paid to the Chairman for meetings in Chairman's home country and EUR 1,500 for meetings elsewhere, and EUR 500 shall be paid to the other Members of the Board for meetings held in their

home country and EUR 1,000 for meetings held elsewhere. Half of the normal fee shall be paid for a board meeting held per capsulam. In addition, it was decided that Board members shall be paid travel and accommodation expenses and other direct expenses arising from board work pursuant to the Company's normal practice.

Furthermore, the members of the Audit and Compensation Committees shall be 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 shall be paid an annual fee of EUR 10,000 and the Chairman of the Compensation Committee shall be paid an annual fee of EUR 7,500.

The members of the Board do not participate in any incentive plans.

All the payments to the members of the Board during the financial year 2021 were in compliance with the Remuneration Policy.

In the financial year 2021, the following fees were paid to the members of the Board: an annual fee and meeting fees including both Board and committee related remuneration. As set out on page 49, four members of the Board chose to receive the annual fixed remuneration partly in company shares.

Remuneration of the President and CEO and the Deputy CEO

The remuneration of the President and CEO and the Deputy CEO comprises of a base salary, benefits and performance-based incentive plans.

Anders Dahlblom served as the President and CEO, and Chief Sales Officer Sasu Koivumäki as the Deputy CEO during the financial year 2021.

Sasu Koivumäki was already in 2019 relocated to Germany pursuant to the separate expatriate agreement, and he worked as an expatriate in Germany until 31 July 2021. Sasu Koivumäki was further relocated in Singapore pursuant to the subsequent expatriate arrangement and has worked as an expatriate in Singapore as of November 2021.

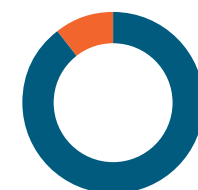
In 2021, the President and CEO Anders Dahlblom was paid the total remuneration of EUR 330,622. The relative proportion of the fixed pay was 100 % and variable pay 0%. The different components are described in more detail in the chart to the right.

In 2021, Deputy CEO Sasu Koivumäki was paid the total remuneration of EUR 337 574. The relative proportion of the fixed pay was 91,1 % and variable pay 8,9 %. The different components are described in more detail in the chart to the right.

Further, total remuneration paid to Sasu Koivumäki in 2021 is excluding reimbursement of costs and expenses in the amount of EUR 60,000 paid directly to third parties based on the expatriate agreement(s).

Actualised remuneration of the President & CEO, and Deputy CEO for 2021

CEO & President Anders Dahlblom



■ Fixed pay	89,5%
■ Pension	10,5%

Deputy CEO Sasu Koivumäki



■ Fixed pay	84,7%
■ Benefits	7,5%
■ Pension	7,8%

Board	Audit Committee	Compensation Committee	Annual fee (EUR)	Meeting fees (EUR)	Remuneration in total (EUR)
Veli-Matti Reinikkala, Chairman of the Board	Member		60,000	15,400	75,400
Sebastian Bondestam, Deputy Chairman of the Board		Chairman	47,500 Of which EUR 16,000 paid in Glaston shares	8,000	55,500
Antti Kaunonen		Member	30,000 Of which EUR 12,000 paid in Glaston shares	8,000	38,000
Kai Mäenpää ¹⁰			15,000	1,000	16,000
Sarlotta Narjus		Member	30,000	8,000	38,000
Teuvo Salminen ¹¹	Chairman ¹²		17,500	1,800	19,300
Arja Talma ¹³	Chairman ¹⁴		30,000 Of which EUR 12,000 paid in Glaston shares	6,000	36,000
Tero Telaranta	Member		30,000 Of which EUR 12,000 paid in Glaston shares	7,500	37,500
Michael Willome		Member	30,000	8,000	38,000
Total			290,000	63,700	353,700

¹⁰ Member of the Board until 13 April 2021.

¹¹ Member of the Board until 13 April 2021.

¹² Until 13 April 2021.

¹³ Member of the Board since 13 April 2021.

¹⁴ Since 13 April 2021.

Performance Actualisation 2021 (STI and LTI)

President and CEO and Deputy CEO participated in the short-term incentive plan in 2021.

The **short term incentive (STI)** opportunity of the President and CEO was in 2021 tied to the following metrics:

KPI	Weight	Achievement
Glaston EBITA	70%	Above target
Glaston Order Intake	20%	Above target (max)
Group Net Working Capital	10%	Above target (max)

The **short-term incentive (STI)** opportunity of the Deputy CEO was in 2021 tied to the following metrics:

KPI	Weight	Achievement
Glaston EBITA	40%	Above target
Glaston Order Intake	60%	Above target (max)

Remuneration paid or due to be paid under the STI is specified in more detail at the end of this section.

Glaston has long-term incentive (LTI) plans to i.a. retain the key personnel and to offer them with a competitive reward plan based on the earning and accumulating the Company's shares.

The President and CEO and the Deputy CEO participate(d) in the Performance Share Plan 2019-2023 which comprises of three (3) performance periods: calendar years

2019-2021, calendar years 2020-2022 and calendar years 2021-2023. However, as the President and CEO Anders Dahlblom joined the Company first in 2021, he did not participate in the two first performance periods of the said plan. The participants shall hold 50% of the net number of shares received under the plan until the number of the Company's shares held by the participant corresponds to the value of his gross annual base salary. Such number of shares shall be held during the

term of the employment or service of the participant. As a rule, no reward will be paid in case the employment or service terminates before the reward payment is made.

For the two first performance periods under the plan objectives were set regarding Group Cumulative EBITA and Average Net Gearing as follows:

KPI	Weight
Group Cumulative EBITA	80%
Average Net Gearing	20%
Total	100%

The maximum opportunity for the two first performance periods was 40,000 shares for the Deputy CEO. The achievement (%) for the performance period LTI 2019-2021 is approximately 11,8%.

For the third performance period under the plan (LTI2021-2023) objectives were set regarding Group as follows:

KPI	Weight
Group Cumulative EBITA	80%
Service Net Sales	20%
Total	100%

The maximum opportunity for the third performance period is 128,000 shares for the President and CEO, and 56,000 shares for the Deputy CEO.

In addition to the Performance Share Plan 2019-2023, the former long-term incentive plan linked to the development of share price of the Company was still valid with respect to the last period (LTI 2018-2020). For the period 2018-2020 (LTI 2018-2020) minimum share price level for payout was EUR 1.91 and maximum EUR 3.56, and any rewards would have been payable in 2021. Minimum target share prices were not achieved for LTI 2018-2020, and therefore no payments were made based on the former long-term incentive plan in the financial year 2021.

Summary of remuneration to the President and CEO and Deputy CEO

Element	Remuneration Description	
	President and CEO	Deputy CEO
FIXED Base salary and benefits	EUR 330,622 Including taxable fringe benefits: mobile phone, company car, lunch benefit	EUR 337,574 Including taxable fringe benefits: company car (Germany and Finland) / travel allowance (Singapore), mobile phone
VARIABLE Short-term incentive (STI)	Performance year 2020 (paid in 2021): N/A. President and CEO joined the Company on 1 January 2021 and thus did not participate in STI 2020. Performance year 2021 (paid in 2022): EUR 233,280. The maximum amount of the President & CEO's annual bonus is 80% of annual salary.	Performance year 2020 (paid in 2021): did not participate in STI 2020. Performance year 2021 (paid in 2022): EUR 99,691. The maximum amount of the Deputy CEO's annual bonus is 40% of annual salary.
VARIABLE Other performance bonus	-	Performance year 2020 (paid in 2021): EUR 30,000 The maximum opportunity was EUR 50,000 payable in 2021 for H2 achievements in 2020 (sales and organisational targets as the Acting CEO for H2/2020).

Element	Remuneration Description	
	President and CEO	Deputy CEO
VARIABLE Long-term incentive (LTI) plan 2017-2019	Finalized plans: N/A President and CEO joined the Company on 1 January 2021 and thus did not participate in LTI 2017-2019	Finalized plans: LTI 2018-2020 (paid in 2021): 0
VARIABLE Long-term incentive (LTI) 2019-2023 For additional information on long-term incentive plans, please see Glaston's website.	Finalized plans: N/A President and CEO joined the Company 1 January 2021 and thus did not participate in LTI 2019-2021. Ongoing plans: LTI 2020-2022: N/A President and CEO joined the Company 1 January 2021 and thus did not participate in LTI 2019-2021. The maximum reward for the ongoing LTI 2021-2023 is 128,000 shares, including also the portion to be paid in cash.	Finalized plans: The maximum reward for the LTI 2019-2021 is 40,000 shares, including also the portion to be paid in cash. Ongoing plans: The maximum reward for the ongoing LTI 2020-2022 is 40,000 shares, including also the portion to be paid in cash. The maximum reward for the ongoing LTI 2021-2023 is 56,000 shares, including also the portion to be paid in cash.
OTHER Pensions	The President and CEO participates in a non-statutory defined contribution supplementary pension scheme. The cost is 12% of annual fixed earnings amounting to EUR 38,880 in 2021. The President and CEO may retire in accordance with the stipulations of the applicable law.	The Deputy CEO participates in a non-statutory defined contribution supplementary pension scheme. The cost is 12% of annual earnings amounting to EUR 30,960 in 2021. The Deputy CEO may retire in accordance with the stipulations of the applicable law.
OTHER Bonus in Company shares (Signing bonus)	The President and CEO is entitled to receive 110,000 shares in the Company on 1 January 2022. The President and CEO shall hold the shares for the period of two years and shall return the shares should notice of termination be given during the said two years' period. The Board may however resolve upon the President and CEO's right to keep the shares.	-



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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.