REMUNERATION POLICY

1 Introduction

1.1 Scope and approval

This Remuneration Policy (the "Policy") provides the framework for the remuneration of the members of the Board of Directors, the CEO, and the Deputy CEO of Glaston Corporation ("Glaston" or the "Company").

This Policy has been prepared by the Compensation Committee and approved by the Board of Directors for presentation and adoption at the Company's Annual General Meeting to be held on 2 April 2020. The resolution of the Annual General Meeting on the Policy is advisory. This 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 Compensation Committee shall review the appropriateness of the Policy at least annually. In order to avoid any conflicts of interest, at least two members of the Compensation Committee must be independent from the Company. The CEO and the Deputy CEO shall not participate in the preparation of the Policy.

This Policy has been prepared in accordance with the requirements of the amended EU Shareholders' Rights Directive (EU) 2017/828, which has been implemented in Finland mainly into the Finnish Companies Act (624/2006, as amended), the Finnish Securities Markets Act (746/2012, as amended), the Government Decree 608/2019, and the Finnish Corporate Governance Code 2020.

1.2 Remuneration principles

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 should 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 current strategy can be found from the Company's website: https://glaston.net/fi/strategy.

The Company's Compensation Committee considers the perspective and input from multiple internal and external stakeholders. The Compensation Committee regularly consults with the CEO and the HR Department of the Company to be mindful of employee pay, conditions and engagement across the broader employee population.

1.3 Decision-making process of the remuneration policy

The remuneration of the members of the Board of Directors and the Board Committees is decided by the Annual General Meeting of Glaston based on a proposal by the Shareholders' Nomination Board.

The Board of Directors decides on the remuneration of the CEO and Deputy CEO based on a proposal by the Compensation Committee within the confines of this Policy. The composition and duties of the Compensation Committee are described in detail in the Corporate Governance Statement.

The Committee has the power in its sole discretion to engage external independent advisors to assist Glaston in the preparation of executive remuneration.

The CEO and Deputy CEO shall not participate in the preparation nor the decision making regarding their own remuneration.

As part of the remuneration awarded within the confines of this Policy, share-based remuneration (such as shares, options, or special rights entitling to shares) may be awarded. The decision-making procedures set forth in this Policy are complied with when share-based remuneration is awarded, and such decisions, when made outside the General Meeting, will be made pursuant to the valid authorisations granted by the General Meeting of the Company in accordance with the terms of the relevant authorisation and in accordance with the applicable laws and regulations.

2 Remuneration of the members of the Board of Directors

The Annual General Meeting determines the remuneration of the Board of Directors for the year within the confines of this Policy, and remuneration for the year is disclosed in the Remuneration Report. The Shareholders' Nomination Board annually reviews the remuneration for the Chairman and members of the Board against companies of similar size and complexity. Based on this review the Shareholders' Nomination Board prepares its proposal to the Annual General Meeting and may propose a change in remuneration levels if deemed appropriate.

Given the nature of the Board duties and responsibilities, the remuneration is not linked to the Company performance and, therefore, includes fixed remuneration only. Board members do not participate in any of the Company's incentive plans.

The Shareholders' Nomination Board proposal for Board remuneration may contain the following elements:

- Base fee for the Chairman, the Deputy Chairman and members of the Board of Directors, and for the Chairman and members of the Board Committees;
- Additional meeting fees attending Board and Committee meetings;
- Travel expenses in accordance with the Company's travel policy;
- Reimbursement of any taxable or other expenses incurred in performing their role, as well as any related tax cost on such reimbursement;
- Payment of annual remuneration either in cash, shares or partially in cash or shares; and
- The Shareholders' Nomination Board may also introduce any new component of fees for Board members.

Board members are (re-)appointed in accordance with legal and regulatory requirements.

3 Remuneration of the CEO and the Deputy CEO

3.1 Remuneration elements

The remuneration of the CEO and the Deputy CEO may consist of fixed salary, short and long-term variable remuneration, pension and other benefits. Variable elements correspond to the maximum of 70% of the CEO's and 60% of the Deputy CEO's maximum remuneration at maximum pay-out level.

The table below describes the remuneration components in more detail:

Element	Purpose and link to the Company's strategy	Maximum opportunity and operation
Fixed salary	To attract and retain high performing individual to lead the Company.	There is no prescribed maximum fixed salary or annual increase. Compensation Committee normally reviews salaries annually, taking into account various factors including performance of the Company and the individual, role scope, employee salary increases and external benchmark data when determining any salary change.
Pension	To provide competitive retirement benefits.	Retirement arrangements reflect relevant market practice. The CEO and the Deputy CEO may participate in the applicable retirement benefits in the country of employment. Details of the pension arrangements for the current CEO and Deputy CEO are shown in the annual Remuneration Report.
Short-term incentives	To drive the short-term strategy and consequently contributing to the Company's long-term strategy, and recognise annual performance against key financial and other strategic priorities.	The short-term incentives of the CEO and Deputy CEO are based on Glaston's performance. The criteria for payments are typically consolidated result, result of the business area or business unit as well as functional targets. The current short-term incentive levels for the current CEO and the Deputy CEO are shown in the Remuneration Report. Following the end of the year the Board reviews the performance and determines the extent to which each of the targets have been achieved, to determine the final pay-out level. There is no incentive pay-out if threshold targets are not met. The Board has the discretionary right to reduce or cancel any payments or change conditions for payments in the event of extraordinary circumstances.
Long-term incentives	To reward for delivery of long-term strategic and financial performance. To align the objectives of the shareholders and the key employees in order to increase the value of the company in the long-	The long-term incentives of the CEO and Deputy CEO are based on the Company´s performance. The long-term incentives are typically based on profit and balance sheet indicators. The incentive is paid in a manner resolved by the Board, either partly in the Company's shares and partly in cash, in which case the cash proportion is intended to cover taxes and tax-related costs arising from the

	term, to retain the key employees at the company and to offer them a competitive incentive plan that is based on earning and accumulating the Company's shares.	reward to the CEO and the Deputy CEO, or fully in cash. The current long-term incentive levels for the current CEO and Deputy CEO are shown in the annual Remuneration Report. Following the end of the year the Board reviews the performance and determines the extent to which each of the targets have been achieved, to determine the final pay-out level. There is no incentive pay-out if threshold targets are not met. The Board has the discretionary right to reduce or cancel any payments or change conditions for payments in the event of extraordinary circumstances.
Other benefits and plans		Additional benefits and allowances may be offered in certain circumstances such as relocation or international assignment in line with Company's practises.

3.2 Share ownership requirement

Any new long-term incentive plan to be implemented by the Company contains an obligation for the CEO and the Deputy CEO of the Company to hold 50% of the net number of shares he or she receives on the basis of the long-term incentive 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.

3.3 Service contracts and termination provisions

The CEO's and Deputy CEO's service contracts are valid until further notice. The Compensation Committee prepares matters related to the CEO's and Deputy CEO's service contracts to the Board of Directors.

The CEO's minimum period of notice is three (3) months for both the Company and individual, unless otherwise decided on a weighty grounds. If the CEO executive contract is terminated, any payable remuneration is determined in compliance with local legislation, Company policies, contractual obligations and the terms and conditions of the applicable short- and long-term incentive and benefit plans. Any severance payment in the event that the Company terminates the CEO agreement will not generally exceed the value of twelve (12) months' fixed base salary and financial benefits. No severance payment shall be due in the event of material breach of the terms of the CEO agreement, breach of fiduciary duties or breach of any material rules or regulations applicable to the CEO. For certain circumstances, such as takeovers or other corporate events, the Board of Directors may offer the CEO a severance payment equalling up to twenty-four (24) month's fixed base salary and benefits, including bonus.

The Deputy CEO's period of notice is a minimum of three (3) months for both the Company and individual, unless otherwise decided on a weighty grounds. Any severance payment in the event that the Company terminates the Deputy CEO agreement will not generally exceed the value of nine (9) months' fixed base salary and financial benefits. No severance payment shall be due in the event of material breach of the terms of the Deputy CEO agreement, breach of fiduciary duties or breach of any material rules or regulations applicable to the Deputy CEO.

The CEO has the possibility to retire at 63 years of age. The Deputy CEO has the possibility to retire at the statutory retirement age. The CEO and the Deputy CEO are entitled to a supplementary pension that exceeds the statutory scheme.

3.4 Deviation from the Policy

The Board upon recommendation of Board's Compensation Committee may temporarily deviate from any sections of the Policy based on its full discretion in the circumstances described below:

- Upon change of the CEO and the Deputy CEO;
- Upon material changes in Company structure, organization, ownership and business (for example merger, takeover, demerger, acquisition, etc.); and
- Upon material changes in or amendments to the relevant laws, rules, or regulations (including tax laws).

There is no right to deviate or derogate from this Policy concerning the non-executive Directors' remuneration.

If a deviation decision has been taken, and the deviation is not considered temporary, the Company will present the next Annual General Meeting with a revised Policy. However, if the Company is not able to present the revised Policy to the next Annual General Meeting due to statutory, regulatory or practical reasons since the need for deviation arises close to the next Annual General Meeting, the revised Policy will be presented to the General Meeting following the next Annual General Meeting for which it can be properly prepared.

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