

# FISKARS REMUNERATION STATEMENT FOR THE YEAR 2014

## Board's remuneration

The Annual General Meeting decides on the remuneration of the Board of Directors. The Board's Nomination Committee is responsible for preparing proposals for the General Meeting of Shareholders on the remuneration of Board members.

In 2014, the Annual General Meeting decided on the following annual remuneration for the members of the Board of Directors:

- Chairman of the Board: EUR 90,000
- Vice Chairman of the Board: EUR 60,000
- Members of the Board: EUR 45,000

In addition, the Board members are paid EUR 750 per Board or Committee meeting, the Chairman of the Board EUR 1,500 per Board and Committee meeting, and the Chairman of the Audit Committee EUR 1,500 per Audit Committee meeting. The fees for Board members residing abroad per Board and Committee meeting are doubled. In addition, members are reimbursed for their travel and other expenses incurred as a result of their activities on behalf of the Company. To handle specific tasks, the Board of Directors can also set up a temporary working group consisting of Board members. During 2014, a temporary Board Marketing Working Group was established.

Compensation paid to the members of the Board totaled EUR 690,100 in 2014. The members of the Board are not included in Fiskars incentive schemes and they are not employed by the Company.

### Remuneration paid to the members of the Board of Directors for the year 2014

| Name  | Annual remuneration (EUR) | Meeting remuneration (EUR) | Total (EUR)    |
|---|---------------------------|----------------------------|----------------|
| Paul Ehrnrooth, Chairman as of 12.3.2014                | 81,250                    | 40,500                     | 121,750        |
| Alexander Ehrnrooth, Vice Chairman                      | 58,750                    | 20,250                     | 79,000         |
| Kaj-Gustaf Bergh, Chairman of the Board until 12.3.2014 | 53,750                    | 18,650                     | 72,400         |
| Ralf Böer   | 43,750                    | 30,600                     | 74,350         |
| Louise Fromond  | 43,750                    | 14,400                     | 58,150         |
| Gustaf Gripenberg, Charman of the Audit Committee       | 43,750                    | 17,650                     | 61,400         |
| Ingrid Jonasson Blank                                   | 43,750                    | 35,100                     | 78,850         |
| Karsten Slotte  | 43,750                    | 21,900                     | 65,650         |
| Jukka Suominen, until 12.3.2014                         | 10,000                    | 1,800                      | 11,800         |
| Christine Mondollot, as of 12.3.2014                    | 33,750                    | 33,000                     | 66,750         |
| <b>Total</b>  | <b>456,250</b>            | <b>233,850</b>             | <b>690,100</b> |

## Fiskars compensation philosophy

Fiskars compensation philosophy is based on its core belief that all things, even the simplest, can be made better and smarter through our continuous quest for improvement. Our compensation structures are designed to be market-relevant and performance-based – outstanding performance is rewarded more than average performance. For most of Fiskars employees, from factory floor to senior management, compensation consists of a base salary, bonus and benefits. The total compensation including bonus should be competitive against the relevant market. For all employees, salary is based upon the local general salary level, level of responsibility, contribution to the business, experience and performance. The bonus practice is based upon a philosophy of continuous improvement, which means that Fiskars pays bonuses mainly when it is able to improve business performance compared to the previous year.

### Main features of the Executive Board's remuneration

The Board appoints the Managing Director (President and CEO) and confirms the terms of his employment and other compensation. The Board is also responsible for appointing the members of the Executive Board, approving their terms of employment and other compensation, and deciding on the principles for the Group's compensation systems. The Compensation Committee is responsible for preparing matters related to these topics.

In addition to base salary, Fiskars offers its executives variable pay programs to further promote high performance. The company has established an Annual Bonus Plan and a Long-term Incentive Plan.

Finland based Executive Board members have voluntary, contribution-based additional pension insurance. In 2014, Fiskars Corporation had no share-based remuneration programs in place.

## Incentive Plan design until earning period 2014

Both Fiskars Annual Bonus Plan and its Long-term Incentive Plan (LTI) are designed to reward for achievements against pre-established goals. Incentive Plan participants are assigned a "target level" that will dictate the incentive payout as a percentage of base pay. Incentive targets represent an overall target opportunity and are not a guarantee that a payout will be made.

Actual incentive payments will be made on the basis of performance against "plan metrics". The plan metrics may consist of a mix of financial metrics, operational metrics and personal goals. The potential payout ranges from nothing to a maximum percentage of each participant's annual salary. The maximum level for the President and CEO and the other members of the Executive Board is at maximum 1.5 times the target level.

Participants in the Long-term Incentive Plan are selected by the Board of Directors annually, and the Board also decides on the earning criteria based on financial targets for the plan annually. The long-term incentive targets are purely financial and, in 2014, they were tied to the Company's consolidated net sales and operative cash flow. For the President and CEO, LTI targets were tied to net sales and EBIT.

The earning period for the Long-term Incentive Plan is one year, which for other executives but CEO is followed by a two-year vesting period. The bonus will be paid during the quarter following the vesting period. The bonuses for performance in 2014 will be paid during the first quarter of 2017. For the CEO, half of the bonus vests after one year and the other half vests after two years.

A positive change in the value of the Company's shares related to its own operations (excluding the impact of Wärtsilä on the share price) during the vesting period may increase the final payout by up to 50% and for the President and CEO by up to 100%.

### Principles of the Presidents and CEO's incentive scheme in 2014

| % of annual base salary  | Minimum | Target | Maximum | Maximum final payout after vesting period * |
|--------------------------|---------|--------|---------|---|
| Annual Bonus Plan        | 0       | 75%    | 102.5%  | N/A   |
| Long-term Incentive Plan | 0       | 75%    | 270%    | 540%  |

\* Depending on the development of the value of the Company's shares related to its own operations, excluding Wärtsilä's impact on the share price.

### Principles of the Executive Board's incentive scheme in 2014

| % of annual base salary  | Minimum | Target | Maximum | Maximum final payout after vesting period * |
|--------------------------|---------|--------|---------|---|
| Annual Bonus Plan        | 0       | 20—60% | 30—90%  | N/A   |
| Long-term Incentive Plan | 0       | 20—60% | 30—90%  | 45—135%                                     |

\* Depending on the development of the value of the Company's shares related to its own operations, excluding Wärtsilä's impact on the share price.

### Bonuses earned and accrued through the Long-term Incentive Plan

| Earning period                       | 2012   | 2013    | 2014      |
|--------------------------------------|--------|---------|-----------|
| To be paid, EUR*                     | 2015   | 2016    | 2017      |
| President and CEO                    | 95,256 | 233,137 | 0         |
| Other members of the Executive Board | 70,936 | 181,209 | 458,019** |

\* After having been adjusted by share price multiple

\*\* Including Thomas Enckell, Matteo Gaeta, Teemu Kangas-Kärki and Paul Tonnesen as of 1.1.2014

## President and CEO's remuneration until earning period 2014

The President and CEO's compensation consists of a salary, annual bonus and the Long-term Incentive Plan. The President and CEO's target bonus corresponds to 75% of his annual base salary. In 2014 the financial targets of the Annual Bonus Plan were related to net sales growth, EBT excluding Wärtsilä, and gross profit margin and cash flow. His personal goals for the year included a target related to Employee Engagement. The financial targets of the Long-term Incentive Plan were related to net sales and EBIT.

The President and CEO is provided with a voluntary supplementary contribution-based pension, under which the Company contributes 20% of his annual salary excluding bonuses.

The President and CEO's employment contract will end when he reaches the age of 60. The President and CEO and the Company have a notice period of six months. Remuneration on dismissal by the Company is 12 months' basic salary, in addition to salary for the six-month notice period.

The salary, benefits, and bonuses paid in 2014 to the President and CEO, Kari Kauniskangas, totaled EUR 1,034,671. Base salary accounted for EUR 416,995, bonuses for the 2013 result came to EUR 229,176 and bonuses for 2011 through the Long-term Incentive Plan came to EUR 388,500.

During the 2014 earning period, the President and CEO did not earn bonuses through the Long-term Incentive Plan.

## Principles of the President and CEO's Long-term Incentive Plan 2013-2014

In August 2012, the Board of Directors decided to launch a revised Long-term Incentive Plan for the President and CEO and set his targets for the earning periods of 2013 and 2014 in order to compensate him for accelerated profitable growth and reward him for continuously improving performance.

The President and CEO's bonus payout level in 2014 was set at 30–270% of his annual salary. The final payout is, however, dependent on the Company's share price development during the vesting period. A positive change in the value of the Company's shares related to its own operations (excluding the impact of Wärtsilä on the share price) may increase the final payout by up to 200% and a negative change may decrease the final payout by up to 50%.

The earning period for the bonus is one year, which is followed by a vesting period. Half of the bonus vests after one year and the other half vests after two years. The final bonus will be paid during the quarter following the vesting period.

### Remuneration of the President and CEO in 2014

| EUR   | 2014             | 2013             | 2012             |
|---|------------------|------------------|------------------|
| Basic salary                                  | 416,995          | 404,736          | 403,744          |
| Annual bonus for previous year                | 229,176          | 247,542          | 234,354          |
| Bonus paid through long-term incentive plan   | 388,500          | 361,414          | 409,500          |
| <b>Total</b>                                  | <b>1,034,671</b> | <b>1,013,692</b> | <b>1,047,598</b> |
| Voluntary pension contribution by the company | 80,947           | 80,749           | 77,963           |

The figures in this remuneration are presented on a cash basis. The remuneration of the President and CEO and the rest of the Executive Board are presented on an accrual basis in the notes to Fiskars financial statements for 2014.

## Executive Board's remuneration until earning period 2014

The Executive Board's Annual Bonus Plan in 2014 was designed to provide a target bonus equivalent to 20–60% of their annual salary. The earning criteria were tied to the Group's financial targets and, secondarily, to personal, function-specific targets. In 2014, the financial targets were mainly related to net sales growth, EBT excluding Wärtsilä, and gross profit margin. All members had a personal target related to Employee Engagement. Members of the Executive Board can be included in the Long-term Incentive Plan.

Finland based members of the Group's Executive Board have voluntary, contribution-based additional pension insurance under which the Company contributes 14–20% of their annual salaries excluding bonuses. Their retirement ages vary between 60 and 68 years.

In 2014, salaries, benefits, and bonuses paid to the members of the Executive Board (excluding the President and CEO) totaled EUR 2,417,940. Base salaries accounted for EUR 953,514. Bonuses for the 2013 result came to EUR 734,833 and bonuses paid through the Long-term Incentive Plan for 2011 amounted to EUR 729,593.

During the 2014 earning period, bonuses earned through the Long-term Incentive Plan, excluding any possible increase due to changes in the share price, totaled EUR 458,019 for the Executive Board (excluding the President and CEO). These bonuses will be paid during the first quarter of 2017.

### Remuneration of the other members of the Executive Board\* in 2014

| EUR   | 2014             | 2013             | 2012             |
|---|------------------|------------------|------------------|
| Base salary                                   | 953,514          | 888,068          | 722,586          |
| Annual bonus for previous year                | 734,833**        | 184,856          | 255,740          |
| Bonus paid through long-term incentive plan   | 729,593**        | 120,350          | 414,005          |
| <b>Total</b>                                  | <b>2,417,940</b> | <b>1,193,274</b> | <b>1,392,330</b> |
| Voluntary pension contribution by the company | 388,239          | 142,461          | 98,736           |

\* Including Jutta Karlsson until 30.4.2014, Ilkka Pitkänen until 9.5.2014 and Max Alfthan until 14.11.2014. Teemu Kangas-Kärki starting 12.9.2014, Thomas Enckell Matteo Gaeta, Robert Kass and Paul Tonnesen, starting 1.12.2014

\*\* Including Teemu Kangas-Kärki, Thomas Enckell, Matteo Gaeta and Paul Tonnesen for the full year

The figures in this remuneration are presented on a cash basis. The remuneration of the President and CEO and the rest of the Executive Board are presented on an accrual basis in the notes to Fiskars financial statements for 2014.

## Long-term incentive plan 2015-2017

In February 2015, The Board of Directors decided on a new long-term incentive plan for the Group's Executive Board and other key personnel. The plan will form a part of Fiskars remuneration program for its key leaders, and it does not affect the base salaries or annual bonus plan design.

The aim of the new long-term incentive plan is to support the implementation of the company's growth strategy and to align the objectives of key personnel with the shareholders to increase the value of the company.

The new long-term incentive plan consists of a share based plan (Share Plan) as well as a cash reward plan (Cash Plan), and initially it has a performance period of three calendar years, 2015-2017. The Group's Chief Executive Officer Kari Kauniskangas and Chief Operating Officer, Chief Financial Officer Teemu Kangas-Kärki are participants in the Share Plan. They, along with approximately 30 other key senior leaders, including the rest of the Executive Board, are participants in the Cash Plan.

The amount of the reward paid to a key person depends on achieving the pre-established targets. No reward will be paid if targets are not met or if the participant's employment ends before reward payment. The targets for the Share Plan are based on the company's total shareholder return, while the targets for the Cash Plan are based on the growth of the company's turnover and operating profit excluding non-recurring items.

If targets of the plan are reached, rewards will be paid to participants after the end of the performance period. In the Cash Plan, rewards for participants will be paid in cash. In the Share Plan, the reward will be paid in the company's shares and as a cash payment which is intended to cover taxes and tax-related costs arising from the share reward. If all targets are reached, the maximum reward payable in shares on the basis of the 2015-2017 performance period would amount to a total maximum of 22,000 shares in the company. Shares to be awarded under the Share Plan will be acquired in public trading arranged by Nasdaq Helsinki, and thus the share plan is not expected to have a diluting effect on the ownership of the company's shareholders.

The Share Plan participants are subject to a shareholding requirement. No shares earned through the Share Plan can be sold or otherwise conveyed by the participant until a minimum ownership requirement has been reached. The share ownership requirement is 100 % of annual gross base salary for the President and CEO and 50 % for other participants, including Fiskars shares otherwise owned.

The Board may, at its sole discretion, decide to extend the long-term incentive plan with two consecutive three-year performance periods that would start in 2016 and 2017, respectively. In that case, the Board will decide separately for each performance period the participants in the incentive plan and the maximum reward for each participant. The Board of Directors would also decide separately for each performance period the performance criteria and related targets.