

# REMUNERATION STATEMENT

## 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 2013, the Annual General Meeting decided on the following annual remuneration for the members of the Board of Directors:

- Chairman of the Board: EUR 80,000
- Vice Chairman of the Board: EUR 55,000
- Members of the Board: EUR 40,000

In addition, the Board members are paid EUR 600 per Board or Committee meeting, the Chairman of the Board EUR 1,100 per Board and Committee meeting, and the Chairman of the Audit Committee EUR 1,100 per Audit Committee meeting. The meeting remuneration per Board and Committee meeting shall be doubled for Board members residing abroad. In addition, members are reimbursed for their travel and other expenses incurred as a result of their activities on behalf of the Company.

Compensation paid to the members of the Board totaled EUR 516,000 in 2012. 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 2012

Name	Annual remuneration (EUR)	Meeting remuneration (EUR)	Total (EUR)
Kaj-Gustaf Bergh, Chairman	77,500	20,900	98,400
Alexander Ehrnrooth, Vice Chairman	53,750	10,200	63,950
Paul Ehrnrooth, Vice Chairman	53,750	9,600	63,350
Ralf Böer	38,750	10,200	48,950
Louise Fromond	38,750	8,400	47,150
Gustaf Gripenberg, Chairman, Audit Committee	38,750	11,000	49,750
Ingrid Jonasson Blank	38,750	10,200	48,950
Karsten Slotte	38,750	7,800	46,550
Jukka Suominen	38,750	10,200	48,950
<b>Total</b>	<b>417,500</b>	<b>98,500</b>	<b>516,000</b>

## One-off consultancy fee awarded by the Board to the Chairman in Q2 2012

In Q2 2012, the Board awarded the Chairman of the Board a one-off discretionary consultancy fee of EUR 200,000 for consultancy work related to the negotiation and completion of the partnership agreement between Fiskars Group and Investor AB regarding the long-term ownership of Wärtsilä.

## 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 home country, 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 only 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.

Executive Board members have voluntary, contribution-based additional pension insurance. Fiskars Corporation has no share option programs in place.

## Incentive Plan design

Both Fiskars' Annual Bonus Plan and its Long-term Incentive Plan 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 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 2012, they were tied to the company's consolidated net sales and operative cash flow.

The earning period for the Long-term Incentive Plan is one year, which is followed by a two-year vesting period. The bonus will be paid during the quarter following the vesting period. The first long-term incentive bonuses, relating to

## Principles of the President and CEO's incentive scheme in 2012

	Minimum	Target	Maximum	Maximum final payout after vesting period *
Annual Bonus Plan, % of annual base salary	0	60%	80%	N/A
Long-term Incentive Plan, % of annual base salary	0	60%	90%	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.

## Principles of the Executive Board's incentive scheme in 2012

	Minimum	Target	Maximum	Maximum final payout after vesting period *
Annual Bonus Plan, % of annual base salary	0	20–60%	30–90%	N/A
Long-term Incentive Plan, % of annual base salary	0	20–40%	30–60%	45–90%

\* 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.

performance in 2009, were paid in the first quarter of 2012. The bonuses for performance in 2012 will be paid during the first quarter of 2015.

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%.

## PRESIDENT AND CEO'S REMUNERATION

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 60% of his annual salary. In 2012 the financial targets of the Annual Bonus Plan were related to net sales growth, EBT excluding Wärtsilä, and gross profit margin and cash flow. 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 2012 to the President and CEO, Kari Kauniskangas, totaled EUR 1,047,598. Basic salary accounted for EUR 403,744, bonuses for the 2011 result came to EUR 234,354 and bonuses for 2009 through the Long-term Incentive Plan came to EUR 409,500.

During the 2012 earning period, the President and CEO earned bonuses through the Long-term Incentive Plan, excluding any possible increase due to changes in the share price, of EUR 95,256. These long-term bonuses for performance in 2012 will be paid during first quarter of 2015.

## 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 compensation 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.

## EXECUTIVE BOARD'S REMUNERATION

The Executive Board's Annual Bonus Plan in 2012 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 2012, the financial targets were mainly related to net sales growth, EBT excluding Wärtsilä, and gross profit margin. Members of the Executive Board can also be included in a Long-term Incentive Plan.

The 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 2012, salaries, benefits, and bonuses paid to the members of the Executive Board (excluding the President and CEO) totaled EUR 1,392,330. Basic salaries accounted for EUR 722,586. Bonuses for the 2011 result came to EUR 255,740 and bonuses paid through the Long-term Incentive Plan for 2009 amounted to EUR 414,005. During the 2012 earning period, bonuses earned through the Long-term Incentive Plan, excluding any possible increase due to changes in the share price, totaled EUR 70,936 for the Executive Board (excluding the President and CEO). These bonuses will be paid during the first quarter of 2015.

## Remuneration of the new CFO

Fiskars appointed Ilkka Pitkänen as the Group's new CFO as of September 2012. When he joined the company, he agreed to purchase Company shares equivalent to the net amount of his signing bonus, which was EUR 72,750. These shares have a lock-up period lasting until 2015.

## Remuneration of the President and CEO in 2012

	2012	2011
Basic salary (EUR)	403,744	389,816
Annual bonus for previous year (EUR)	234,354	256,648
Bonus paid through long-term incentive plan (EUR)	409,500	n/a
<b>Total (EUR)</b>	<b>1,047,598</b>	<b>646,464</b>
Voluntary pension contribution by the company (EUR)	77,963	76,042

## Remuneration of the other members of the Executive Board\* in 2012

	2012	2011
Basic salary (EUR)	722,586	753,631
Annual bonus for previous year (EUR)	255,740	284,732
Bonus paid through long-term incentive plan (EUR)	414,005	n/a
<b>Total (EUR)</b>	<b>1,392,330</b>	<b>1,038,363</b>
Voluntary pension contribution by the company (EUR)	98,736	133,750

\* Including Teemu Kangas-Kärki until March 2, 2012, Interim CFO Jyri Virrantuomi March 2 - August 30, 2012, Ilkka Pitkänen as of September 1, 2012, Hille Korhonen until October 31, 2012 and Risto Gaggl as of November 20, 2012.

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

Earning period	2010	2011	2012
To be paid*	2013	2014	2015
CEO (EUR)	271,740	286,230	95,256
Other members of the Executive Board (EUR)	211,142	220,942	70,936

\* after having been adjusted by share price multiple.