

FISKARS

REMUNERATION  
STATEMENT

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# FISKARS REMUNERATION STATEMENT FOR 2016

## Fiskars compensation philosophy

Fiskars' compensation philosophy and compensation structures are designed to be market-relevant and performance-based in that outstanding performance is rewarded more than average performance. For most of Fiskars employees, 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 geographic location, level of responsibility, contribution to the business, experience and performance. The bonus practice supports the philosophy of performance based rewarding.

## 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 2016, 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, for the Board and Committee meetings, the Board members residing in Finland shall be paid a fee of EUR 750 per meeting and the Board members residing abroad shall be paid a fee of EUR 2,000 per meeting and the Chairman of the Board of Directors and the Committees shall be paid a fee of EUR 1,500 per meeting. Further the Board members are reimbursed for their travel and other expenses incurred due to their activities in the interest of the company. Compensation paid to the members of the Board totaled EUR 730,750 in 2016. The members of the Board are not included in Fiskars' incentive plan and they are not employed by the Company.

Remuneration paid to the members of the Board of Directors for the year 2016

Name	Annual remuneration EUR	Meeting remuneration EUR	Total EUR
Paul Ehrnrooth, Chairman starting March 12, 2014	90,000	30,000	120,000
Alexander Ehrnrooth, Vice Chairman	60,000	15,000	75,000
Louise Fromond	45,000	12,000	57,000
Gustaf Gripenberg	45,000	12,750	57,750
Ingrid Jonasson Blank	45,000	32,000	77,000
Karsten Slotte, until March 9, 2016	11,250	2,250	13,500
Jyri Luomakoski, Chairman of the Audit Committee, starting March 8, 2016	33,750	13,500	47,250
Inka Mero	45,000	11,250	56,250
Fabian Månsson	45,000	30,000	75,000
Ritva Sotamaa	45,000	32,000	77,000
Peter Sjölander	45,000	30,000	75,000
Total	510,000	220,750	730,750

## Main features of the Executive Board's remuneration

The Board of Directors 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. In addition, Executive Board members based in Finland have a voluntary, contribution-based, pension insurance.

### 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.

Annual Bonus Plan 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 other 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 with the exception of Fiskars Americas and Gerber Americas Presidents, their maximum being 2 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 for the period 2016 to 2018 are purely financial and are tied to the Company's consolidated net sales and cumulative EBIT for that period at the end of 2018. For the CEO and COO, 50% of the targets are the same as for all executives, whereas 50% of the targets are based on cumulative total shareholder return including a cumulative EBIT threshold.

The vesting period for the Long-term Incentive Plan is three years. The bonus will be paid during the quarter following the vesting period. The bonuses for performance in 2016–2018 will be paid during the first quarter of 2019.

Principles of the Presidents and CEO's incentive scheme in 2016

	Minimum	Target	Maximum
Annual Bonus Plan, % of annual base salary	0	75%	102.5%
Long-term Incentive Plan, % of annual base salary	0	125%	250%

Principles of the Executive Board's incentive scheme in 2016

	Minimum	Target	Maximum
Annual Bonus Plan, % of annual base salary	0	30—60%	45—120%
Long-term Incentive Plan, % of annual base salary	0	30—80%	60—160%

## 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 75% of his annual base salary. In 2016 the financial targets of the Annual Bonus Plan were related to net sales growth, adjusted operating profit, and cash flow. The financial targets of the Long-term Incentive Plan 2016–2018 were related to net sales and cumulative operating profit and total shareholder return. The target bonus for the President and CEO’s LTI corresponds to 125% of annual base salary.

The President and CEO is provided with a voluntary contribution-based pension, under which the Company contributes 20% of the prior year’s 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 2016 to the President and CEO, Kari Kauniskangas, totaled EUR 1,208,000. Base salary accounted for EUR 490,769, bonuses for the 2015 result came to EUR 367,526 and bonuses for 2013–2015 through the Long-term Incentive Plan came to EUR 349,705.

### Remuneration of the President and CEO in 2016

	2016	2015	2014
Basic salary (EUR)	490,769	517,366*	416,995
Annual bonus for previous year (EUR)	367,526	163,539	229,176
Bonus paid through long-term incentive plan (EUR)	349,705	129,276	388,500
<b>Total (EUR)</b>	<b>1,208,000</b>	<b>810,181</b>	<b>1,034,671</b>
Voluntary pension contribution by the company (EUR)	94,490**	83,399	80,947

\* Including a discretionary bonus of EUR 100,000, and other benefits of EUR 3,135

\*\* Including an adjustment related to 2015 base salary and voluntary pension contribution

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 2016.

## Executive Board’s remuneration

The Executive Board’s Annual Bonus Plan in 2016 was designed to provide a target bonus equivalent to 30–60% of their annual salary. The earning criteria were tied to the Group’s financial targets and, secondarily, to personal, function-specific targets. In 2016, the financial targets were mainly related to net sales growth, adjusted operating profit, and cash flow. Members of the Executive Board are included in the Long-term Incentive Plan.

Members of the Group’s Executive Board based in Finland have a voluntary, contribution-based pension insurance under which the Company contributes 16–20% of their annual salaries excluding bonuses. Their retirement ages vary between 60 and 68 years.

In 2016, salaries, benefits, and bonuses paid to the members of the Executive Board (excluding the President and CEO) totaled EUR 4,130,872. Base salaries accounted for EUR 2,773,060. Bonuses for the 2015 result came to EUR 1,005,364 and bonuses paid through the Long-term Incentive Plan for 2013 amounted to EUR 352,447.

### Remuneration of the other members of the Executive Board\* in 2016

	2016	2015	2014
Base salary (EUR)	2,773,060	2,097,270	953,514
Annual bonus for previous year (EUR)	1,005,364	554,907	734,833
Bonus paid through long-term incentive plan (EUR)	352,447	380,047	729,593
<b>Total (EUR)</b>	<b>4,130,872</b>	<b>3,032,224</b>	<b>2,417,940</b>
Voluntary pension contribution by the company (EUR)	221,517	169,377	221,995

\* Including Ulrik Garde Due starting January 18, 2016 and excluding Matteo Gaeta starting October 7, 2016

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