

2019

Remuneration Statement



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Fiskars Group will report its 2019 remuneration details in line with the Finnish Corporate Governance Code 2015. The 2020 details will be reported in line with the Corporate Governance Code 2020 in early 2021.

Fiskars Group's compensation philosophy

Fiskars Group's compensation philosophy is based on sustainable shareholder value creation as the underlying focus of the reward strategy. The incentives are aligned with Fiskars Group's business strategy. The objective is to reward concrete achievements in implementing Fiskars Group's strategy and in achieving its business targets. Fiskars Group's compensation structures are designed to be competitive in the relevant market. According to the pay for performance principle, incentive plans have the emphasis on performance to ensure that management achieves its goals. Outstanding performance should provide higher rewards than average performance.

Board's remuneration

The main element of the compensation of the members of the Board in Fiskars Group is an annual compensation approved by the Annual General Meeting of Shareholders. The annual compensation should be competitive enough to attract and retain high caliber individuals qualified to serve as Board Members. This in order to support the implementation of the Board's main responsibilities which are to set Fiskars Group's strategy and long-term targets and to monitor their implementation. By contributing to the achievement of Fiskars Group's strategic targets, the Board's Remuneration Policy at the same time contributes to Fiskars Group's long-term financial performance and success. The purpose of the annual compensation, at the same time, is to sufficiently compensate for the time commitment required for the Board Members' contribution to the Board's work.

In 2019, 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 Board and Committee meetings other than the meetings of the Audit Committee, the Board members residing in Finland shall be paid a fee of EUR 750 per meeting, the Board members residing abroad shall be paid a fee of EUR 2,000 per meeting, and the Chairmen of the Board of Directors and said Committees shall be paid a fee of EUR 1,500 per meeting. For meetings of the Audit Committee the Board members residing in Finland shall be paid a fee of EUR 1,000 per meeting, the Board members residing abroad shall be paid a fee of EUR 2,250 per meeting, and the Chairman of the Audit Committee shall be paid a fee of EUR 2,500 per meeting. Furthermore, 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 664,000 in 2019. The members of the Board are not included in Fiskars Group's incentive plans and they are not employed by the Company.

REMUNERATION PAID TO THE MEMBERS OF THE BOARD OF DIRECTORS FOR THE YEAR 2019	ANNUAL REMUNERATION	MEETING REMUNERATION	TOTAL
Name	EUR	EUR	EUR
Paul Ehrnrooth, Chairman	90,000	37,500	127,500
Jyri Luomakoski, Vice Chairman	60,000	21,500	81,500
Albert Ehrnrooth	45,000	14,000	59,000
Alexander Ehrnrooth	-	4,500	4,500
Louise Fromond	45,000	13,750	58,750
Gustaf Gripenberg	11,250	3,750	15,000
Ingrid Jonasson Blank	11,250	8,000	19,250
Inka Mero	45,000	13,500	58,500
Fabian Månsson	45,000	36,000	81,000
Ritva Sotamaa	45,000	35,000	80,000
Peter Sjölander	45,000	34,000	79,000
Total	442,500	221,500	664,000

Main elements of the Fiskars Group Leadership Team's remuneration

The Board of Directors appoints the Managing Director (President and CEO) and confirms the terms of his/her employment and other compensation. The Board is also responsible for appointing the members of the Fiskars Group Leadership Team, 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 Group offers its executives variable pay programs to further encourage high performers. The company has established a Short-term Incentive Plan and a Long-term Incentive Plan. In addition, Fiskars Group Leadership Team members based in Finland have a voluntary, defined contribution pension insurance.

Incentive Plan design

Both Fiskars Group Short-term Incentive Plan and its Long-term Incentive Plan are designed to reward for achievements against pre-established goals. Incentive Plan participants are assigned an overall target payout opportunity that will dictate the incentive payout as a percentage of base pay. This is not a guarantee that a payout will be made.

Short-term Incentive Plan

Short-term 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 other personal goals. The potential payout ranges from zero to a maximum percentage of each participant's annual base salary. In 2019 the target payout levels varied between 40-75% of the annual base salary for the Fiskars Group Leadership Team members. The maximum level for the President and CEO and the other members of the Fiskars Group Leadership Team is at maximum 1.5 times the target level.

Long-term Incentive plans

Fiskars Board of Directors has approved Long-term incentive plans as part of Fiskars Group's remuneration program for its key employees. The aim of the plans is to support the implementation of the company's strategy and to align the objectives of key employees with the shareholders to increase the value of the company. Long-term Incentive plans have performance periods of three years. The amount of the reward paid based on the Long-term Incentive plans depends on achieving the pre-established targets. No reward will be paid if targets are not met or if the participant's employment or service ends before reward payment.

For performance periods 2016–2018 and 2017–2019 the plans have been implemented mainly as cash-based plans with the exception of a few top executives for whom the long-term incentive plan consists partly of a cash-based plan and partly of a share-based plan. Starting from 2018 all new long-term incentive plans have been share-based plans.

Performance Share Plan 2018–2022

In February 2018 the Board of Directors approved the establishment of a new Performance Share Plan for years 2018–2022. The Plan has three performance periods of three calendar years each; 2018–2020, 2019–2021 and 2020–2022. The Board of Directors will decide separately for each performance period the participants and the minimum, target and maximum rewards for each participant, as well as the performance criteria and related targets.

If the targets of the plan are reached, rewards will be paid to participants after the end of each performance period. The reward will be paid in the company's shares, after the deduction of the relevant cash proportion that is required for covering taxes and tax-related costs due on the basis of the reward. However, the company has the right to pay the reward fully in cash under certain circumstances.

As a starting point, shares to be awarded to key employees will be paid as existing shares of the company and thus the Performance Share Plan is not expected to have a diluting effect on the ownership of the company's shareholders.

As regards to members of Fiskars Group Leadership Team (or subsequent equivalent), as long as the contract concerning employment, service or other contractual relationship between a Leadership Team member and the Group stays in force, the member is to build up his/her holding of the shares at least up to a level where the value of the shares owned by the member corresponds at each point in time to hundred percent (100%) of the annual gross base salary of the CEO and fifty percent (50%) of the other Leadership Members. Until this requirement is fulfilled, the Leadership Team member must hold at least fifty percent (50 %) of the net shares awarded to him/her under the Performance Share Plan. No shareholder requirements apply to the other participants of the plan.

A SUMMARY OF THE ON-GOING LONG-TERM INCENTIVE PLANS, DECEMBER 31, 2019 STATUS:

PERFORMANCE SHARE PLANS (PSP)	2017–2019	2018–2020	2019–2021
Number of participants	2	31	41
Maximum number of gross shares payable ¹			
CEO	22,452	43,554	58,460
Other Leadership Team Members	6,698	53,072	70,560
Other participants	-	88,256	166,580
Total maximum number of gross shares payable	29,150	184,882	295,600
Earning criteria	Total Shareholder Return with cumulative EBIT threshold	Total Shareholder return, Net sales growth and cumulative EBITA. EBITA cutter applied to Net Sales Growth criterion.	Total Shareholder return, Net sales growth and Net Working Capital. EBITA cutter applied to Net Sales and Net Working Capital criteria.
Share delivery year	2020	2021	2022

¹The maximum number of gross shares (taxes included) payable if the set earning criteria are achieved in full. The numbers exclude the adjustments of the initial allocation of shares approved by the Board of Directors in December 2019 due to the impact of the divestment of Wärtsilä shares. The adjusted share grants are shown on the Fiskars Group's web site.

CASH-BASED LONG-TERM INCENTIVE PLANS	2017–2019
Number of participants	29
Size of target reward, as % of annual base salary	
CEO ²	50%
Other participants	20–50%
Earning criteria	Net Sales and EBIT
Year of payment	2020

²Payable on pro-rata basis. CEO's long-term incentive plan for years 2017-2019 consists of cash-based plan (50 % of total reward) and share-based plan (50 % of total reward).

President and CEO's remuneration

The President and CEO's compensation consists of base salary, Short-term Incentive Plan and Long-term Incentive Plans. The annual base salary is EUR 500,000, including salary but excluding fringe benefits (car, mobile phone, insurances). For year 2019, the annual target bonus is 75% of the annual base salary and maximum payment is 90% of the base salary and the financial targets relate to net sales growth, EBITA excluding IAC, and cash flow.

The President and CEO participates on a pro rata basis (according to time) on the ongoing Performance Share Plans for years 2017–2019, 2018–2020 and 2019–2021. The President and CEO is required to build up the holding of the company's shares until the value of the holding corresponds to at least 100% of the annual gross base salary.

The President and CEO is provided with a voluntary defined contribution pension, as part of which the Company contributes 20% of the annual base salary, excluding bonuses.

The President and CEO's employment contract will end by the time of the statutory retirement age. The President and CEO and the Company have a notice period of six months. Remuneration upon dismissal by the Company equals annual base salary, in addition to the salary for the six-month notice period.

The salary, benefits, and bonuses paid in 2019 to the President and CEO, Jaana Tuominen, totaled EUR 923,398.

INCENTIVE PLAN SUMMARY FOR THE CEO DECEMBER 31, 2019 STATUS	TARGET REWARD	MAXIMUM REWARD	UNIT	PAYMENT YEAR
Short-term incentive plan	75	90	% of base salary	2020
PSP 2017–2019 ¹	11,226	22,452	Gross shares	2020
Cash-plan 2017–2019	211,152	422,304	Euros	2020
PSP 2018–2020 ¹	21,777	43,554	Gross shares	2021
PSP 2019–2021 ¹	29,230	58,460	Gross shares	2022

¹The share grants exclude the adjustments of the initial allocation of shares approved by the Board of Directors in December 2019 due to the impact of the divestment of Wärtsilä shares. The adjusted share grants are shown on the Fiskars Group's web site.

REMUNERATION OF THE PRESIDENT AND CEO, JAANA TUOMINEN	2019	2018	2017
Basic salary and benefits (EUR)	524,916	559,055	120,292
Short-term bonuses (EUR)	270,857	297,600	0
Bonus paid through long-term incentive plan (EUR)	127,625	149,586	0
Total (EUR)	923,398	1,006,241	120,292
Voluntary pension contribution by the company (EUR)	109,520	108,819	23,947

Fiskars Group Leadership Team's remuneration

The Fiskars Group Leadership Team's Short-term Incentive Plan in 2019 was designed to provide a target bonus equivalent to 40–75% of their annual base salary. The earning criteria were tied to the Group's financial targets and, secondarily, to personal, business-specific targets. In 2019, the financial targets were mainly related to net sales growth, EBITA excluding IAC, and cash flow.

Members of the Group's Fiskars Group Leadership Team based in Finland have a voluntary, contribution-based pension insurance under which the Company contributes 16–20% of their prior year annual salaries excluding bonuses. Their right to retire vary according to the statutory retirement ages.

In 2019, salaries, benefits, and bonuses paid to the members of the Fiskars Group Leadership Team (excluding the President and CEO) totaled EUR 2,642,604.

REMUNERATION OF THE OTHER MEMBERS OF THE FISKARS GROUP LEADERSHIP TEAM	2019	2018	2017
Basic salary and benefits (EUR)	1,833,723	1,580,686	1,663,397
Short-term bonuses (EUR)	472,921	922,577	308,218
Bonus paid through long-term incentive plan (EUR)	335,960	795,883	371,455
Total (EUR)	2,642,604	3,299,146	2,343,070
Voluntary pension contribution by the company (EUR)	226,851	251,261	82,482

Fiskars Group Leadership Team Members in 2019:

- Sari Pohjonen
- Ulla Lettijeffer, until 5.8.2019
- Risto Gaggl
- Päivi Timonen
- Maija Taimi
- Niklas Lindholm
- Tuomas Hyyryläinen
- Michael Halak, 1.3.- 1.12.2019
- Christian Bachler, as of 4.12.2019
- Johan Hedberg, as of 4.12.2019

The figures in this remuneration statement are presented on a cash basis. The remuneration of the President and CEO and the rest of the Fiskars Group Leadership Team are presented on an accrual basis in the notes to Fiskars Group's financial statements for 2019.