

# Remuneration Policy of the Governing Bodies of Fiskars Corporation

# 1. Introduction

This remuneration policy (the "**Remuneration Policy**" or "**Policy**") sets the framework for the remuneration of the governing bodies of Fiskars Corporation ("**Fiskars Group**" or the "**Company**"). The governing bodies are the Board of Directors (hereinafter the "**Board**"), the Managing Director and the deputy of the Managing Director (when the Company has a deputy of the Managing Director) (hereinafter "**President and CEO**" which term when used below also means references to the Deputy of the Managing Director where relevant).

This Policy is presented to the Company's Annual General Meeting of Shareholders (hereinafter the "**AGM**") of the year 2020. This Policy shall be applied until the AGM of the year 2024 unless earlier replaced with a new or revised remuneration policy presented to the AGM.

## **Main Principles of the Remuneration Policy of the Board**

The main element of the compensation of the members of the Board (the "**Board Members**") in Fiskars Group is an annual compensation approved by the Annual General Meeting of Shareholders ("**AGM**"). 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.

## **Main Principles of the Remuneration Policy of the President and CEO**

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.

## **Consideration of the pay and employment conditions of the Company's Employees**

In order to safeguard the Board Members' independence in the performance of their duties, they do not participate in the same remuneration or incentive schemes with the executive management and other personnel. This is in line with the Finnish Corporate Governance Code.

The Human Resources and Compensation Committee is regularly updated on the pay principles and practices in use across Fiskars Group, in order to take these into account in setting the policy for the President and CEO. Fiskars Group aims to provide a competitive base salary that is based on geographic location, level of responsibility, contribution to the business, experience and performance. When considering base salary increases, the Committee reviews overall levels of base pay increases offered to other employees and other executives of the major geographies in which the Company operates. Fiskars Group commits to non-discrimination and sets pay levels independently of gender, age, transgender identity or expression, ethnic origin, religion or other profession of faith.

Compensation of personnel in Fiskars Group is a combination of several elements. Fiskars Group aims to ensure that majority of its employees can share in the success of the Company. Therefore, the President and CEO and majority of employees of Fiskars Group are covered by annual performance-based short-term incentive plan or by other performance-based incentive schemes. Rewards under the incentive schemes are paid based on the achievement of the set performance targets which are set based on the requirements of the individual's position. Benefits are offered to employees according to the local market practices.

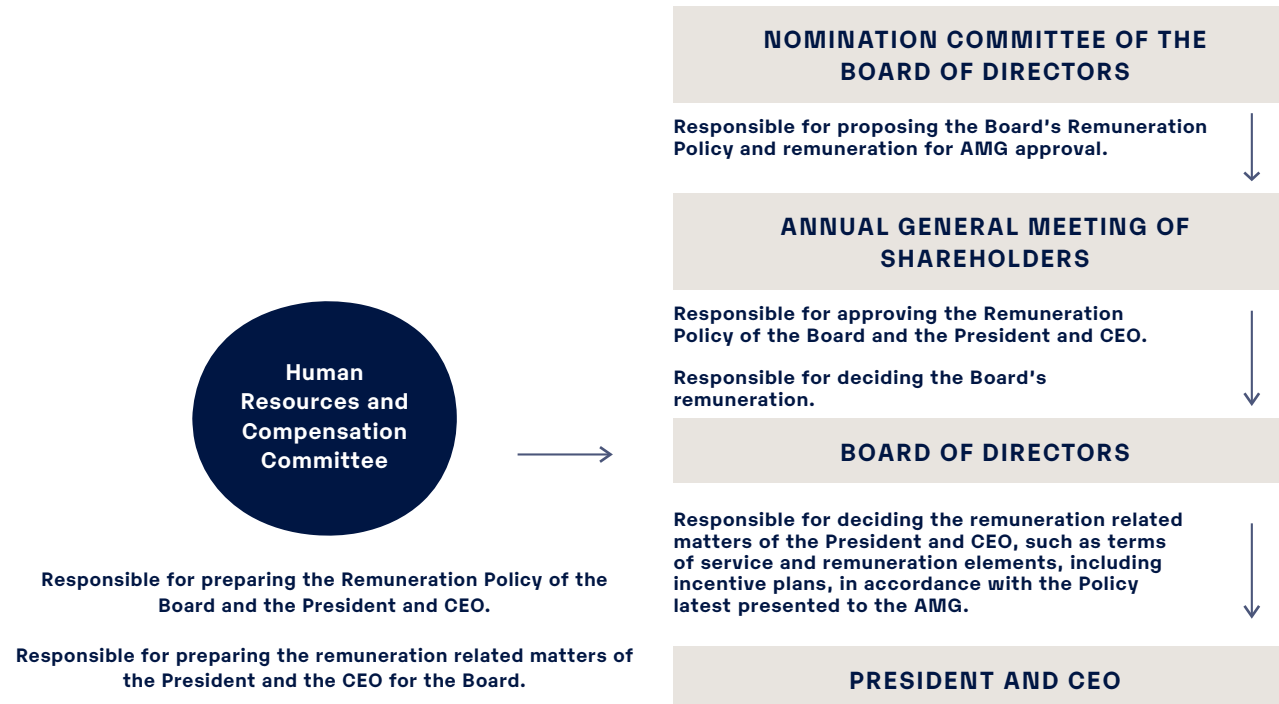
## 2. Decision-making procedure in remuneration related matters

The decision-making procedure in the Board's and President and CEO's remuneration in Fiskars Group involves the AGM, the Nomination Committee of the Board, the Board of Directors and the Human Resources and Compensation Committee of the Board.

**Decision-making in share-based remuneration:** The Board decides on share-based incentive schemes for the President and CEO. The actual payment of shares to the President and CEO under a share-based incentive scheme is either based on a decision of the AGM or an authorization granted by the AGM to the Board (based on a proposal submitted by the Board). The issuance of special rights entitling to shares of the Company such as stock option rights correspondingly either requires an AGM decision or an authorization granted by the AGM to the Board (based on a proposal submitted by the Board).

**Monitoring the Implementation of the Policy:** Proposals for the remuneration of the Board members and the President and CEO are prepared by the relevant committees based on the benchmarking practice followed by the respective committee and shall be in line with this Policy.

**Measures for the avoidance and management of conflicts of interest:** The governance principles in decision-making on remuneration in the Company follow principles aimed at ensuring the prevention of and for the management of conflicts of interest. The underlying principle is that the corporate organ which elects the respective corporate organ also decides on its remuneration. The Company observes the rules set in Fiskars' Code of Conduct, the Finnish Companies Act and the Finnish Corporate Governance Code which stipulate governance procedures and rules for the avoidance of conflicts of interest. The decision-making process described above aims at guaranteeing that the decisions are fair and unbiased.



### 3. Remuneration of the Board of Directors

The AGM decides on the remuneration payable to Board members and this Policy does not restrict the statutory decision-making powers of the AGM in Board members' remuneration, their election or removal or otherwise. Subject to as in each case decided by the AGM, the remuneration of the Board members may consist of annual compensation and meeting fees paid for each meeting attended. The annual remuneration may either solely comprise a cash payment or may be split into a component paid in shares of Fiskars Group and in cash. Fiskars Group may follow a policy based on which the Board Members are recommended to acquire shares of Fiskars Group with an amount which corresponds to their after tax annual Board fee.

Additional or higher compensation may be paid to Board members based on various grounds, such as (but not limited to) a specific role or position in the Board or in its committee, specific tasks designated to individual Board members or the geographical location of the meeting. The Board members may be granted a mobile phone benefit. Traveling expenses of the Board members are compensated in accordance with the Company policy.

None of the Board members is employed by the Company or any company belonging to its group or acts as an advisor thereof and, thus, Board members are not eligible for any employment relationship related salaries, remuneration or financial or other benefits not related to the Board work nor are they eligible for any pension scheme. Board members do not participate in the Company's incentive schemes.

### 4. Remuneration of the President and CEO

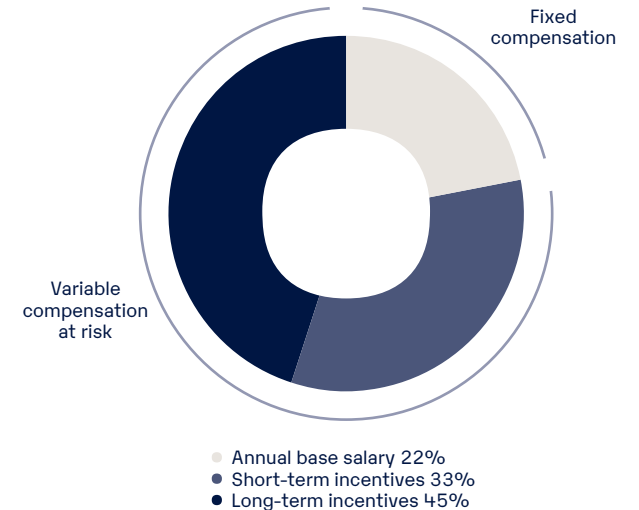
The remuneration of the President and CEO is aimed at providing competitive rewards in line with market practice. Stable elements of the compensation package (base salary, benefits, insurances, pension) provide a core level of rewards for the reliable and sustained execution of Fiskars Group's business strategy and allow the President and CEO to concentrate on performing his/her duties. Variable elements on the other hand (incentives and share ownership) emphasize pay-for-performance and the achievement of short-term and long-term goals of Fiskars Group. Share based rewards align the interests of the President and CEO with those of Fiskars Group's shareholders. The remuneration of the President and CEO consists of the key elements described in the table below.

REMUNERATION OF THE PRESIDENT AND CEO		
Remuneration element	Purpose and link to strategy	Opportunity and principles
Annual base salary	Provides a competitive core level of reward.	The annual base salary is defined as a gross salary excluding taxable benefits. The base salary is reviewed annually, as part of the review of the President and CEO's total compensation. The President and CEO is entitled to holiday bonus in accordance with the applicable laws and the Company's prevailing policy.
Benefits	Provides benefits for the role in line with market practices.	The President and CEO is entitled to benefits following the applicable Company policy as may be amended from time to time. Examples include, but are not limited to, a mobile phone and a car benefit. The President and CEO has the same statutory insurances as the entire personnel in the country in question and may be entitled to potential additional insurances such as but not limited to medical and disability and life insurances.
Short-term incentives	Rewards performance within the year, based on the achievement of annual key performance indicators supporting the achievement of strategic targets.	<p>The CEO is eligible for participating in Fiskars Group's short-term incentive (STI) plan. The measures, weightings and targets applicable to the STI are set annually by the Board to ensure they are relevant to the CEO's position and continue to promote the business strategy. The STI measures may consist of a mix of financial and operational metrics as well as safety and CSR-related metrics, key development projects, individual and position-related metrics and other metrics deemed relevant by the Board and they may vary year-on-year.</p> <p>The President and CEO's STI earning opportunity is set on a market-competitive level. The maximum earning opportunity may be up to 150% of annual base salary. Following the pay-for-performance principle there is no guaranteed minimum pay based on STI. After the end of the year the Board of Directors reviews the performance and determines the extent to which each of the targets have been achieved and determines the final pay-out level in STI.</p>

REMUNERATION OF THE PRESIDENT AND CEO		
Remuneration element	Purpose and link to strategy	Opportunity and principles
Long-term incentives and share-based remuneration	Incentivizes and rewards over a longer period for sustained performance and sustainable growth and aligns the interests of the President and CEO with the shareholders.	<p>The President and CEO is eligible for participating in Fiskars Group's long-term incentive (LTI) plans.</p> <p>The LTI plans may at the Board's choice include one or several plan structures such as, but not limited to, performance share plan and performance-based cash plan structures, structures requiring the President and CEO's personal share investment and other structures. The LTI plan period shall as a rule be no less than three years. Performance share plans offer a possibility to earn the Company shares as remuneration for achieving established long-term targets. The LTI performance criteria may include measures linked to group level long-term financial targets and strategic priorities, performance against competitors, relative or absolute shareholder return and shareholder value creation, and other performance measures set within the performance period. Measures are set by the Board and may vary year-on-year.</p> <p>The LTI structures may at the Board's choice either be one-time plans or based on a rolling structure in which annually commencing plan periods run in parallel and vest in an annual sequence. The LTI rewards may either be paid in shares of Fiskars Group or in cash.</p> <p>The President and CEO's maximum LTI earning opportunity is set on a market-competitive level and may be up to 200% of the non-variable annual base salary at grant. Following the pay-for-performance principle there is no guaranteed minimum pay based on LTI. After the end of the performance period of the LTI plan the Board of Directors reviews the performance and determines the extent to which each of the targets have been achieved and determines the final pay-out level in LTI.</p>
Pension	Rewards sustained contribution.	The Company may operate a defined contribution pension plan for the President and CEO with an annual contribution up to of 20% of the annual base salary. It may be agreed with the President and CEO that he/she is entitled to retire at the age of 63 at the earliest.
Shareholding recommendation or requirement	Encourages to build a meaningful shareholding in the Company and aligns the interests of the President and CEO with the shareholders.	The President and CEO is recommended or required to accumulate and, once achieved, hold a shareholding in Fiskars Group corresponding to his/her annual gross base salary. In order to achieve the targeted share ownership level, the President and CEO is expected to retain in his/her ownership at least half (50%) of the shares received under the share-based incentive schemes of Fiskars Group until the value of his/her share ownership in Fiskars Group corresponds to at least the targeted level.

REMUNERATION OF THE PRESIDENT AND CEO		
Remuneration element	Purpose and link to strategy	Opportunity and principles
		<p>The President and CEO's period of notice may be maximum six months, for both the Company and the President and CEO. During the notice period, the President and CEO is entitled to normal salary payments. It may be agreed that the President and CEO is entitled to a total maximum of 12 months' severance pay in addition to the six months' salary paid for the notice period upon the termination of the President and CEO's service by the Company.</p>
Service contracts and loss of office payments	Ensures clear contractual terms are followed.	<p>The treatment of STI and LTI awards will depend on the circumstances of the President and CEO's departure. For retirement and involuntary termination by Company without cause specified in the director contract, the President and CEO is entitled to a prorated portion of the STI and LTI earning opportunity measured, at the Board's choice, in connection with the cessation based on the performance achieved by the time of the cessation or afterwards after the lapse of the performance period based on the performance achieved over the entire performance period. The awards are in both cases pro-rated based on the length of time served between the start of the performance period and the cessation. If the President and CEO terminates his/her contract at his/her own initiative, all unvested rewards are forfeited.</p>
Withholding and clawback of awards	Ensures pay for performance.	<p>The STI and LTI plan rules allow the Board to withhold or reject payment of a reward before the reward has vested or has been paid in certain exceptional circumstances such as materially changed financial or other circumstances of the Company (e.g. a financially distressed position of the Company) or a gross misconduct, material misstatement of financials or financials underlying performance measures.</p> <p>In case of individual gross misconduct which has caused a misstatement of the financials based on which the performance measures have been set or the performance has been measured, the Board may cancel entitlement to the reward or claim back and recover the already paid reward (clawback).</p>
Previously agreed or granted awards	The Board reserves the right to make any remuneration payments and/or payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the policy set out above where the terms of the payment were agreed prior to the presentation of this policy to the AGM.	

RELATIVE PORTIONS OF THE PRESIDENT AND CEO'S COMPENSATION AT MAXIMUM PERFORMANCE LEVEL





## 5. Deviation from this Policy

If the continued adherence to the Policy would in the opinion of the Nomination Committee of the Board (with respect to Board remuneration) or the Board (with respect to President and CEO remuneration), after careful consideration, not be appropriate or well-grounded anymore in the following circumstances and on the following grounds, Fiskars Group may in order to safeguard its long-term interests temporarily deviate from this Policy. In the assessment of its long-term interests Fiskars Group may among other aspects especially take into account its long-term financial success and performance, its competitiveness, safeguarding the undisturbed continuation of its business and the undisturbed implementation of its business strategy and financial targets and the development of the shareholder value.

Among the grounds for a temporary deviation from this Policy may be (provided that the ground occurs after this Policy was presented to the AGM) the following: A **structural change** (change in Fiskars Group's corporate, group, business or organizational structure or a material change in Fiskars Group's ownership structure), a **personnel change** (such as changes in the Board or in the top management of Fiskars Group or need to recruit a new President and CEO), other **exceptional or unexpected event** or change or materially changed circumstances in Fiskars Group or in its business or operating environment or a material change in Fiskars Group's **strategy or business plan**, material change in Fiskars Group's **financial position** or outlook, **regulatory** or judicial changes, changes in governmental or administrative orders or in **taxation** or taxation practice or other change or circumstances not specified above. A temporary deviation from this Policy is possible if it is after careful consideration deemed that a deviation is necessary or advisable in order to safeguard Fiskars Group's long-term interests or sustainability such as, without limitation, in order to ensure the continuity of the management of Fiskars Group.

The temporary deviation from this Policy may in the Board's full discretion concern any and all the elements of this Policy and of payable remuneration, including, but not limited to, the amount, type, elements and conditions of payable remuneration and the terms applied thereto. Where necessary in case of the recruitment of a new President and CEO, additional benefits may also be provided such as, but not limited to, relocation support and expatriate allowance and other benefits which reflect local market practice and relevant legislation.

The procedure to be followed in the deviation from this Policy shall be the same as the decision-making procedure for the implementation of this Policy described above in this Policy and if the deviation concerns Board remuneration, the decision-making may involve an annual or extraordinary shareholder meeting as applicable in the individual circumstances. The deviation and its grounds shall be reported in the next annual Remuneration Report and presented to the next AGM as part thereof.