

FISKARS

CORPORATE
GOVERNANCE STATEMENT

16

FISKARS CORPORATE GOVERNANCE STATEMENT FOR 2016

Introduction

Fiskars Corporation is a Finnish public limited company in which duties and responsibilities are defined according to Finnish law. Fiskars Group comprises the parent company, Fiskars Corporation, and its subsidiaries. The statutory governing bodies of Fiskars Corporation are the General Meeting of Shareholders, Board of Directors, the Managing Director (President and CEO) and the Auditor. Other group management supports the statutory governing bodies of Fiskars Corporation. The Company's domicile is Raseborg, Finland.

Corporate governance at Fiskars Corporation is based on the Finnish Limited Liability Companies Act, the rules and regulations concerning publicly listed companies, the Company's Articles of Association, the charters of the Company's Board of Directors and its Committees and the rules and guidelines of Nasdaq Helsinki Ltd. Fiskars Corporation is a member of the Finnish Securities Market Association and complies, without exception, with the Finnish Corporate Governance Code approved by the Securities Market Association, which came into force on January 1, 2016 and can be reviewed at www.cgfinland.fi.

This is the separate Corporate Governance Statement referred to in Recommendations 1–28 of the Finnish Corporate Governance Code. This statement and the other information required by the Corporate Governance Code, the Company's Financial Statement, the Report by the Board of Directors and the Auditor's Report for the year 2016 are available on the Company's website www.fiskarsgroup.com as of February 15, 2017.

General Meeting of Shareholders

The General Meeting is the highest decision-making body of Fiskars Corporation, where the shareholders participate in the supervision and control of the Company by using their right to speak and vote. The most important tasks of the General Meeting are, among others, the election of the Board of Directors and the adoption of the Annual Accounts. Other tasks of the General Meeting appear from the Articles of Association of the company and from the Finnish Companies Act. The company shall convene one Annual General Meeting for each financial period. An Extraordinary General Meeting shall be convened when necessary. General Meetings shall be held either in Raseborg or Helsinki.

In accordance with the Articles of Association, notices regarding the General Meetings are published on the Company's website and, if deemed necessary by the Board of Directors, in an alternative manner. In 2016, notices were published in the Helsingin Sanomat, Hufvudstadsbladet and Västra Nyland newspapers in addition to the notice published on the Company's website and the company's stock exchange release.

Any shareholder wishing to submit a matter for inclusion on the agenda of the Annual General Meeting should submit a request in writing to the Board of Directors. To be included in the notice of the Annual General Meeting and in the agenda of the Annual General Meeting, the request should be sufficiently concise and the matter must fall within the authority of the Annual General Meeting, as defined in the Finnish Limited Liability Companies Act. Instructions on submitting requests to the Board of Directors and the deadline for requests are published on the Company's website. In 2016, no such requests were submitted to the Board of Directors.

Annual General Meeting for 2016

Fiskars Corporation held its Annual General Meeting for 2016 on March 9, 2016. The Chairman of the Board, the board members (with the exception of Karsten Slotte), the nominee to the Board of Directors (Jyri Luomakoski), the President and CEO and the Company's auditor were present at the meeting. The meeting approved the Annual Accounts, discharged the members of the Board and the CEO from liability, and decided on the dividend to be paid for the 2015 financial year. The Meeting also decided on the remuneration to be paid to the Board and elected the members, who will serve until the end of the Annual General Meeting in 2017. The Company's auditors were also elected, and remuneration was decided upon. The Meeting authorized the Board to decide on the acquisition of own shares and transfer of own shares held as Treasury shares in accordance with conditions. Annual General Meeting documents are available on the Company's web pages for five years' time after each Annual General Meeting.

Peter Sjölander



Louise Fromond



Ingrid Jonasson Blank



Alexander Ehrnrooth



Fabian Månsson



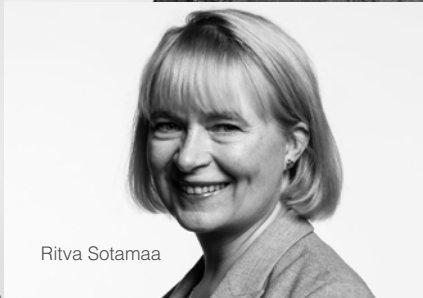
Paul Ehrnrooth



Inka Mero



Ritva Sotamaa



Gustaf Gripenberg



Jyri Luomakoski




Term, composition and independence

Proposals regarding the composition of the Board of Directors are prepared by the Nomination and Strategy Committee. The term of office of a Board member is one year and will start from the close of the General Meeting electing the member and expire at the close of the next Annual General Meeting after the election. The number of terms for the members of the Board of Directors is not limited.

In accordance with the Articles of Association the Board of Directors shall consist of a minimum of five and a maximum of ten members. The Board of Directors selects a Chairman and a Deputy Chairman

from amongst its members. The Board of Directors elected by the Annual General Meeting held on March 9, 2016 is composed of ten members. The General Meeting re-elected Alexander Ehrnrooth, Paul Ehrnrooth, Louise Fromond, Gustaf Gripenberg, Ingrid Jonasson Blank, Inka Mero, Fabian Månsson, Peter Sjölander and Ritva Sotamaa and elected Jyri Luomakoski as a new member. Karsten Slotte, who served as a Board member until the end of the Annual General Meeting, informed that he would no longer be available for re-election. In its constitutive meeting held after the Annual General Meeting, the Board of Directors elected Paul Ehrnrooth as its Chairman and Alexander Ehrnrooth as Deputy Chairman of the Board.

Board of Directors December 31, 2016



Paul Ehrnrooth

Born 1965, M.Sc. (Econ.)
Nationality: Finnish


Chairman since 2014, elected to the Board in 2000
Chairman of the Compensation Committee,
Nomination and Strategy Committee and Investment Committee
Independent of the Company and dependent on significant
shareholders

Managing Director & Chairman: Turret Oy Ab 2005–

Primary working experience:
Savox Oy, President and CEO, 1999–2007; several management
positions in Wärtsilä Corporation 1994–1999 and Kone Corporation
1993–1994

Other positions of trust:
Chairman of the Board: Savox Group 2004–
Chairman of the Board: Ixonos Oyj 2015–,
(elected to the board in 2010)
Member of the Board: Wärtsilä Corporation 2010–2015

Fiskars shares held directly 31.12.2016: 0
Shares held by controlled entities 31.12.2016: 9,330,961 ¹



Alexander Ehrnrooth

Born 1974, M.Sc. (Econ.), MBA
Nationality: Finnish


Vice Chairman, deputy to the Board 2000–2005,
elected to the Board in 2005
Member of the Audit Committee, Nomination and
Strategy Committee and Investment Committee
Independent of the Company and dependent on significant
shareholders

CEO of Virala Oy Ab 1995–

Other positions of trust:
Chairman of the Board: Aleba Corporation 2003–,
Belgrano Inversiones Oy 1999–
Member of the Board: Ahlstrom Oyj 2015–, Munksjö Oyj 2014–,
Wärtsilä Corporation 2010–2015

Fiskars shares held directly 31.12.2016: 855,000
Shares held by organizations in which a person exercises influence
(substantial economic interest, no control) 31.12.2016: 12,650,000

¹⁾ Paul Ehrnrooth, Turret Ab Oy, Jacob Ehrnrooth and Sophia Ehrnrooth have signed a shareholder’s agreement on May 26, 2016, where all parties have agreed to vote in Fiskars Corporation’s General Meetings in accordance with the position of Turret Oy Ab. The parties of the shareholder’s agreement have agreed on a mutual pre-emption right, if any of the parties plans to sell Fiskars Corporation’s shares. Paul Ehrnrooth’s indirect holdings correspond to 11.39% of the shares and 15.28% of the voting rights in Fiskars Corporation.



Louise Fromond


Born 1979, LL.M.
Nationality: Finnish

Elected to the Board in 2010
Member of the Audit Committee
Independent of the Company and dependent on significant
shareholders

Primary working experience:
University of Helsinki, Assistant and Doctoral Student 2004–2008

Other positions of trust:
Chairman of the Board: Oy Holdix Ab 2010–
Member of the Board: Louise and Göran Ehrnrooth Foundation 2013–,
Tremoko Oy Ab 2008–, Bergsrådninnan Sophie von Julins stiftelse
2004–, Fromille Oy Ab 1998–

Fiskars shares held directly 31.12.2016: 1,250,705
Shares held by organizations in which a person exercises influence
(substantial economic interest, no control) 31.12.2016: 8,541,612



Gustaf Gripenberg


Born 1952, D. (Eng.)
Nationality: Finnish

Elected to the Board in 1986
Chairman of the Audit Committee 2003–2016
Member of the Audit Committee
Independent of the Company and significant shareholders

Professor, Aalto University 1999–2016 (retired)

Primary working experience:
Assistant professor, University of Helsinki 1987–1998

Fiskars shares held directly 31.12.2016: 243,320
Shares held by entities in which a person exercises influence
(substantial economic interest, no control or managerial
responsibilities, no control) 31.12.2016: 4,057,289



Ingrid Jonasson Blank

Born 1962, M.Sc (Econ.)
Nationality: Swedish

Elected to the Board in 2010
Member of the Audit Committee
Independent of the Company and significant shareholders

Primary working experience:
ICA Sverige AB, Executive Vice President 2004–2010

Other positions of trust:
Member of the Board: Martin & Servera Aktiebolag 2015–,
Matse Holding AB (publ.), Västra Frölunda 2015–,
Stor & Liten AB 2015–, Orkla ASA 2013–, Matas A/S 2013–,
Royal Unibrew A/S 2013–, Musti ja Mirri Group Oy 2012–,
Ambea Sweden Group AB 2012–, ZetaDisplay AB 2010–,
Bilia AB 2006–

Fiskars shares held directly 31.12.2016: 0



Jyri Luomakoski

Born 1967, MBA
Nationality: Finnish


Elected to the Board in 2016
Chairman of the Audit Committee since 2016
Member of the Investment Committee
Independent of the Company and significant shareholders

Uponor Corporation, President and CEO 2008–

Primary working experience:
Uponor Corporation, Deputy CEO 2002–2008, Uponor Corporation,
CFO, member of Executive Committee 1999–2008, AskO Oyj and Oy
Uponor Ab, CFO 1999–1999, various positions at Oy Uponor Ab,
Oy Lars Krogius Ab and Datatrans

Other positions of trust:
Member of the board: Varma Mutual Pension Insurance Company
2015–, EHI, European Heating Industries 2014–,
The European Plastic Pipes and Fittings Association 2009–,
Procurator-Holding Oy 2006–2016

Fiskars shares held directly 31.12.2016: 0



Inka Mero

Born 1976, M.Sc. (Econ.)
Nationality: Finnish

Elected to the Board in 2015
Member of the Compensation Committee
Independent of the Company and significant shareholders

Pivot5 Oy, Co-Founder 2016–
KoppiCatch Oy, Co-Founder 2008–

Primary working experience:
Playforia Oy, CEO 2006–2008, Nokia Corporation,
Director 2005–2006, Digia Plc, VP Sales and Marketing 2001–2005,
Sonera Corporation, Investment Manager 1996–2001

Other positions of trust:
Chairman of the Board: Pivot5 Oy 2016–, IndoorAtlas Oy 2013–,
KoppiCatch Oy 2009–
Member of the Board: Kamux Corporation 2016–, YIT Corporation
2016–, Nokian Tyres 2014–, StartupSauna Foundation 2014–, Finnish
Industry Investments 2012–2014, Staffpoint Holding Oy 2008–2016

Fiskars shares held directly 31.12.2016: 0



Fabian Månsson

Born 1964, M.Sc. (Econ.)
Nationality: Swedish

Elected to the Board in 2015
Member of the Nomination and Strategy Committee
Independent of the Company and significant shareholders

Business Advisor 2008– (for example to McKinsey & Co,
Karen Millen, Gina Tricot, Hugo Boss)

Primary working experience:
Eddie Bauer President & CEO 2002–2007,
Spray Ventures AB, Executive Vice President 2000–2001,
H&M Hennes & Mauritz AB, CEO 1998–2000

Other positions of trust:
Chairman of the Board: Björn Borg Sport 2011–2014
Member of the Board: Gina Tricot 2014–, Nordic Fashion Holdings
AB 2014–, Nordic Fashion Group AB 2014–, Karen Millen 2010–2014,
Aurora Fashion (Oasis, Warehouse, Coast) 2010–2014,
Björn Borg AB 2009–2014, Hemköp and Willys 2002

Fiskars shares held directly 31.12.2016: 0
Shares held by controlled entities 31.12.2016: 2,000



Peter Sjölander

Born 1959, M.Sc. (Econ.)
Nationality: Swedish

Elected to the Board in 2015
Member of the Compensation Committee
Independent of the Company and significant shareholders

Primary working experience:
Altor Equity Partners, Senior In-House Advisor 2015–,
Helly Hansen Group, CEO 2007–2015, EQT, Industrial Advisor 2013–,
Electrolux, Senior Vice President, Product, Brand and Licensing,
Global & Europe 2005–2007, Stadium AB, Strategic Advisor 2004–
2007, Nike, Global & European Leadership Team Member 1998–2004,
Nike, several Global and European executive product management
and marketing positions 1991–1998, Intersport International,
Marketing and Buying Director 1989–1991, Mölnlycke AB,
Senior Product Manager 1985–1989

Other positions of trust:
Chairman of the Board: Swims AS 2014–2016, (Board Member
since 2012–), Grundens AB 2015–
Member of the Board: Eton Shirts AB 2016–, Elixia AS 2015–,
HFN AS 2015–, Run & Relax Scandinavia AS 2015–, Sats AS 2015–,
FitFlop Inc. 2014–, Stokke AS 2011–2014, BTX AS 2011–2013,
OBH AB 2008–2011, Helly Hansen AS 2007–2016,
Stadium AB 2004–2007

Fiskars shares held directly 31.12.2016: 0



Ritva Sotamaa

Born 1963, LL.M
Nationality: Finnish

Elected to the Board in 2015
Member of the Audit Committee
Independent of the Company and significant shareholders

Unilever PLC/NV, Chief Legal Officer 2013–

Primary working experience:
Siemens Healthcare, Siemens AG, General Counsel 2009–2013,
GE Healthcare, General Electric Company, several General Counsel
positions 2003–2009, Instrumentarium Corporation, General Counsel
1998–2003, Sisu/Partek Corporation, Legal Counsel 1996–1998,
Instrumentarium Corporation, Legal Counsel 1989–2006.

Fiskars shares held directly 31.12.2016: 1,000

All members of the Board are non-executive directors. The Board evaluates the independence of its members annually on a regular basis in compliance with Recommendation 10 of the Corporate Governance Code. Based on the latest evaluation carried out on March 9, 2016, the Board considered all members of the Board to be independent of the Company. Alexander Ehrnrooth, Paul Ehrnrooth and Louise Fromond are considered to be non-independent of the Company's significant shareholders. A Board member is obligated to provide the Board with sufficient information to enable the Board to evaluate her/his independence.

The diversity of the board composition is defined in the Board Diversity Policy. Diversity at the Board level is an essential element in supporting the Company's attainment of its strategic goals and ensuring that the Board fulfills its fiduciary responsibilities. The Board shall ideally consist of members with experience from international business representing different industries, tasks, positions, cultures and countries. Having members from both genders on the Board is essential. The Board Diversity Policy is maintained and followed by the Nomination and Strategy Committee in accordance with the Recommendations of Finnish Corporate Governance Code.

Main duties of the Board

The Board of Directors is responsible for the Company's governance and proper organization of the operations in accordance with the applicable law and regulation, its Articles of Association and decisions taken by the General Meetings. The Board has confirmed a written Charter for the Board's duties, meeting practice and decision making procedure. The Board's main duties include:

- Managing and appropriately arranging the Company's operations and confirming the Company's business strategy, rolling plan and budget
- Overseeing the solidity, profitability, and liquidity of the Company, as well as the Company's management
- Approving the risk management principles followed by the Company
- Reviewing and adopting the consolidated financial statements, interim reports and related stock exchange releases and the report by the Board of Directors
- Approving the treasury policy
- Deciding on extraordinary or far-reaching measures, taking the scope and nature of the Company's operations into account, unless these matters come within the responsibilities of the General Meeting of Shareholders

- Preparing the proposal to the General Meeting on the selection of the Company's Auditors based on the proposal by the Audit Committee
- Appointing and dismissing the President and CEO and confirming the terms of his service contract, compensation and other financial benefits
- Appointing the members of the Executive Board, other senior managers, and the internal audit manager, and approving their terms of employment, compensation and other financial benefits
- Deciding on the principles for the Group's remuneration systems
- Deciding on group structure and main organization
- Other statutory duties by virtue of the Finnish Limited Liability Companies' Act and Finnish Corporate Governance Code

The Board conducts an annual self-evaluation of its work and cooperation with management, facilitated by an external expert.

Meeting activities and meeting attendance of the Board of Directors in 2016

The Board is convened by the Chairman, or if the Chairman is unavailable, by the Vice Chairman, according to the pre-confirmed timetable, with additional meetings whenever needed. The Board has a quorum when more than half of the members are present and one of these is the Chairman or the Vice Chairman. A decision of the Board shall be carried by a majority of those present or, in the case of a tie, the Chairman shall have the casting vote. The Company's President and CEO and CFO participate in the Board meetings, and General Counsel acts as secretary of the Board. Other members of the Group's management and other executives participate in the meetings when needed. Usually one or two Board meetings are held at rotating Fiskars' locations.

The Board of Directors convened 11 times during 2016. The average attendance at Board meetings was 100%. Besides the regular annual meeting topics during the financial year, key priorities in 2016 included long term strategy related topics, the restructuring program and the company reorganizations relating to the Group's transformation process and a new organizational structure planned for the year 2017.

Meeting activity and meeting attendance of the Board of Directors 2016

	Board of Directors	Audit Committee*	Compensation Committee*	Nomination and Strategy Committee	Investment Committee ¹⁾
1.1.–31.12.2016	11 meetings	5 meetings	5 meetings	4 meetings	3 meetings
Paul Ehrnrooth	11	-	5	4	3
Alexander Ehrnrooth	11	5	-	4	3
Louise Fromond	11	5	-	-	-
Gustaf Gripenberg	11	5	-	-	-
Ingrid Jonasson Blank	11	5	-	-	-
Jyri Luomakoski**	9	4	-	-	3
Inka Mero	11	-	5	-	-
Fabian Månsson	11	-	-	4	-
Peter Sjölander	11	-	5	-	-
Karsten Slotte***	1	1	2	-	-
Ritva Sotamaa	11	5	-	-	-

* Committee compositions changed as of March 9, 2016

** Board member as of March 9, 2016

*** Board member until March 9, 2016

¹⁾ The meetings of the Investment Committee have been held in connection with the Audit Committee meetings and no separate remunerations have been paid for participations in the Investment Committee's meetings.

BOARD COMMITTEES

The Committees assist the Board by preparing matters falling within the competence of the Board. The Board remains responsible for the duties assigned to a Committee. The Committees have no autonomous decision-making power, and thus the Board makes the decisions within its competence collectively. The Board has confirmed written charters for the Committees that lay down their key duties and operating principles. The Committees report regularly on their work to the Board. The reports include a summary of the matters addressed and measures taken by the Committee. In the constitutive meeting of the Board held after the Annual General Meeting 2016, the Board decided to continue with the following four Board Committees: an Audit Committee, a Compensation Committee, a Nomination and Strategy Committee and an Investment Committee. The Board of Directors elected among the board members the members and the Chairmen of the Committees. The Company's General Meeting did not establish any committees. To handle specific tasks, the Board of Directors can also set up a temporary working group consisting of Board members and reporting to the Board of Directors. In 2016 the Board did not set up such temporary working groups.

Audit Committee

According to the Committee Charter the Audit Committee is responsible for the following activities:

- Monitoring the financial statement reporting process
- Supervising the financial reporting process
- Monitoring the efficiency of the Company's internal controls, internal auditing, and risk management
- Reviewing the description of the main features of the internal controls and risk management associated with the financial reporting process, which is included in the in the Company's Corporate Governance Statement
- Reviewing and monitoring the main legal actions, claims and other proceedings that Fiskars is involved in
- Reviewing the annual audit plan, budget and resources of the Company's internal audit function and handling essential audit findings
- Reviewing the Company's Corporate Governance Statement
- Monitoring the statutory auditing of the Company's financial statements and consolidated financial statements
- Evaluating the independence of the Company's statutory Auditors and the provision of related services to the Company
- Preparing the proposal concerning the election of the Company's Auditors for the Board of Directors

The members of the Audit Committee as of March 9, 2016 included:

- Jyri Luomakoski (Chairman)
- Alexander Ehrnrooth
- Ingrid Jonasson Blank
- Louise Fromond
- Gustaf Gripenberg
- Ritva Sotamaa

All the members of the Audit Committee are independent of the Company and the majority of them are also independent of the Company's significant shareholders. The Audit Committee convened five times in 2016 and the attendance of members at meetings was 100%. Besides its ordinary work, the Audit Committee reviewed the topics related to the restructuring program and the company reorganizations relating to the Group's transformation process and the tax re-assessment decision from the Large Taxpayer's office in July.

Compensation Committee

According to the Committee Charter the Compensation Committee is responsible for preparing matters related to the appointment and remuneration and other financial benefits of the President and CEO and other Group executives, as well as matters related to the Company's remuneration system.

The following Board members belonged to the Compensation Committee as of March 9, 2016:

- Paul Ehrnrooth (Chairman)
- Inka Mero
- Peter Sjölander

All the members of the Compensation Committee are independent of the Company and the majority of them are also independent of the Company's significant shareholders. The Compensation Committee convened five times in 2016 and the attendance of members at meetings was 100%. In 2016, the Compensation Committee discussed the Company's compensation framework and bonus structure.

Nomination and Strategy Committee

According to the Committee Charter the Nomination and Strategy Committee is responsible for the following activities:

- Preparing proposals related to the composition of the Board of Directors to be presented to the General Meeting after consulting major shareholders
- Preparing proposals to the General Meeting on the remuneration of Board members
- Preparing proposals to the Board regarding the composition of the Board's committees

- Confirming the criteria and processes to be used for evaluating the Board's work
- Dealing with matters relating to the strategy of the Company in co-operation with the management and with focus on company's long-term initiatives

The following Board members belonged to the Nomination and Strategy Committee as of March 9, 2016:

- Paul Ehrnrooth (Chairman)
- Fabian Månsson
- Alexander Ehrnrooth

All the members of the Compensation Committee are independent of the Company. The Nomination and Strategy Committee convened four times in 2016 and the attendance of members at meetings was 100%. Among the focus areas of the committee were matters related to the company's long-term strategy.

Investment Committee

According to the Committee Charter the Investment Committee is responsible for the following activities:

- To prepare proposals for the group's financial investment strategy for the approval of the Board of Directors
- To prepare a financial investment and related risk management policy
- To evaluate, propose and review the performance of the key external investment advisors and service providers
- To regularly follow-up and report on execution of the approved financial investment strategy
- Any other duties as may be set forth in the approved group's financial investment strategy and investment policy

The following Board members belonged to the Investment Committee, as of March 9, 2016:

- Paul Ehrnrooth (Chairman)
- Alexander Ehrnrooth
- Jyri Luomakoski

All the members of the Investment Committee are independent of the Company. The Investment Committee convened twice in 2016 and the attendance of the members at meetings was 100%. In 2016 the Investment Committee mainly followed the status of the Company's investment portfolio.

President and CEO

Fiskars Corporation has a Managing Director (President and CEO) who is responsible for the day-to-day management and administration of the Company in accordance with the Finnish Companies' Act, the Company's Articles of Association and the instructions and orders given by the Board and for reporting to the Board on the Company's business operations and financial situation. He is also responsible for ensuring that the Company's accounting methods comply with the applicable law and that financial matters are managed in a reliable manner. The President and CEO is assisted in these duties by the Executive Board and the Corporate Office.

The President and CEO is Kari Kauniskangas, M.Sc. (Econ.). He joined the Company in 2008.

Teemu Kangas-Kärki, COO and CFO, was appointed as deputy to the CEO as of September 12, 2014.

The President and CEO is appointed by the Board of Directors, which also decides on the terms and conditions of the President and CEO's service contract. A written service contract approved by the Board has been made between the Company and the President and CEO.

Executive Board

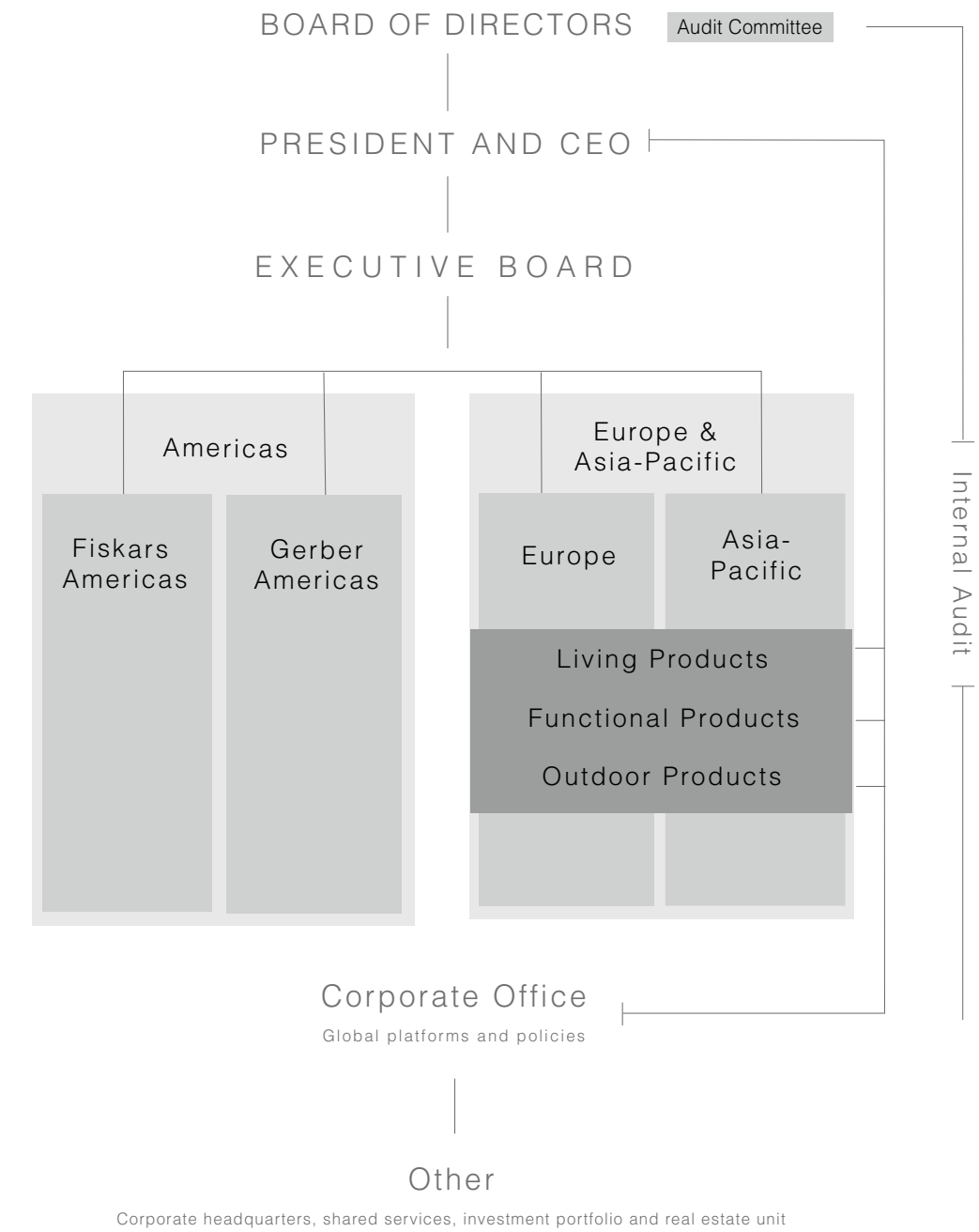
The Executive Board's key focus areas are managing the global business operations through the company's business regions and business units. The Executive Board's focus areas include ensuring strategic business portfolio and competences for the future, group-wide synergies and creating a strong collaboration culture. According to the reorganization carried out at the end of 2014 Fiskars had four business regions in 2016: Europe, Asia-Pacific, Fiskars Americas and Gerber Americas. The four business regions carried the commercial responsibility for their respective regions and the business units, Living Products, Functional Products and Outdoor Products, carried the responsibility for developing and maintaining an attractive offering and strong brand portfolio. At the end of 2016 the Executive Board members held the following positions: President and CEO; COO & CFO; Senior Vice President, Human Resources; Senior Vice President, Supply Chain; Chief Information Officer; Senior Vice President, Brands and Marketing; President, Living Business; President, Europe; President, Fiskars Americas and President, Gerber Americas.

Other Group management

The Corporate Office focuses on selected global platforms strategies and their implementation, such as finance, tax and treasury, human resources, IT, supply chain, corporate communications and investor relations, legal affairs, IPR and compliance. The Corporate Office supports the President and CEO in preparing materials for the Board of Directors' and Executive Board's meetings and prepares the Group's financial reporting. In addition, the line management of the Group's other businesses, real estate and investment portfolio, is within the responsibility of the Corporate Office. At the end of 2016, the Corporate Office included the President and CEO, COO & CFO, Senior Vice President, Human Resources, Senior Vice President, Supply Chain, Chief Information Officer, Senior Vice President, Brands and Marketing, General Counsel, Senior Vice President, Business Development and Senior Vice President, Finance, and Director, Corporate Communications and Corporate Responsibility.

The corporate management followed the business regions' and the business units' performance and plans through monthly and quarterly reports and met quarterly with the business regions' management to follow up on key activities and to address strategies for the respective region as well as business model implementation. Significant decisions on regional strategy or investments were discussed and decided in these regional board meetings. Respectively, business unit boards consisting of corporate and business unit management convened twice a year to review category and brand strategies and performance.

FISKARS ORGANIZATION 2016



DEFINITION:

Reporting Segment
Business Region
Business Unit



The Executive Board’s key focus areas are managing the global business operations through the company’s business regions and business units. The Executive Board’s focus areas include ensuring strategic business portfolio and competences for the future, group-wide synergies and creating a strong collaboration culture. According to the reorganization carried out at the end of 2014 Fiskars had four business regions in 2016: Europe, Asia-Pacific, Fiskars Americas and Gerber Americas. The four business regions carried the commercial responsibility for their respective regions and the business units,

Living Products, Functional Products and Outdoor Products, carried the responsibility for developing and maintaining an attractive offering and strong brand portfolio. At the end of 2016 the Executive Board members held the following positions: President and CEO; COO & CFO; Senior Vice President, Human Resources; Senior Vice President, Supply Chain; Chief Information Officer; Senior Vice President, Brands and Marketing; President, Living Business; President, Europe; President, Fiskars Americas and President, Gerber Americas.

Executive Board, December 31, 2016



Kari Kauniskangas

President and CEO, employed 2008
Born 1962, M.Sc. (Econ.)
Nationality: Finnish

Primary working experience:
Amer Sports Corporation, Head of Winter & Outdoor division 2007
Amer Sports Corporation, Senior Vice President,
Sales & Distribution 2004–2007
Amer Sports Europe GmbH, President & GM 1999–2004

Positions of trust:
Member of the Board: Veho Group Oy Ab 2013–

Fiskars shares held directly 31.12.2016: 34,097



Teemu Kangas-Kärki

Chief Operating Officer and Chief Financial Officer
(COO & CFO), deputy to the CEO, employed 2008
Born 1966, M.Sc. (Econ.)
Nationality: Finnish

Primary working experience:
Fiskars Corporation, President, Home business area 2012–2014
Fiskars Corporation, Chief Financial Officer 2008–2012
Alma Media Corporation, Chief Financial Officer 2003–2008
Kesko Group, Vice President, Corporate Controller 2002–2003
Kesko Group, Corporate Business Controller 2000–2001
Suomen Nestlé Oy, Finance Director 1999–2000
Smith & Nephew Oy, Financial Manager 1996–1998
Unilever Oy & GmbH, Marketing Controller and Internal Auditor
1992–1996

Position of trust: Member of the Board Lassila & Tikanoja PLC 2016–

Fiskars shares held directly 31.12.2016: 6,000



Nina Ariluoma

Senior Vice President, Human Resources,
employed 2013
Born 1971, M.Sc. (Psych.), EMBA
Nationality: Finnish

Primary working experience:
Nokia Siemens Networks Oy, Head of HR Region, North, East and
West, Russia 2013–
Nokia Siemens Networks Oy, Head of Region HR for North and East
Europe, Russia, CIS and Turkey, Russia 2011–2013
Nokia Siemens Networks Oy, Head of HR for Global Sales 2008–2011
Nokia Oyj, Head of Business HR for Emerging Businesses 2005–2007
Nokia Oyj, Business HR Manager, Nokia Business Infrastructure
2001–2003
Nokia Oyj, Human Resources Manager, Nokia Ventures,
US 1999–2000

Fiskars shares held directly 31.12.2016: 0



Thomas Enckell

President, Business Region Europe, employed 2007
Born 1963, M.Sc. (Econ.)
Nationality: Finnish

Primary working experience:
Fiskars Corporation, President, Garden EMEA business area
2009–2014
Iittala Group, Sales Director, Wholesale 2007–2008
Iittala Group, Group Director, Iittala Brand and International Sales
2005–2007
Hackman Group, Marketing Director for the Metos Group 2004–2005
Hackman Group, Director international sales and marketing
2003–2004
Hackman Group, Business Area Director, Cutlery, cookware and
glassware 2000–2003

Positions of trust:
Chairman of the Board: Polarica AB 2015–2016
Member of the Board: Polarica AB 2016–,
Stala Oy and Stala Tubes Oy 2008–2015

Fiskars shares held directly 31.12.2016: 2,300



Risto Gaggl

Senior Vice President, Supply Chain, employed 2011
Born 1968, M.Sc. (Tech)
Nationality: Finnish, Austrian

Primary working experience:
Fiskars, Vice President, Operations, Garden EMEA 2011–2012
Elcoteq SE, Vice President, Business Excellence 2010–2011
Elcoteq SE, Vice President, Business Unit Mobile Devices 2009–2010
Elcoteq Personal Communications, Vice President, Operations & SCM 2008–2009
Elcoteq Group, various management positions in Finland, Hungary and Estonia 2001–2007

Fiskars shares held directly 31.12.2016: 0



Ulrik Garde Due

President, Living business, employed 2016
Born 1963, BA
Nationality: Danish

Primary working experience:
Temperley London Ltd. Chief Executive Officer 2013–2016
Georg Jensen, President and CEO 2007–2013
Burberry Group Plc, Senior Vice President, Global Sales and Marketing 1998–2007
Cerruti, Global Director, Sales and Marketing, 1997–1998
Celine, Vice President, Japan South-East Asia & North America 1990–1997

Fiskars shares held directly 31.12.2016: 0



Robert Kass

President, Gerber Americas, employed 2014
Born 1959, MBA, B.Sc.
Nationality: USA

Primary working experience:
Elkay Manufacturing Company, Chief Marketing Officer 2010–2014
American Standard Brands, Vice President & General Manager 2001–2009
Overhead Door Corporation, Vice President, Marketing & Engineering 1996–2001
Black & Decker Household Product Group, various management positions 1987–1996
Sikorsky Aircraft, Human Factors Engineer 1981–1987

Fiskars shares held directly 31.12.2016: 0



Alexander Matt

Senior Vice President, Brand & Marketing, employed 2015
Born 1974, M.Sc. (Econ.)
Nationality: German

Primary working experience:
Adidas, Senior Director Global Brand Communications, Originals 2012–2015
Levi Strauss & Co, Commercial Director 2010–2012
Levi Strauss & Co, various positions in consumer marketing 2005–2010
Triumph International, Advertising Manager Europe 2004–2005
Bellaire, Marketing Consultant, 2002–2004
Powderhausen.com, Marketing Manager 2001–2002

Fiskars shares held directly 31.12.2016: 0



Paul Tonnesen

President, Fiskars Americas, employed 2007
Born 1964, MBA, B.Sc. (Marketing)
Nationality: USA

Primary working experience:
Elmer’s Products, Inc., Corporate Officer and Senior Vice President Global Sales and Customer Service 2005–2007
Spectrum Brands, Corporate Officer and Vice President Sales 2002–2005
American Safety Razor, Corporate Officer and Vice President Sales and Category Marketing 1998–2002

Positions of trust:
Member of the Board: Milwaukee Institute of Art & Design 2011–
Boys and Girls Club 2011–
Le Moyne College School of Business 2011–

Fiskars shares held directly 31.12.2016: 0



Frans Westerlund

Chief Information Officer, Head of Business Processes & IT, employed 2009
Born 1966, M.Sc. (Econ.)
Nationality: Finnish

Primary working experience:
Nokia, Director, Process and System Solutions in Nokia Markets 2006–2009
Nokia, Director, Delivery Management in Nokia Information Management 2001–2006
Nokia, Manager, Application Services in Nokia Singapore 2001
Nokia, various positions in Nokia Information Management 1994–2001

Fiskars shares held directly 31.12.2016: 0

Corporate Office, December 31, 2016

Kari Kauniskangas , President and CEO (member of the Executive Board)	
Teemu Kangas-Kärki , COO & CFO (member of the Executive Board)	
Nina Ariluoma , SVP, HR (member of the Executive Board)	
Risto Gaggl , SVP, Supply Chain (member of the Executive Board)	
Alexander Matt , Senior Vice President Brand and Marketing (member of the Executive Board)	
Frans Westerlund , Chief Information Officer (member of the Executive Board)	
Topi Sarpakunnas Senior Vice President, Business Development, employed 2015 Born 1976, M.Sc. (Agriculture and forestry) Nationality: Finnish	
Primary working experience: Nordic Adviser Group / NAG Oy, 2001–2015	
Fiskars shares held directly 31.12.2016: 0	
Sari Somerkallio VP, Group Finance, employed 2008 Born 1972, M.Sc. (Econ.) and M.Sc. (Math.) Nationality: Finnish	
Primary working experience: Fiskars Corporation: planning and managing of subsidiary's financial administration 2008–2016 Wärtsilä Corporation: different positions relating to investor relations, projects and financial administration 1999–2007	
Fiskars shares held directly 31.12.216: 650	
Maija Taimi Vice President, Corporate Communications and Sustainability, employed 2015 Born 1974, M. Sc. (Econ) Nationality: Finnish	
Primary working experience: Nokia Corporation, Head of Corporate Communications 2014–2015 Nokia Corporation, Head of Media Relations, Finland 2012–2014 Cargotec, Director, Communication, 2011–2012 Nokia Corporation, Senior Communications Manager 2008–2011 Nokia Corporation, Communications Manager 2006–2008 JKL Group, Communications Consultant 2000–2006	
Fiskars shares held directly 31.12.2016: 0	

Päivi Timonen General Counsel, employed 2014 Born 1970, LL.M, trained at the bench Nationality: Finnish	
Primary working experience: Chief Legal Officer, Elektrobit Corporation 2002–2014 Lawyer, Roschier, 1998–2002	
Other positions of trust: Member of the Board, Lehto Group Oyj 2014–	
Fiskars shares held directly 31.12.2016: 0	
Jyri Virrantuomi Senior Vice President, Group Development, Finance, employed 2011 (left the Company on January 17, 2017) Born 1969, M.Sc (Econ.). Nationality: Finnish	
Primary working experience: Finnlines Oyj, Head of Group Control and Shared Financial Services 2005–2011 Antalis Oy, Finance Director 2003–2005 Fujitsu Invia Oy, Controller, Services Division 2001–2003 Thermo Fisher Scientific Oy, Finance Director 1996–2001 Roxon Oy, Financial Manager 1993–1996	
Fiskars shares held directly 31.12.2016: 0	

Control systems

The Board of Directors is responsible for the appropriate management and organization of operations. The Board of Directors has approved the principles of internal control, risk management, and internal auditing to be followed within the Group.	
In practice, it is the responsibility of the President and CEO, together with the management, to put in place and oversee accounting and control mechanisms and other similar mechanisms.	
The Risk Management function supports identification, evaluation, and management of risks that may threaten the achievement of Fiskars business goals.	
CODE OF CONDUCT Fiskars' objective is to pursue long-term profitable business in an ethical and responsible manner. The way of operating for all Fiskars employees is defined in the Company's Code of Conduct. The Code of Conduct shall be complied with by all companies belonging to Fiskars Group even when the Code requires a higher standard of behavior than is required by national law and local regulation. All company rules, guidelines and practices in Fiskars' companies must be in full compliance with the Code of Conduct.	
All Fiskars employees participate in regular training on the Code of Conduct. The Internal Audit Manager acts as the Corporate Compliance Officer for this Code.	
INTERNAL AUDIT The Internal Audit function has an independent role and audits and reviews how well internal control systems function, the appropriateness and efficiency of functions, and how well guidelines are observed.	
The Internal Audit function also strives to promote the development of risk management practices in the Group's business regions and business units. The Company has an internal audit manager, who is administratively subordinate to the Finance management, but reports to the Board's Audit Committee.	
AUDITING The task of statutory auditing is to verify that Fiskars financial statements and Board of Directors' report provide accurate and adequate information on the company's results and financial position. In addition, auditing includes an audit of Fiskars accounting and administration. The Company's Auditors submit the statutory Auditor's report to the Company's shareholders in connection with the Company's financial statements. The Auditors also report their findings to the Board's Audit Committee on a regular basis and at least once a year to the full Board of Directors.	

The Company's Annual General Meeting elects an Auditor. Proposals to the Annual General Meeting on the election of Auditors shall be made by the Board of Directors based on the proposal by the Board's Audit Committee. The Auditors are elected for a term that expires at the end of the following Annual General Meeting.	
The Annual General Meeting in 2016 re-elected KPMG Oy Ab, Authorized Public Accountants, as Auditors, with Authorized Public Accountant Virpi Halonen having the principal responsibility. KPMG Oy Ab is also responsible for overseeing and coordinating the auditing of all Group companies.	
A total of EUR 1.3 million was paid in audit fees to the auditors employed by Group companies in 2016. In addition, a total of EUR 1.1 million was paid to the auditors in fees for other consultancy services related to tax matters and other advisory services.	
RELATED PARTY TRANSACTIONS According to the Code of Conduct policy all directors and employees must avoid conflicts of interest between themselves or their family members and Fiskars Corporation.	
Persons belonging to Fiskars Related Party are defined in the Related Party Guidelines approved by the Fiskars' Board of Directors in 2012. According to the Guidelines the following persons belong to the Related Party in 2016:	<ul style="list-style-type: none">• Members of the Fiskars Board of Directors• The President CEO and his deputy• Members of the Executive Board• Members of the Corporate Office• Members of the Business Region management teams• Members of the Business Unit management teams• Country directors• Other individuals specified from time to time by the President and CEO• Members of the family (i.e. spouses, persons under the related party's guardianship and other family members who live in the same household with the abovementioned related party• Entities controlled by the above mentioned individuals
According to the Related Party Guidelines, all Related Party Transactions shall be concluded on an arm's length basis and shall be approved in advance by the President and CEO. Transactions which involve the President and CEO of Fiskars Corporation or a member of the Board of Directors must be approved in advance by the Board of Directors of Fiskars Corporation.	

Issues to be taken into consideration in reviewing the Related Party transactions

- Whether the terms of the transaction are fair to Fiskars and would apply on the same basis with non-related third parties
- Whether there are compelling business reasons for Fiskars to enter into the transaction
- Whether the transaction would impair the independence of an independent director or present a conflict of interest for the related party

Fiskars Corporation keeps a register of its related parties and collects from them information regarding the related party transactions once a year. Fiskars' internal audit shall review the related party transactions annually and file a report thereof to the auditor and to the Audit Committee. Fiskars discloses the Related Party Transactions that are essential for the company and that depart from its normal business operations or that are not conducted in accordance with the normal market price, in its Financial Statement.

INSIDER ADMINISTRATION

Fiskars' Insider Policy, approved by the Board of Directors, outlines the policy related to trading in Fiskars shares by all employees, executives and directors. Fiskars' Insider Policy is based on applicable EU regulation, especially the Market Abuse Regulation (596/2014, "MAR"), and any regulation and guidance given by the European Securities Markets Authority or otherwise under MAR, and Finnish legislation, especially the Securities Markets Act (746/2012, as amended) and the Finnish Penal Code (39/1889, as amended), as well as the insider and other guidelines of Nasdaq Helsinki Ltd, and the guidance by the Finnish Financial Supervisory Authority ("FIN-FSA").

Fiskars' Managers, as defined by MAR, include the members of the Board of Directors and the CEO, the CFO and other senior executives, as may be determined by the CEO from time to time. Managers and their closely associated persons are required to notify Fiskars and the FIN-FSA of every transaction conducted on their own account relating to the financial instruments of Fiskars. These notifications shall be made promptly and no later than three business days after the date of transaction (T+3). Fiskars in turn will disclose such information as a stock exchange release, as required by MAR.

As of July 3, 2016 Fiskars will not maintain a list of permanent insiders but instead all persons involved will be included as project insiders for the relevant projects. Project specific lists will be established and maintained for each project or event constituting inside information, based on separate decision.

Preparation of periodic disclosure (interim reports, financial statement bulletin) or regular access to unpublished financial information is not regarded as an insider project. However, due to the sensitive nature of the unpublished information on the company's financial results, the persons determined by Fiskars having (based on their position or access rights) authorized access to the unpublished financial result information are entered in a list of Financial Information Recipients.

Fiskars applies a trading restriction (a "closed period") of 30 calendar days before the release of each of the quarterly financial reports and the year-end report and the day of publication of such report. The closed period applies to Managers and to the Financial Information Recipients.

For transparency, Fiskars provides on its website up-to-date information on the shareholding of the Managers, their controlled entities and their managed entities (not controlled, but substantially equivalent economic interests), subject to consent of the relevant person. Holdings and transactions in Fiskars shares by the Fiskars' Managers and closely associated persons are detailed on the Management's Transactions page on the Company's website. The public insider register prior to July 3, 2016 is also available on Company's website.

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS RELATED TO FINANCIAL REPORTING

The financial reporting process refers to activities that generate financial information used in managing the Company and the financial information published in accordance with the requirements of legislation, standards, and other regulations covering the Company's operations.

The role of internal control is to ensure that the Company's management has access to up-to-date, sufficient, and accurate information needed for managing the Company and that the financial reports published by the Company provide an essentially accurate view of the Company's financial position.

Governance

The Parent Company has a Group-level financial management organization that operates under the leadership of the COO & CFO. Financing and financial risk management belong to the Group Treasury function under the responsibility of the COO & CFO.

The business regions and business units are run by their own leadership teams. All the business regions have their own financial management organizations, which also support the business units.

The business regions and country legal units within the regions comprise the base level of financial reporting. Business regions and country sales units are responsible for organizing their own financial management and for the accuracy of their financial reporting.

With the support of the Company, the business regions are responsible for the day-to-day risk management associated with their operations and for monitoring the operations of the finance departments of individual units and country sales units.

The Internal Audit function audits and monitors the efficiency of the reporting process and assesses the reliability of financial reporting.

The Group's Audit Committee, the Group's Board of Directors, the corporate management and the leadership teams of each business region and business unit monitor the development of the financial situation and analyze progress on targets on a monthly basis.

Planning and performance reporting

Setting and monitoring financial targets is an important part of Fiskars' management responsibilities. Short-term financial targets are set as part of the annual planning cycle, and progress in achieving these targets is monitored on a monthly basis. Business regions and country legal units report actual monthly financial data and file monthly projections of how financial performance is expected to develop over the remainder of the reporting period. Additionally, business regions update the outlook for the remainder of the reporting period on a monthly basis on an aggregated level.

The Group's financial performance is reviewed monthly using a reporting system that covers all units and operations.

Information from reporting units is consolidated and validated by the Group's financial organization and the data is used to prepare a monthly report for senior management. Monthly reports contain condensed income statements for Fiskars' operational segments, business regions and business units, key indicators, and an overview of the major events affecting their businesses. Reports also include a consolidated income statement, balance sheet data, cash flows, and a projection of the expected development of the financial situation covering the remainder of the reporting period.

Accounting principles and financial IT systems

Financial reporting is governed by a set of common principles. The Group applies the IFRS accounting standards approved within the EU and has a common Group chart of accounts. The Group's financial management organization has drawn up guidelines for units, covering the content of financial reporting and the dates within which reporting must take place.

Business regions and country sales units make use of a number of different accounting and financial reporting systems. Group-level financial reporting is handled using one centrally-managed system. Business regions as well as country sales units are responsible for providing data for the Group's reporting system. The Group-level financial management organization is responsible for maintaining the Group's reporting system and for monitoring that appropriate and correct data is fed into the system.

As part of the five-year investment program the Company implemented a common enterprise resource planning system (ERP) in Europe in order to simplify the financial reporting process and reduce risks associated to the management of several different systems in parallel. The new system was implemented in phases. The first implementation took place in late 2011, and at the end of 2016 the entire business volume targeted by the program was running through the common system.

Risk management

The overall objective of risk management is to identify, evaluate, and manage risks that may threaten the achievement of Fiskars' business goals. The aim is to secure personnel and assets, ensure the uninterrupted delivery of products to customers, and protect the reputation, brands, and shareholder value from developments or damage that may undermine Fiskars' profitability or adversely affect its assets.

In relation to financial reporting, the task of risk management is to identify potential threats affecting the financial reporting process that, if they were to become reality, could lead to a situation in which management lacked up-to-date, sufficient, and essentially accurate information needed to manage the company and in which financial reports published by Fiskars did not provide an essentially accurate picture of the financial position.

The principles observed in risk manage ment are included in the risk management policy approved by the Board of Directors. The Board's Audit Committee oversees the efficiency of risk management systems. Responsibility for identifying, evaluating, and also, to a large extent, managing Fiskars risks, is delegated to business units and support functions. The Group Treasury is responsible for developing and maintaining the methods, tools, and reporting associated with risk management. In addition, it carries out regular risk assessments together with business units and support functions and assists in the preparation of action plans based on the results of these assessments.

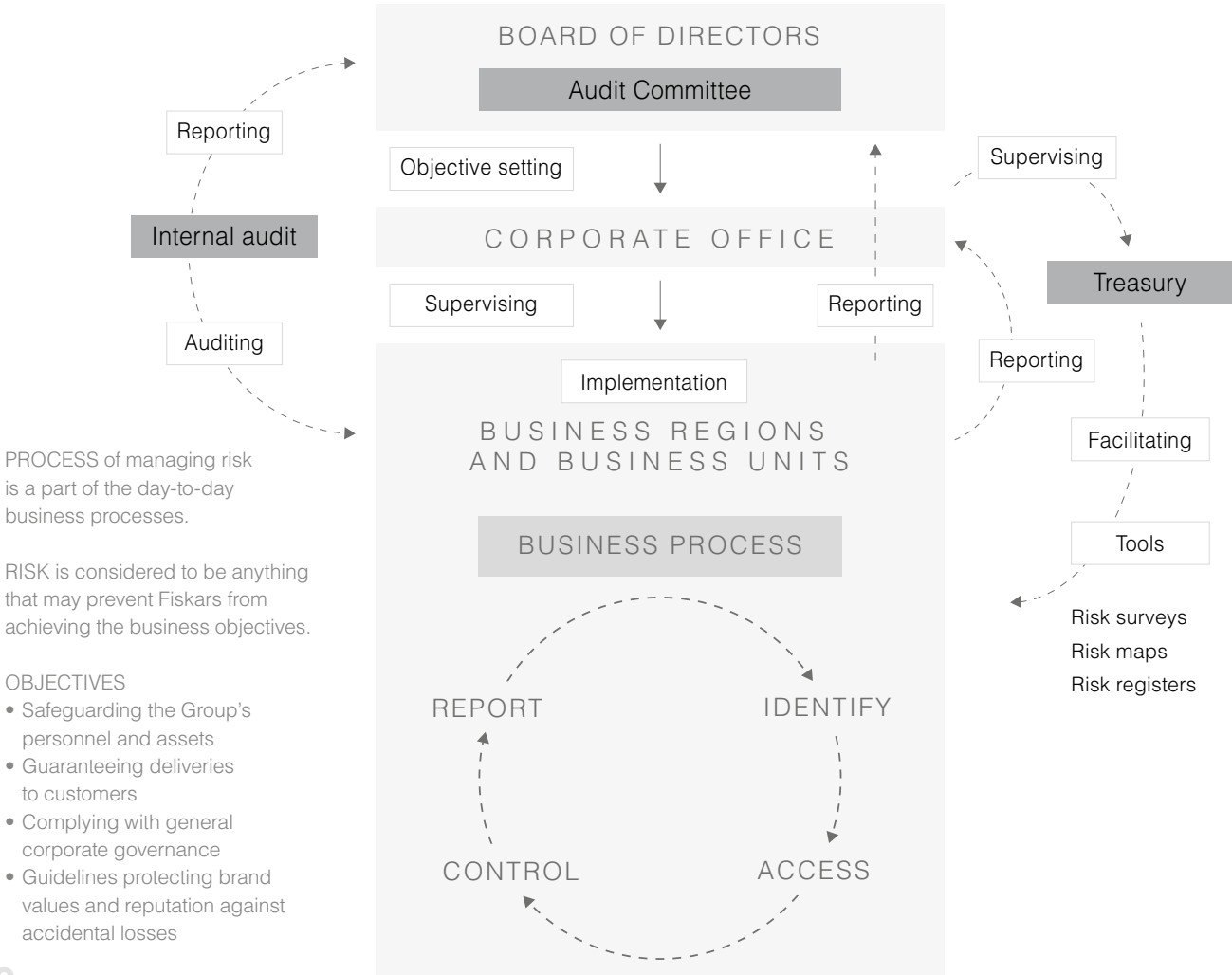
Fiskars has taken out comprehensive insurances to provide cover for the Group's main assets, business interruptions, transportation, and liabilities. Insurance matters, with the exception of certain types of local insurance, are managed centrally by the Group Treasury. The Group Treasury manages financial risks in accordance with principles approved by the Board of Directors.

Fiskars manages the risks associated with its financial reporting process in a number of ways including the following:

- Maintaining and resourcing an appropriate financial management organization
- Limiting the rights and responsibilities of individual members of staff appropriately
- Managing the user rights that give access to the Group's reporting system centrally
- Issuing guidelines on accounting and reporting
- Maintaining a common Group chart of accounts
- Making effective use of IT tools
- Providing ongoing training for personnel
- Validating the accuracy of information that is reported as part of the reporting process

Fiskars continues to unify its financial processes and implementation of common IT tools. With regards to risk management, the objectives are to ensure that effective internal controls are in place and to improve the transparency and quality of information used in management decision-making.

RISK MANAGEMENT FRAMEWORK



PRINCIPAL UNCERTAINTIES

Strategic risks	Description	Effect	Risk management
Macroeconomic risk	As Fiskars produces and sells consumer goods, weak market conditions in key market areas could have an adverse effect on the Company's net sales and profitability.	Prolonged economic downturn or uncertain geopolitical situation could have a material adverse impact on Group net sales and profit.	Fiskars strives to continuously diversify its commercial footprint both in terms of geography and product portfolio, which will balance demand fluctuations between markets.
Consumer demand	Low consumer confidence could have an adverse effect on the sales of the products marketed and sold by the Company.	Prolonged low consumer demand in several key markets could have a material adverse impact on Group net sales and profit.	Fiskars is engaged in strong brands and product categories which are relatively resilient to moderate decline in consumer confidence. Active collaboration with key retail customers can drive sales for both the brand and the retailer.
Customers	<p>Fiskars products are primarily sold to wholesalers, retailers, and directly to consumers through the company's own stores and webstores.</p> <p>Many large retailers decide on their product range and suppliers only once annually, and failure to meet customer needs may result in Fiskars losing customers or listings at customers. Retailers, especially in ecommerce, can also have a significant influence in directing consumers' purchasing volumes.</p> <p>Fiskars is exposed to risks from structural changes in retail landscapes and changes in retail business models. These include for example consolidation among retailers and international retailers' increasingly centralized purchasing activity.</p> <p>As a supplier Fiskars is also exposed to retailers shifting strategic focus to own private label businesses.</p>	<p>Although Fiskars has a diversified customer base, loss of any its largest customers, loss of significant category listings at key channels or decrease in business volume at key customers would have a material adverse impact on the Group's net sales and profits.</p> <p>Market consolidation among retailers increases Fiskars dependence on individual customers and strengthens retailers' purchasing power. This may in turn impact Fiskars profitability</p>	<p>Fiskars' core competence lies in building strong brands that people desire and are willing to pay a premium for. For retailers, specialist brands offer a higher return.</p> <p>Although sales to large individual customers are significant in some of Fiskars businesses, none of the individual customers account for more than 10% of the total net sales of the Group.</p> <p>Fiskars mitigates risks associated to customer relationships and distribution by building best-in-class trade relations and excelling in sales and execution. In recent years, Fiskars has consistently invested in its sales organization and supply chain to meet the evolving customer demands effectively.</p> <p>Fiskars can differentiate from competitors by combining extensive consumer insight with unbiased trade insight. Through our expertise in category management, we aim to assume a trusted advisor role and strengthen our partnership with selected retailers. This will enable us to build the brand experience and expand our retail presence while providing retailers with increased turnover.</p>

Reputation	<p>Any adverse event affecting consumer confidence in our brands or corporate reputation could have a negative impact on our business.</p>	<p>Usually the negative impact would relate to a specific brand in a specific market. A major reputation crisis could, however spread across markets and have a significant negative impact on Group net sales and profits.</p>	<p>A major part of the Group's net sales and profits are generated by the six global brands of the company, of which the Fiskars brand is the biggest. Fiskars has established processes to monitor their performance closely. Determined action is taken to mitigate any threat to brand value.</p> <p>Fiskars has established crisis management and crisis communications procedures to mitigate the potential negative effects of a crisis situation on its corporate and brand reputation.</p>
Intellectual property rights	<p>Fiskars owns and develops a valuable portfolio of strategic intellectual property rights (IPR), which is a key tool for the Group's brands' differentiation.</p> <p>Fiskars is exposed to infringement of its intellectual property rights and failure to protect those rights could lead to counterfeit products gaining market share.</p> <p>In its own product development activities, Fiskars is also exposed to the risk of unintentionally violating other parties' intellectual property rights.</p>	<p>Violation of Fiskars intellectual rights can lead to loss of sales and profits. The insufficient quality or safety of counterfeit products may undermine consumers' confidence in Fiskars brands.</p> <p>Violation by Fiskars of other parties' rights could lead to increased costs and damage to Fiskars reputation.</p>	<p>Fiskars has established cross-functional processes and systems to proactively and effectively manage its global IPR portfolio.</p> <p>Fiskars uses an optimized combination of different types of IPR protection to get the best possible protection for its innovations. Fiskars has monitoring processes and action plans in place to prevent and stop infringing products and practices.</p> <p>Fiskars also actively monitors competitors' intellectual property rights to gain an understanding of the competitive landscape and to avoid the risk of infringing third parties' rights. Training on immaterial rights is mandatory for Fiskars personnel in relevant functions and Fiskars has established processes to ensure that other parties' immaterial rights are respected.</p>
People and culture	<p>The successful execution of Fiskars growth strategy and related change programs depends on the extent to which the company succeeds in appointing and retaining talented and committed professionals.</p> <p>Inability to maintain and further develop engagement and inspiring corporate culture may lead to loss of critical competencies and key personnel in strategic positions.</p>	<p>Fiskars is undergoing a major transformation, and loss of key personnel in strategic positions, low employee engagement and failure to maintain a high performance culture could impact Fiskars ability to achieve its goals.</p>	<p>Strong leadership and building a shared culture continue to be in Fiskars focus. The company invests in leadership practices and competence development, and the management is committed to promoting employee engagement. Development is followed up regularly through various measures.</p>

Operative risks	Description	Effect	Risk management
Supply chain	<p>Fiskars' production strategy is based on combination of own manufacturing and carefully selected supply partners, whose share has increased. Fiskars purchases components and raw materials from several suppliers.</p> <p>Changes in the marketplace can be rapid, and this exposes Fiskars to a risk of failing to ensure that design, quality, price and availability of products at the right place at the right time are in balance.</p> <p>Through diversifying its manufacturing footprint the company is increasingly exposed to risks related to its supply chain. The company has own manufacturing operations in several locations, and most of its suppliers are located outside Fiskars key markets.</p> <p>Disturbances at the source of supply or in the logistics chain could prevent the orderly delivery of products to customers.</p> <p>Fiskars is also increasingly exposed to legal, economic, political and regulatory risks related to the countries of its own or its suppliers' manufacturing facilities, which may impact product availability.</p>	<p>Failure to deliver products at the right time could lead to loss of listings or even loss of customers.</p> <p>Insufficient product availability or other non-compliance with customer agreements can also lead to penalty payments.</p> <p>Failing to meet with consumer expectations on the sustainability on our supply chain could have a negative impact on consumers' trust on our brands.</p>	<p>Our supply chain priorities include efficient and flexible manufacturing capabilities and flexible logistics structures as well as the consolidation of supplier portfolio and ensuring sustainability of our supply chain.</p> <p>Fiskars' goal is to build a strong partner network which lives up to our corporate values, high quality standards and our customers' expectations. We require our partners to commit to principles covering labor and human rights, health and safety, the environment, and business ethics. Suppliers are required to follow Fiskars' Supplier Code of Conduct, and audits are carried out to verify compliance.</p> <p>The importance of a seamlessly functioning supply chain continues to increase and we are continuously strengthening our global sourcing operations. Fiskars currently runs regional sourcing offices in Shanghai, Bangkok and Helsinki and focuses on value creation by harmonizing sourcing processes and supplier-base management principles on a global scale.</p>
Raw materials and components	<p>Sudden fluctuations in the most important raw material, component and energy prices or availability can have an impact on Fiskars profitability.</p>	<p>The cost of raw materials is a relatively small part of Fiskars cost base, and even significant increase in price of an individual raw material would have fairly limited impact on profitability. Long term availability issues would possibly have a greater impact on sales and profits.</p>	<p>Fiskars uses long-term contracts with its preferred raw material suppliers to manage price risks, and derivatives are used to hedge the price of electricity for production plants in Finland. In order to limit the availability risks the company aims to avoid relying on a single source in any of the critical material areas.</p>

Product liability	<p>Fiskars' brands communicate a promise of high quality and functionality, and all products need to be right for their purpose and fulfill all material and quality requirements. For example many of Fiskars homeware products are used in connection with food, and many garden and outdoor products are intended for demanding cutting activities.</p> <p>Failure to meet demands on performance and safety could expose Fiskars to the risk of product recall and even liability for damages in the event that its products had caused injury to consumers or damaged other property.</p> <p>Legislation in many countries may also require Fiskars to recall products in other specific circumstances.</p>	<p>A product recall induces costs that could be material if a large number of defective products were to be recalled from several geographical locations. In the worst case defective products might result in personal injury and therefore an obligation for the company to pay damages to consumers that could be substantial and include punitive elements in some jurisdictions.</p> <p>Respectively, in some jurisdictions, government authorities may claim and if successful, collect substantial penalties payable for alleged violation of product safety related regulation.</p>	<p>Fiskars' product development process is based on continuous testing and learning, and the company has invested in product development and quality assurance resources. Fiskars ensures by careful quality and product safety related processes that a product is safe and right for its purpose and that all the material and quality requirements are fulfilled.</p>
Weather and seasonality	<p>Demand for some of the Group's products is dependent on the weather, particularly garden tools and watering products during the spring and snow tools during the winter.</p> <p>Unfavourable weather conditions such as cold and rainy weather during spring or no snow in the winter can have a negative impact on the sale of these products.</p> <p>The sale of homeware products is heavily geared towards the last quarter of the year, and any negative issues related to product availability or demand during this quarter could affect the full-year result of this business significantly.</p>	<p>Weather impact would typically be limited to a certain part of the business portfolio. A longer period of unusually poor weather in a larger geographic area could however affect overall traffic in stores.</p> <p>Seasonal variations and weather conditions can lead to short-term fluctuations in demand which may in turn lead to excess inventory of products or lost sales.</p>	<p>Fiskars' does not hedge weather risks. Risks associated with demand and product availability during peak season are managed by active sales and marketing activities and by systematic supply chain management. Fiskars strives to have a flexible production structure which can be adjusted at a short notice to meet actual demand.</p> <p>Fiskars' strategy is to balance seasonality by developing its portfolio and also by creating secondary seasons through marketing activities.</p>

IT	<p>Fiskars is increasingly dependent on centralized information technology systems and breaches, malfunctions or disruptions could have a material adverse effect on Fiskars results.</p> <p>The company is also exposed to information security risks including increasing global cyberattacks and various fraud attempts.</p>	<p>Malware, software defects or lack of access to centralized IT systems may cause unavailability of critical business information which can prevent the execution of the required business processes. This could impact business operations and thus financial performance either regionally or globally.</p> <p>Cyberattacks and frauds may cause significant financial losses.</p>	<p>Fiskars mitigates the risk by building the IT solutions using industry best practice processes and proven technologies. The solutions are regularly audited and tested. Training is organized for core competences, which are required for maintaining the functionality and security of the IT solutions. The processes for managing emergency situations and recovery are documented and key personnel have been trained.</p> <p>The company has increased its investment in IT security mitigations based on findings of regular security audits and reviews.</p> <p>Changes to new and existing IT systems are done according to standard processes and procedures. All changes are approved, validated and tested before execution to production.</p>
Legal and regulatory compliance	<p>Complex international legal and regulatory environment exposes the company to compliance and litigation risks, including competition compliance and data privacy.</p> <p>Our products and operations are subject to certain legal requirements relating to health and safety.</p>	<p>Increasing regulatory requirements may add operative costs and exposes the company to criminal penalties and civil liabilities. Failure to comply with these requirements may have a material adverse effect on Group profit.</p> <p>Additional investments and increased costs may be realized if any of our products becomes subject to new regulations, e.g. with regards of hazardous materials.</p>	<p>Fiskars has implemented various compliance programs and controls to mitigate compliance risks. The company is further developing its Group wide compliance practices with an aim to ensure that its employees worldwide are aware of relevant requirements and act accordingly.</p>
Acquisitions	<p>Acquisitions are a part of Fiskars growth strategy. Despite a careful due diligence process, all acquisitions and integration of acquired businesses include risks. Brands or sales may be adversely affected, key individuals may decide to leave the company, the costs of the integration may exceed expectations and synergy effects may be lower than expected.</p>	<p>Acquired businesses may not perform as expected, loss of key individuals and failure to meet integration targets may lead to Fiskars not achieving the strategic and commercial objects for the acquisitions. This may affect Fiskars net sales and profitability.</p>	<p>Fiskars mitigates these risks by planning the integration of acquired businesses in advance, by establishing Fiskars' corporate governance principles immediately after the takeover, by setting up a joint integration team and by following the integration and the development of the new company intensively within its corresponding management team, the Executive Board and the Board of Directors of Fiskars.</p>

Environment	<p>Climate change is a crucial global issue and may impact Fiskars' economic activity and corporate performance.</p> <p>Most of the environmental risks are described in other strategic or operative risk categories, such as disruptions in Supply Chain. Fiskars has evaluated potential environmental liabilities at its manufacturing sites and does not currently have any major environmental investment needs. However, some of Fiskars manufacturing sites have been operating for more than 100 years. Typically the historical handling, disposal, and use of hazardous chemicals were not regulated, controlled or monitored during the sites' early operational history as they are today.</p> <p>Regulative requirements, like the Paris Agreement and EU Renewable Energy Directive, define targets for the use of renewable energy, energy efficiency and emissions. Additional taxes may increase energy prices.</p>	<p>Potential environmental liabilities may give rise to third party actions, remedial measures, capital expenditures or other compliance costs.</p> <p>Changes in environmental regulation may lead to increased production and distribution costs, and additional investments may be required.</p>	<p>Fiskars is working on environmental matters through its sustainability efforts and the company aims to minimize environmental risks through systematic risk management. Fiskars is committed to promoting circular economy throughout the value chain, combatting climate change by taking actions to mitigate emissions, reduce the use of energy and promote renewable energy sources.</p> <p>Fiskars monitors and drives good environmental management practices at both own manufacturing sites and works with suppliers to improve their performance and minimize the environmental impact.</p>
Terrorism	<p>Threat of international terrorism has increased and Fiskars is present in countries where terrorism presents a serious and sustained threat to supply of products.</p>	<p>Act of terrorism may cause loss of production and, consequentially, loss of sales and customer goodwill.</p>	<p>Fiskars works with anti-terrorist organizations to ensure that the most effective security is in place to limit such a risk.</p>

Financial risks	Description	Effect	Risk management
Currency rates	<p>A significant part of the Group's operations are located outside of the euro zone. Consolidated financials are reported in Euros, which means that the Group is exposed to a translation risk. In addition less than 20% of Fiskars commercial cash flows are exposed to fluctuations in foreign exchange rates. The most significant transaction risks relate to the appreciation of THB and GBP and depreciation of JPY, AUD and SEK. The most significant translation risks relate to depreciation of USD.</p>	<p>Changes in foreign exchange rates may have an adverse impact on the reported net sales of the Group, its operating results, balance sheet and cash flow. Changes in foreign exchange rates may also impact Fiskars local competitiveness negatively.</p> <p>Fiskars details its sensitivity to main currencies in its financial statements.</p>	<p>The Company aims to manage currency risks related to commercial cash flows primarily through business means. Acquisition of production inputs and sale of products are primarily denominated in the local currencies of the Group companies. Net estimated exports and imports in foreign currencies is hedged up to 12 months in advance using currency forwards and swaps.</p> <p>The potential adverse impact on reported consolidated financials arising from changes in foreign exchange rates is left unhedged.</p>
Financial investments	<p>The financial investment portfolio of Fiskars consists of shares in Wärtsilä and of other financial investments. Other financial investments may include investments into funds, shares, bonds and other financial instruments denominated mostly in EUR and USD. The financial investment portfolio is exposed to risks generally related to financial investments and the investments may lose value because of several reasons. The most relevant risks are considered to be decline in financial markets, changes in interest rates or in foreign currency rates and default (issuer of a security not able to make timely principal and interest payments) risks.</p>	<p>The shares in Wärtsilä together with the other financial investments form an active investment portfolio which is treated as a financial asset at fair value through profit or loss.</p> <p>Valuation of financial assets through profit and loss will increase the volatility of financial items in the profit and loss statement and thus volatility of Fiskars net result.</p>	<p>The investment management principles, including objectives, guidelines and risk management procedures, have been documented in an investment policy approved by the Board of Directors. The risk management measures include limits for various asset classes, instruments and counterparties and it defines risk measurement and risk reporting principles.</p>
Taxation	<p>Complex and changing tax legislation in multiple jurisdictions where Fiskars operates may create uncertainties relating to tax obligations towards various authorities.</p> <p>At the same time, governments seeking to cut budget deficits are increasing tax enforcement activities and disclosure requirements as they pursue new sources for tax revenues. This, in conjunction with unpredictable behavior or changing interpretation of tax authorities may cause unexpected tax challenges.</p>	<p>Fiskars faces an increasing administrative burden resulting from reporting and disclosure requirements.</p> <p>Increased tax enforcement activity may lead to double taxation and additional costs in forms of penalties and interest.</p> <p>Perceived non-compliance could have an impact on corporate reputation.</p>	<p>We strive to plan and manage our tax affairs efficiently and in compliance with laws and regulations of the jurisdictions in which we operate. In an increasingly complex international tax environment some degree of uncertainty is inevitable. Fiskars actively monitors changes in tax rates and regimes to identify impacts on the group effective tax rate and exercises its judgment and seeks professional advice in assessing its tax liabilities and assets.</p>

