

# Corporate Governance Statement for 2011

Corporate governance at Fiskars Corporation is based on the Company's Articles of Association, Finland's Limited Liability Companies Act and the rules and regulations concerning companies listed on the NASDAQ OMX Helsinki Ltd stock exchange. Fiskars also complies, without exception, with the Finnish Corporate Governance Code approved by the Securities Market Association, which came into force on October 1, 2010 and can be consulted at [www.cgfinland.fi](http://www.cgfinland.fi). This Corporate Governance Statement was published separately from the Report by the Board of Directors on the Company's website [www.fiskarsgroup.com](http://www.fiskarsgroup.com) on February 23, 2012.

Ultimate decision-making power is vested in Fiskars Corporation's shareholders at the General Meeting of Shareholders. Fiskars' Board of Directors is responsible for the management and proper arrangement of the operations of the Company. The Managing Director (President and CEO) is responsible for the day-to-day management of the Company under the instructions and orders of the Board of Directors.

## ANNUAL GENERAL MEETING OF SHAREHOLDERS

The Annual General Meeting is held annually before the end of June, either in Raseborg or Helsinki. The Annual General Meeting decides on matters stipulated in the Companies Act and the Articles of Association, such as the approval of the financial statements, the distribution of profits, discharging the members of the Board of Directors and the CEO from liability, as well as the election of the members of the Board of Directors and the Company's Auditors and remuneration for said Board members and Auditors.

In accordance with the Articles of Association, notices regarding the Shareholders' Meetings are published on the Company's website and, if deemed necessary by the Board of Directors, in an alternative manner. In 2011, notices were published in following newspapers: Helsingin Sanomat, Kauppalehti, Hufvudstadsbladet and Västra Nyland, in addition to the notice published on the Company's website.

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 Limited Liability Companies Act. Instructions on and the deadline for submitting requests to the Board of Directors are published on the Company's website. In 2011, no such requests were submitted to the Board of Directors.

## ANNUAL GENERAL MEETING FOR 2011

Fiskars held its Annual General Meeting for 2011 on March 16, 2011. The Meeting approved the financial statements, discharged the members of the Board and the CEO from liability, and decided on

the dividend and an extra dividend to be paid for the 2010 financial year. The Meeting also decided on the remuneration to be paid to the Board and elected the members until the end of the Annual General Meeting in 2012. The Company's Auditors were also elected, and remuneration was decided upon. The Meeting authorized the Board to acquire Fiskars' own shares and make decisions about conveying them in accordance with separately agreed conditions.

## THE BOARD OF DIRECTORS

In accordance with the Articles of Association, the Board of Directors shall consist of a minimum of five and a maximum of nine members. The terms of office of all members will run from their election to the end of the following Annual General Meeting. The Board is responsible for electing a Chairman from among its members.

## RESPONSIBILITIES AND CHARTER OF THE BOARD

Fiskars' Board of Directors is responsible for managing the Company in accordance with the law, official regulations, the Articles of Association, and decisions taken by the Annual General Meeting of Shareholders.

Under the Charter approved by the Board of Directors, the Board is responsible for the following activities:

- Management and appropriate arrangement of the Company's operations and for confirming the Company's business strategy 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
- Drafting financial statements
- Confirming financial 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
- Appointing the President and CEO and confirming the terms of his employment and other compensation
- Appointing the members of the Executive Board, other senior managers, and the internal audit manager, as well as approving their terms of employment and other compensation
- Deciding on the principles for the Group's compensation systems and other long-term personnel issues
- The Board also considers matters related to the appointment of the members of the Boards of Directors of subsidiaries.
- Appointing Board Committees and their members. These Committees are responsible for preparing matters within their specific area of competence to be put before the Board.

The Board convenes regularly 8-9 times a year according to a pre-confirmed timetable, with additional meetings whenever necessary. Most meetings are connected with the publication of the Company's financial statements and interim reports, strategy and budget cycle or the Annual General Meeting. The Board also holds a strategy meeting at which it considers the Group's future scenarios and confirms the Company's strategy. The Board usually conducts one or two of its meetings at rotating Fiskars locations, focusing on a business area.

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

#### BOARD OF DIRECTORS IN 2011

The Annual General Meeting held on March 16, 2011 re-elected all nine members of the Board: Kaj-Gustaf Bergh, Ingrid Jonasson Blank, Ralf Böer, Alexander Ehrnrooth, Paul Ehrnrooth, Louise Fromond, Gustaf Gripenberg, Karsten Slotte and Jukka Suominen.

Convening after the Annual General Meeting, the Board of Directors re-elected Kaj-Gustaf Bergh its chairman and Alexander Ehrnrooth and Paul Ehrnrooth vice chairmen. The Board decided to re-establish an Audit Committee, a Compensation Committee and a Nomination Committee.

Chairman Kaj-Gustaf Bergh (B.Sc, LL.M.) was born in 1955 and he is Managing Director of Föreningen Konstsamfundet r.f.

Vice Chairman Alexander Ehrnrooth (M.Sc., Econ., MBA) was born in 1974 and is the CEO of Virala Ltd.

Vice Chairman Paul Ehrnrooth (M.Sc., Econ.) was born in 1965 and is the Managing Director of Turret Oy Ab.

Ralf Böer (LL.D.) was born in 1948 and is a Partner at Foley & Lardner LLP.

Louise Fromond (LL.M.) was born in 1979. She is a Chairman of the Board of Oy Holdix Ab.

Gustaf Gripenberg (D.Eng.) was born in 1952 and is a Professor at Aalto University.

Ingrid Jonasson Blank (M.Sc.) was born in 1962. She is a member of the boards of several companies, including TeliaSonera and Bilja.

Karsten Slotte (B.Sc.) was born in 1953 and is the President and CEO of Fazer Group.

Jukka Suominen (M.Sc.) was born in 1947. He is a member of the boards of several companies.

Details of the current Board of Directors are on pages 48–49 of this report.

#### Independence of the Board of Directors

The Board of Directors evaluates the independence of each member according to the Corporate Governance Code in the constitutive meeting convened after the Annual General Meeting.

All members of the Board are independent of the Company.

Kaj-Gustaf Bergh, Ralf Böer, Gustaf Gripenberg, Ingrid Jonasson Blank, Karsten Slotte, and Jukka Suominen are also independent of major shareholders.

Alexander Ehrnrooth, Paul Ehrnrooth and Louise Fromond are considered to be non-independent of major shareholders.

#### Work of the Board of Directors in 2011

The Board of Directors convened 13 times during 2011. The average attendance at Board meetings was 97%. Besides the regular annual Board work during the financial year, the key priorities in 2011 included the implementation of the integrated strategy and the common operating model, including but not restricted to the investment program in the EMEA region and organizational structures.

#### MEETING ACTIVITY AND MEETING ATTENDANCE OF THE BOARD OF DIRECTORS 2011

	Board of Directors	Audit Committee	Compensation Committee	Nomination Committee
1.1.–31.12.2011	13 meetings	4 meetings	3 meetings	4 meetings
Kaj-Gustaf Bergh	13	-	3	4
Alexander Ehrnrooth	13	4	-	4
Paul Ehrnrooth	13	3	-	4
Ralf Böer	12	-	3	-
Louise Fromond	13	4	-	-
Gustaf Gripenberg	13	4	-	-
Ingrid Jonasson Blank	13	-	3	-
Karsten Slotte	13	4	-	-
Jukka Suominen	13	-	3	-

## BOARD COMMITTEES

The Board of Directors appointed three committees in 2011: an Audit Committee, a Compensation Committee, and a Nomination Committee.

### Audit Committee

The Audit Committee is responsible for the following activities:

- Monitoring the reporting process used for the Company's financial statements
- 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, as provided by the Company's administration and control system
- 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 additional services provided by the Auditors
- Drafting the proposal covering the selection of the Company's Auditors for the Nomination Committee

The following Board members belonged to the Audit Committee:

- Gustaf Gripenberg (Chairman)
- Alexander Ehrnrooth
- Paul Ehrnrooth
- Louise Fromond
- Karsten Slotte

The Audit Committee convened 4 times in 2011 and the attendance of members at meetings was 95%. Besides its ordinary work, the Audit Committee also discussed the Company's sustainability management and reporting in 2011.

### Compensation Committee

The Compensation Committee is responsible for preparing matters related to the appointment and remuneration of the President and CEO and Group directors, as well as issues related to the Company's remuneration system.

The following Board members belonged to the Compensation Committee:

- Kaj-Gustaf Bergh (Chairman)
- Ralf Böer
- Ingrid Jonasson Blank
- Jukka Suominen

The Compensation Committee convened 3 times in 2011 and the attendance of members at meetings was 100%. In 2011, the Compensation Committee discussed the Company's compensation framework, bonus structure and long-term incentive plan.

### Nomination Committee

The Nomination Committee is responsible for the following activities:

- Preparing proposals related to the composition of the Board for the General Meeting of Shareholders after consulting major shareholders
- Preparing proposals for the General Meeting of Shareholders on the remuneration of Board members
- Preparing proposals for the Board regarding the composition of the Board's committees
- Preparing the proposal on the selection of the Company's Auditors based on the proposal of the Audit Committee
- Confirming the criteria and processes to be used for evaluating the Board's work.

The following Board members belonged to the Nomination Committee:

- Kaj-Gustaf Bergh (Chairman)
- Alexander Ehrnrooth
- Paul Ehrnrooth

The Nomination Committee convened 4 times in 2011 and the attendance of members at meetings was 100%.

## PRESIDENT AND CEO

The Board of Directors is responsible for appointing and dismissing, if necessary, the Managing Director, who also acts as the Group's President and Chief Executive Officer. The President and CEO is responsible for the day-to-day management and administration of the Company, in accordance with the Company's Articles of Association, legislation, official regulations, and the instructions and orders of the Board. The CEO is also responsible for ensuring that the Company's accounting is in accordance with legal requirements and that assets are managed reliably. The CEO is assisted in these duties by the Executive Board.

The current President and CEO is Mr. Kari Kauniskangas (M.Sc. Econ., b. 1962). He joined the Company in 2008.

The Company does not have a CEO's deputy. Details on the CEO are presented on page 50.

## OTHER MANAGEMENT

### EXECUTIVE BOARD

The Executive Board of Fiskars Corporation consists of the management responsible for corporate and Group-wide functions. Under the leadership of the President and CEO, the Executive Board prepares proposals for the Board and addresses issues related to the Group's strategy, resource allocation and the implementation of Fiskars common operating model and business model. The Executive Board further addresses issues related to Group-wide and corporate functions and their development. The Executive Board's duties also include stakeholder relations.

The Executive Board convenes monthly according to a pre-confirmed timetable, with additional meetings whenever necessary. The Executive Board convened a total of 13 times in 2011.

The key priorities for Fiskars' Executive Board in 2011 were the

implementation of the common operating model and business model to execute the group strategy and create a platform for future growth. The launch of a significant five-year investment program in the EMEA region to create a more streamlined supply chain and improve business transparency.

In 2011, the Executive Board consisted of the President and CEO Kari Kauniskangas, CFO Teemu Kangas-Kärki, Chief Strategy Officer Max Alftan, General Counsel Jutta Karlsson and Vice President of Operations Hille Korhonen. Details on the members of the Executive Board are on page 50.

To facilitate development of the Company's operations and the establishment of common processes and platforms the heads of the group's HR and IT functions were invited to attend the Executive Board meetings in 2011. Thus Timo Leskinen, Vice President of HR and Frans Westerlund, Chief Information Officer attended the Executive Board meetings.

#### **BUSINESS AREA MANAGEMENT AND EXECUTIVE TEAM**

Fiskars Group has four reporting segments: EMEA (Europe, Middle East and Asia-Pacific), Americas, Wärtsilä (associated company) and Other (Real Estate, corporate headquarters and shared services). It has three business areas: Home, Garden and Outdoor. The three business areas are managed under the two geographical segments: EMEA and Americas. The Presidents of Fiskars' business areas are responsible for the day-to-day operations and development of their business areas and for ensuring that their businesses comply with the requirements of local laws and regulations and Fiskars' Code of Conduct.

They are also responsible for ensuring that the subsidiaries associated with their businesses have the appropriate resources needed for their businesses.

The Presidents of each business area are assisted in these duties by the business area leadership teams and country managers.

The Executive Board follows the business areas' performance and plans using monthly and quarterly reports and meets regularly with the Presidents of the business areas to follow up on key activities and to address business area, brand and category strategies and business model implementation.

The Executive Board, Presidents of Fiskars' business areas and the heads of Human Resources and IT form the Executive Team of the Company. The Executive Team meets a minimum of four times a year to discuss the implementation of the integrated company strategy, the implementation of common operating and business models and corporate business performance and opportunities.

In 2011, Fiskars' business area Presidents were:

- Jaakko Autere, Home
- Thomas Enckell, Garden EMEA
- Jason Landmark, Outdoor
- Juha Lehtola, Boats
- Paul Tonnesen, Garden & SOC, Americas

- Lars Gullikson, Outdoor EMEA until July 8, when the Silva business was divested

Details on the Presidents and the heads of HR and IT and their areas of responsibility are presented on page 50-51.

#### **INTERNAL CONTROL, RISK MANAGEMENT, AND INTERNAL AUDIT**

The Board of Directors is responsible for the appropriate management and organization of operations. In practice, it is the responsibility of the President and CEO, together with the management, to put in place and administer accounting and control mechanisms and other similar mechanisms.

The Group's financial performance is reviewed monthly using a reporting system that covers all units and operations. The business areas are run by their own leadership teams. With the support of the Corporation, the business areas are responsible for the day-to-day risk management associated with their operations.

The Risk Management function supports identification, evaluation, and management of risks that may threaten the achievement of Fiskars' business goals.

The Internal Audit function is responsible for auditing and reviewing 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 units. The Parent Company has an internal audit manager, who is administratively subordinate to the President and CEO, but reports to the Audit Committee.

#### **INSIDER MATTERS**

Fiskars applies the insider regulations of NASDAQ OMX Helsinki that came into force on October 9, 2009. In addition, the Company has its own insider regulations that were last updated on November 3, 2009. The Company's Public Insiders include the members of the Board, the President and CEO, the Executive Board, the Presidents of the business areas and the Company's Auditors.

Fiskars also has a company-specific insider register as well as a separate project-based register which is maintained for projects that, on completion, may have an impact on the Company's share value.

Fiskars Corporation's Legal Department maintains lists of insiders. Information on Public Insiders can be consulted at Euroclear Finland Ltd. (Urho Kekkosen katu 5 C, 00100 Helsinki, tel. +358 20 770 6000) and the Company's website, [www.fiskarsgroup.com](http://www.fiskarsgroup.com).

#### **AUDIT**

The Company's Auditor was KPMG Oy Ab, Authorized Public Accountants, with Virpi Halonen, APA, as Senior Auditor.

A total of EUR 0.7 million was paid in audit fees to the auditors employed by Group companies in 2011. In addition, a total of EUR 0.4 million was paid to the auditors in fees for other consultancy services. The latter fees were primarily related to tax matters.

## COMMUNICATIONS

Fiskars' aim is to provide all market parties with accurate, up-to-date, and sufficient information on the Company. Details on the Company's administration and control system can be consulted on the Company's website, where stock exchange releases are published immediately after disclosure, and other key investor material is also available.

Fiskars has adopted a silent period of three weeks prior to the publication of results. During this period, no comments on the market situation or Company prospects will be made by Fiskars.

# THE MAIN FEATURES OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS RELATED TO THE FINANCIAL REPORTING PROCESS

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.

## INTERNAL CONTROL RELATED TO THE FINANCIAL REPORTING PROCESS

The role of internal control is to ensure that the Company's management has access to up-to-date, sufficient, and essentially 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.

## STRUCTURE

Fiskars has four operational segments and three business areas. All the business areas have their own financial management organizations. The business units that operate under the business areas comprise the base level of financial reporting. Business units are responsible for organizing their own financial management and for the accuracy of their financial reporting.

The Parent Company also has a Group-level financial management organization that operates under the leadership of the Chief Financial Officer (CFO). The financial management organizations of the business areas and the Group as a whole are responsible for monitoring the operations of the finance departments of individual business units. The Internal Audit function audits and monitors the efficiency of the reporting process and assesses the reliability of financial reporting. Financing and financial risk management belong to the Group Treasury function under the responsibility of the CFO.

## MANAGEMENT

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 units report actual financial data monthly and file a projection of how financial performance is expected to develop over the remainder of the reporting period.

Information from business 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 and business areas, 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. The Group's Audit Committee, the Group's Board of Directors, the Corporate Management Team, and the management teams of each business area monitor the development of the financial situation and analyze progress on targets on a monthly basis.

## FINANCIAL IT-SYSTEMS

Business units make use of a number of different accounting and financial reporting software systems. Group-level financial reporting is handled using one centrally-managed system. Business units and business areas 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 development program the Company will implement a common enterprise resource planning system (ERP) in the EMEA region in order to simplify the financial reporting process and reduce risks associated to the management of several different systems in parallel. The implementation of the new system will be performed in steps. The first implementation took place in late 2011.

## GUIDELINES

Financial reporting is governed by a set of common principles. The Group applies the international 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.

## RISK MANAGEMENT RELATED TO THE FINANCIAL REPORTING PROCESS

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 the Company did not provide an essentially accurate picture of the Company's financial position.

Fiskars manages the risks associated with its financial reporting process by a number of means 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, and validating the accuracy of information that is reported as part of the reporting process.

The Company is currently unifying its financial processes and implementing modern IT tools as part of the five-year development program in the EMEA region. With regards to risk management the objectives are to increase the number of internal checks and controls and to improve the transparency and quality of information used in management decision making.

## RISK MANAGEMENT

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

The principles observed in risk management are included in the risk management policy approved by the Board of Directors. The latter's Audit Committee oversees the efficiency of risk management systems. Responsibility for identifying, evaluating, and also to 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.

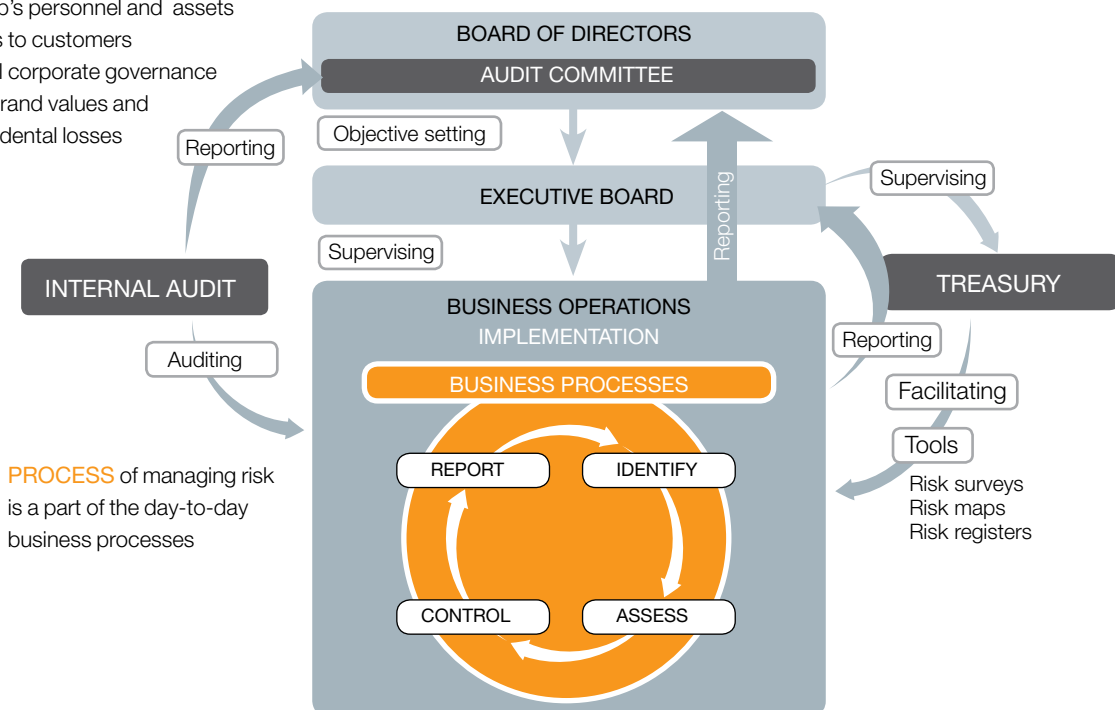
Fiskars has taken out extensive insurance to provide cover for the Group's main assets, possible business interruptions, transportation,

## Fiskars risk management framework

**RISK** is considered to be anything that may prevent us from achieving the business objectives

### OBJECTIVES

- safeguarding the Group's personnel and assets
- guaranteeing deliveries to customers
- complying with general corporate governance
- guidelines protecting brand values and reputation against accidental losses



**PROCESS** of managing risk is a part of the day-to-day business processes



and liabilities. Insurance matters, with the exception of certain local insurances, are managed centrally by the Group Treasury.

The Group Treasury administers financial risks in accordance with principles approved by the Board of Directors.

## **PRINCIPAL UNCERTAINTIES**

### **Customer relationships and distribution**

As Fiskars produces and sells consumer products, general market conditions and a decline in consumer demand in key market areas in Europe and North America could have a material adverse effect on the Corporation's net sales and profitability.

Fiskars' products are primarily sold to wholesalers, retailers, and directly to consumers through its stores. Sales to large individual customers are significant in some businesses, but none of the customers account more than 10% of the total net sales of the Group. As some major customers decide on their product range and suppliers only once annually, failure to meet customer needs may result in Fiskars losing customers, and even the loss of a small number of major customers or disruption in the activities of a specialized distribution channel could have an adverse effect on Fiskars' business and profits.

### **Supply chain**

A significant proportion of the products sold by Fiskars are manufactured by external suppliers and, in addition, the Company purchases components and raw materials from several suppliers.

By making greater use of outsourcing the Company is increasingly exposed to risks related to its outsourced supply chain. Most of the suppliers are located in Asia, which is far from the Company's key markets and disturbances at the source of supply or in the logistics chain could prevent the orderly delivery of products to customers. Fiskars is also increasingly exposed to economical, political and regulatory risks related to the countries of its suppliers. While selecting its suppliers, the Company emphasizes delivery performance, suppliers' ability to react to changes in demand, quality and ethical aspects of suppliers' operations. Fiskars requires its partners to commit to principles covering labor and human rights, health and safety, the environmental, and business ethics. Suppliers are required to follow a Fiskars Supplier Code of Conduct document, and audits are carried out to verify compliance.

Fiskars has strengthened its resourcing in global sourcing operations and established a global sourcing function. The Company currently runs sourcing offices in Shanghai and Bangkok and focuses on harmonizing sourcing processes and supplier base management principles on a global scale.

### **Raw materials and components**

The most important raw materials used in Fiskars' products are steel, aluminum, and plastics. Sudden fluctuations in raw material, component and energy prices or availability can have an impact on the Company's profitability. Fiskars employs long-term contracts with some of its raw material suppliers to manage price risks, and derivatives are used to hedge the price of electricity for production plants in Finland.

### **Currency rates**

A significant part of the Group's operations are located outside of the euro zone. Consolidated financials are reported in euros and changes in currency rates may have an adverse impact on the reported net sales of the Group, its operating results and balance sheet. Changes in foreign exchange rates may also impact Fiskars' competitiveness negatively. 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. Estimated exports and imports in foreign currencies are hedged up to 12 months in advance.

### **Brands and corporate reputation**

Fiskars has a number of global, regional and local brands in its portfolio. Any adverse event affecting consumer confidence could have a detrimental impact on its business. Fiskars monitors the performance of its leading brands closely, and is committed to taking appropriate action to mitigate any threat to brand value.

### **Weather and seasonal dependence**

Some product groups, particularly garden tools during the spring and snow tools during the winter, can be affected by the weather. Unexpected weather conditions can have a negative impact on sales of these products. Sales of homeware products are 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.

### **Investment program in the EMEA region**

In December 2010, Fiskars launched a five-year development program in the EMEA region with an investment of approximately EUR 50 million. With this program, the Company will create a more streamlined supply chain and improve transparency using common processes and IT systems, including a new common enterprise resource planning (ERP) system. The program may be delayed or not achieved if the company fails to execute the program as planned. A dedicated project team, also including external advisors, has been established to implement the program. The corporate management team monitors the progress of the program and the project's status is regularly reported to the Board of Directors.

### **Associated company**

Fiskars has a substantial investment in an associated company, Wärtsilä Corporation. Major changes in Wärtsilä's share price, profitability, or dividend would have a material impact on Fiskars.

# Remuneration

## BOARD'S REMUNERATION

The Annual General Meeting decides on the remuneration of the Board of Directors. The Board's Nomination Committee is responsible for preparing proposals for the General Meeting of Shareholders on the remuneration of Board members.

In 2011, the Annual General Meeting decided to keep the remuneration of the members of the Board of Directors unchanged. The annual remuneration is as follows:

- Chairman of the Board: EUR 70,000
- Vice Chairman of the Board: EUR 50,000
- Members of the Board: EUR 35,000

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

Compensation paid to the members of the Board totaled EUR 487,400 in 2011.

The members of the Board are not included in Fiskars' incentive schemes and they are not employed by the Company.

## MAIN FEATURES OF EXECUTIVE REMUNERATION

The Board appoints the Managing Director (President and CEO) and confirms the terms of his employment and other compensation. The

Board is also responsible for appointing the members of the Executive Board, approving their terms of employment and other compensation, and deciding the principles for the Group's compensation systems. The Compensation Committee is responsible for preparing matters related to these topics.

In addition to base salary, Fiskars offers its executives variable pay programs to further promote high performance. The company has established an Annual Bonus Plan and a Long-term Incentive Plan. In addition, executives have voluntary, contribution-based additional pension insurance.

Fiskars Corporation has no share option programs in place.

## INCENTIVE PLAN DESIGN

Both Fiskars Annual Bonus Plan and Long-term Incentive Plan are designed to reward executives for achievements against pre-established goals. Incentive Plan participants are assigned a "target level" that will dictate the incentive payout as a percentage of the base pay. Incentive targets represent an overall target opportunity and are not a guarantee that a payout will be made.

Actual incentive payments will be made on the basis of performance against "plan metrics". The plan metrics consist of a mix of financial metrics, operational metrics and personal goals. The potential payout ranges between 0 – Target – Maximum % of annual salary. The maximum level for the President and CEO and the other members of the Executive Board is 1.5 times the target level.

## REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS FOR THE YEAR 2011

Name	Annual remuneration	Meeting remuneration	Total
Kaj-Gustaf Bergh, Chairman	70,000	22,000	92,000
Alexander Ehrnrooth, Vice Chairman	50,000	12,600	62,600
Paul Ehrnrooth, Vice Chairman	50,000	12,000	62,000
Ralf Böer	35,000	9,000	44,000
Louise Fromond	35,000	10,200	45,200
Gustaf Gripenberg, Chairman, Audit Committee	35,000	12,200	47,200
Ingrid Jonasson Blank	35,000	9,600	44,600
Karsten Slotte	35,000	10,200	45,200
Jukka Suominen	35,000	9,600	44,600
Total	380,000	107,400	487,400



### LONG-TERM INCENTIVE PLAN

Fiskars has a long-term incentive plan for key personnel. The participants are selected by the Board of Directors annually, and the Board also decides the earning criteria based on financial targets for the plan annually. The long-term incentive targets are purely financial and are currently tied to company's net sales and cash flow.

The earning period is one year, which is followed by a two-year vesting period. The bonus will be paid during the quarter following the vesting period. The first long-term incentive bonuses, related to performance in 2009, will be paid in the first quarter of 2012.

The target level of the long-term incentive plan corresponds to the target level of the annual bonus of the individual in the scheme. In addition, a positive change in the value of the Company's shares related to its own operations (excluding the impact of Wärtsilä on the share price) during the vesting period may increase the final payout by up to 50%.

The earning criteria in 2011 were related to the Group's consolidated net sales and operative cash flow. The bonuses for performance in 2011 will be paid during the first quarter of 2014.

### PRESIDENT AND CEO'S REMUNERATION

In addition to his basic salary, the President and CEO is paid an annual bonus designed to provide a target bonus equivalent to 60% of his annual salary. The payout is determined in accordance with the financial targets and other goals set annually by the Board of Directors. In 2011 the financial targets were related to net sales, EBT excluding Wärtsilä, and gross profit margin.

The President and CEO is also included in the Long-term Incentive Plan with a target bonus of 60% of his annual salary.

In addition to his statutory pension, the President and CEO is provided with a voluntary supplementary contribution-based pension, under which the Company contributes 20% of his annual salary excluding bonuses.

The President and CEO's agreement will end when the President and CEO reaches the age of 60.

The President and CEO and the Company have a notice period of six months. Remuneration on dismissal by the Company is 12 months' basic salary, in addition to salary for the six-month notice period.

The salary, benefits, and bonuses of CEO Kari Kauniskangas in 2011 totaled EUR 646,464. Basic salary accounted for EUR 389,816 and bonuses for the 2010 result came to EUR 256,648.

During the 2011 earning period, bonuses earned through the long-term incentive scheme, excluding any possible increase due to changes in the share value, totaled EUR 286,020 for the President and CEO. These long-term bonuses for 2011 performance will be paid during first quarter 2014.

When he joined the Company in January 2008, the President and CEO agreed to purchase Company shares equivalent in value to his signing bonus, a total of 15,397 shares. These shares had a lock-up period until March 1, 2011.

### EXECUTIVE BOARD'S REMUNERATION

In addition to base salary, the members of the Executive Board have an annual bonus plan, which is designed to provide a target bonus equivalent to 20–40% of their annual salary. The bonus paid is determined in accordance with earning criteria set by the Board of Directors, primarily tied to the Group's financial targets and secondarily to personal, function-specific targets. In 2011 the financial targets were mainly related to net sales growth, EBT excluding Wärtsilä, and gross profit margin.

Members of the Executive Board can also be included in a long-term incentive scheme, whose target level corresponds to that of the annual bonus.

The members of the Group's Executive Board also have voluntary, contribution-based additional pension insurance under which the Company contributes 14–20% of their annual salaries excluding bonuses. Their retirement age varies between 60 and 68 years.

In 2011, the salaries, benefits, and bonuses paid to the members of the Executive Board (excluding the President and CEO) totaled EUR 1,038,363. Basic salaries accounted for EUR 753,631 and bonuses for the 2010 result came to EUR 284,732.

During the 2011 earning period, bonuses earned through the long-term incentive scheme, excluding any possible increase due to changes in the share value, totaled EUR 288,276 for the Executive Board (excluding the President and CEO). These bonuses will be paid during the first quarter of 2014.

#### THE PRESIDENT AND CEO'S INCENTIVE SCHEME PRINCIPLES IN 2011

	Minimum	Target	Maximum	Maximum Final payout after vesting period *
Annual Bonus Plan, % of annual base salary	0	60%	80%	-
Long-term incentive plan, % of annual base salary	0	60%	90%	135%

\* Depending on the development of the value of the Company's shares related to its own operations and excluding Wärtsilä's impact on the share price

#### THE EXECUTIVE BOARD'S INCENTIVE SCHEME PRINCIPLES IN 2011

	Minimum	Target	Maximum	Maximum Final payout after vesting period *
Annual Bonus Plan, % of annual base salary	0	20–40 %	30–60 %	-
Long-term incentive plan, % of annual base salary	0	20–40 %	30–60 %	45–90 %

\* Depending on the development of the value of the Company's shares related to its own operations and excluding Wärtsilä's impact on the share price

#### REMUNERATION OF THE PRESIDENT AND CEO AND THE EXECUTIVE BOARD IN 2011

EUR	Basic salary	Bonus paid for 2010	Bonuses paid through long-term incentive scheme	2011 total	2010 total	Voluntary pension contribution by the company in 2011	Bonuses earned through long-term-incentive scheme in 2011*
President and CEO	389,816	256,648	-	646,464	684,162	76,042	286,020
Other members of the Executive Board	753,631	284,732	-	1,038,363	1,011,907	133,750	288,276
Total	1,143,448	541,380	0	1,684,828	1,696,069	209,792	574,296

\* Will be paid during the first quarter of 2014, after having been adjusted by share price multiple



From left: Kaj-Gustaf Bergh, Ingrid Jonasson Blank, Alexander Ehrnrooth, Gustaf Gripenberg

## Board of Directors

### **Kaj-Gustaf Bergh** (1955)

Chairman, elected to the Board in 2005  
B.Sc., LL.M.  
Managing Director of Föreningen  
Konstsamfundet r.f. 2006–

SEB Asset Management, Director 1998–  
2001, Ane Gyllenberg Ab, Chief executive  
officer 1986–1998

Chairman of the Board of KSF Media Holding  
Ab 2007– and Finaref Group Ab 1999

Member of the Board of Wärtsilä Corporation  
2008–, Stockmann Oyj Abp 2007–, Julius  
Tallberg Oy Ab 2006– and Ramirent Group  
2004–

Independent of the company and significant  
shareholders.

Board committees:  
Compensation Committee, Chairman  
Nomination Committee, Chairman

### **Alexander Ehrnrooth** (1974)

Vice Chairman, elected to the Board in 2000  
M.Sc. (Econ.), MBA  
CEO of Virala Oy Ab 1995–

Chairman of the Board of Aleba Corporation  
2003– and Belgrano Investments Oy 1999–

Member of the Board of Wärtsilä Corporation  
2010–

Independent of the company and dependent  
on significant shareholders.

Board committees:  
Audit Committee, member  
Nomination Committee, member

### **Paul Ehrnrooth** (1965)

Vice Chairman, elected to the Board in 2000  
M.Sc. (Econ.)  
Managing Director & Chairman, Turret Oy Ab  
2005–

Chairman of the Board of Savox Group 2004–  
and Vice Chairman of the Board of Ixonos  
Oyj 2010–

Member of the Board of Wärtsilä Corporation  
2010–

Independent of the company and dependent  
on significant shareholders.

Board committees:  
Audit Committee, member  
Nomination Committee, member

### **Ralf R. Böer** (1948)

Elected to the Board in 2007  
Juris Doctor  
Partner, Foley & Lardner LLP 1981–

Chairman and CEO, Foley & Lardner LLP  
2002–2011

Member of the Board of Plexus Corp. 2004–

Independent of the company and significant  
shareholders.

Board Committees:  
Compensation Committee, member

### **Louise Fromond** (1979)

Elected to the Board in 2010  
LL.M.

University of Helsinki, doctoral student 2005–  
2008, assistant 2004–2005

Chairman of the Board of Oy Holdix Ab 2010–

Member of the Board of Tremoko Oy Ab  
2008–, Bergsrådinnan Sophie von Julins  
stiftelse 2004– and Fromille Oy Ab 1998–.

Independent of the company and dependent  
on significant shareholders.

Board committees:  
Audit Committee, member



From left: Louise Fromond, Karsten Slotte, Paul Ehrnrooth, Ralf R. Böer, Jukka Suominen

**Gustaf Gripenberg (1952)**

Elected to the Board in 1986

D. (Eng.)

Professor, Aalto University 1999–

University of Helsinki assistant professor  
1987–1998.

Independent of the company and significant  
shareholders.

Board committees:

Audit Committee, Chairman

**Ingrid Jonasson Blank (1962)**

Elected to the Board in 2010

M.Sc (Econ.)

Executive Vice President, ICA Sverige AB  
2004–2010

Member of the Board in Forex Bank Ab  
2011–, Eatwell Solutions AB 2011–,  
TravelSupport AB 2010–, TeliaSonera 2010–,  
ZetaDisplay AB 2010–, Bilia AB 2006– and  
Forma Publishing Group 2005–

Independent of the company and significant  
shareholders.

Board committees:

Compensation Committee, member

**Karsten Slotte (1953)**

Elected to the Board in 2008

B.Sc. (Econ.)

President and CEO of Fazer Group 2007–

Cloetta Fazer AB (publ.), President 2002–  
2006, Cloetta Fazer Konfektyr AB, Managing  
Director 2000–2002, Fazer Confectionery,  
Managing Director 1997–2000

Member of the Board of Confederation of  
Finnish Industries EK 2011–, Varma Mutual  
Pension Insurance Company 2009–, ETL The  
Finnish Food and Drink Industries' Federation  
2008–, Finnish-Swedish Chamber of  
Commerce 2003– and Onninen Oy 2001–

Independent of the company and significant  
shareholders.

Board committees:

Audit Committee, member

**Jukka Suominen (1947)**

Elected to the Board in 2008

M.Sc. (Eng.), B.Sc. (Econ.)

CEO and Group CEO of Silja Oyj Abp  
1991–2000

Chairman of the Board of Lamor Corporation  
Ab 2005–2007, 2010– and  
Rederiaktiebolaget Eckerö 2006–

Member of the Board of Huhtamäki Oyj 2005–  
and Arctia Shipping Ltd / Finstaship 2005–

Independent of the company and significant  
shareholders.

Board committees:

Compensation Committee, member





From left: Executive Board: Teemu Kangas-Kärki, Kari Kauniskangas, Hille Korhonen, Jutta Karlsson, Max Alfthan.

## Executive Board

### **Kari Kauniskangas** (1962)

President and CEO,  
employed 2008  
M.Sc. (Econ.)

Amer Sports Corporation, Head of Winter & Outdoor division 2007  
Amer Sports Corporation, SVP, Sales & Distribution 2004–2007  
Amer Sports Europe GmbH, President & GM 1999–2004

### **Jutta Karlsson** (1963)

General Counsel,  
employed 2006  
LL.M.

LMR Attorneys-at-law, Legal Counsel 2004–2006  
Council of the Baltic Sea States (Stockholm), Legal Advisor 2002–2004

### **Hille Korhonen** (1961)

Vice President, Operations,  
employed 2007  
Lic.Tech.

Iittala Group, Group Director, Operations 2003–2007  
Nokia Corporation, supply chain development and management duties for logistics 1996–2003

Member of the Board of Lassila & Tikanoja plc 2009– and Nokian Tyres Plc. 2006–

### **Teemu Kangas-Kärki** (1966)

Chief Financial Officer (CFO),  
employed 2008  
M.Sc. (Econ.)

Alma Media Corporation, CFO 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

### **Max Alfthan** (1961)

Chief Strategy Officer (CSO),  
employed 2008  
M.Sc. (Econ.)

Amer Sports Corporation, SVP Communications 2001–2008  
Lowe & Partners, Managing Director 1998–2001  
Oy Sinebrychoff Ab, Marketing Director 1989–1998

Member of the Board of Nokian Panimo Oy 2008–

## Management

### **Jaakko Autere** (1963)

President, Home,  
employed 2010  
M. Sc. (Econ.)

Orkla Brands, Managing Director 2005–2009  
L'Oreal Norway, Managing Director 2005  
L'Oreal Sweden, General Manager 2000–2004  
Kellogg's, Marketing Manager 1996–1999

Member of the Board of Olvi Oy 2001–

### **Thomas Enckell** (1963)

President, Garden, EMEA,  
employed 2007  
M.Sc. (Econ.)

Iittala Group; Group Director, Wholesale 2007,  
Group Director, Iittala brand and international sales and marketing 2003–2007  
Business Area Director 2000–2003  
Designor, Business Area Director 1996–2000

Member of the Board of Stala Oy and Stala Tubes Oy 2008–



**Management : Juha Lehtola, Jaakko Autere, Thomas Enckell, Paul Tonnesen, Jason Landmark, Frans Westerlund, Timo Leskinen.**

**Jason Landmark** (1967)

President, Outdoor,  
employed 2001  
B.Sc. (Management & Marketing)

Gerber, VP Sales, Marketing & Customer  
Service 2001–2004  
Newell Rubbermaid, National Sales Manager  
1997–2001

**Juha Lehtola** (1966)

President, Boats,  
employed 2009  
M. Sc. (Econ.)

Stora Enso Oyj, Senior Vice President,  
2007–2009  
Vice President, New Business Innovations  
2003–2007  
Vice President, New Business Areas  
2002–2003  
Stora Enso Packaging Sp., Managing Director  
1999–2002

**Paul Tonnesen** (1964)

President, Garden & SOC, Americas,  
employed 2007  
MBA, B. Sc. (Marketing)

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

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

**Timo Leskinen** (1970)

Vice President, Human Resources  
employed 2009  
Master of Psychology

Nokia, Nokia Services, Director Human  
Resources 2008–2009  
Nokia, Nokia Customer and Market  
Operations, Director, Human Resources  
2006–2008  
Nokia, Nokia Ventures Organizations,  
Director, Head of Operations 2004–2006  
Nokia, Human Resources Manager 2000–  
2003  
Various Human Resources Consultant  
positions in Finnish HR consulting companies  
1997–2000

**Frans Westerlund** (1966)

Chief Information Officer (CIO)  
employed 2009  
M. Sc. (Econ.)

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