

FISKARS



GROUP

2018

# Sustainability Report

# Introducing Fiskars Group

## Making the everyday extraordinary

Fiskars Group serves people around the world with globally recognized brands including Fiskars, Gerber, Iittala, Royal Copenhagen, Waterford and Wedgwood. We are building a family of iconic lifestyle brands with the vision to create a positive, lasting impact on our quality of life.

Fiskars Group's business is driven through two strategic business units with a geographical presence in Europe, Asia-Pacific and the Americas. As a company, we are positioned for growth and creating innovative and beautiful designs that people value.

We are proud of the fact that our products are relied upon from one generation to the next, and that the centuries-old tradition of craftsmanship stemming from the village where the company's story began is still with us today.

Fiskars Group's products are available in more than 100 countries and the company employs around 7,600 people in over 30 countries. The group recorded net sales of 1,118.5 million euros in 2018.

This report is part of the Fiskars Group Annual Report 2018. The Annual Report 2018 consists of the Corporate Governance Statement, the Financial Statements and the Sustainability Report. Sustainability aspects are also covered in the Non-Financial Reporting section in the Report by the Board of Directors, which is included in the Financial Statements.

This report has been prepared in accordance with GRI Standards: Core option. The reporting covers Fiskars Group and any of its group companies. We are reporting primarily for the year 2018 in this report. The reporting period covers the calendar year 2018 from January 1, 2018 to December 31, 2018. Any other division of the data reported is noted separately.

An independent third party, PricewaterhouseCoopers Oy, has provided assurance on the sustainability information reported in this report. The scope of the assured information is indicated in the Independent Practitioners' Assurance Report.



# Contents

<b>Year 2018 .....</b>	<b>4</b>
President's message .....	5
Fiskars Group strategy and purpose .....	6
Sustainability concept .....	7
Sustainability highlights 2018 .....	8
Sustainability targets.....	9
<b>Key drivers .....</b>	<b>10</b>
Empowering people .....	11
Challenging disposability .....	17
Enhancing creativity .....	23
<b>Foundation of trust .....</b>	<b>25</b>
Sustainability management .....	26
Economic performance .....	30
Ethical business practices .....	31
Human rights .....	34
Health and safety .....	34
Learning and development .....	38
Engaging people and communities .....	40
Responsible supplier management .....	42
Environment and biodiversity .....	45
Product quality .....	48
<b>GRI Index .....</b>	<b>50</b>
<b>Assurance report .....</b>	<b>62</b>



# Year 2018

Fiskars Group has gone through many changes over the past years and now aims to move to a path of faster growth. This section includes a greeting from our President and CEO, sustainability highlights from 2018 and a description of our strategy, sustainability concept and sustainability targets.



# President's message

Our purpose is to make the everyday extraordinary. We champion innovation, with the intention to enable people to live well. Based on our vision, we want the impact we have on the world to be a positive, lasting one.


In 2018, we renewed our sustainability approach and decided to focus our efforts in three key areas: enhancing creativity, challenging disposability and empowering people. In addition to these key drivers, we are strengthening the foundation of trust that we consider a prerequisite to doing business sustainably.

Changing consumer behaviors are redefining the conventional value-creation model. Moreover, global megatrends such as urbanization, resource scarcity, and climate change provide a new framework for accessing markets and challenge us to explore how to remain fit for purpose in the long-term.

We can take circular economy as an example. The Iittala & Arabia Market, piloted in 2018, allowed people to sell and buy previously owned and used Iittala and Arabia products through our channels. This successful pilot proved that we can both operate in a sustainable manner while creating new business models that people find attractive.

Climate change was one of the key global concerns that was discussed worldwide in 2018. We continued to develop our operations and were able to cut CO<sub>2</sub> emissions by 22% compared to 2017 by investing in renewable energy and implementing a number of energy savings initiatives, such as furnace improvements in our glass factory in Finland. As we are making good progress, we also know that we must not become complacent. We are at the beginning of our sustainability journey, and there is much more that we can do.

For us, sustainable business is integral in building long-term success. By understanding how to mitigate our negative impacts, and how to make positive



contributions throughout our value chain, we can work towards our vision to have a positive, lasting impact on our quality of life. We see opportunities in embedding sustainability even deeper into our business strategy to provide people meaningful experiences and to make their everyday extraordinary.

Our vision integrates sustainability into everything we do and gives us the opportunity to take meaningful action. Our recent stakeholder study revealed that our people are very motivated to advance sustainability to identify future growth opportunities. Together with our extraordinary team we will continue to explore the opportunities there are in sustainability, and to make the everyday extraordinary not just now, but in the future as well.

Jaana Tuominen  
**President & CEO, Fiskars Group**

# Fiskars Group strategy and purpose

Fiskars Group's strategy was refined in 2018 to better position us for growth. During the past years we have focused on structural changes, building common platforms and creating unified ways of working. As this work continues, we will strengthen our focus on activities we believe will help us in driving growth.

Our purpose is to make the everyday extraordinary; this is a promise that unites our brands. Our strategy of building iconic lifestyle brands guides us on our path. We are building lifestyle brands with unique designs and superior functionality – something beyond the product. Each individual brand celebrates its unique identity, aiming to excite and inspire people. As Fiskars Group we can be stronger together and benefit from our unified supply chain, common platforms and processes, and consumer insight.

## **Our vision and values guide us on why and how we do business**

Our vision is to have a positive, lasting impact on the quality of life. To make progress towards our vision, we need to focus our efforts on areas where we can have a sustainable influence. For us, sustainability is about innovation and creativity as well as integrity and accountability. It involves managing risks and taking on opportunities. We need to understand the impact of our actions and work to reduce our negative footprint while further strengthening the positive impact that we can create for generations to come.

Our values of innovation, integrity, accountability and teamwork offer a clear direction on how we behave, how we make decisions and how we treat each other. They guide our decision-making and allow our leaders to develop. We are building one Fiskars Group culture where people can feel engaged and enabled to do their best.

We have four  
strategic priorities  
that will steer our actions.

**INSPIRING PEOPLE**



**EXCITING CONSUMERS**



**GROWING BUSINESS**



**INCREASING RETURNS**

# Sustainability concept

As an integral part of our accomplishments and aspirations, sustainability is deeply connected to how we manage our business and company culture. It steers our decision-making and leadership and acts as a value creator and a potential source for growth in the long term. Our vision, creating a positive, lasting impact on our quality of life, embodies our commitment to sustainability.

Based on a stakeholder survey conducted in summer 2018, the United Nations Sustainable Development Goals and Fiskars Group's refined strategy, we have selected the most material topics for us and mapped them under our new sustainability concept.

The concept is based on three key drivers: Empowering people, Challenging disposability and Enhancing creativity. These key drivers support the integration of sustainability into our business strategy at all company levels and function as spearhead themes.

The fourth dimension in the renewed sustainability concept is the Foundation of trust, including material themes that are prerequisites for our operations and promote further opportunities for growth. These topics include sustainability management and governance, climate change, human rights, ethical business practices, responsible supplier management, environment and biodiversity.

Sustainability key drivers	Empowering people	Enhancing creativity	Challenging disposability	Foundation of trust
Related topics	<ul style="list-style-type: none"> <li>• Diversity &amp; inclusion</li> <li>• Developing leadership</li> <li>• Promoting young talents</li> <li>• Empowering women at work</li> </ul>	<ul style="list-style-type: none"> <li>• Innovation</li> <li>• Nature &amp; gardening</li> <li>• Decorating</li> <li>• Creating &amp; crafting</li> <li>• Cooking &amp; growing food</li> </ul>	<ul style="list-style-type: none"> <li>• New materials</li> <li>• Waste streams</li> <li>• Recycling</li> <li>• New business models</li> <li>• Substances of concern</li> </ul>	<ul style="list-style-type: none"> <li>• Sustainability governance</li> <li>• Climate change</li> <li>• Human rights</li> <li>• Ethical business practices</li> <li>• Environment &amp; biodiversity</li> <li>• Responsible supplier management</li> </ul>

# Sustainability highlights 2018



The Iittala and Arabia brands **piloted a secondhand business model** that allowed people to buy and sell used Iittala and Arabia products. Three stores in Finland participated in the take-back concept. The results of the pilot clearly demonstrated that business models based on circular economy can provide us with scalable business opportunities.

While operating sustainably we were able to find a successful business model that attracted people.

**CO<sub>2</sub> emissions were reduced by 22% compared to emissions in 2017.** This was achieved through many energy saving activities. In addition, our sites in Finland and in Slovenia started to use electricity from renewable sources.



We took an important step forward towards sustainable products as all Fiskars' gardening category tools containing wood were authorized to use the Forest

Stewardship Council (FSC™ C108780) certification from May 2018 onwards. This is a major milestone, as the garden tools category is the largest one for the Fiskars brand. **This development has brought us closer to our long-term target of obtaining FSC™ certification** for all the wood that we use in our products.



We organized our first global **Fiskars Group Safety Day** to celebrate the efforts taken to ensure that we are doing everything in our power to prevent accidents and incidents, and to remind ourselves that it is our shared responsibility to keep everyone safe at work. Safety at work was promoted in our locations through different activities.

In 2018, **we conducted 66 (2017: 57) audits on our finished goods suppliers.** Since the beginning of the Fiskars Group Auditing Program in 2011, we have conducted approximately 500 on-site supplier audits and closed over 160 zero tolerance cases.

**A new Ethics and Compliance Helpline** was introduced in 2018. The third party provided platform is a confidential and anonymous channel for all our employees to report any workplace-related issues and complaints or suspected violations of the Code of Conduct. All suspected violations and occurrences of misconduct are handled confidentially by our Compliance Officer and Ethics Advisory Group.



Fiskars was awarded as an **Industry Leader 2018 in the Sustainable Brand Index™**, which is the largest brand study focusing on sustainability in the Nordics. Finnish consumers chose the Fiskars brand as the Industry Leader and Fiskars was also ranked number 7 among all the surveyed brands in Finland (164 brands in total).



# Sustainability targets

We have set measurable sustainability targets we aim to reach by 2027 or earlier if possible. These targets guide our work and keep our actions focused on managing our key impacts. As part of renewing our sustainability concept, we will re-evaluate the ambition level of our current targets. In addition, we plan to set new targets that support us in following both the short and long-term progress of our actions. These new targets will be defined in 2019.



## Diversity and inclusion

- We aim to reach a higher level of diversity in our workforce. We want to attract, develop and retain a diverse team of high-performing individuals and to prolong the Fiskars Group career path of young talents by 25%
- Women and men working at Fiskars Group are equally enabled and engaged, with women's enablement and engagement improved to the high performing norm level
- 70% of senior leader positions at Fiskars Group are filled by promoting internal talent



## Safety

- There are zero Lost-Time Accidents, taking into account not just our own employees, but our contractors and key suppliers as well



## Materials

- 50% of all materials used in our products are from renewable or recycled sources
- We innovate new solutions to replace substances of concern. The use of substances of concern is to be reduced by 30%
- All wood used in our products is FSC™ certified (whole chain of custody)



## Resources

- We recover or recycle 100% of the waste generated within our manufacturing facilities – we send no waste to landfills
- We reduce Group-wide energy consumption of our own production by 30%
- We reduce Group-wide CO<sub>2</sub> emissions of our own production by 50%
- We reduce emissions (scope 3) by 30%
- We support our key suppliers in reducing their energy consumption by 30%

# Key Drivers

Fiskars Group's new sustainability concept is based on three key drivers: Empowering people, Challenging disposability and Enhancing creativity. These key drivers support us in integrating sustainability into our business strategy at all company levels and function as spearhead themes.

# Empowering people

We know that to feel inspired, you need to have the basics in place first. You need to be able to feel good and confident about your role and the work you do, and find meaning in the interactions you have with others. We offer learning and development opportunities to our employees and trust them to be the experts in shaping their own paths forward within the organization. Through regular touchpoints during the year, we carry on a dialogue about how inspired and enabled we are to do our best work.

The competition for top talent is fierce. We know that younger generations especially are embracing a new approach to work – they want to know that they contribute to something good, and that the company they work for is a good match with their personal beliefs and values. We believe in values-based leadership, where our own personal beliefs are in alignment with the values we share together as one Fiskars Group team.





We work to make Fiskars Group an extraordinary place to work, and we also want to be a positive contributor in the communities in which we work. We care deeply about the health and safety of our own employees, and we need to ensure that our impact on our value chain is a positive and lasting one.

Through our brands we are working to provide opportunities for different people to express their creativity and to participate in shaping our shared world.

## Values-based leadership

Leadership creates the foundation for Fiskars Group culture. In today's world, organizations change and evolve all the time. To help people thrive in an ever-changing environment, we must develop our leadership skills as a company so that our leaders can meet business needs as well as support, inspire, attract and retain our talented employees.

Leadership is more than having a managerial role; self-awareness is important and values-based behaviors set the foundation for our behaviors and actions. Leadership is about inspiring people, providing direction and delivering results together.

Our personal values have a powerful impact on our everyday work. They define how we interact with each other, what motivates us, and how we pay attention and prioritize different topics. We believe that Fiskars Group's values and purpose will only be effective when our people can relate to them as their own.

Leaders who know what they stand for and how they interact with others can support and inspire their teams, and attract and retain talented employees. Leadership is not about imitating others; instead it must be firmly rooted in who we are and what matters most to us as individuals. Fiskars Group promotes this values-based leadership by providing opportunities for our leaders to develop their self-awareness and learn more about their own personal vision, purpose, values, and strengths and weaknesses through curated training sessions.

Fiskars Group's leadership development portfolio consists of different programs that support our leaders on their growth journey. The Leadership Core program is built on a simple belief: if you are going to lead others, you first need to lead

yourself. It gives a unique opportunity to understand yourself better – how to influence better, increase focus and achieve clarity around your own purpose.

The Leadership Core program has supported Fiskars Group in building leaders, creating a network of people in the company with an insight into their own core values. During 2018 a total of 99 people participated in the program. We plan to accelerate program participation, enabling our people to get a chance to connect themselves to the business in a sustainable and values-based manner.

We measure leadership also in our annual employee survey. In 2018 results showed that we are at a fairly good level. Scores were stable compared to 2017, which was good at achievement given the degree of change in the organization. However, we are one percentage point below the consumer goods industry norm and eight percentage points below the high performance norm. The key areas that require further development from managers were related to empowering teams and supporting the sharing of ideas and resources. Collaboration within and between the teams is also an area that can be developed further.

## Employee survey

Our annual employee survey is an important tool we use to identify areas that require further development. It is an opportunity for our people to share their thoughts on how we can make the everyday extraordinary for ourselves, the consumer and the world around us.

The Fiskars Group Employee Survey 2018 was completed in November, with 80% of our people sharing their thoughts and opinions about working at Fiskars Group. Managers were able to use a dedicated tool to review their team's results, and encouraged to discuss them in team meetings during December, followed by concrete action plans that are created together in the beginning of 2019.

Engagement and enablement levels remained stable, with 72% and 69% of responses favorable respectively. This is a positive outcome given the many changes during 2018. Employees remain proud to work for Fiskars Group, with 84% favorable; and are strong advocates of our products and services, with 87% favorable.



The Employee Survey results will be used to help us focus our efforts and develop our company culture further, and to effectively communicate about our strengths and take action on challenges. We will strengthen our strategy communications and support people to understand how their work helps us to implement the strategy.

Following the previous Employee Survey, conducted in late 2017, the Fiskars Group Leadership Team asked people to volunteer for a global co-create task force to look into the survey results, and to come up with 2-3 improvement ideas that could be implemented on Fiskars Group level. The team identified three larger themes where we could improve together in 2018 and beyond: Communication, Career Development, Leadership and Culture. These were, in turn, formulated into concrete ideas: Short-term rotation, Fiskars Team Development and Connectors. All three proposals have been developed and put into practice since then.

### Short-term rotation

Working in another business function, location or task for a pre-defined period to increase skills, networks and collaboration in a way that benefits the business and individual alike.

**"Spending five awesome weeks at the DACH (German, Austria and Switzerland) sales office in Frankfurt as a 'pilot exchanger' was extremely educational and fun from every aspect. The period offered a great opportunity to expand organizational, market and geographical knowledge. I felt that the exchange assignment was extraordinarily fulfilling."**

**Hanna Saarinen,**  
Product Manager,  
Soil & Lawn Care, Fiskars



### Fiskars Group Team Development

A framework built around purpose, dynamics and effectiveness, providing practical tips and guidance for building trust and improving cooperation within and between existing teams.

### Connectors

We set up a network of voluntary engagement ambassadors, covering all Group sites, to help us ensure that employees can have their opinions and ideas shared and taken to action without location, language or job position boundaries.

Working with a co-create task force, and supporting the ideation of concrete proposals and their implementation drew a lot of positive feedback from employees. We will leverage the experiences and lessons of this kind of collaboration in the future as well.

### Diversity

We are a diverse group of people, spread across over 30 countries, and we speak 20 different languages. For Fiskars Group, the concept of diversity builds on enablement and respect. We never consider diversity in terms of simple tolerance; instead we embrace and celebrate the extraordinary layers of diversity contained within each individual.

Diversity plays a key role in building our family of iconic lifestyle brands and a globally collaborative culture in three crucial ways. First, diverse teams provide us with a richer vision and access to a broader range of opinions and viewpoints, all of which enhance our creativity and capability to innovate. Second, we have an increasingly diverse consumer and customer base; with a diverse team we are better enabled to drive consumer engagement. Third, we are able to strengthen our capabilities overall by attracting and retaining high performers to our diverse teams. In 2017 we defined our commitment to inclusion and diversity to support our efforts in promoting diverse teams. Fiskars Group has also a set of policies and guidelines related to other social and employee related matters to guide our leadership, employees and partners in their everyday work. The Fiskars Group Code of Conduct provides a detailed description of Fiskars Group's approach to doing business in an ethical and sustainable manner.

An important source of information on diversity is our annual employee survey. Insights and feedback from the survey help us to develop our concept of diversity further. The key indicators are employee enablement and engagement. Enablement refers to the extent to which employees are well matched to their roles and experience job conditions that support them to perform to their full potential. Engagement refers to the extent to which employees are committed to the organization and willing to apply discretionary effort in their work.

On a Group level, we have much to celebrate as our scores are close to the high performing norm in terms of engagement. On the other hand, the results also indicate hidden gaps in engagement and enablement between genders, with our male employees more likely to be more engaged and enabled.

Based on this observation, we set a target in 2017 to further promote equal opportunities: we want women and men to be equally enabled and engaged, with women's engagement improved to the high-performing norm level in our employee survey.

The overall enablement, with 69% favorable (2017: 69%), is higher than the consumer goods norm (67%) but somewhat lower than the high performing norm, with 73% favorable based on the results of the recent 2018 Employee Survey. The enablement figures for both females and males increased by two percentage points, but the difference between females and males stayed the same – eight percentage points, which is a fairly significant difference. There was improvement in employees experiencing that they can use their skills, get motivating work and encounter low barriers to perform their job well.

The overall engagement score of 72% (73%) favorable decreased by one percentage point. Also, willingness to stay declined by two percentage points. The gap between female and male engagement increased by one percentage point to six.

The results of the 2018 survey indicate that closing the gap between female and male enablement and engagement requires further work. The overall enablement and engagement scores stayed stable, showing resilience to a considerable number of changes during 2018, which is a strength to be further nurtured.

## WOMEN AND MEN ENABLEMENT & ENGAGEMENT IN EMPLOYEE SURVEY

### Fiskars Group topic

	2018	2017	2016
<b>Enablement</b>			
Female	67%	65%	66%
Male	75%	73%	72%
<b>Engagement</b>			
Female	70%	70%	71%
Male	76%	75%	76%

Enablement refers to the extent to which employees are well matched to their roles and experience job conditions that support them to perform to their full potential. Engagement refers to the extent to which employees are committed to the organization and willing to apply discretionary effort in their work.

Another diversity target we set in 2017 was to reach a higher level of diversity in our workforce: we want to attract, develop and retain a diverse team of high-performing people and to prolong the Fiskars career path of young talents by 25%.

There were no significant changes between 2018 and 2017 in the average length of the career of young professionals. In office and operative environments, the figures were somewhat lower; in retail the average length was somewhat higher in 2018. The average career length for the total workforce is 10.44 years and the career paths of young talents are significantly shorter.

Our Employee Survey results indicated that in 2018, the intention to remain with Fiskars Group for the long term declined by 2 percentage points, with 24% of new joiners stating in the survey that they plan to leave in less than 2 years.

Retention of young talents is one of our focus areas going forward, as there is a global trend of lower retention among young talents.

## THE AVERAGE CAREER LENGTH OF YOUNG TALENTS

### Fiskars Group topic

	2018			2017		
	Office	Operative	Retail	Office	Operative	Retail
<b>By gender</b>						
Female	3.8	4.5	2.6	3.9	4.7	2.5
Male	3.8	6.4	3.0	4.1	6.8	3.1

The World Economic Forum predicts that the global gender gap will not close entirely until 2186, which is 168 years from now. At Fiskars Group, at the end of 2018, 54% of our employees were female and 46% male. The gender division in managerial positions was also quite balanced, with 45% of all managerial positions being held by a female. In the Fiskars Group Leadership team, the gender balance is 63% women and 37% men.

Our compensation philosophy grants that our employees' pay is based on competence, experience and job requirements. Our principle is to provide equal pay for the same job or jobs of equal value regardless of gender or other individual's personal characteristics such as age, ethnicity or religion. Equal pay is different to ratio of basic salary of women to men. Reported figures show the difference between the average earnings and as the ratio of women and men in each job grade and category varies, it affects to the ratio reported.

### GRI 405-2 Ratio of basic salary and remuneration of women to men

	2018		
	Office	Operative	Retail
Europe	88%	87%	93%
Americas	76%	94%	79%
Asia-Pacific	77%	119%	94%
<b>Total</b>	82%	94%	97%

Remuneration is not included. Data reported includes all job grades within each category. Ratio of women and men in each job grade and category varies which affects to the ratio reported.

We know that there are actions we still need to take and develop to ensure that we are truly an inclusive, equal opportunity company where everyone, regardless of gender, age, ethnicity or beliefs, can feel safe and perform at their best. It is not enough to try to eliminate actual barriers, but we need to make sure that we are actively creating a culture that is truly inclusive and fair.

We exercise zero tolerance towards any kind of harassment and exclusion, and we are mindful of the need for cultural sensitivity that comes with working in an international organization.

## DIVERSITY AND EQUAL OPPORTUNITIES

### GRI 405-1 Diversity of governance bodies and employees

BOARD OF DIRECTORS	2018	2017
<b>By age group</b>		
<30	0%	0%
30-50	30%	30%
>50	70%	70%
<b>By gender</b>		
Female	40%	40%
Male	60%	60%

FISKARS GROUP LEADERSHIP TEAM	2018	2017
<b>By age group</b>		
<30	0%	0%
30-50	63%	17%
>50	37%	83%
<b>By gender</b>		
Female	63%	50%
Male	37%	50%

MANAGERS	2018	2017
<b>By age group</b>		
<30	3%	2%
30–50	64%	66%
>50	33%	32%
<b>By gender</b>		
Female	45%	45%
Male	55%	55%

DIVERSITY BY EMPLOYEE CATEGORY	2018			2017		
	Office	Operative	Retail	Office	Operative	Retail
<b>By age group</b>						
<30	3%	9%	5%	3%	10%	5%
30–50	19%	30%	7%	20%	30%	7%
>50	9%	12%	6%	8%	11%	6%
<b>By gender</b>						
Female	16%	21%	16%	16%	20%	17%
Male	15%	30%	2%	15%	30%	2%

## EMPLOYMENT

### GRI-401-1 New employee hires and employee turnover

NEW HIRES	2018		2017	
	Number of new hires	New hire rate, %	Number of new hires	New hire rate, %
<b>By age group</b>				
<30	378	29%	367	27%
30–50	394	9%	367	8%
>50	99	5%	97	5%

NEW HIRES	2018		2017	
	Number of new hires	New hire rate, %	Number of new hires	New hire rate, %
<b>By gender</b>				
Female	542	13%	520	13%
Male	329	9%	311	9%
<b>By region</b>				
Europe	560	14%	509	13%
Americas	138	13%	181	16%
Asia-Pacific	173	7%	141	5%
<b>Total new hires</b>	<b>871</b>	<b>11%</b>	<b>831</b>	<b>11%</b>

Turnover	2018		2017	
	Number of leavers	Turnover rate, %	Number of leavers	Turnover rate, %
<b>By age group</b>				
<30	281	22%	275	21%
30–50	352	8%	336	8%
>50	124	6%	97	5%
<b>By gender</b>				
Female	477	12%	457	11%
Male	280	8%	251	7%
<b>By region</b>				
Europe	399	10%	318	8%
Americas	143	13%	148	13%
Asia-Pacific	215	8%	242	9%
<b>Total turnover</b>	<b>757</b>	<b>10%</b>	<b>708</b>	<b>9%</b>



# Challenging disposability

As consumers, our consumption habits are changing rapidly.

Instead of buying as much as we can with as little as possible, more often than before we stop to consider if this is something we really need – and love.

We appreciate brands that we can trust to act responsibly and brand promises that resonate with our own personal values and beliefs.

While a lot of focus goes into the way things are being produced, nonphysical aspects are also becoming more and more important.

As a company, we do not want to promote senseless spending. We would dislike for our products to end up in landfills after a use or two.

We have no desire to constantly run after the latest trend. We want to lead the way instead of just ticking mandatory boxes.

We know we have opportunities to leverage circular economy through our lasting design, material development, waste streams and new service models throughout our value chain.

We want to make the everyday extraordinary – not just on the day you buy something, but every day.



## From linear to circular

Through our passion for the well-crafted, we make the everyday extraordinary by inventing and crafting solutions that transform everyday activities into moments of delight. Our product development is based on continuous improvement, on leveraging new techniques and methods, and on innovative solutions that make people's lives better.

We are curious to learn more about our consumers so that we can inspire them, solve their everyday problems and create meaningful experiences and unforgettable moments. At the core of our brands is design that stands the test of time thanks to its visual appeal, high quality and attention to detail. To be able to build our brands' value in the long-term and create sustainable growth, we are keen to develop new business models, materials and solutions that resonate with changing consumer needs.

Creating new business models is essential in staying relevant in the changing business landscape. Circular economy provides opportunities to create value and support Fiskars Group in resource wisdom: being more efficient and innovating new materials and technologies to mitigate the use of non-renewable materials.

For a long time, the economy at large has been linear. This means that raw materials are used to make a product, and after its use any waste—such as packaging—is simply thrown away. In an economy based on recycling, reusing and repurposing, materials are not discarded after their initial use, but are instead reused. For example, old glasses are used to make new glass, and waste paper is used to make new paper. New business models facilitate the sharing and renting of products.

And this is what circular economy is all about—preventing waste by producing new products and materials more efficiently, and then prolonging their lifecycle by reusing them. If new raw materials are needed, they must be sustainably sourced so that the natural and human environment is not damaged.

A fundamental shift is taking place in the way we as consumers think, behave and consume goods, and companies are now competing to find new responses to this rapidly changing demand. We understand that our natural resources are not infinite, and we also see the opportunities offered by digitalization, for example.

## Explorations in circular economy

Almost every household has a collection of old and well-loved tableware products, collected throughout the years or inherited from a relative. Almost as many households have, at one point, decided to rely on a specific tableware series, for example, as their family tableware. While our products are designed to last, sometimes people desire change or prefer to mix and match.

Our Scandinavian Living business has studied circular economy and explored opportunities that are available to the business. Using a strong consumer understanding as a compass, the Scandinavian Living team defined four pilot programs looking at new business opportunities, all ticking a series of boxes when it comes to consumer expectations.

In 2018 the Scandinavian Living business piloted the opportunity to bring old ceramics and glass back to a nearby store and exchange them for vouchers or cash. Three stores in Finland participated in the take-back concept. The idea of the Iittala & Arabia Market concept was to allow people to buy and sell previously owned Iittala and Arabia products through our existing channels.

People brought us Iittala and Arabia products, and their condition was then evaluated. Products were exchanged for vouchers that added up to a percentage of the product's real retail price, which depended on the condition of the products. With flawless, practically new products, consumers received a voucher with a higher value or cash back. The products we took back were either sold onwards to new consumers or recycled if their condition did not allow reselling.

The results of the pilot showed that circular economy can provide us with interesting business opportunities that resonate with the consumer. While operating sustainably we were able to find a successful business model that attracted people.

**This is such an interesting time to be in the consumer goods business. Consuming habits are shifting and we need to offer alternatives where to choose from. We are witnessing the next revolution, with new innovations popping up everywhere, disrupting the status quo in exciting ways. And we should definitely be at the forefront of this revolution."**



**Nora Haatainen**

Business Director, Scandinavian Living,  
Regional Brands & Licensing

The team plans to gradually expand the secondhand sales concept more broadly in Finland and evaluate the opportunities in e-commerce as well.

In addition to taking back and reselling products, the Scandinavian Living business has also investigated the possibility of leasing and renting our products to consumers. For example, students moving into their first home could lease their dinnerware at a fixed monthly price, and then return the set when their life conditions change.

## Materials

Lasting design is our cornerstone when we challenge disposability. For us, lasting design is about products that are manufactured in a sustainable manner and made to last for generations. We strive to offer products that promote a sustainable lifestyle, products that people enjoy using over and over again. We address global issues such as climate change and resource scarcity in many ways, most prominently with our products that stand the test of time.

Every year tons of virgin raw-materials are extracted from the earth to create new products. At the end of the product's lifecycle, most are simply disposed of and end up in landfills where they either decompose—or not.

Finding a new home for a product or recycling it to be used as raw material for new products provides an alternative to generating waste. Recycling is not a new concept, but there is a lot of untapped potential in this area from a business model perspective. Fiskars Group is constantly looking for new opportunities to increase the use of recycled or renewable materials in our products—one of Fiskars Group's sustainability targets is that by 2027 50% of all the materials we use in our products are either from recycled or renewable sources.

**"The Fiskars brand has been promoting recycling in Finland for more than a decade already. We have organized an annual recycling campaign, giving consumers an opportunity to return their old and used pots, pans and cutlery to hundreds of stores across Finland. This campaign has been very well received by both consumers and our customers, and it has become a successful tradition. Over the years, we have recycled more than 390 tons of old pans and pots."**



**Marika Orkamo**

Vice President, Brand and Integrated  
Marketing Communications for the Fiskars brand in EMEA

Our recycling partner processes the collected products, separating the different materials, and forwards them to the material supplier. The recycled material is then mixed with new material to create an optimal combination that is then used in our factory in Sorsakoski, Finland, to produce new cookware products.

Recycling is one of the many ways for the consumer to protect natural resources, and it also helps us to save energy and materials in our supply chain. Using recycled raw materials, such as steel, significantly reduces the total energy consumption compared to using virgin materials.

Other important aspects in our material development involve new innovative materials that can replace non-renewable materials, and new innovative production technologies. In 2017 a cooperation between Fiskars Group and Aalto University was started by defining shared interest areas in the long term, and the first concrete projects commenced in 2018. One of the projects was about exploring glass as a material. We were pleased with the outcome of this course, and we plan to further develop three of the proposals created by students during the project.

**"The outcome of the courses has been more than what we expected, and we are continuing to develop the work further with the design students. It proved to be a great way to open up new thinking and help develop the brands further, and to create internal momentum around innovation and experimental design within Fiskars as a company."**

**Jeremiah Tesolin**

Creative Director at Fiskars Scandinavian Living Business

As we want to ensure that the materials we use in our products are as sustainable as possible, we have set a target to have all wood used in our products to be FSC™ certified by the year 2027 or earlier, if possible. We have now taken an important step towards reaching this goal. All Fiskars gardening category tools containing wood have been authorized to be under FSC™ (C108780) certification from May



2018 onwards. This is a major milestone, as most of the Fiskars branded products belong to the garden category.

As part of this effort, we have been working on developing a common scorecard for product development across the Group. Its purpose is to help us evaluate a product's sustainability potential in the early phases of product development. The scorecard includes guidance on the use of the most common packaging and product materials and the rating of the preferred materials and materials to be avoided.

We implemented a first version of the scorecard for the materials used in products and packaging in our Living business in 2017 and during 2018 the scorecard was developed within Functional business.

## Waste

Our target is to cut all waste to landfill by 2027. Our factories have consistently worked to reduce waste to landfill for many years. In 2018 we were able to reduce the amount of waste to landfill by 52% with a total amount of 1,899 tonnes (2017: 3,955 tonnes).

One of the main achievements was the project concluded in our ceramics factory in Thailand. The challenge was that all the rejected ceramic items were taken to certified landfills. The local team searched for possible partners for both crushing and recycling of this ceramic glost ware. One crushing expert was interested to take this opportunity and suitable machinery was ordered and built. The crushed ceramic glost ware is now used as a component in refractory bricks. The first shipment to this crushing and recycling partner was initiated during Q4 2018 and we have estimated that over 360 tons of waste will be now recycled annually instead of going to landfill.



## WASTE

### GRI 306-2 Waste by type and disposal method, tonnes

	2018	2017
<b>Non-hazardous</b>		
Reuse	5,861	4,307
Recycling	7,985	8,547
Composting	10	12
Recovery	569	716
Incineration	99	150
Landfill	1,677	3,953
On-site storage	1	10
Other	364	187
<b>Total</b>	<b>16,566</b>	<b>17,883</b>
<b>Hazardous</b>		
Reuse	6	1
Recycling	7	365
Recovery	93	23
Incineration	137	142
Landfill	222	2
On-site storage	19	22
Deep well injection	1	0
Other	96	92
<b>Total</b>	<b>581</b>	<b>647</b>

The waste disposal method has been determined based on information provided by the waste disposal contractor. On-site storage has been reported to be temporary. Some of the 2017 figures updated according the information provided by the waste disposal contractor.

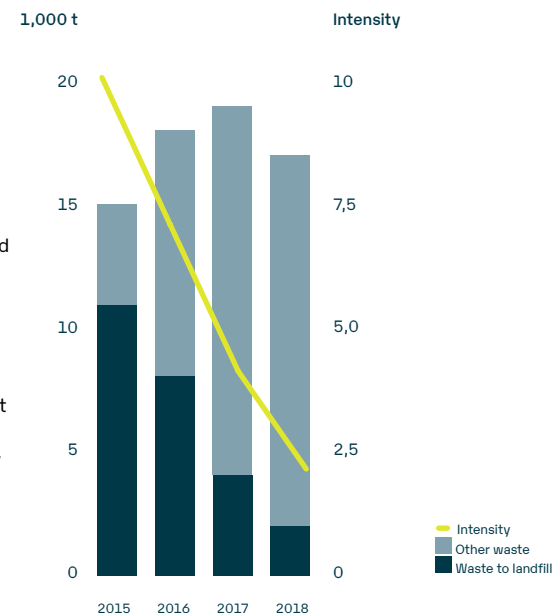
## Substances of concern

We utilize and combine different materials to create our products and behind each material combination and color there are various chemicals that each play a crucial role in enhancing the performance and durability of the product or creating a unique shade to it.

It is our highest priority to ensure that our products are safe to use and do not harm environment even when recycled. Our product development and quality teams pay a lot of attention to finding new solutions and mitigating substances of concern.

In most areas of the world, local legislation protects the consumer by setting rules for materials that can be used to create everyday products, such as kitchenware. Colors that have been commonly used in the past might be unacceptable in the future, as scientific research advances and more information on potential health impacts becomes available.

### ANNUAL WASTE & WASTE TO LANDFILL



The intensity describes waste to landfill compared to Fiskars Group's net sales. The figures from 2016 onwards describe Fiskars Group's current structure. Other waste includes waste that is for example recycled, reused or used for energy recovery.

In 2017, we conducted an assessment of substances of concern. Based on the assessment, we have put together specific plans to reduce substances of concern, for example lead and PVC. There is still some work to be done to create a holistic Group level approach. We are defining clear short-term targets to support our long-term goal of finding innovative new solutions to replace substances of concern, and to reduce the use of substances of concern by 30% by 2027.

The achievements in our ceramics factory in Indonesia are a great example of the progress we have made. After more than three years of research and development, the team has successfully developed a lead-free and low cadmium red color tone on-glaze series. The series contains 85 different red color tones—which is the maximum achievable number of red tones.

The newly developed red color series not only complies with the current legislation, with the amount of lead and cadmium well below allowed thresholds, but will also continue to be fully compliant in the foreseeable future, as we expect European legislation to further lower lead and cadmium thresholds.

This notable achievement has been a team effort, including our teams globally and our pigment supplier working closely together to develop and test different combinations.

The new innovation benefits all products and designs that require red tones, as the new on-glaze colors can be used in all markets.

# Enhancing creativity

Creativity is something that connects all people everywhere and makes us human.

We have the ability to imagine things that do not exist yet, and we can make magic happen when we set our minds to it.

From artists to gardeners, explorers to homemakers, cooks to kids, what drives us is a desire to discover and express ourselves and add meaning to our everyday.

Through our brands, we are deeply engaged in activities that are driven by people's creativity.

Our position is quite unique—we can help people create meaningful moments that elevate the everyday into something extraordinary.

We do not settle with simply selling products; rather, we want to empower and excite people to shape their own worlds.

As a company, we know that creativity feeds innovation. We want to be a safe space where new ideas have room to flourish and where we are always willing to embark on an exploration into the unknown, if we believe there is something extraordinary to be achieved.



## Enhancing the way of living

Enhancing creativity is a new topic in our renewed sustainability concept. We help people in creating meaningful moments that elevate the everyday into something extraordinary. Gardening, crafting, celebrating, designing, enjoying time outdoors, cooking and more allow people to embrace their creativity.

We see a major opportunity in helping people enhance their creativity and translate things people are passionate about through our brands. Creativity and innovation are not immune to the hectic nature of everyday life as more and more people search for ways to immerse themselves in something tangible, find fresh perspectives, and become energized and inspired by creative discoveries. Through our brands, we are deeply engaged in activities that are driven by people's creativity.

The concept of creativity embodies the positive handprint through emotional benefits that we are able to create as a counterpart to the negative footprint we are trying to mitigate. Creativity also plays a role in many of our brands' positioning as we are involved in building iconic lifestyle brands.

A universal truth uniting us all is that we have the desire to express ourselves. The importance of this desire has grown as living a good life has become increasingly challenging for many, especially in the busy modern world.

Innovation is an integral part of this topic, as we know that creativity feeds innovation. Our purpose —making the everyday extraordinary—drives us to invent and craft solutions that transform daily activities into moments of delight, and we believe that the more inspired we are, the more innovative and efficient we can become.

As a new topic in our sustainability concept, we will explore and further define what creativity means for us in 2019 and set specific targets to track our progress.

## Fostering heritage and innovating for the future

Our talented people working in crafting roles, such as glassblowers and hand painters, represent a great example of creativity. For instance, becoming a glass master is a journey that takes years of training and practice to get to a level where one can confidently reach our high quality standards with every product that is made.

It is evident that it is crucial for our brands' heritage to foster the craftsmanship and creative skills needed to manufacture our extraordinary products. To support the creativity and continuum of these unique craftsmanship skills, we arrange apprentice programs in several locations.

At the same time, as our operating environment evolves, we need to leverage sustainability and creativity in new innovations to ensure continuous development.

# Foundation of trust

The fourth dimension of our renewed sustainability concept is the foundation of trust, including material themes that are prerequisites for our operations and promote further opportunities for growth.



# Sustainability management

The world around us is changing more rapidly than ever before, and we need to be ready to respond to the changes that come in the form of new disruptive technologies, changing demographics and climate change. To be able to respond to these shifts and focus our sustainability efforts on areas where they matter the most, we saw an opportunity to refine our sustainability approach in 2018. The new sustainability concept was created using results from a stakeholder survey conducted in summer 2018, content from the United Nations Sustainable Development Goals and our business strategy.

## Materiality process

Engaging our diverse stakeholders is a priority for Fiskars Group and provides the company with insights to support our continuous development, and the delivery of our long-term targets. We believe a business cannot flourish if it is not able to meet the expectations of its stakeholders. Our stakeholders are entities or individuals that have a moderate impact on our business, or are affected by our activities, products and services, presenting both risks and opportunities.

In 2018 we conducted a web-based survey to engage our different stakeholders to share their opinions. We received nearly 2000 responses from 42 countries, the majority from our consumers and employees, and gained important insights on how we should develop our ways of working and what the key topics to work with would be. Some of the high-level topics from the survey are listed on the right in the stakeholder engagement table. Specific themes and how our different stakeholders valued them were used to form our sustainability concept (see page 7) that includes topics that are material for us.

These material topics were selected based on the stakeholder survey, the Group strategy and the UN Sustainable Development Goals. The interpretation was carried out by key internal sustainability people, relevant external surveys and Fiskars Group leadership. Topics were evaluated based on their influence on stakeholder assessments and decisions, and on the significance of economic, environmental and social impacts.

Stakeholder group	Engagement approach
Consumers	We continuously engage with our consumers through numerous touchpoints, including surveys, written communications, social media and discussions.
Customers	We work closely with our customers through dedicated account teams, joint initiatives and customer care.
Employees and potential employees	We engage with our employees through an annual employee survey, town halls, employee communications, individual development plans and a variety of Fiskars Group training sessions as well as internal and external social media.
Suppliers and subcontractors	We engage with our suppliers through site visits, annual supplier days and our audit program.
Shareholders and investors	We arrange Annual General Meeting for our shareholders, quarterly reporting and webcasts, Capital Markets Day, investor meetings and presentations, ongoing dialogue with investors and analysts.
Non-governmental organizations	Forms of engagement with NGOs include partnerships, memberships and ongoing dialogue.
Media	We engage with media through specific media events, press releases, and connecting with media influencers, including bloggers.
Research institutes, universities and vocational schools	We actively collaborate with universities and institutes, for example through our product development and with new business models.

Stakeholder expectations	Response
Strong commitment to sustainability from Group management and management as an enabler in concrete actions towards sustainable operations and innovations	This topic was also raised in our previous stakeholder survey. We are working with the new leadership team to firmly integrate sustainability into our strategy and business targets. This will support engagement and facilitate internal and external communications.
Set clear and bold goals that support Fiskars Group's strategic priorities	During 2016-2017 we concentrated our efforts on developing Group-level reporting and common reporting platforms, and created and updated relevant policies. During 2018 we redefined our sustainability approach to focus on growth and renewal. In 2019 we plan to evaluate our long-term sustainability targets to ensure they support our new concept.
More communication on sustainability with stronger messages to inspire and engage people	The redefined sustainability concept that was created in 2018 has a more focused approach with three strategic key drivers. This more focused approach supports us in creating stronger messages when implementing the new concept in 2019.
Prioritizing needed to focus on key topics that would make an impact	The target for our new sustainability concept was to prioritize our sustainability efforts on themes that support our strategy. In the new concept, we have three key drivers that integrate sustainability into our business strategy and a foundation of trust, including topics that are prerequisites for our operations and provide further opportunities for growth.
Courage to experiment and trial new ideas	This has been identified in our renewed sustainability concept as we focus our efforts on innovation and creativity.
Clear governance model including allocated roles and responsibilities	A new sustainability governance model was introduced in 2016, and it was implemented during 2017. The Sustainability Leadership Team gathered five times during 2018. The Fiskars Group Sustainability approach was covered by the Fiskars Group Leadership Team and the Board of Directors during the year. We will look further for opportunities to develop in 2019.
Plastics in packaging and in products	During 2018 our product development and packaging teams explored more sustainable and renewable options that meet our high quality standards.

Stakeholder expectations	Response
Manufacturing location	Fiskars Group manufactures products in its own factories and together with partners. The manufacturing location and working conditions in factories were raised in the stakeholder survey. We aim to increase transparency further and communicate more of our responsible manufacturing and quality standards.

## UN Sustainable Development Goals

As a part of the sustainability concept renewal, we wanted to seize the opportunity to integrate the United Nations Sustainable Development Goals (SDGs) into our updated sustainability concept. These 17 SDGs were adopted by all UN Member States in 2015, as a part of the UN's 2030 Agenda for Sustainable Development.

We acknowledge that business cannot thrive in a world of poverty, inequality, unrest and environmental stress, so it is vital for us to ensure that we contribute to the SDGs that are relevant to us. During the SDG analysis we noticed that we are already addressing issues included in the SDGs, but as these SDGs are also becoming of interest to our investors and other stakeholders, we wanted to invest in analyzing our positive and negative impacts on the SDGs. During this process we were also able to identify new areas that could be business opportunities for us in the future.

During 2018 we initiated work around the SDGs as part of our materiality process. When defining the material topics for us, the UN SDGs were considered part of the process and their role will be further deepened in 2019 when we evaluate long-term sustainability targets.

In this report we have included the three SDGs that are most relevant to our concept. These will be better integrated into our sustainability targets during the update in 2019.

## Relevant SDGs for Fiskars Group

Our work with the Sustainable Development Goals started by analyzing the most relevant ones for our business. We used both external tools and materials published by the UN to dig deeper into each SDG and related sub-targets. The main tools and guidance used in the process were SDG Lens by DNV GL and SDG Compass developed by GRI, the UN Global Compact and the World Business Council for Sustainable Development.

Through the SDG impact assessment, we identified three SDGs that were clearly relevant for us throughout the entire value chain with both positive and negative impacts. Two SDGs seemed to be applicable on some level, but we need to understand them better by mapping the potential negative and positive impacts. There were also some SDGs that could be more relevant for our business in the future, depending on how our business evolves over time.

The first SDG that we identified as important for us is number 12, Responsible consumption and production. As a consumer goods company we have a crucial impact on and the capacity to affect people's consumption habits. In general, producing and selling products could be seen as a negative impact, but through our sustainable production, our products that last for generations, and possibilities around a new sustainable service-based business model, our potential to influence is considerable.

We are already developing our environmental performance in terms of materials, substances of concern and waste management. There is still a lot to do and we could also expand our approach through a better understanding of different topics, such as the lifecycle of our products and the impact of sustainable service models. We will further integrate SDG number 12 into our action plans and targets during our target renewal in 2019.

The second SDG we have pinpointed is number 13, Climate change. Our current core business is to produce products and deliver them to our customers and consumers through our supply chain. In each link of the value chain, from raw material extraction to the end-of-life of our products, we have a negative impact on climate change in the form of CO<sub>2</sub> emissions. On the other hand, we have already worked to reduce our negative impacts and through our lasting design and new business models around circular economy, we are able to achieve further positive impacts.

The third material SDG is number 10, Reduced inequalities. Fiskars Group employs 7,600 employees and there is an even more significant number of people working in our value chain. For us diversity and equal treatment of all people are top priorities. On the other hand, we also have a responsibility to reduce inequalities and without adequate action, we might have a negative impact on this goal.

All of these three SDGs will be further integrated into our sustainability concept in 2019 when we renew our long-term sustainability targets. We will also look deeper into the potential of the two other SDGs that were identified as possibly being relevant to us. We believe that choosing pertinent SDGs and integrating them into the sustainability concept, targets, and action plans will support our work and help us to better communicate our focus areas.

## FISKARS GROUP IMPACT ON SDGS



Through the SDG impact assessment, we identified three SDGs that were clearly relevant for us throughout the entire value chain with both positive and negative impacts.

# Sustainability governance

## SUSTAINABILITY GOVERNANCE IN 2018



To ensure clear responsibilities and focus, Fiskars Group has a governance model on how sustainability is managed throughout the company. The need for the clarification of sustainability governance was one of the topics raised in the stakeholder survey. As part of our target setting in 2019, we will review our current sustainability governance as well.

Established in 2017, the Sustainability Leadership Team includes representatives from both Strategic Business Units, supply chain and global functions. In 2018 the team met five times to discuss and review our progress against the KPIs we have set for ourselves.

The Board of Directors is the ultimate decision maker and approves Fiskars Group's sustainability approach and ambition level. The Board of Directors also regularly evaluates progress against the key performance indicators, and conducts a comprehensive review of the sustainability approach and ambition once a year.

The Fiskars Group Leadership Team sets the ambition level for Fiskars Group's sustainability approach, and signs off the sustainability report, compliance and data. Sustainability is on the Leadership Team's regular agenda, and in 2018 they, for example, signed the new sustainability concept and relevant SDGs.

The Strategic Business Units and supply chain are responsible for integrating sustainability into business strategies, operations and brands' purpose. The Strategic Business Units also contribute and advance sustainability in dedicated leadership team meetings.

We also have people who operate as sustainability contributors, focusing on sustainability-related topics in alignment with KPIs. These contributors have a key role in managing sustainability focus areas, gathering data and reporting.

The Ethics Advisory Group works with Fiskars Group Leadership to foster a culture of high ethical conduct within Fiskars Group. It reviews, approves and assesses the Code of Conduct and Anti-Corruption and Anti-Bribery programs and other communication initiatives to ensure effective and efficient implementation.

# Economic performance

## ECONOMIC PERFORMANCE

### GRI 201-1 Direct economic value generated and distributed, EUR million

	2018	2017
<b>Customers</b>		
Sales	1,119	1,186
<b>Suppliers</b>		
Operating costs	699	735
<b>Employees</b>		
Wages and benefits	308	315
<b>Public sector</b>		
Corporate income taxes	27	26
<b>Shareholders</b>		
Payments to providers of capital	60	87
<b>Creditors</b>		
Interest	3	4
<b>Communities</b>		
Sponsorship and donations	0.4	0.6
<b>Economic value retained</b>	<b>22</b>	<b>17</b>

Information reported in Disclosure 201-1 is based on audited financial data.



## TAXES

### Fiskars disclosure: Income taxes paid, top 5 largest countries, EUR million

	2018	2017
Denmark, Finland, U.S.,Indonesia, Sweden	21	
U.S, Denmark, Finland, Poland, Sweden		22

Tax information reported is based on audited financial data.

## Tax strategy

The Fiskars Group tax strategy is based on our aim to be responsible corporate citizens in the communities where we operate, and to fulfill our responsibilities towards shareholders, employees, customers and suppliers.

The core of our tax strategy is to pay the right amount of tax at the right time to the right tax authorities, respecting all the applicable tax laws of the countries where we operate.

The Fiskars Group Tax team works closely with the businesses to identify and manage business and technical tax risks to create a sustainable yet business feasible platform for operations. The tax team is involved in business changes already in the planning phase to ensure the alignment and appropriate compliance of tax rules and regulations.

All business planning at Fiskars Group is based on business needs. Our tax planning is aligned with our business models. We consider tax implications as part of the decision-making process and ensure that transactions and structures are treated based on their commercial substance. Our business, investment and location planning is primarily driven by commercial needs. We may utilize available tax incentives when they are aligned with our business and operational objectives.

Our transfer pricing principle is to apply arm's length transfer prices to intra-group transactions to reflect where value is created in the Group, and which jurisdiction has the right to tax the profits.

We foster relationships with tax authorities based on mutual transparency and trust in all the jurisdictions where we operate. We may seek advice or advance rulings in situations subject to interpretation and apply judgment based on facts.

To operate efficiently and to manage risks, we employ tax professionals, both internal and external, to manage our compliance obligations. Our aim is to set up systems, processes and controls to ensure efficiency of our compliance functions.

Tax legislation and compliance requirements are subject to constant change in our operating environment. Fiskars Group monitors changes in tax legislation and regularly review tax affairs and risk management procedures to ensure that Fiskars Group can identify, assess and mitigate tax risk.

As part of protecting shareholder value, we act with integrity in all tax matters and accurately report the Group's tax position to our shareholders and other stakeholders.

# Ethical business practices

Our vision is to have a lasting, positive impact on our quality of life. To drive towards our vision, we follow certain ways of working and focus on operating in a unified way throughout our global operations. Our Code of Conduct lays out the expectations and guiding principles for appropriate workplace behavior, helping employees understand how to do business in a safe, sustainable, ethical and efficient manner. The Code of Conduct is the primary everyday tool, which we have complemented with other policies and globally acknowledged guidelines and principles.

## Code of Conduct and Ethics and Compliance Helpline

The Fiskars Group Code of Conduct lays out the expectations and guiding principles for appropriate workplace behavior, helping all employees understand how to do business in an ethical, safe, sustainable and transparent manner. At Fiskars Group, the Code of Conduct is used as an everyday tool, providing guidance on a variety of topics we consider important for our business.

To make sure everyone at Fiskars Group knows how to operate in their day-to-day work and deepen their knowledge on important matters such as health and safety, data protection, and anti-bribery and corruption, we organize mandatory training sessions for all employees. Every second year we train all our employees and in the year between, all new employees. In 2018, the Code of Conduct training level was 98.5%.

The new Ethics and Compliance Helpline was introduced in 2018. The third party provided platform is a confidential and anonymous whistleblowing channel for all our employees to report any workplace-related issues and complaints or suspected violations of the Code of Conduct. All suspected violations and occurrences of misconduct are handled confidentially by our Compliance Officer and Ethics Advisory Group.

The Ethics Advisory Group meets two times a year to review topical issues related to our Code of Conduct, Anti-Corruption and Anti-Bribery programs, and violations reported through whistleblowing, or other ways to our Compliance Officer. It is responsible for policies, instructions, and guidelines related to these themes. The Group consists of the President and CEO, CFO, CHRO, General Counsel, and Compliance Officer.

During 2018 we received in total eight complaints or suspected violations through the Ethics and Compliance Helpline. Overall, our internal audit investigated 18 cases of suspected violations. The cases were related to claims against the reorganization process, misuse of company funds, stealing products, violation of safety instructions, misuse of personnel benefits, data security breach, management practices and sexual harassment. 14 of the cases were investigated, resolved, and closed during 2018. Four of the cases are still under investigation or being followed up.

## Supplier Code of Conduct

The Fiskars Group production strategy is based on combining our own manufacturing operations with those of our selected suppliers. Our goal is to build a strong supplier network that can satisfy our business needs and meet our corporate values and expectations regarding social and environmental requirements.

The Fiskars Group Supplier Code of Conduct (SCOC) outlines the non-negotiable minimum standards Fiskars Group requires all its suppliers to comply with when doing business with the company, illustrating the values and principles that are core to Fiskars Group operations worldwide. Topics covered in the SCOC cover important topics such as health and safety, environmental protection, and human and labor rights.

It also describes Fiskars Group's commitment to international conventions such as the United Nations Guiding Principles on Business and Human Rights, the fundamental conventions of the International Labour Organisation (ILO), OECD Guidelines for Multinational Enterprises and the 10 principles of the UN Global Compact.

## Competition Compliance

In any market, competition between companies is only natural. Since there are some important rules we must follow to keep the play fair, we introduced the renewed Fiskars Group Competition Compliance program in 2018 to help everyone learn the basics. Training was mandatory for sales, marketing, product development and sourcing teams as well as for those who belong to Group management.

Competition law – also known as antitrust law – is always applied when we do business with our suppliers, retailers, distributors or cooperation parties. It does not only affect the contracts, discounts and market shares we deal with, but also impacts the way we can market our products or communicate internally and externally.

**"Conducting business in the right way is the only way for us to do business. What's best for the consumer is in the essence of competition law. In that way, advancing fair competition is embedded in the strategy of Fiskars Group as well. Integrity and accountability are our values and in order to live by them, we also need to know how we should act—what's required and what is to be avoided."**



**Päivi Timonen**

General Counsel at Fiskars Group

## External initiatives and memberships

We honor and promote universal human rights and equal opportunities in everything we do. To demonstrate our commitment, Fiskars Group joined the United Nations Global Compact, the world's largest corporate sustainability initiative, in 2016. Fiskars Group also actively participates in the local UN Global Compact network in Finland.

International standards and guidelines create an important foundation for Fiskars Group's quality, environment, health and safety (QEHS) management. Our manufacturing units, distribution centers and our suppliers use the quality management standard ISO 9001, environmental management standard ISO 14001 and health and safety standard OHSAS 18001.

Currently 88% (2017: 80%) of our manufacturing units are ISO 9001 certified and 81% (13%) of them are ISO 14001 and OHSAS 18001 certified. We managed to significantly increase the number of OHSAS 18001 certified manufacturing units during 2018. The certifications will be expanded to cover more of our manufacturing units and distribution centers in the future.

## Fiskars Group's main memberships in industrial organizations and in national or international advocacy organizations during 2018

- International Chamber of Commerce (ICC)
- Federation of Finnish Technology Industries
- The Finnish Society of Crafts and Design
- The Chemical Industry Federation of Finland
- The Finnish Risk Management Association
- FIBS - Corporate Responsibility Network
- Global Compact Finland Network
- Outdoor Industry Association
- Association of the Museum of Technology
- Taxpayers Association of Finland
- Horticultural Trades Association
- International Trademark Association
- Finnish Quality Association

# Human rights

Fiskars Group has an important opportunity to influence people's lives throughout our value chain. We respect human rights in everything we do and recognize the equality of the people with whom we interact. Integrity is one of Fiskars Group's four core values, and every leader and employee is expected to demonstrate integrity in their everyday work.

As a participant in the United Nations Global Compact, Fiskars Group is committed to mitigating adverse human rights impacts and to working against corruption and bribery.

Our approach to human rights is defined in Fiskars Group's policies, which also serve as the foundation for the implementation of targets related to human rights. The Fiskars Group Code of Conduct and related training provide a detailed description of our approach to doing business in an ethical way and respecting human rights, including working conditions, labor rights, anti-corruption and bribery, and safety at work. Our people receive regular training on the Code of Conduct to increase their awareness and ability to implement our principles in their everyday work.

We expect the same values and high ethical standards from our suppliers and partners. The Fiskars Group Supplier Code of Conduct outlines the standards all our suppliers and partners must meet in order to do business with Fiskars Group. Supplier sustainability audits help us to assess and control human rights topics in our supply chain.

Human rights related risks are mainly seen as financial, compliance and reputational risks, but Fiskars Group also sees them as an operative risk. The main risks for us are the non-compliant management of our suppliers and the inability to also cover their suppliers. Currently we are managing the effectiveness of the human rights management approach by following our risk management and incidents of non-compliance.

In 2017, we initiated a human rights gap analysis and continued the work in 2018. We have been evaluating our performance against the United Nations Guiding

Principles on Business and Human Rights to have a clear understanding of how human rights are integrated into our current policies and processes, and what the possible risks and opportunities are. The analysis continues, and based on preliminary results, there remains work to be done to develop our global policies and processes from a human rights perspective.

The results will be combined in early 2019 to formulate a roadmap and plan for the human rights impact assessment.

# Health and safety

Ensuring the safety and wellbeing of our employees and the people involved in our value chain is a key priority. We place a high emphasis on ensuring that everyone at Fiskars Group is effectively trained to carry out their duties in a safe manner.

We aim to actively promote a culture of zero harm and believe that safety is our shared responsibility. Health and Safety is an integral part of our management system. We encourage safety leadership at every level of the organization. We also encourage people to be proactive and take their responsibility seriously, in order to prevent accidents and work-related illnesses.

We recognize that it is our responsibility to ensure that safety is never compromised by our actions. Our key principle is "Safety First." Fiskars Group maintains an organizational structure for the management of health and safety, including lines of communication, networking channels, cooperation, collaboration and the clear identification of roles and responsibilities for all employees.

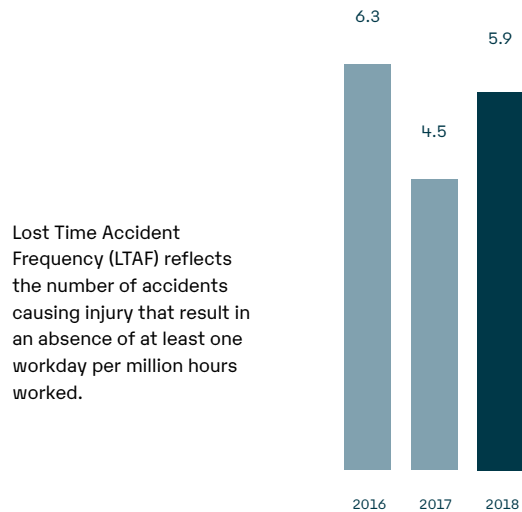
We undertake regular safety inspections and audits, and report our health and safety performance each month in order to indicate the effectiveness of our management system. We also actively identify and implement examples of best practices identified through the auditing process or through feedback from our internal network of experts.

We expect leadership teams to conduct regular reviews on health and safety performance to ensure that adequate resources are available to effectively manage health and safety and to drive our health and safety culture and process of continual improvement.

Our Supplier Code of Conduct outlines our expectations regarding our suppliers' health and safety standards, and every supplier must sign and commit to it to be able to do business with Fiskars Group. We arrange annual workshops for our suppliers to enhance awareness of and best practices in occupational health and safety.

In 2018, we worked to create a roadmap for safety management and continued to develop the global reporting platform. We also organized our very first global Fiskars Group Safety Day to celebrate efforts to ensure that we are doing everything in our power to prevent any accidents and incidents, and to remind ourselves that it is a shared responsibility to keep everyone safe in our everyday.

### LOST TIME ACCIDENT FREQUENCY



Lost Time Accident Frequency (LTAF) reflects the number of accidents causing injury that result in an absence of at least one workday per million hours worked.

We continued the development of our global safety reporting and in 2018 we implemented a new platform for reporting, enabling us to more easily track progress.

Fiskars Group's safety target for 2027 is to have zero Lost Time Accidents, taking into account not just our own employees, but our contractors and key suppliers as well.

Lost Time Accident frequency (LTAF) increased to 5.9 (2017: 4.5) also Lost Day Rate (LDR) was higher than last year, 36.9 (28.6). It was a challenging year with a number of accidents in certain sites and the results demonstrate the necessity to further develop safety culture and prevent accidents, in order to reach our zero Lost Time Accidents target.

One important way to promote safety at work is to encourage people to report any hazards spotted in their working environment. All these observations are recorded and actions are taken to mitigate the hazards. During 2018 our employees and contractors reported 3080 (2940) safety observations.

### OCCUPATIONAL HEALTH AND SAFETY

#### GRI 403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities

##### Own employees

TYPES OF INJURY	2018	2017
Amputation	0%	1%
Cuts, grazes & bruises	58%	61%
Fractures	2%	3%
Strains, sprains, pulled muscle	26%	16%
Back injury	2%	1%
Eye injury	2%	3%
Head injury	1%	3%



TYPES OF INJURY	2018	2017
Burns	3%	3%
Skin rashes, soreness or inflammation	0%	2%
Cumulative strain injury	0%	2%
Mental harm	0%	0%
Asphyxia	0%	0%
Other	6%	6%
<b>Total</b>	<b>100%</b>	<b>100%</b>

INJURY RATE	2018	2017
<b>By region</b>		
Europe	4.8	3.4
Americas	16.5	9.9
Asia Pacific	1.8	1.3
<b>By Strategic Business Unit</b>		
Living	3.1	2.2
Functional	10.0	6.0
<b>Total</b>	<b>5.4</b>	<b>3.5</b>

Includes lost time, restricted work, medical treatment and first aid accidents. 2017 figures corrected, some sites had included contractor accidents that were moved to contractors' report.

OCCUPATIONAL DISEASE RATE (ODR)	2018	2017
<b>By region</b>		
Europe	0.0	0.0
Americas	0.0	0.2
Asia Pacific	0.0	0.0
<b>By Strategic Business Unit</b>		
Living	0.0	0.0
Functional	0.0	0.1
<b>Total</b>	<b>0.0</b>	<b>0.0</b>

No occupational diseases diagnosed during 2018.

LOST DAY RATE (LDR)	2018	2017
<b>By region</b>		
Europe	62.3	52.0
Americas	56.3	29.1
Asia Pacific	1.3	1.2
<b>By Strategic Business Unit</b>		
Living	11.5	28.0
Functional	88.2	29.6
<b>Total</b>	<b>36.9</b>	<b>28.6</b>

2017 figures are corrected, some sites had included contractor accidents that were moved to contractors' report.

LOST TIME ACCIDENT FREQUENCY (LTAF)	2018	2017
<b>By region</b>		
Europe	10.9	7.7
Americas	5.3	5.2
Asia Pacific	0.8	1.0
<b>By Strategic Business Unit</b>		
Living	2.9	3.3
Functional	11.9	7.2
<b>Total</b>	<b>5.9</b>	<b>4.5</b>

Lost time accident frequency (LTAF) reflects the number of injuries resulting in an absence of at least one workday per million hours worked. Reporting by gender is not significant for Fiskars Group.

ABSENTEE RATE (AR)	2018	2017
<b>By region</b>		
Europe	7.1	7.4
Americas	1.4	4.0
Asia Pacific	2.2	2.3
<b>By Strategic Business Unit</b>		
Living	4.2	4.4
Functional	4.5	5.8
<b>Total</b>	<b>4.3</b>	<b>4.9</b>

Absentee days lost are expressed as the percentage of total days scheduled to be worked by the workforce. An employee is considered absent from work because of incapacity of any kind, not just as the result of work-related injury or disease. Permitted leave absences such as holidays, study, maternity or paternity leave, and compassionate leave are excluded. Refers to a measure of actual absentee days lost expressed as a percentage of total days scheduled to be worked by the workforce for the same period.

FATALITIES	2018	2017
<b>Total</b>	<b>0</b>	<b>0</b>

SAFETY OBSERVATIONS AND NEAR MISSES	2018	2017
<b>Safety observations</b>	<b>3,080</b>	<b>2,940</b>
Near misses	300	758

Safety observations are unsafe behaviors and violations of safety rules observed within the workplace. A Near miss is an unplanned accident that did not result in injury, illness, or damage, but had a potential to do so.

Since the safety observations and near misses were previously reported together, in 2017 -there was uncertainty between the definitions of Safety Observations and Near Misses, resulting in a high figure reported in 2017. During 2018 we conducted trainings for the sites and also increased awareness supported the decrease in near misses reporting.

#### Non-Fiskars Group employees (contractors)

TYPES OF INJURY	2018	2017
Amputation	0%	0%
Cuts, grazes & bruises	50%	50%
Fractures	0%	0%
Strains, sprains, pulled muscle	0%	50%
Back injury	0%	0%
Eye injury	0%	0%
Head injury	0%	0%
Burns	0%	0%
Skin rashes, soreness or inflammation	0%	0%
Cumulative strain injury	0%	0%
Mental harm	0%	0%
Asphyxia	0%	0%

TYPES OF INJURY	2018	2017
Other	50%	0%
<b>Total</b>	100%	100%

INJURY RATE (CONTRACTORS)	2018	2017
<b>By region</b>		
Europe	0.0	1.3
Americas	0.0	2.9
Asia Pacific	2.4	7.7
<b>By Strategic Business Unit</b>		
Living	1.7	4.2
Functional	0.0	1.6
<b>Total</b>	0.8	3.0

Includes lost time, restricted work, medical treatment and first aid accidents. 2017 figures corrected, some sites had included contractor accidents that were moved to contractors' report.

FATALITIES (CONTRACTORS)	2018	2017
<b>Total</b>	0	0

# Learning and development

We at Fiskars Group want to provide our employees opportunities to build their own competences and careers. We believe in promoting internal talent, in learning on the job and in networks with peers, accompanied by formal learning opportunities. For each category, Fiskars Group has developed several initiatives to enable learning, including apprentice programs, courses, coaching and a mentoring program.

The Fiskars Group's learning philosophy is based on a classic 70-20-10 principle, which means that 70% of learning happens on the job, 20% when learning together with others, and only 10% of learning comes from courses or other formal studies.

## Learning on the job

Learning starts from everyone's everyday work. We must continuously seek ways to perform our jobs better to respond to changing demands and challenges. Acknowledging this is the first step—after that it is up to everyone to take the lead and drive their own development. We believe learning can be about taking small steps out of one's comfort zone through a new project or task, or it can be about questioning the status quo and improving ways of working with a new perspective. It is about trying out ideas, failing fast and learning fast, and embracing the risk of mistakes.

Fiskars Group supports on-the-job learning with several global programs. We have apprentice programs to help our experts transfer their skills and knowledge to new people eager to learn a new profession.

Our talented people working in craftsmanship are a great example of the benefits of learning on the job. We have apprentice programs in Finland, UK, Ireland, and Slovenia to help us maintain, develop and transfer special skills our craftspeople have learned over the years, such as unique techniques related to glass blowing, engraving and painting.

For instance, becoming a glass master is a journey that requires a strong will and perseverance. The quality of handmade glass is in the details, such as the thickness or weight of the glass; getting these right requires experience, an extraordinary understanding of the material and how it behaves. It takes years of training and practice to get to a level where one can confidently reach our quality standards with every product that is made.

## Learning from each other

Whether in a formal or casual setting, we all accumulate a lot of knowledge and build our perspectives throughout our working lives. At Fiskars Group, we believe that skills and competences learned from other people are by nature richer than information learned from textbooks.

To help people find ways to learn from one another, Fiskars Group invests in many learning opportunities, such as a mentoring program that pairs junior and senior employees, Leader360 feedback and evaluation, and team development activities.

Mentoring in particular has been very popular, and in 2019 there are around 40 pairs working with many topics, from ceramic production to career development. Mentoring has enabled our employees to take new perspectives and understand their own work as a part of a bigger entity. It has helped many mentees to see where their next career steps could be and how they can grow within Fiskars Group.

## Learning by studying

Fiskars Group has a global learning development platform and it has been designed to support Fiskars Group's business objectives. We have several online learning opportunities that can be completed anywhere, anytime. Some of our training is mandatory for all our employees, such as learning the Fiskars Group Code of Conduct.

We offer several targeted deep dive training sessions to inspire and develop our people. For example, Leadership Core training is about values-based leadership and it is built on a simple belief: if you are going to lead others, you first need to lead yourself.

### GRI 102-8 Information on employees and other workers

TOTAL NUMBER OF EMPLOYEES	2018			2017		
	Permanent	Temporary	Total	Permanent	Temporary	Total
<b>By gender</b>						
Female	3,567	513	4,080	3,507	588	4,095
Male	3,377	158	3,535	3,452	175	3,627
<b>By region</b>						
Europe	3,565	373	3,938	3,560	362	3,922
Americas	1,070	11	1,081	1,083	20	1,103
Asia-Pacific	2,309	287	2,596	2,316	381	2,697

TOTAL NUMBER OF EMPLOYEES	2018			2017		
	Full-time	Part-time	Total	Full-time	Part-time	Total
<b>By gender</b>						
Female	3,183	897	4,080	3,165	930	4,095
Male	3,405	130	3,535	3,504	123	3,627

The data has been collected through our Global HR system. Fiskars Group does not collect this kind of information regarding workers not categorized as employees in global HR reporting. The percentage of Fiskars' activities performed by workers not categorized as employees is considered nonsignificant.

Fiskars Group did not have any significant seasonal variations in the employment numbers during the reporting period.

## TRAINING AND EDUCATION

### GRI 404-3 Percentage of employees receiving regular performance and career development reviews

	2018	2017
<b>By gender</b>		
Female	32%	32%
Male	32%	33%
<b>By category</b>		
Office	97%	96%
Retail	5%	5%
Operative	3%	2%
<b>Total</b>	<b>32%</b>	<b>32%</b>

# Engaging people and communities

We are committed to offering a safe and engaging working environment for all our employees. We have implemented Lean methodologies at our sites and work in collaboration with our teams to continuously improve our processes. In 2018, we implemented countless small local improvements that contribute to overall well-being, starting from risk reduction measures within the workplace to sponsored sports clubs and employee celebrations.

Throughout our history, we have also been closely involved in the everyday life of the communities where we operate. Today, over 100 artisans call Fiskars Village home and it has become one of Finland's top creative hubs and tourist attractions.

As a part of Fiskars Group's real estate assets, including the Fiskars Village, the group owns sustainably managed FSC™-certified (FSC™ C109750) and PEFC™-certified (PEFC / 02-21-18) forests. Both FSC™ and PEFC™ certification systems promote the responsible and sustainable management of the world's forests. The unit's income consists mainly of timber sales and rental income.

A key component in our sustainability efforts is engaging with our different stakeholders and supporting the communities where we operate. We know that it is possible to both drive positive change and to bring value to our business and brands.

Our Community Engagement Policy was redefined in 2017 and we will update it according to our new sustainability concept in 2019. The global framework, including a tool to assess impacts and a platform for global reporting, will be developed to support us in driving positive change in the communities where we operate and in bringing value to our business and brands.





## FISKARS GROUP

Fiskars Group has been a proud partner of SOS Children's Villages in Finland since 2012. The organization helps families by providing early intervention, open care and foster care, with an ambition to support young people as they overcome challenges and become independent young adults. Through the partnership, Fiskars Group supports young people moving from SOS Children's Village to their first homes. In addition, we continued to offer our consumers an opportunity to donate when making a purchase at our Arabia and Iittala stores in 2018.

In 2018 Fiskars Group made a donation of EUR 50,000 to Arcada University of Applied Sciences and EUR 50,000 to Novia University of Applied Sciences. With the donation we want to nurture the next generation of talents and enhance creativity.



## FISKARS BRAND

Fiskars has partnered with the Boys & Girls Clubs of America (BGCA) over the past six years. The partnership includes donations to support arts and crafts programming in Clubs nationwide, and support of annual events like BGCA's Back-to-School Campaign and the Youth of the Year Event.

The Project Orange Thumb Teacher Grant Program is intended to recognize teachers who share a passion for fostering creativity through hands-on learning. The goal of these grants is to help set students up for success by supplying teachers with the tools they need to provide a positive learning environment. We chose 50 teachers to receive USD 500 plus tools for their classroom.

Since 2002, Project Orange Thumb has provided tools and resources to help communities reach their goals for collaboration, neighborhood beautification, and healthy, sustainable food sources



## GERBER

Gerber announced a long-term partnership with Team Red, White, and Blue (Team RWB). The multi-year program directly supports the organization's mission of enriching the lives of America's veterans by connecting them to their community through physical and social activity. Gerber's contributions include financial support and product donations that will help enable outdoor events for chapters throughout the United States.



## ARABIA & FISKARS BRANDS

Arabia and Fiskars brands sponsored Pink Ribbon in Finland. Money was raised to prevent and cure breast cancer through campaign products, such as Arabia Suomen Kukka and Esteri mugs, and pink Classic scissors. From every campaign product sold, we donated one euro to cancer prevention work.

# Responsible supplier management

In today's world, the consumer is more conscious than ever before of the impacts of their purchasing habits. People want to trust companies to operate in a sustainable and ethical manner.

Fiskars Group is building a strong supplier network that can meet our business needs as well as our corporate values and expectations regarding social and environmental requirements.

We use a variety of raw materials, components and services to create our extraordinary products and bring them to consumers. We utilize a balance of own and external manufacturing for finished goods. Carefully managing the sourcing and purchasing of these ingredients is incredibly important in building a sustainable business.

Fiskars Group sources finished goods from suppliers located in Europe, North America and Asia, and the biggest sourcing countries are China, Taiwan, Thailand and Vietnam. During 2018 we audited 44% (2017: 32%) of all active finished goods suppliers under global sourcing.

## Fiskars Group policies related to sustainable sourcing

Fiskars Group Supplier Code of Conduct (SCOC) outlines the non-negotiable minimum standards Fiskars Group requires all its suppliers to comply with when doing business with Fiskars Group, illustrating the values and principles that are core to Fiskars Group's global operations. The SCOC covers important topics such as health and safety, environmental protection, and human and labor rights.

It also describes Fiskars Group's commitment to international conventions such as the United Nations Guiding Principles on Business and Human Rights, the fundamental conventions of the International Labour Organisation (ILO), OECD Guidelines for Multinational Enterprises and the 10 principles of the UN Global Compact.

Fiskars Group's sourcing organization and other people dealing with external suppliers are now guided by the new Sourcing and Purchasing policy created in 2018. It is an important guideline for all employees in managing indirect spend, buying goods and services. The policy has been put into place to ensure that Fiskars Group follows a professional, controlled and sustainable sourcing and purchasing process, for services and materials provided by external suppliers.

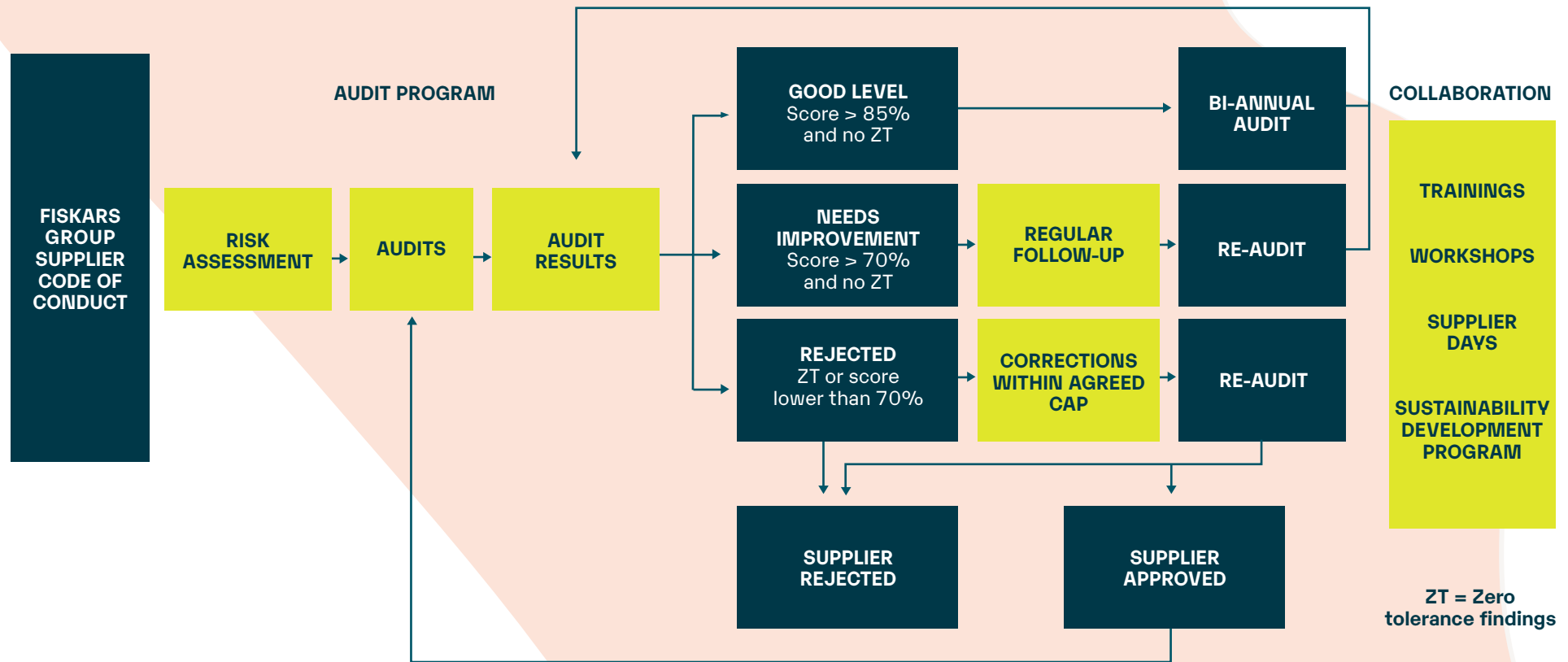
## Supplier sustainability audit program

Fiskars Group established a supplier audit program as early as 2011, and it has been continuously developed since then. The decision to conduct an on-site audit is based on a risk assessment that takes into consideration the country risk, the size of the business and the industry. All suppliers in high risk countries are audited on-site by Fiskars Group. Fiskars Group has a professional team of four auditors that perform audits in the Far East and Southeast Asia. In addition, we use third party audit services to complement our own audits when needed.

An audit consists of document reviews, factory tours, and workers' interviews. Questions are divided into three levels of significance (zero tolerance, normal, advanced) and results are expressed as a percentage score.

In 2018, we conducted 66 (2017: 57) audits on our finished goods suppliers. Since the beginning of the Fiskars Group Auditing Program in 2011, we have conducted approximately 500 on-site supplier audits and closed over 160 zero tolerance cases. We have further extended our supplier risk assessment to cover second-tier suppliers in 2017.

## RESPONSIBLE SUPPLIER MANAGEMENT



## Partnering beyond auditing

Our suppliers' operations and workers have an important role in creating our extraordinary products and it is crucial for us to ensure and support our suppliers in conducting business sustainably. We support them in their efforts for energy and material efficiency, reducing CO<sub>2</sub> emissions and creating a safe workplace.

In 2018, we piloted a new form of collaboration by joining forces with one of our key suppliers in China. With an external partner, we arranged workshops on occupational health and safety and parenting skills to raise awareness and engage factory workers. Approximately 400 of our supplier's factory workers participated in the workshops, which were well received. We are looking for opportunities to continue this kind of partnership with our suppliers in the future.

As environmental regulation becomes stricter in China, we support our suppliers in implementing the best technologies available at their factories. For instance, in 2018, we supported our supplier in investigating the operational process and team management of a recently upgraded effluent treatment plan. Through this collaboration, they now have clear written procedures and records as well as a trained team in an onsite lab that runs weekly tests on effluent discharge.

We have also been working with the Institute of Public Environment (IPE), a non-governmental organization specialized in collecting and publishing environmental data in China. We have utilized their databases to monitor the environmental related legal compliance of our suppliers in China. In case any such violation is detected from their database, which the IPE collects from government reports and websites, we will require immediate actions from our suppliers and provide our support during the remedy process. We piloted this at the beginning of 2017 and in 2018 we already have established a process and demonstrated our ability for quick response. During 2018, we have managed to support our suppliers in responding and taking actions to address six instances of such environmental legal violations.

To support our key suppliers in their efforts to be efficient in terms of energy and materials, manage waste sustainably and reduce CO<sub>2</sub> emissions, we piloted data gathering from a few of our key suppliers. They completed the environment, health and safety (EHS) reporting template that we also use internally. We noticed that some of our suppliers have their own dedicated reporting systems that have already proven to be reliable, while some would need further support in developing their

reporting. Our work continues and in 2019 we plan to extend the reporting to a broader group of suppliers.

## SUPPLIER SOCIAL ASSESSMENT

### GRI 414-1 New suppliers that were screened using social criteria

	2018	2017
New suppliers screened	100%	85%

100% of new finished goods suppliers were audited based on our Supplier Code of Conduct as a part of the Fiskars Group Audit Program.

## SUPPLIER ENVIRONMENTAL ASSESSMENT

### GRI 308-1 New suppliers that were screened using environmental criteria

	2018	2017
New suppliers screened	100%	85%

100% of new finished goods suppliers were audited based on our Supplier Code of Conduct.

## SUPPLIER SUSTAINABILITY AUDITS

### Fiskars Group topic

	2018
Average audit result	80%

We conducted 85 supplier audits in 2018. Average audit results are based on our scoring system and audit checklist. We have been tracking average audit results internally and this is the first year we are also reporting this externally. The number indicates the level of how our suppliers are performing in different areas of sustainability. Furthermore, we conduct re-audits, so the figure indicates how the sustainability performance is developing as well.

# Environment and biodiversity

The responsible use of resources and the careful reduction, re-use and recycling of materials is central to Fiskars Group's supply chain strategy. Our environment and energy approach is guided by two principles: supporting long-term competitiveness and mitigating negative impacts. We are committed to promoting efficiency and identifying new solutions throughout our value chain.

## Environment

International standards and guidelines, such as ISO 14001, create an important foundation for Fiskars Group's environmental management. In 2017 we established an Environmental Policy for our supply chain to emphasize our common targets and ways of working in our own manufacturing units.

Our Supplier Code of Conduct outlines expectations regarding our suppliers' environmental conditions, and every supplier must sign and commit to it to be able to do business with Fiskars Group.

In 2016 we conducted our first comprehensive climate change risk mapping, which was finalized with concrete management actions in 2017. The work continued in 2018, as we have been developing our Group risk management process where climate change related risks are integrated.

Our performance against our long-term and short-term targets will guide our way in evaluating the effectiveness of our environmental management approach. We are actively following industry best practices, conducting internal and external audits based on the management system ISO 14001 and learning from external performance ratings.

Climate change and environment have internal impacts throughout our operations and external impacts on our suppliers' operations and on surrounding communities and nature. Figures reported include our own production and distribution centers; offices and retail are excluded. In addition to our own operations, we are reporting on emissions from logistics and business travel for the first time.

## Biodiversity

Biodiversity was one of the new topics explored in 2018. Biodiversity refers to the variability of life and different species on earth. We participated in biodiversity training organized by Finnish Business and Society, FIBS. Based on the lessons, we conducted a preliminary assessment of the biodiversity risks and opportunities for Fiskars Group.

In our assessment we defined what kind of ecosystem services we use and how we can impact them. For example, in production services we use raw materials and energy which we can impact through raw material selection and energy efficiency. In 2019 we will deepen our understanding of the risks and opportunities related to biodiversity and consider that as part of our targets and sustainability concept.

Mangrove forests have a significant impact on carbon emissions due to their ability to store high densities of organic carbon. Mangroves also promote biodiversity by providing a wide range of ecosystem services, including nutrient cycling, soil formation, fish spawning grounds, and protection against coastal erosion and impacts of storms. Mangroves have a significant role as carbon sinks, which is unfortunately under threat due to deforestation to make way for fish farming and agriculture.

To overcome the destruction, Fiskars Group's ceramics factory in Indonesia continued their annual efforts to reduce deforestation. In February 2018 they conducted a joint effort with several partners including Marine-Fishery Department of Banten, Bank BJB, Doctor Association of Banten and TV channel MNC Group in Banten, Indonesia. In total 5,000 mangrove seedlings were planted, with our contribution of 2,000 mangroves. As a part of the event, free healthcare for the local people was provided by the Doctor Association of Banten. In November 2018 our local team continued their efforts by donating and planting 2,500 mangrove seedlings in the coastal area in Karawang. In addition to planting, the team is also tracking and supporting the growth of these mangroves in the future.

## Performance in 2018

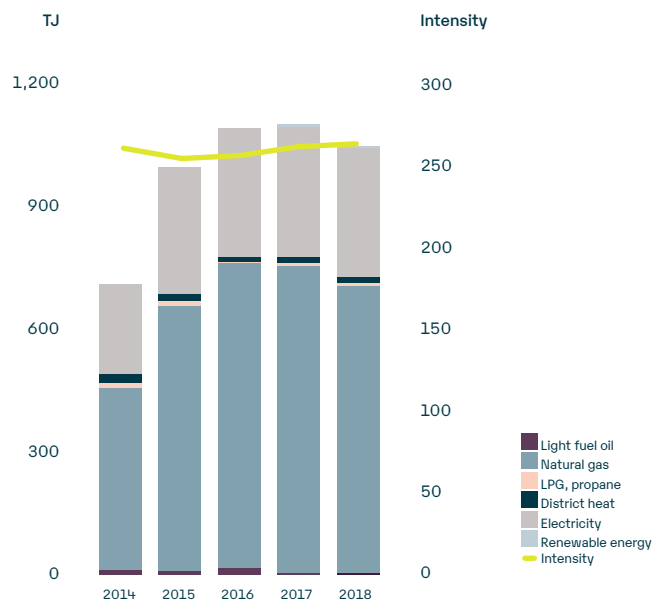
Our overall energy consumption decreased to 1,069 TJ (2017: 1,121 TJ) while energy intensity remained almost at the same level 265 (263). Savings in energy consumption was achieved through energy saving actions and changes in the production mix in some manufacturing units. Energy saving actions in 2018 included initiatives such as installing of LED lighting, investment to a new compressor in our ceramics factory in Indonesia and investment to a new furnace in our glass factory in Finland.

Our target for 2027 is to reduce our CO<sub>2</sub> emissions by 50%. In 2018 Group-wide CO<sub>2</sub> emissions decreased by 22% compared to previous year, which is the baseline for our long-term target.

Direct (scope 1) and location based (scope 2) emissions remained at the same level than in previous year. Market based (scope 2) emissions decreased by 35% from the 2017 level to 28,000 t CO<sub>2</sub> (43,000 t CO<sub>2</sub>) as a result from the investments in renewable electricity in Finland and Slovenia.

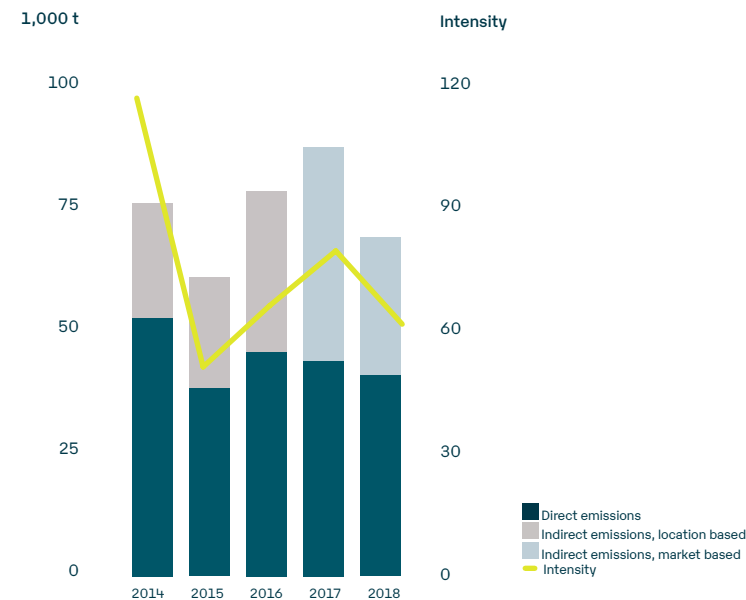
In 2018 a system was developed to report our emissions from the scope 3, inbound and outbound emissions as well as business travel. Fiskars Group travel policy guides us to make sustainable choices and consider the necessity of travelling. Our logistics team is continuously optimizing the routes and volumetric efficiency with our logistic partners.

ENERGY CONSUMPTION



The intensity describes energy consumption compared to Fiskars Group's net sales. The figures from 2016 onwards describe Fiskars Group's current structure. From 2017 onwards energy consumption includes also Fiskars Group's distribution centers (DCs). Renewable energy includes the solar panels in our distribution center in Wall, New Jersey, U.S.

CO<sub>2</sub> EMISSIONS



The intensity describes CO<sub>2</sub> emissions compared to Fiskars Group's net sales. The figures from 2016 onwards describe Fiskars Group's current structure. Market based emissions were calculated for the first time in 2017, to form a baseline for our long-term target for emission reduction.



## ENERGY

### GRI 302-1 Energy consumption within the organization, TJ

	2018	2017
<b>Direct energy consumption: non-renewable</b>	726	774
Natural gas	717	765
Propane	6	6
Light Fuel Oil	4	3
<b>Direct energy consumption: renewable</b>	6	6
Renewable fuel	6	6
<b>Indirect energy consumption</b>	336	340
Electricity	320	324
District Heat	16	16
<b>Total energy consumption</b>	1,069	1,121

Consumption is calculated based on invoicing and meters. Standard conversion factors are used (SI). Sold energy is not relevant for Fiskars Group and possible cooling consumed and sold is included in the electricity. Renewable fuel includes electricity produced with solar panels in our distribution center in Wall, New Jersey, U.S.

## ENERGY INTENSITY

### GRI 302-3 Energy intensity, MWh/Net sales (EUR million)

	2018	2017
	265	262

Energy intensity is calculated by dividing the total energy consumption of our own production (direct + indirect) in MWh by Group net sales.

## ENERGY SAVING ACTIVITIES

### GRI 302-4 Reduction of energy consumption, MWh

	2018
	2,666

Energy savings are calculated based on activities conducted during 2018 in our manufacturing units and distribution centers.

## WATER

### GRI 303-1 Water withdrawal by source, 1,000 m<sup>3</sup>

	2018	2017
Surface water	429	481
Ground water	43	34
Municipal water	206	215
<b>Total</b>	677	730

Water is reported based on invoicing and meters; surface water is based on meters. 2017 figures corrected: conversion error corrected for one unit related to surface water and municipal water.

## EMISSIONS

### GRI 305-1 Direct (Scope 1) GHG emissions, 1,000 t CO<sub>2</sub>

	2018	2017
Scope 1 emissions	40	43

All the emissions are reported in 1,000 t CO<sub>2</sub>. In all disclosures reported, GHG emissions reporting covers only CO<sub>2</sub>. Fiskars Group does not have any biogenic CO<sub>2</sub> emissions in its operations.

CO<sub>2</sub> emissions are calculated by multiplying the quantity of MWh produced with certain fuels used in our manufacturing units by the CO<sub>2</sub> conversion rate. Emission rates are based on fuel statistics provided by Statistics Finland. GWP rates are not relevant since Fiskars Group is only reporting CO<sub>2</sub> emissions.

**GRI 305-2 Energy indirect (Scope 2) GHG emissions, 1,000 t CO<sub>2</sub>**

	2018	2017
<b>Scope 2 emissions</b>		
Market based	28	43
Location based	34	34

CO<sub>2</sub> emissions are calculated by multiplying the quantity of MWh produced with electricity by the CO<sub>2</sub> conversion rate. Scope 2 CO<sub>2</sub> emissions will primarily be calculated from supplier-specific, local grid emission factors that are collected from all manufacturing units and distribution centers. Location-based emission rates are based on country specific emission factors published by the International Energy Agency (IEA). GWP rates are not relevant since Fiskars Group is only reporting CO<sub>2</sub> emissions.

**GRI 305-3 Other indirect (Scope 3) GHG Emissions, 1,000 t CO<sub>2</sub>**

	2018
<b>Scope 3 emissions</b>	
Business travel	5
Upstream and downstream transportation	26

Business travel includes the emissions from business flights, covering all of our main locations. Upstream and downstream transportation data is calculated by utilizing the distances and type of transportation: air, sea, road and parcel. The data is extrapolated to cover all of our upstream and downstream transportation. December 2018 calculation is based on assumption. Defra's emission factors from 2018 are used in calculations.

**GRI 305-4 GHG emissions intensity, t CO<sub>2</sub>/ net sales (EUR million)**

	2018	2017
Intensity	61	72

Total amount of CO<sub>2</sub> emissions including scope 1 and scope 2; market-based emissions is divided by net sales, EUR million

**GRI 305-5 Reduction of GHG emissions, t CO<sub>2</sub>**

	2018
Reduction of CO <sub>2</sub> emissions	760

Reduction of CO<sub>2</sub> emissions is calculated from energy saving activities utilizing the locations based emission factors or emission factors from fuel statistics provided by Statistics Finland. Reporting only covers CO<sub>2</sub> emissions.

**GRI 306-3 Significant spills**

	2018	2017
Spills	0	0

# Product quality

Ensuring that our products and services meet the requirements on durability, functionality, safety and the high quality of our products and services is our top priority. The voice of the customer is crucial in capturing the needs and expectations of consumers. We utilize customer and consumer feedback systematically and work hard to ensure that we continue to be a trusted partner to our customers and consumers.

A deep commitment to quality is vital to our heritage and core to our mission of building a family of iconic lifestyle brands. The Fiskars Group Quality Policy defines our approach and provides a common framework for the quality management and communications of quality practices. We execute this policy in our everyday work, supported by our strategy and organizational structure. Our commitment to quality is implemented through our management systems and we all are responsible for integrating quality as part of our work. The Quality Policy was published in 2017 covering Fiskars Group Supply Chain. Our aim is to do everything right the first time.

Everyone is responsible for ensuring that quality is embedded in all our processes. New products and changes to products or processes are designed using advanced quality planning tools and tested to ensure the quality of the product.

We continually improve our products and processes to support our quality promise and efficiency. Roles and responsibilities, KPIs and targets are clearly defined for all processes, and they are monitored on an ongoing basis aiming for improvement. Training and coaching are considered important for implementing efficient processes.

We set annual objectives to improve our quality performance and continually track the development through our management systems. We actively review risks and their controls in an effort to continuously improve quality standards in light of new technologies, legislation and best practices. The effectiveness of our product quality management approach is evaluated against how we are performing in relation to our targets and based on incidents of non-compliance. Our quality management approach is continuously developed based on consumer feedback and insights.

Our product development process focuses on the consumer. We rely on innovative technologies and thorough testing to meet and exceed their expectations. Our product developers invest time in using the products as they are meant to be used, everything from cooking to crafting to learn the skills for which we design tools. We do this to better understand how to improve the products and make them more efficient, more intuitive to use and more enjoyable.

## CUSTOMER HEALTH AND SAFETY

### GRI 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services

	2018	2017
Incidents of non-compliance with regulations resulting in a fine or penalty	1	0
Incidents of non-compliance with regulations resulting in a warning	0	0
Incidents of non-compliance with voluntary codes	0	0

In 2018 there was one incident of non-compliance with regulations resulting in a fine or penalty. Non-compliant linen was sourced by the sales team in China. The sourcing was conducted without approval testing or review. The reason for non-compliance was pH disqualification discovered by the Chinese Regulatory Body.

## MARKETING AND LABELING

### GRI 417-2 Incidents of non-compliance concerning marketing communications

	2018	2017
Incidents of non-compliance with regulations resulting in a fine or penalty	1	0
Incidents of non-compliance with regulations resulting in a warning	0	0
Incidents of non-compliance with voluntary codes	0	1

In 2018 there was one incident of non-compliance. Tea packaging incorrectly stated that the blend contained osmanthus flowers. It should have stated mullein flowers instead. We got notified by Japanese Customs Authorities.



# GRI Index



## GRI 102: GENERAL DISCLOSURES 2016

## 1. ORGANIZATIONAL PROFILE

General Disclosures		Page number / additional information	UNGC Cross-Reference
102-1	Name of the organization	Fiskars Corporation	
102-2	Activities, brands, products, and services	<a href="http://www.fiskarsgroup.com/about-us">www.fiskarsgroup.com/about-us</a>	
102-3	Location of headquarters	Helsinki, Finland	
102-4	Location of operations	<a href="http://www.fiskarsgroup.com/contacts">www.fiskarsgroup.com/contacts</a>	
102-5	Ownership and legal form	Fiskars Corporation is a public company and its shares are listed in Nasdaq Helsinki	
102-6	Markets served	<a href="http://www.fiskarsgroup.com/about-us">www.fiskarsgroup.com/about-us</a>	
102-7	Scale of the organization	<a href="http://www.fiskarsgroup.com/about-us">www.fiskarsgroup.com/about-us</a>	
102-8	Information on employees and other workers	p. 39	Principle 6
102-9	Supply chain	p. 42	
102-10	Significant changes to the organization and its supply chain	No significant changes	
102-11	Precautionary Principle or approach	Fiskars has a risk management process in place to manage risks, to avoid any adverse impacts to the environment, and to ensure continuity of its operations. <a href="http://www.fiskarsgroup.com/investors/corporate-governance/risk-management">www.fiskarsgroup.com/investors/corporate-governance/risk-management</a>	
102-12	External initiatives	p. 33	
102-13	Membership of associations	p. 33	

## 2. STRATEGY

General Disclosures		Page number / additional information	UNGC Cross-Reference
102-14	Statement from senior-decision-maker	p. 5	

## 3. ETHICS AND INTEGRITY

General Disclosures		Page number / additional information	UNGC Cross-Reference
102-16	Values, principles, standards, and norms of behavior	p. 6, 31-32	Principle 10

## 4. GOVERNANCE

General Disclosures		Page number / additional information	UNGC Cross-Reference
102-18	Governance structure	<a href="http://www.fiskarsgroup.com/investors/corporate-governance/board-directors">www.fiskarsgroup.com/investors/corporate-governance/board-directors</a>	



## 5. STAKEHOLDER ENGAGEMENT

General Disclosures		Page number / additional information	UNGC Cross-Reference
102-40	List of stakeholder groups	p. 26	
102-41	Collective bargaining agreements	32% of Fiskars Group's employees are covered by collective bargaining agreements	Principle 3
102-42	Identifying and selecting stakeholders	p.26	
102-43	Approach to stakeholder engagement	p.26	
102-44	Key topics and concerns raised	p.26	

## 6. REPORTING PRACTICE

General Disclosures		Page number / additional information	UNGC Cross-Reference
102-45	Entities included in the organization's consolidated financial statements	All Group companies are included in the reporting.	
102-46	Defining report content and topic boundaries	p. 7	
102-47	List of material topics	p. 7	
102-48	Restatements of information	Health & safety, water and waste figures have been restated. See more information related in each disclosure	
102-49	Changes in reporting	No changes in reporting	
102-50	Reporting period	January 1, 2018–December 31, 2018	
102-51	Date of the most recent report	Fiskars Group's Sustainability Report 2018 was published in February 2019	

## 6. REPORTING PRACTICE

102-52	Reporting cycle	Annual	
<b>General Disclosures</b>		<b>Page number / additional information</b>	<b>UNGC Cross-Reference</b>
102-53	Contact point for questions regarding the report	<a href="mailto:sustainability@fiskars.com">sustainability@fiskars.com</a>	
102-54	Claims of reporting in accordance with the GRI Standards	p. 2	
102-55	GRI content index	p. 50	
102-56	External assurance	p. 2, 62-64	

## TOPIC-SPECIFIC STANDARDS

### GRI 201: ECONOMIC: 2016

<b>GRI 103: Management approach 2016</b>	<b>Disclosure</b>	<b>Disclosure description</b>	<b>Page</b>	<b>Omission</b>	<b>UNGC Cross-Reference</b>
	103-1	Explanation of the material topic and its boundaries	p. 30-31 <a href="http://www.fiskarsgroup.com/investors/fiskars-investment">www.fiskarsgroup.com/investors/fiskars-investment</a>		
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			
<b>GRI 201: Economic Performance 2016</b>	201-1	Direct economic value generated and distributed	p. 30		

**GRI 302: ENERGY 2016**

<b>GRI 103: Management approach 2016</b>	<b>Disclosure</b>	<b>Disclosure description</b>	<b>Page</b>	<b>Omission</b>	<b>UNGC Cross-Reference</b>
	103-1	Explanation of the material topic and its boundaries	p. 45		
	103-2	The management approach and its components	p. 45		
	103-3	Evaluation of the management approach	p. 45		
<b>GRI 302: Energy 2016</b>	302-1	Energy consumption within the organization	p. 46-47		Principle 7
	302-4	Reduction of energy consumption	p. 47		Principle 7
	302-3	Energy intensity	p. 47		Principle 9

**GRI 303: WATER 2016**

<b>GRI 103: Management approach 2016</b>	<b>Disclosure</b>	<b>Disclosure description</b>	<b>Page</b>	<b>Omission</b>	<b>UNGC Cross-Reference</b>
	103-1	Explanation of the material topic and its boundaries	p. 45		
	103-2	The management approach and its components	p. 45		
	103-3	Evaluation of the management approach	p. 45		
<b>GRI 303: Water 2016</b>	303-1	Water withdrawal by source	p. 47		Principle 7

**GRI 305: EMISSIONS 2016**

<b>GRI 103: Management approach 2016</b>	<b>Disclosure</b>	<b>Disclosure description</b>	<b>Page</b>	<b>Omission</b>	<b>UNGC Cross-Reference</b>
	103-1	Explanation of the material topic and its boundaries	p. 45		
	103-2	The management approach and its components	p. 45		
	103-3	Evaluation of the management approach	p. 45		
<b>GRI 305: Emissions 2016</b>	305-1	Direct (Scope 1) GHG emissions	p. 46-47		Principle 7
	305-2	Energy indirect (Scope 2) GHG emissions	p. 48		Principle 7
	305-3	Other indirect (Scope 3) GHG emissions	p. 48		Principle 7
	305-4	GHG emissions intensity	p. 48		Principle 8
	305-5	Reduction of GHG emissions	p. 48		Principle 8

**GRI 306: EFFLUENTS AND WASTE 2016**

<b>GRI 103: Management approach 2016</b>	<b>Disclosure</b>	<b>Disclosure description</b>	<b>Page</b>	<b>Omission</b>	<b>UNGC Cross-Reference</b>
	103-1	Explanation of the material topic and its boundaries	p. 20, 45		
	103-2	The management approach and its components	p. 20, 45		
	103-3	Evaluation of the management approach	p. 20, 45		
<b>GRI 306: Effluents and waste 2016</b>	306-2	Waste by type and disposal method	p. 21		Principle 7
	306-3	Significant spills	p. 48		Principle 7

**GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT 2016**

<b>GRI 103: Management approach 2016</b>	<b>Disclosure</b>	<b>Disclosure description</b>	<b>Page</b>	<b>Omission</b>	<b>UNGC Cross-Reference</b>
	103-1	Explanation of the material topic and its boundaries	p. 42-43		
	103-2	The management approach and its components	p. 42-43		
	103-3	Evaluation of the management approach	p. 42-43		
<b>GRI 308: Supplier environmental assessment 2016</b>	308-1	New suppliers that were screened using environmental criteria	p. 44		Principle 7, 8, 9

**GRI 401: EMPLOYMENT 2016**

<b>GRI 103: Management approach 2016</b>	<b>Disclosure</b>	<b>Disclosure description</b>	<b>Page</b>	<b>Omission</b>	<b>UNGC Cross-Reference</b>
	103-1	Explanation of the material topic and its boundaries	p. 12-14		
	103-2	The management approach and its components	p. 12-14		
	103-3	Evaluation of the management approach	p. 12-14		
<b>GRI 401: Employment 2016</b>	401-1	New employee hires and employee turnover	p. 16		Principle 6

**GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2016**

<b>GRI 103: Management approach 2016</b>	<b>Disclosure</b>	<b>Disclosure description</b>	<b>Page</b>	<b>Omission</b>	<b>UNGC Cross-Reference</b>
	103-1	Explanation of the material topic and its boundaries	p. 34-35		
	103-2	The management approach and its components	p. 34-35		
	103-3	Evaluation of the management approach	p. 34-35		
<b>GRI 403: Occupational Health and Safety 2016</b>	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	p. 35-38	Fiskars Group does not collect safety indicators by gender. Reporting by gender is seen as insignificant to our business	Principle 6

**GRI 404: TRAINING AND EDUCATION 2016**

<b>GRI 103: Management approach 2016</b>	<b>Disclosure</b>	<b>Disclosure description</b>	<b>Page</b>	<b>Omission</b>	<b>UNGC Cross-Reference</b>
	103-1	Explanation of the material topic and its boundaries	p. 38-39		
	103-2	The management approach and its components	p. 38-39		
	103-3	Evaluation of the management approach	p. 38-39		
<b>GRI 404: Training and education 2016</b>	404-3	Percentage of employees receiving regular performance and career development reviews	p. 40		Principle 6



**GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016**

<b>GRI 103: Management approach 2016</b>	<b>Disclosure</b>	<b>Disclosure description</b>	<b>Page</b>	<b>Omission</b>	<b>UNGC Cross-Reference</b>
	103-1	Explanation of the material topic and its boundaries	p. 13-14		
	103-2	The management approach and its components	p. 13-14		
	103-3	Evaluation of the management approach	p. 13-14		
<b>GRI 405: Diversity and equal opportunity 2016</b>	405-1	Diversity of governance bodies and employees	p. 15-16		Principle 6
	405-2	Ratio of basic salary and remuneration of women to men	p. 15	Remuneration not included	Principle 6
	Fiskars Group topic	The average length of the career of the young talents (35 or under)	p. 15		Principle 6
	Fiskars Group topic	Women and men enablement & engagement in employee survey	p. 14		Principle 6

**GRI 414: SUPPLIER SOCIAL ASSESSMENT 2016**

<b>GRI 103: Management approach 2016</b>	<b>Disclosure</b>	<b>Disclosure description</b>	<b>Page</b>	<b>Omission</b>	<b>UNGC Cross-Reference</b>
	103-1	Explanation of the material topic and its boundaries	p. 42-44		
	103-2	The management approach and its components	p. 42-44		
	103-3	Evaluation of the management approach	p. 42-44		
<b>GRI 414: Supplier social assessment 2016</b>	414-1	New suppliers that were screened using social criteria	p. 44		Principle 1, 2, 4, 5, 6

**GRI 416: CUSTOMER HEALTH AND SAFETY 2016**

<b>GRI 103: Management approach 2016</b>	<b>Disclosure</b>	<b>Disclosure description</b>	<b>Page</b>	<b>Omission</b>	<b>UNGC Cross-Reference</b>
	103-1	Explanation of the material topic and its boundaries	p. 48-49		
	103-2	The management approach and its components	p. 48-49		
	103-3	Evaluation of the management approach	p. 48-49		
<b>GRI 416: Customer health and safety 2016</b>	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	p. 49		

**GRI 417: MARKETING AND LABELING 2016**

<b>GRI 103: Management approach 2016</b>	<b>Disclosure</b>	<b>Disclosure description</b>	<b>Page</b>	<b>Omission</b>	<b>UNGC Cross-Reference</b>
	103-1	Explanation of the material topic and its boundaries	p. 48-49		
	103-2	The management approach and its components	p. 48-49		
	103-3	Evaluation of the management approach	p. 48-49		
<b>GRI 417: Marketing and labeling 2016</b>	417-2	Incidents of non-compliance concerning product and service information and labeling	p. 49		

**FISKARS GROUP TOPIC: SUPPLIER SUSTAINABILITY AUDITS**

<b>GRI 103: Management approach 2016</b>	<b>Disclosure</b>	<b>Disclosure description</b>	<b>Page</b>	<b>Omission</b>	<b>UNGC Cross-Reference</b>
	103-1	Explanation of the material topic and its boundaries	p. 42-44		
	103-2	The management approach and its components	p. 42-44		
	103-3	Evaluation of the management approach	p. 42-44		
<b>Supplier sustainability audits</b>	Fiskars Group topic	Average audit result	p. 44		Principles 1-10



# Assurance report

# Independent Practitioner's Assurance Report

To the Management of Fiskars Corporation

We have been engaged by the Management of Fiskars Corporation (hereinafter also the Company) to perform a limited assurance engagement on selected sustainability disclosures for the reporting period 1 January to 31 December 2018, disclosed in Fiskars Corporation's Sustainability Report 2018. In terms of the Company's GRI Standards reporting and GRI Standards Content Index, the scope of the assurance has covered economic, social and environmental sustainability disclosures listed within the Topic-Specific Disclosures as well as General Disclosures 102-8 and 102-41 (hereinafter Sustainability Information).

## Management's responsibility

The Management of Fiskars Corporation is responsible for preparing the Sustainability Information in accordance with the Reporting criteria as set out in the Company's reporting instructions and the GRI Sustainability Reporting Standards of the Global Reporting Initiative. The Management of Fiskars Corporation is also responsible for such internal control as the management determines is necessary to enable the preparation of the Sustainability Information that is free from material misstatement, whether due to fraud or error.

## Practitioner's independence and quality control

We have complied with the independence and other ethical requirements of *the Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

PricewaterhouseCoopers Oy applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## Practitioner's responsibility

Our responsibility is to express a limited assurance conclusion on the Sustainability Information based on the procedures we have performed and the evidence we have obtained. Our assurance report has been prepared in accordance with the terms of our engagement. We do not accept, or assume responsibility to anyone else, except to Fiskars Corporation for our work, for this report, or for the conclusions that we have reached.

We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information". That standard requires that we plan and perform the engagement to obtain limited assurance about whether the Sustainability Information is free from material misstatement.

In a limited assurance engagement the evidence-gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement. An assurance engagement involves performing procedures to obtain evidence about the amounts and other disclosures in the Sustainability Information. The procedures selected depend on the practitioner's judgement, including an assessment of the risks of material misstatement of the Sustainability Information.

Our work consisted of, amongst others, the following procedures:

- Interviewing senior management of the Company.
- Visiting the Company's Head Office as well as one site in Finland.
- Conducting one video interview with one site in Indonesia.
- Interviewing employees responsible for collecting and reporting the Sustainability Information at the Group level and at the site level where our site visit and video interview were conducted.
- Assessing how Group employees apply the Company's reporting instructions and procedures.
- Testing the accuracy and completeness of the information from original documents and systems on a sample basis.
- Testing the consolidation of information and performing recalculations on a sample basis.

## Limited assurance conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that Fiskars Corporation's Sustainability Information for the reporting period ended 31 December 2018 is not properly prepared, in all material respects, in accordance with the Reporting criteria.

When reading our assurance report, the inherent limitations to the accuracy and completeness of sustainability information should be taken into consideration.

Helsinki, 15 February 2019

## PricewaterhouseCoopers Oy

**Sirpa Juutinen**  
Partner  
Sustainability & Climate Change

**Jussi Nokkala**  
Director  
Sustainability & Climate Change