

FISKARS



GROUP

2018

Corporate Governance Statement

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Introduction

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

Corporate governance at Fiskars Corporation is based on the Finnish Limited Liability Companies Act, the rules and regulations concerning publicly listed companies, the Company's Articles of Association, the charters of the Company's Board of Directors and its Committees, and the rules and guidelines of Nasdaq Helsinki Ltd. Fiskars Corporation is a member of the Finnish Securities Market Association and complies, with an exception concerning the Nomination Committee, with the Finnish Corporate Governance Code approved by the Securities Market Association, which came into force on January 1, 2016 and can be reviewed at www.cgfinland.fi. In terms of the composition of the Nomination Committee, the Company has departed from the Recommendation 15 of Finnish Corporate Governance Code as explained in more detail in section "Board Committees".

This is the separate Corporate Governance Statement referred to in Recommendations 1–28 of the Finnish Corporate Governance Code. This statement and the other information required by the Corporate Governance Code, the Company's Financial Statement, the Report by the Board of Directors and the Auditor's Report for the year 2018 are available on the Company's webpage www.fiskarsgroup.com at the latest on February 20, 2019.

General Meeting of Shareholders

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

In accordance with the Articles of Association, notices regarding the General Meetings are published on the Company's website and, if deemed necessary by the Board of Directors, in an alternative manner. In 2018, notices were published in the Helsingin Sanomat, Hufvudstadsbladet and Västra Nyland newspapers in addition to the notice published on the Company's website and the Company's stock exchange release.

Any shareholder wishing to submit a matter for inclusion on the agenda of the Annual General Meeting should submit a request in writing to the Board of Directors. To be included in the notice of the Annual General Meeting and in the agenda of the Annual General Meeting, the request should be sufficiently concise, and the matter must fall within the authority of the Annual General Meeting, as defined in the Finnish Limited Liability Companies Act. Instructions on submitting requests to the Board of Directors and the deadline for requests are published on the Company's website. In 2018, no such requests were submitted to the Board of Directors.

Annual General Meeting for 2018

Fiskars Corporation held its Annual General Meeting for 2018 on March 14, 2018. The Chairman of the Board, the Board members, the President and CEO and the Company's auditor were present at the meeting. The meeting approved the Annual Accounts 2017, discharged the members of the Board and the CEO from liability, and decided on the dividend to be paid for the 2017 financial year. The Meeting also decided on the remuneration to be paid to the Board and elected the members, who will serve until the end of the Annual General Meeting in 2019. The Company's auditors were also elected, and their remuneration was decided upon. The Meeting authorized the Board to decide on the acquisition of own shares and transfer of own shares held as Treasury shares in accordance with conditions. Annual General Meeting documents are available on the Company's web pages for five years' time after each Annual General Meeting.

Board of Directors

Term, composition and independence

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

In accordance with the Articles of Association, the Board of Directors shall consist of a minimum of five and a maximum of ten members. The Board of Directors selects a Chairman and a Vice Chairman from amongst its members. The Board of Directors elected by the Annual General Meeting held on March 14, 2018 is composed of ten members. The General Meeting re-elected Paul Ehrnrooth, Louise Fromond, Gustaf Gripenberg, Ingrid Jonasson Blank, Jyri Luomakoski, Inka Mero, Fabian Månsson, Peter Sjölander, and Ritva Sotamaa and elected Albert Ehrnrooth as a new member. Alexander Ehrnrooth, who served as Board member until the end of the Annual General Meeting, informed that he would no longer be available for re-election. In its constitutive meeting held after the Annual General Meeting, the Board of Directors elected Paul Ehrnrooth as its Chairman and Jyri Luomakoski as Vice Chairman of the Board.

The Board of Directors December 31, 2018



Paul Ehrnrooth

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

Elected to the Board in 2000

Chairman of the Board, 2014–
Chairman of the Human Resources and Compensation
Committee, and Nomination Committee

Independent of the Company and dependent
on significant shareholders

Turret Oy Ab, Managing Director and Chairman 2005–

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

Other positions of trust:
Chairman of the Board: Savox Group 2004–
Member of the Board: Digitalist Group Oy (Ixonos Oy until
23.5.2017) 2010–, Wärtsilä Corporation 2010–2015

Fiskars shares held directly as at 31.12.2018: 0

Shares held by controlled entities as at 31.12.2018: 9,330,961

Shares held by entities in which a person
exercises influence (associated by managerial
responsibilities) as at 31.12.2018: 401,880



Jyri Luomakoski

Born 1967, MBA
Nationality: Finland

Elected to the Board in 2016

Chairman of the Audit Committee, 2016–

Independent of the Company and significant shareholders

Uponor Corporation, President and CEO 2008–

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

Other positions of trust:
Member of the Board: Varma Mutual Pension Insurance
Company 2015–, The European Plastic Pipes and Fittings
Association (TEPPFA) 2009–, European Heating Industries
(EHI) 2014–2018, Procurator-Holding Oy 2006–2016

Fiskars shares held directly as at 31.12.2018: 1,500



Albert Ehrnrooth

Born 1976, M.Sc. (Econ., Bachelor of Natural Resources)
Nationality: Finland

Elected to the Board in 2018

Member of the Audit Committee

Independent of the Company and dependent
on significant shareholders

Vessilä Oy Ab, CEO 2010–

Other positions of trust:
Chairman of the Board: Virala Oy Ab 2015– (member since 2005–)

Fiskars shares held directly as at 31.12.2018: 855,372

Fiskars shares held by entities in which a person exercises
influence (substantial economic interest, no control or associated
by managerial responsibilities) as at 31.12.2018: 13,051,880



Ingrid Jonasson Blank

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

Elected to the Board in 2010

Member of the Human Resources and Compensation Committee

Independent of the Company and significant shareholders

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

Other positions of trust:
Member of the Board: Forenom Oy 2018–, Bygghemma AB 2018–, Snusbolaget AB 2018–, Astrid Lindgren AB 2018–, Kjell&Co AB 2017–, Orkla ASA 2013–, Musti Group Oy 2012–, Ambea AB 2012–, ZetaDisplay AB 2010–, Bilja AB 2006–,

Fiskars shares held directly as at 31.12.2018: 0



Louise Fromond

Born 1979, LL.M.
Nationality: Finland

Elected to the Board in 2010

Member of the Audit Committee

Independent of the Company and dependent on significant shareholders

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

Other positions of trust:
Chairman of the Board: Fromille Oy Ab 2018–, Oy Holdix Ab 2010–
Member of the Board: Louise and Göran Ehrnrooth Foundation 2013–, Tremoko Oy Ab 2008–, Fromille Oy Ab 1998–2018, Bergsrådinnan Sophie von Julins stiftelse 2004–2017,

Fiskars shares held directly as at 31.12.2018: 601,135

Fiskars shares held by entities in which a person exercises influence (substantial economic interest, no control or associated by managerial responsibilities) as at 31.12.2018: 10,567,417



Gustaf Gripenberg

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

Elected to the Board in 1986

Member of the Audit Committee

Chairman of the Audit Committee 2003–2016

Independent of the Company and significant shareholders

Primary working experience:
Professor, Aalto University 1999–2016 (retired) University of Helsinki, Assistant professor 1987–1998

Fiskars shares held directly as at 31.12.2018: 243,320

Fiskars shares held by entities in which a person exercises influence (substantial economic interest, no control or managerial responsibilities, no control) as at 31.12.2018: 4,686,263



Inka Mero

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

Elected to the Board in 2015

Member of the Human Resources and Compensation Committee

Independent of the Company and significant shareholders

IndustryHack Oy, Partner and Chairwoman

Primary working experience:
(KoppiCatch Oy /Pivot5 Oy), Startup Investor 2008–2018, Playforia Oy, CEO 2006–2008, Nokia Corporation, Director 2005–2006, Digia Plc, VP Sales and Marketing 2001–2005, Sonera Corporation, Investment Manager 1996–2001

Other positions of trust:
Chairman of the Board: IndustryHack Oy 2018–, KoppiCatch Oy 2009–
Member of the Board: Klevu Oy 2018–, Bellylabs Oy 2017–, YIT Plc 2016–, Nokian Tyres Plc 2014–,

Fiskars shares held directly as at 31.12.2018: 0



Fabian Månsson

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

Elected to the Board in 2015

Member of the Nomination Committee

Independent of the Company and significant shareholders

Primary working experience:
Business Advisor 2008– (for example to BCG Boston Consulting Group, Nordic Capital, Björn Borg, Gina Tricot, McKinsey & Co, Karen Millen, Hugo Boss), Eddie Bauer, President & CEO 2002–2007, Spray Ventures AB, Executive Vice President 2000–2001, H&M Hennes & Mauritz AB 1991–2000 (CEO 1998–2000)

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

Fiskars shares held directly as at 31.12.2018: 0

Fiskars shares held by controlled entities as at 31.12.2018: 2,000



Peter Sjölander

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

Elected to the Board in 2015

Member of the Human Resources and Compensation Committee

Independent of the Company and significant shareholders

Primary working experience:
F&S Ltd London 2017–, Altor Equity Partners, Senior Executive Advisor 2015–, EQT, Industrial Advisor 2013–, Helly Hansen Group, CEO 2007–2015, Electrolux, Senior Vice President, Product, Brand and Licensing, Global & Europe, 2005–2007, Stadium AB, Strategic Advisor 2004–2007, Nike, Global & European Leadership Team Member 1998–2004

Other positions of trust:
Chairman of the Board: Eton Shirts AB 2018– (Board member since 2016), Revolution Race AB 2017–, Grundens AB 2015–, Swims AS 2014–2016, (Board Member since 2012)
Member of the Board: F&S Ltd 2017–, Dometic Group AB (publ.) 2017–, Run & Relax Scandinavia AS 2015–, FitFlop Inc. 2014–, Elixia AS 2015–2018, HFN AS 2015–2018, Sats AS 2015–2018, Stokke AS 2011–2014, BTX AS 2011–2013, OBH AB 2008–2011, Helly Hansen AS 2007–2016, Stadium AB 2004–2007

Fiskars shares held directly as at 31.12.2018: 0



Ritva Sotamaa

Born 1963, LL.M
Nationality: Finland

Elected to the Board in 2015

Member of the Audit Committee

Independent of the Company and significant shareholders

Unilever PLC/NV, Chief Legal Officer 2013–

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

Fiskars shares held directly as at 31.12.2018: 1,000

All members of the Board are non-executive directors. The Board evaluates the independence of its members annually on a regular basis in compliance with Recommendation 10 of the Corporate Governance Code. Based on the latest evaluation carried out on March 14, 2018, the Board considered all members of the Board to be independent of the Company. Albert Ehrnrooth, Paul Ehrnrooth, and Louise Fromond are considered to be dependent of the Company's significant shareholders. A Board member is obligated to provide the Board with sufficient information to enable the Board to evaluate her/his independence.

The diversity of the Board composition is defined in the Board Diversity Policy. Diversity at the Board level is an essential element in supporting the Company's attainment of its strategic goals and ensuring that the Board fulfils its fiduciary responsibilities. The Board shall ideally consist of members with experience from international business representing different industries, tasks, positions, cultures and countries. Having members providing a balanced representation of both genders on the Board is essential. The Board Diversity Policy is maintained and followed by the Nomination Committee in accordance with the Recommendations of Finnish Corporate Governance Code. The Diversity policy is available on the Company's website www.fiskarsgroup.com. The Nomination Committee also prepares the proposal for the composition of the Board to the Annual General Meeting. In terms of the representation of both genders in the Board, the Board has stated as an objective that in addition to having members from both genders in the Board being essential, the composition should be balanced between genders in particular where candidates are equally qualified. Currently, the less-represented gender counts for 40% of Fiskars' members of the Board and also from other perspectives the current status of diversity is considered reasonably balanced. A high priority is given to maintain the balanced status in terms representation of both genders. The Board's diversity in terms of directors' educational background, professional experience, length of service, age and nationality is reflected on the previous pages.

Main duties of the Board

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

- Managing and appropriately arranging the Company's operations and confirming the Company's business strategy, rolling plan and budget
- Overseeing the solidity, profitability, and liquidity of the Company, as well as the Company's management
- Approving the risk management principles followed by the Company
- Reviewing and adopting the consolidated financial statements, interim reports and related stock exchange releases and the report by the Board of Directors
- Approving the treasury policy
- Deciding on extraordinary or far-reaching measures, taking the scope and nature of the Company's operations into account, unless these matters come within the responsibilities of the General Meeting of Shareholders
- Preparing the proposal to the General Meeting on the selection of the Company's Auditors based on the proposal by the Audit Committee
- Appointing and dismissing the President and CEO and confirming the terms for the service contract, compensation and other financial benefits
- Appointing the members of the Fiskars Group Leadership Team, and the internal audit, and approving their terms of employment, compensation and other financial benefits
- Deciding on the principles for the Group's remuneration systems

- Deciding on the Group's structure and main organization
- Other statutory duties by virtue of the Finnish Limited Liability Companies' Act and Finnish Corporate Governance Code

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

MEETING ACTIVITIES AND MEETING ATTENDANCE OF THE BOARD OF DIRECTORS IN 2018

1.1.-31.12.2018	BOARD OF DIRECTORS* 12 MEETINGS	AUDIT COMMITTEE* 5 MEETINGS	HUMAN RE-SOURCES AND COMPENSATION COMMITTEE* 5 MEETINGS	NOMINATION COMMITTEE** 4 MEETINGS
Paul Ehrnrooth	12/12		5/5	4/4
Albert Ehrnrooth	9/12	4/5		
Alexander Ehrnrooth	3/12	1/5		4/4
Louise Fromond	12/12	5/5		
Gustaf Gripenberg	12/12	5/5		
Ingrid Jonasson Blank	12/12		5/5	
Jyri Luomakoski	12/12	5/5		
Inka Mero	11/12		5/5	
Fabian Månsson	12/12			4/4
Peter Sjölander	12/12		5/5	
Ritva Sotamaa	12/12	5/5		

* Board and Committee compositions changed as of March 14, 2018.

** Alexander Ehrnrooth continued as an external member of Nomination Committee as of March 14, 2018.

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

The Board of Directors convened 12 times during 2018. The average attendance at Board meetings was over 99%. Besides the regular annual meeting topics during the financial year, key priorities in 2018 included long-term strategy related topics and the Group's transformation process and the organizational structure.

Board Committees

The Committees assist the Board by preparing matters falling within the competence of the Board. The Board remains responsible for the duties assigned to a Committee. The Committees have no autonomous decision-making power, and thus the Board makes the decisions within its competence collectively. The Board has confirmed written charters for the Committees that lay down their key duties and operating principles. The Committees regularly report on their work to the Board. The reports include a summary of the matters addressed and measures taken by the Committee. In the constitutive meeting of the Board held after the Annual General Meeting 2018, the Board decided to continue with the following three Board Committees: an Audit Committee, a Human Resources and Compensation Committee, and a Nomination Committee. The Board of Directors elected among the board members the members and the Chairmen of the Committees, except for the Nomination Committee, for which one external Committee member, Alexander Ehrnrooth, was elected. Thereby the Company has departed from the Recommendation 15 of the Finnish Corporate Governance Code, which provides that committee members and chairman shall be appointed from among the board members. While majority of the Nomination Committee members consist of the board members, the external member was viewed to bring further insight on the Committee work in terms of expectation and views by the Company's significant shareholders and also in terms of the Company after serving as a Board member of the Company for more than ten years.

The Company's General Meeting did not establish any committees. To handle specific tasks, the Board of Directors can also set up a temporary working group consisting of Board members and reporting to the Board of Directors. In 2018 the Board did not set up any such temporary working groups.

Audit Committee

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

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

The members of the Audit Committee as of March 14, 2018 included:

- Jyri Luomakoski (Chairman)
- Albert Ehrnrooth
- Louise Fromond
- Gustaf Gripenberg
- Ritva Sotamaa

All the members of the Audit Committee are independent of the Company and the majority of them are also independent of the Company's significant shareholders. The Audit Committee convened five times in 2018 and the attendance of members at meetings was 100%. Besides its ordinary work, the Audit Committee prepared the proposal concerning the election of the Company's Auditor and related tender process, as well as monitored the preparation to implement new IFRS standards.

Human Resources and Compensation Committee

According to the Committee Charter the Human Resources and Compensation Committee is responsible for:

- Preparing matters related to the appointment and compensation and other financial benefits of the President and CEO and other Group executives, as well as maintaining and preparing successor planning in respect of the President and CEO and Group executives
- Preparing matters related to the Company's compensation system
- Evaluating the remuneration of the President and CEO and the other executives as well as ensuring that the compensation systems are appropriate
- Answering questions related to the Remuneration Statement at the General Meeting
- Dealing with matters related to Executive talent pipeline and development
- Corporate Culture alignment with the strategy
- Monitoring of compliance with laws and regulations falling within the scope of the Human Resources and Compensation Committee and making necessary proposals related to required changes in the Company's practices and systems
- Other People and HR related topics

The following Board members belonged to the Human Resources and Compensation Committee as of March 14, 2018:

- Paul Ehrnrooth (Chairman)
- Ingrid Jonasson Blank
- Inka Mero
- Peter Sjölander

All the members of the Human Resources and Compensation Committee are independent of the Company and the majority of them are also independent of the Company's significant shareholders. The Human Resources and Compensation Committee convened 5 times in 2018 and the attendance of members at meetings

was 100%. In 2018, the Human Resources and Compensation Committee focused on the preparing for the new share-based long-term incentive plan and the appointment of certain Group leadership positions, as well as, reviewing matters related to short-term incentives.

Nomination Committee

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

- Preparing proposals related to the composition of the Board of Directors to be presented to the General Meeting (and included in the notice of the General Meeting) after consulting major shareholders
- Evaluation of the independence and diversity of new candidates and the diversity of the Board of Directors
- Presenting the proposal relating to the composition of the Board of Directors at the General Meeting
- Preparing proposals to the General Meeting on the remuneration of members of the Board of Directors
- Preparing proposals to the Board of Directors regarding the composition of the committees of the Board of Directors
- Maintaining and preparing successor planning in respect of the Board of Directors; and
- Confirming the criteria and processes to be used for evaluating the work of the Board of Directors

The following Board members belonged to the Nomination Committee as of March 14, 2018:

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

All the members of the Nomination Committee are independent of the Company. The Nomination Committee convened four times in 2018 and the attendance of members at meetings was 100%.

President and CEO

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

The President and CEO is Jaana Tuominen, M.Sc. (Chemical Engineering). She joined the Company in 2017.

Sari Pohjonen, the Chief Financial Officer (CFO), was appointed as Deputy to the CEO as of January 11, 2018.²

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

² Teemu Kangas-Kärki held the position of the COO and deputy to the CEO until January 11, 2018.

Fiskars Group Leadership Team

Fiskars Group Leadership Team, consists of the following members:

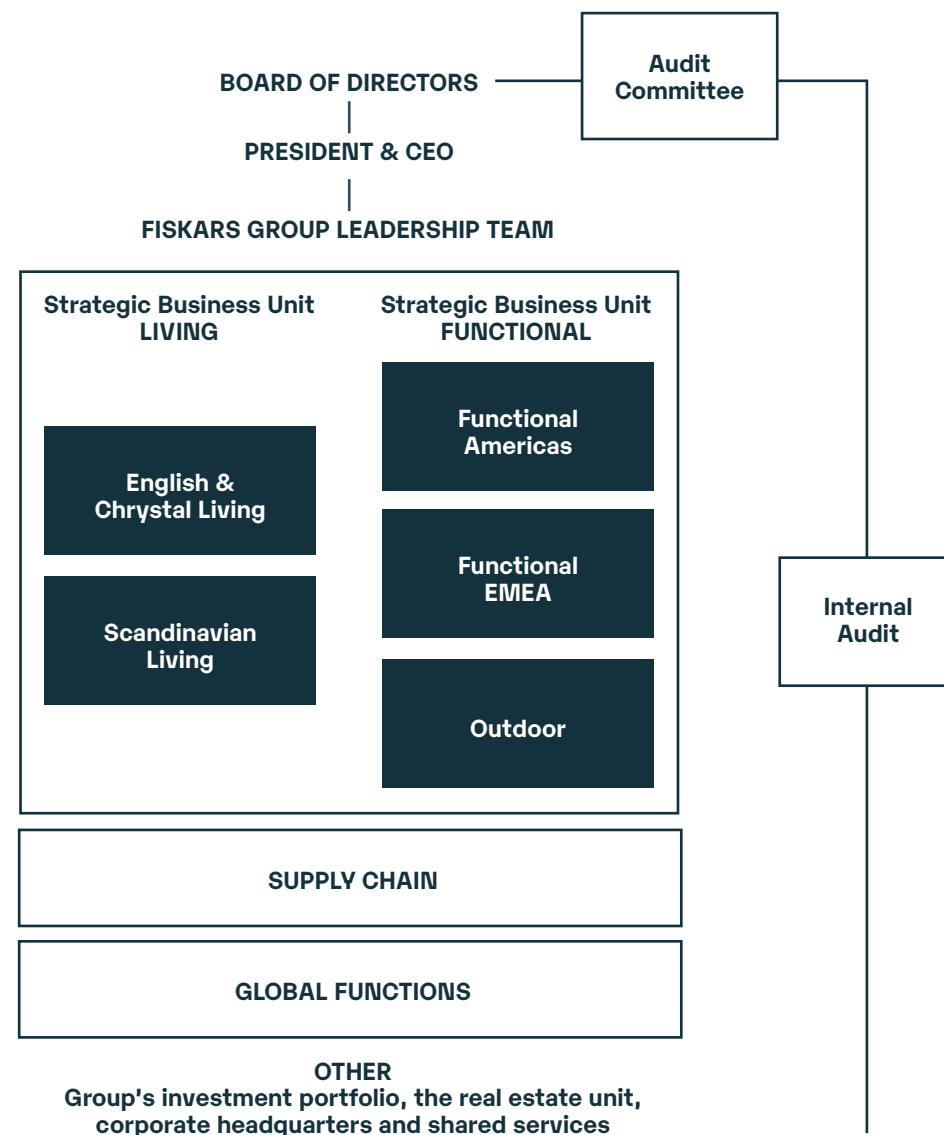
- Jaana Tuominen, President and CEO
- Sari Pohjonen, Chief Financial Officer (CFO), Deputy to the CEO
- Risto Gaggl, Chief Supply Chain Officer (CSCO)
- Tuomas Hyryläinen, Chief Growth Officer (CGO)
- Ulla Lettijeffer, President, SBU Living
- Niklas Lindholm, Chief Human Resources Officer (CHRO)
- Maija Taimi, VP, Corporate communications and Sustainability
- Päivi Timonen, General Counsel
- President, SBU Functional, to be appointed later

The Fiskars Group Leadership team assists the President and CEO with operational planning and leadership and in preparing matters to be processed by the Board of Directors. The leadership team is responsible for preparing the Group's strategy and annual planning, monitoring the performance against set targets and financial reporting and preparing significant investments, acquisitions and other decisions. Developing a strong Fiskars culture and collaboration within the Group and promoting common development projects are also among the Group Leadership Team's key duties.³

The Fiskars Leadership Team meets regularly, approximately once a month. The President and CEO is responsible for the decisions made by the leadership team, and the leadership team members are responsible for implementing the decisions in their own responsibility areas.

³ Fiskars renewed and expanded its group leadership team (previously Executive Leadership Team) on January 11, 2018. At the same time, Fiskars discontinued the Extended Leadership Team and the Corporate Office to simplify its leadership structure.

Fiskars Group organization 2018



Fiskars Group Leadership Team December 31, 2018



Jaana Tuominen

President and CEO, employed 2017

Born 1960, M. Sc. (Chemical Engineering)
Nationality: Finland

Primary working experience:
Paulig Group, Chief Executive Officer 2008–2017; GE Healthcare 2002–2008: General Manager, Monitoring Solutions, Managing Director, GEHC Finland Oy; NAF Oy and NAF AB 1998–2002: Managing Director, NAF Oy, Director, Sales and Marketing, NAF AB; Instrumentarium Oy / Datex-Ohmeda 1993–1998: Marketing Manager, Product Manager; Valmet Automation AB, Area Sales Manager, 1989–1993

Positions of trust:
Finnair Oyj, Member of the Board 2014–; Suominen Oyj, Member of the Board 2014–

Fiskars shares held directly as at 31.12.2018 23,736



Sari Pohjonen

Chief Financial Officer (CFO), Deputy to the CEO employed 2016

Born 1966, M.Sc. (Econ)
Nationality: Finland

Primary working experience:
Fiskars Living Business, CFO 2016–2017; Reima Group, CFO, Deputy to CEO 2015–2016; Reima Group, CFO 2013–2015; Fiskars, Vice President Finance 2012–2013; Fiskars Home/Iittala Group, CFO 2008–2012; Sanoma WSOY Corporation, various finance positions 2001–2008; OKO Bank plc, various finance positions 1996–2001

Fiskars shares held directly as at 31.12.2018: 170



Risto Gaggl

Chief Supply Chain Officer (CSCO), employed 2011

Born 1968, M.Sc. (Tech)
Nationality: Finland, Austria

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

Fiskars shares held directly as at 31.12.2018: 0



Tuomas Hyyryläinen

Chief Growth Officer, employed 2018

Born 1977, M.Sc. (Econ.)
Nationality: Finland

Primary working experience:
Neste Corporation 2012–2018; SVP, Emerging Businesses, SVP, Strategy and New Venture SVP, Strategy; F-Secure Corporation, VP, Strategy and Mergers & Acquisitions 2010–2012; Nokia Corporation, leader positions in strategy and business development 2004–2010

Positions of trust:
Vapo Oy, Member of the Board 2016–; Nynas Ab, Member of the Board 2012–

Fiskars shares held directly as at 31.12.2018: 0



Ulla Lettijeffer

President, SBU Living, employed 2014

Born 1967, M.Sc. Tech
Nationality: Finland

Primary working experience:
Lettijeffer Consulting AB, Co-founder and CEO 2011–2014; Nokia Siemens Networks, Head of Espoo Factory 2007–2008; Nokia Networks, Director, Espoo Plant 2003–2007; Nokia Networks, Plant Manager 2002; Nokia Telecommunications, various positions 1994–2001
University of Oulu, research engineer 1991–1994

Fiskars shares held directly as at 31.12.2018: 0



Niklas Lindholm

Chief Human Resources Officer (CHRO)

Born 1968, PhD (Econ.)
Nationality: Finland

Primary working experience:
Paulig Group, Vice President, Human Resources 2008–2018; Nokia Demand-Supply Network, HRD Director 2008; Nokia Corporation, HR Director, CMO Europe Area 2006–2007; Nokia China, HR Director 2004–2006; Different HR leadership positions in Nokia Group 1999–2004

Fiskars shares held directly as at 31.12.2018: 0



Maija Taimi

Senior Vice President, Corporate Communications and Sustainability, employed 2015

Born 1974, M. Sc. (Econ)
Nationality: Finland

Primary working experience:
Nokia Corporation, Head of Corporate Communications 2014–2015; Nokia Corporation, Head of Media Relations, Finland 2012–2014; Cargotec, Director, Communications 2011–2012; Nokia Corporation, Senior Communications Manager 2008–2011; Nokia Corporation, Communications Manager 2006–2008; JKL Group, Communications Consultant 2000–2006

Fiskars shares held directly as at 31.12.2018: 0



Päivi Timonen

General Counsel, employed 2014

Born 1970, LL.M. with court training
Nationality: Finland

Primary working experience:
Elektrobit Corporation, Chief Legal Officer 2002–2014; Roschier, Lawyer 1998–2002

Other positions of trust:
Member of the Board and the Audit Committee, Lehto Group Plc 2014–

Fiskars shares held directly as at 31.12.2018: 0

Control systems

The Board of Directors is responsible for the appropriate management and organization of operations. The Board of Directors has approved the principles of internal control, risk management, and internal auditing to be followed within the Group.

In practice, it is the responsibility of the President and CEO, together with the management, to put in place and oversee accounting and control mechanisms and other similar mechanisms.

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

Code of Conduct

Fiskars Group's objective is to pursue long-term profitable business in an ethical and responsible manner. The way of operating for all Fiskars Group's employees is defined in the Company's Code of Conduct. The Code of Conduct shall be complied with by all companies belonging to Fiskars Group even when the Code requires a higher standard of behaviour than is required by national law and local regulation. All company rules, guidelines and practices in Fiskars Group's companies must be in full compliance with the Code of Conduct.

All Fiskars Group's employees participate in regular training on the Code of Conduct. The Internal Audit Manager acted as the Corporate Compliance Officer for this Code in 2018.

Internal Audit

The Internal Audit function has an independent role and audits and reviews how well internal control systems function, the appropriateness and efficiency of the functions, and how well guidelines are observed.

The Internal Audit function also strives to promote the development of risk management practices in the Group's Strategic Business Units. In 2018 the Company had an internal audit manager, who was subordinate to the Finance management, but who reported to the Board's Audit Committee.

Auditing

The task of statutory auditing is to verify that Fiskars Group's financial statements and the Board of Directors' report provide accurate and adequate information on the company's results and financial position. In addition, auditing includes an audit of Fiskars accounting and administration. The Company's Auditors submit the statutory Auditor's report to the Company's shareholders in connection with the Company's financial statements. The Auditors also report their findings to the Board's Audit Committee on a regular basis and at least once a year to the full Board of Directors.

The Company's Annual General Meeting elects an Auditor. Proposals to the Annual General Meeting on the election of Auditors shall be made by the Board based on the proposal by the Board's Audit Committee. The Auditors are elected for a term that expires at the end of the following Annual General Meeting.

The Annual General Meeting in 2018 re-elected KPMG Oy Ab, Authorized Public Accountants, as Auditors, with Authorized Public Accountant Toni Aaltonen having the principal responsibility. KPMG Oy Ab is also responsible for overseeing and coordinating the auditing of all Group companies.

A total of EUR 1.2 million was paid in audit fees to the auditors employed by Group companies in 2018. In addition, a total of EUR 1.7 million was paid to the auditors in fees for other consultancy services related to tax matters and other advisory services.

Related Party Transactions

According to the Code of Conduct policy all directors and employees must avoid conflicts of interest between themselves or their family members and Fiskars Corporation.

Persons belonging to Fiskars Group's Related Party are defined in the Related Party Guidelines approved by the Fiskars' Board of Directors in 2012.

According to the Guidelines the following persons belong to the Related Party in 2018:

- Members of the Fiskars Board of Directors
- The President and CEO and his/her deputy
- Members of Fiskars Group Leadership Team
- Members of the Strategic Business Units' management teams
- Country Directors
- Other individuals specified from time to time by the President and CEO
- Members of the family of the above-mentioned individuals (i.e. spouses, persons under the related party's guardianship and other family members who live in the same household with the above mentioned related parties)
- Entities controlled by the above-mentioned individuals

According to the Related Party Guidelines, all Related Party Transactions shall be concluded on an arm's length basis and shall be approved in advance by the President and CEO. Transactions which involve the President and CEO of Fiskars Corporation or a member of the Board of Directors must be approved in advance by the Board of Directors of Fiskars Corporation.

Issues to be taken into consideration when reviewing the Related Party transactions:

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

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

Insider administration

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

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

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

Preparation of periodic disclosure (interim reports, financial statement bulletin) or regular access to unpublished financial information is not regarded as an insider project. However, due to the sensitive nature of the unpublished information on the

company's financial results, the persons determined by Fiskars Group having (based on their position or access rights) authorized access to the unpublished financial result information are entered in a list of Financial Information Recipients.

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

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

Internal control and risk management systems related to financial reporting

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

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

Governance

The Fiskars Group's global Finance function operates under the leadership of the CFO and comprises also Group Treasury responsible for financing and financial risk management.

The Strategic Business Units are run by their own leadership teams.

The Strategic Business Units and legal entities in countries where the Group operates comprise the base level of financial reporting.

The Strategic Business Units are responsible for the day-to-day risk management associated with their operations. Finance departments in the units and legal entities belong and report directly to the Group's Finance function.

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

The Board of Directors, the Audit Committee, the Group leadership and the management teams of each Strategic Business Unit monitor the development of the financial situation and analyze the progress made towards reaching targets on a monthly basis.

Planning and performance reporting

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

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

Information from reporting units is consolidated and validated by the Group's financial organization and the data is used to prepare a monthly report for senior management. Monthly reports contain condensed income statements for Fiskars Group's Strategic Business Units, key indicators, and an overview of the major events affecting their businesses. Reports also include a consolidated income

statement, balance sheet data, cash flows, and a projection of the expected development of the financial situation covering the remainder of the reporting period.

Accounting principles and financial IT systems

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

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

As part of the investment program between 2010–2016, the Group implemented a common enterprise resource planning system (ERP) in Europe. Fiskars continues to invest in IT systems and processes to ensure a competitive infrastructure in building global businesses and brands.

Risk management

The overall objective of risk management is to identify, evaluate and manage risks that may threaten or prevent Fiskars from achieving its business goals and commitments. The aim is to secure personnel and assets, ensure the uninterrupted delivery of safe and high-quality products to customers, and protect the reputation, brands, and shareholder value from negative outcome on Fiskars Group's profitability and assets.

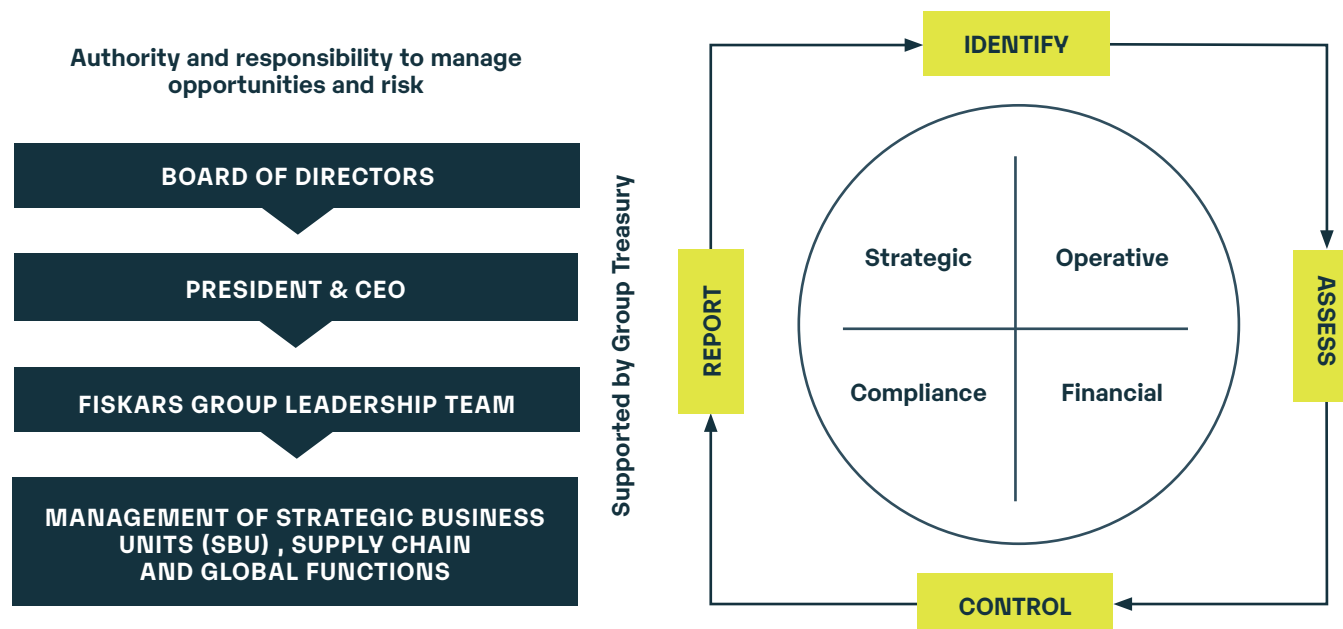
Fiskars Group has a group-wide risk management policy, which provides consistency and comprehensive guidelines on risk management to business units and common functions. The policy is approved by the Board of Directors and the efficiency of risk management systems is evaluated by The Board's Audit Committee. The responsibility for identification, evaluation and, to a large extent, management of risks is held by business units and global functions.

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

Risk management is an integral part of Fiskars Group's strategic management, culture and operations. Different tools, control systems, trainings and reporting practices are constantly developed and improved. Regular risk assessment with business units, common functions, and factories increases visibility and understanding of material risks and how these risks are currently controlled and monitored. Risk assessment is also used to reveal and capture potential business opportunities.

Comprehensive group-wide insurances provide cover for unexpected and unforeseen events that could cause business interruptions, damage in transportation or to main assets, liability related matters and cyber threats.

Risk Management Framework



Principal uncertainties

Macroeconomic risk

Prolonged economic downturn and prolonged low consumer demand or uncertain political situation could have a material adverse impact on the Group's net sales and profit. Macroeconomic risk is mitigated by diversifying commercial footprint, both in terms of geography and product portfolio. Fiskars Group's strong brands and product categories are relatively resilient to moderate decline in consumer confidence.

Consumer behavior and competition

Development of new technologies and new retail channels has increased the role of online shopping, social media advertising and selling, and use of mobile applications. Increasing emphasis on sustainability is expected to add demand for services and new business models around circular economy.

Failure to answer the changing consumer behavior or increased competition may weaken Fiskars Group's competitive position and thus lead to potential loss of net sales and profit. While physical stores remain our key retail channel, we are increasing our focus in e-commerce and sustainability by innovating new business models, conducting research on new materials and investing into actions aligned with the brands' purpose and vision.

Customers

Fiskars Group's products are primarily sold to wholesaler and retailer customers, and directly to consumers through the company's own stores and webstores. Fiskars Group is exposed to risks from structural changes in retail landscape. Consolidation among retailers and international retailers' increasingly centralized purchasing activity may impact Fiskars Group's profitability. As a supplier, Fiskars Group is also exposed to retailers shifting strategic focus to own private label businesses.

Sustainability requirements for manufacturing practices, materials used, certifications of the raw materials and substances of concern are increasing. Failure to meet customer demand may result in Fiskars Group losing customers or listings

at customers. Loss of any of Fiskars Group's largest customers, loss of significant category listings at key channels, or decrease in business volume at key customers would have a material adverse impact on the Group's net sales and profit.

Fiskars Group maintains excellent relationships and trade relations with a diverse customer base. Fiskars Group's core competence lies in strong and desired brands, and constant development of sales organization and supply chain operations to meet the evolving customer demand.

People

Inability to attract and retain talented and committed professionals could have an adverse impact on achievement of strategic objectives. Failure to provide inspiring and motivating working environment, may lead to loss of critical competencies and key employees in strategic positions.

Sustainability, ethical business practices, respecting human rights and anti-corruption and anti-bribery are demanded by different stakeholders. Occupational health and safety risks can cause severe harm to employees and operations. Fiskars has set a group level target of achieving zero lost time incidents. Failure to respond to these expectations may have reputational and financial impact, and lead to decrease in employee motivation.

Fiskars Group has several policies and a strong corporate culture, where the topics mentioned above are mitigated and managed through regular trainings. Fiskars Group is committed to take corrective actions when needed, and has a governance model in place, where any misconduct can be reported anonymously. Employee engagement is promoted by committing to set targets and investing in a strong corporate culture and talent development.

Supply Chain

Fiskars Group's production strategy is based on combination of own manufacturing and carefully selected supply partners. Own manufacturing takes place in the United States, Europe and Asia and most of the suppliers are located in Asia.

Fiskars Group's is exposed to rapid changes in the marketplace, leading to disruptions in design, quality and price, as well as availability of products. Failure

to deliver products at the right time could lead to loss of listings or even loss of customers and non-compliance with customer agreements can also lead to penalty payments. Fiskars and its suppliers are also exposed to changes in legal, economic, political and regulatory landscape in the operating countries.

Failing to meet consumer expectations on the sustainability requirements in our supply chain could have a negative impact on reputation and consumers' trust on our brands.

Fiskars Group strives to build strong and long-term relationships with trusted suppliers that live up to our corporate values and commit to timely delivery of products and materials. Fiskars Group's suppliers are required to follow Fiskars Group Supplier Code of Conduct, and the company regularly audits its finished goods suppliers. Currently, transparency is limited mainly to Fiskars Group's direct suppliers and the challenge is to manage the risks beyond our direct suppliers.

Raw materials and components

Sudden fluctuations in price or availability of the most important raw materials, components, and energy can have a negative impact on Fiskars Group's profitability. Examples include, but are not limited to, steel, water, sand, wood, certain chemicals, and new renewable-based raw materials.

Water scarcity and resource scarcity related to exhaustible fossil based non-renewable materials are growing global challenges in the long-term, leading to increased cost of raw materials and possibility of production interruptions. Currently, the challenge is the limited stocks and higher prices of more sustainable raw materials such as; certified wood materials, renewable-based plastics and recycled raw materials.

The cost of raw materials is relatively small part of Fiskars Group's cost base, however long-term availability issues and regulative actions could have a negative impact on Fiskars Group's operations. Multiple source contracts and on-going research on alternative sustainable materials are used to manage price and availability risks.

Weather and seasonality

Demand for some of the company's products is dependent on the weather. Unfavorable weather conditions such as cold spring or snowless winter, may have a negative impact on the sale of e.g. garden and snow tools. Extreme weather conditions and prolonged cold or dry seasons are expected to increase in the future due to climate change.

The sale of homeware products is heavily geared towards the last quarter of the year, and any issues related to product availability or demand during this quarter could affect the full-year result of this business significantly.

Fiskars Group's strategy is to balance seasonality and impact of changing weather conditions by diversifying and developing its product portfolio.

Environment and climate change

Climate change is one of the most pervasive and threatening issues and may impact Fiskars' performance. Impact of climate change to well-functioning ecosystem, temperature changes and sea-level rise can cause unforeseen challenges to the company.

Regulations on renewable energy, energy efficiency and emissions as well as potential new taxes may increase energy prices. Potential environmental liabilities may increase third party actions, remedial measures, capital expenditures and other compliance costs, and cause damage to the reputation. Increasing natural catastrophes such as floods and typhons may interrupt and impact Fiskars Group's operations.

Fiskars Group is constantly increasing its sustainability efforts and aims to minimize environmental risks through systematic risk management. Fiskars Group is committed to promoting circular economy through the value chain, combatting climate change by taking actions to mitigate emissions, reducing the use of energy and promote renewable energy sources. Business interruption caused by natural hazards is hedged by an insurance.

Product liability

Fiskars Group's brands commit on high-quality and functional products that are safe to use, fit for the purpose and fulfill all material and quality requirements. Failure to meet these safety and quality requirements could expose Fiskars Group to delivery stop or product recall, reputation loss, and even to liability costs. These costs can be substantial and include punitive elements in some jurisdictions. In certain circumstances, country specific legislation may also require Fiskars Group to recall products.

A product recall induces costs that could be material, however a comprehensive insurance and a product recall policy are in place to mitigate the financial impact of the recall and fasten the process of recalling potentially harmful products from the markets. Fiskars Group's product development process is based on continuous testing and learning, and the company has invested in product development and quality assurance resources to mitigate the recall risk in early stage of the product development.

Cyber and information security

Fiskars Group is increasingly dependent on centralized information technology systems that hold critical business information. Breaches, malfunctions, cyberattacks and fraud attempts could have a material adverse effect on Fiskars Group's results, reputation and cause business interruptions either regionally or globally.

Fiskars Group mitigates IT related risks by testing and auditing industry best IT solutions. Training is organized for core competences, which are required for maintaining the functionality and security of the IT solutions. Appropriate data handling and management is expected from every employee. Changes to new and existing IT systems are done according to standard processes and procedures.

Intellectual Property Rights

Fiskars Group's well-known and strong brands are exposed to infringement of intellectual property rights (IPR). Counterfeit products that manage to gain market share expose quality and safety related risks to consumers. Fiskars Group is also exposed to the risk of unintentionally violating other parties' intellectual property

rights. All these actions could lead to loss of net sales and profit, and decrease in consumer confidence in Fiskars Group's brands.

Infringement of IPR is monitored through cross functional processes and systems, clear action plan is in place to prevent and stop infringing of products and practices. Fiskars Group has a good understanding of the competitive landscape and provides its employees training on immaterial rights.

Taxation

International tax environment creates uncertainties related to tax obligations. Increasing tax enforcement activity may lead to double taxation and additional costs in forms of penalties and interest. Perceived non-compliance could have an impact on Fiskars Group's reputation.

Changes in tax or import duty liabilities in countries where Fiskars operates may affect the Group's profit. Especially the increasing uncertainty regarding trade in the form of e.g. tariffs might have an impact on the company's business in the US, as part of the product portfolio sold in the country is imported.

Fiskars Group plans and manages its tax affairs efficiently and in compliance with laws and regulations of the jurisdictions in which it operates. Changes in the tax environment are monitored and the impact to Group's effective tax rate is identified.

Legal and regulatory compliance

Changing legal and regulatory environment may expose Fiskars Group to compliance and litigation risks, including competition compliance, anti-corruption, human rights, security and data privacy.

Climate change, environment, and health and safety related legislation and regulation are expected to tighten. Increasing regulatory requirements, new reporting and disclosure requirements may add operative costs, and exposes the company to criminal penalties and civil liabilities. Failure to comply with these requirements may have a material adverse effect on the Group's profit.

Fiskars Group's products and operations are subject to certain legal requirements relating to health and safety. Additional investments and increased costs may be realized if any of our products becomes subject to new regulations.

Fiskars Group has implemented various compliance programs, policies, training and the mandatory Code of Conduct training for all employees and Supplier Code of Conduct for all our finished goods suppliers.

Currency rates

A significant part of the Group's operations is located outside the euro zone. Changes in foreign exchange rates may have an adverse impact on the reported net sales of the Group, its operating results, balance sheets and cash flow. Changes in foreign exchange rates may also impact Fiskars Group's local competitiveness negatively. Less than 20% of Fiskars Group's commercial cash flows are exposed to fluctuations in foreign exchange rates. The most significant transaction risks relate to the appreciation of THB and depreciation of JPY, AUD and SEK. The most significant translation risks relate to depreciation of USD.

Currency risks related to commercial cash flows is managed primarily through business means, meaning that acquisition of production inputs and sale of products are primarily denominated in the local currencies of the Group companies. Net estimated exports and imports in foreign currencies is hedged up to 12 months in advance using currency forwards and swaps.

Financial investments

The financial investment portfolio of Fiskars Group consists of shares in Wärtsilä and of other financial investments. Other financial investments may include investments into funds, shares, bonds and other financial instruments denominated mostly in EUR and USD.

The investments may lose value e.g. due to decline in financial markets, changes in interest rates or in foreign currency rates and defaults risks. The shares in Wärtsilä together with the other financial investments form an active investment portfolio. Other financial investments are treated at fair value through profit or loss, whereas the shares in Wärtsilä are treated as a financial asset at fair value through other comprehensive income.

Acquisitions

Acquisitions are a part of Fiskars Group's growth strategy. Despite a careful due diligence process, all acquisitions and integration of acquired businesses include risks. Acquired businesses may not perform as expected, key individuals may decide to leave the company, the costs of the integration may exceed expectations, and synergy effects may be lower than expected.