



FISKARS DENMARK A/S (FORMER ROYAL COPENHAGEN) UNITED NATIONS GLOBAL COMPACT COMMUNICATION ON PROGRESS REPORT 2015

STATEMENT OF CONTINUED SUPPORT FOR 2015

I am pleased to confirm that Fiskars Denmark A/S (former Royal Copenhagen) reaffirmed its support to the Ten Principles of the United Nations Global Compact in the area of Human Rights, Labor, Environment, and Anti-Corruption for 2015.

In this annual Communication on Progress, we describe our actions to improve the integration of the Global Compact and its principles into our business strategy, culture, and daily operations. We also commit to share this information with our stakeholders using our primary channels of communication.

Sincerely yours,

Lars Tandrup,
Managing Director, Denmark

OUR STORY

In early 2013, Fiskars Corporation completed the acquisition of Royal Copenhagen and the legal name was changed from Royal Copenhagen to Fiskars Denmark A/S. The name of the report has therefore changed. Fiskars is a leading supplier of consumer products for the home, garden and outdoors. The group has a strong portfolio of respected international brands, including Royal Copenhagen, Fiskars, Iittala and Gerber. Founded in 1649 and listed on Nasdaq Helsinki, Fiskars is Finland's oldest company in operation today. Fiskars employs approximately 8,700 people in over 30 countries. For more information, see www.fiskarsgroup.com

To ensure continuity and alignment with previous reports, the focus in the report continues to be operations related to Royal Copenhagen. Other parts of the business in Fiskars Denmark A/S are provided as a service by Fiskars Silkeborg A/S, and these consist of sales and marketing of garden tools, hand tools, household items, glassware and industrial knives through specialist retailers, retail trade and own concession shops.



See later in the report more information regarding the ongoing process of integrating Royal Copenhagen as part of the broader Fiskars Group corporate responsibility communications.

Founded in 1775, Royal Copenhagen is one of the world's oldest companies. For more than 240 years, our products have been made with not only the deepest respect for tradition, but also the highest standards of craftsmanship.

Today, Royal Copenhagen is a highly distinguished brand, renowned for its exclusive quality porcelain products and its immaculate design. Royal Copenhagen is known worldwide for being Danish, and for maintaining our classic blue and white porcelain, both made and painted entirely by hand. At the same time, we are known for our daring renewal and innovation.

Royal Copenhagen operates in the U.S., EU, and Asia, and the Royal Copenhagen team consists of over 900 people globally.

OUR CORPORATE RESPONSIBILITY JOURNEY

Royal Copenhagen's CSR journey began in 2012, with strong support from top management at the time. In the first year, we assessed our CSR performance and identified five focus areas on which to base our work: developing our Supplier Code of Conduct, Forest Stewardship Council certification, energy efficiency, recycling, and CSR training. We have made tangible progress in these five focus areas: please see our 2014 UN Global Compact Communication on Progress Report for more information.

Royal Copenhagen's work with CSR is outlined in our CSR strategy. In 2015, the daily work with CSR was handled by the CSR Manager in Denmark and the CSR Organization in Thailand. The local managers in the countries in which we operate are responsible for overseeing the day-to-day implementation of the CSR strategy.

Fiskars Group is currently renewing the group-wide sustainability activities and integrating sustainability closer with the business. Going forward, Royal Copenhagen CSR activities will be more closely aligned with the group wide approach.

OUR VALUE CHAIN

The key to understanding the context of this report and the global environment in which Royal Copenhagen operates is to understand our value chain. Today, product development takes place at our competence center in Glostrup, Denmark, where original molds are made. Copies of the molds are then sent to Royal Copenhagen Thailand in Saraburi, where the porcelain pieces are produced by hand. A large portion of our production activities and thus potential impact occur in Royal Copenhagen Thailand, which is reflected in our reporting.



Flora Danica is one of the world's most prestigious and luxurious brands of porcelain dinner sets. All Flora Danica pieces are crafted, glazed, and painted by hand in Denmark.

Royal Copenhagen pieces are known and sold all over the world, sold through Fiskars sales offices in Denmark, Japan, South Korea, Taiwan, Germany and the US. Royal Copenhagen also has 20 own retail stores and 106 Shop in Shops around the world.

HUMAN RIGHTS

Principles

- 1. Business should support and respect the protection of internationally proclaimed human rights*
- 2. Business should make sure that they are not complicit in human rights abuses*

Assessment, Policy, & Goals

At Royal Copenhagen, Fiskars Group's policies and commitment create the foundation for our approach in respecting human rights. Fiskars Code of Conduct defines our values and principles and it forms also the basis in training our employees ensuring ethical practices throughout our own operations.

We believe that our ability to protect and respect human rights is most prominent with regards to our own employees, and the employees of our suppliers. Thus, this is our focus area and starting point for working to prevent and mitigate adverse impacts in our own operations and in our supply chain.

We hold our suppliers to high standards with regards to human rights, which is reflected in Royal Copenhagen's Supplier Code of Conduct. Our suppliers must support and respect internationally recognized human rights as defined in our Supplier Code of Conduct, and assess the risks and impacts of their operations on human rights with a view to ensure that Royal Copenhagen does not play a complicit role in adverse human rights impacts. All major finished goods suppliers are audited and subjected to regular follow up visits on site to ensure continuity after the audit closure.

In 2015, the Royal Copenhagen Thailand Employee Rules and Regulations underwent a verification by a legal expert to ensure that all company regulations are in accordance with the local Thai Labour Law as well as the standards set by the Fiskars Code of Conduct. These updated Rules and Regulations are a part of the Royal Copenhagen Employee Handbook that was developed throughout 2015 and distributed in April 2016 to all employees.



Implementation

Royal Copenhagen is now organized as a separate business as a part of the Fiskars Living business unit, responsible for the brand and product offering. The management team sits in Denmark and works with all markets globally and in matrix with the factory in Thailand. Royal Copenhagen's management team and Royal Copenhagen Thailand (RCTH) each hold the responsibility for protecting human rights. All employees of RCTH received class room training concerning the Fiskars Code of Conduct with the purpose of ensuring that all employees are aware and active in upholding the company ethics. RCTH regularly trains employees on health and safety, and organizes annual health checks for all employees.

Fiskars Group has an official Whistle Blowing function, which all employees of RCTH have been informed of in the Employee Handbook. Realizing that not all local employees are comfortable using this formal corporate option, a suggestion box is installed in the factory at Royal Copenhagen Thailand. Employees use this option on a regular basis to vent their ideas and concerns. Issues that have been brought up are e.g. requests for Over Time (OT), salary increase or complaints of unfair treatment by a supervisor. Regarding OT, employees are informed via weekly meetings that local and international laws set regulations for limiting OT and ensuring a weekly rest. In 2015, we implemented monthly KPI meetings where the progress is explained in detail to all supervisors and foremen in order to ensure that everyone understands the KPI and bonus agreement and have a view on actual salary and bonus expectations. The HR department have led Team Building workshops throughout 2015 for over 450 employees to ensure that supervisors and foremen develop leadership and communication skills to improve the sense of overall fair treatment.

Measurement of outcomes

Fiskars Group invites all employees to participate in the Employee Engagement Survey (EES) annually. Royal Copenhagen Thailand EES result increased from 34% in 2014 to 52% in 2015. The 2014 EES result indicated a request for improvements in pay, benefits and internal career opportunities.

As a result of this feedback, a revision of the Benefits Package was performed in 2015 in the areas such as a Health Insurance for all employees, increased allowances for glasses, work shoes, interest free emergency loans, increased attendance allowance and additional annual leave days for long time employees. Furthermore, Career Road Maps and revised Annual Training Plan were created to increase awareness of internal career opportunities and mobility.

Royal Copenhagen measures accident cases, employees' physical screenings, sick leave days, and injuries, which helps us to understand and continue to improve the health and safety for our employees.



Lost days due to accidents at Royal Copenhagen Thailand:

Accidents	2015											
	Jan	Feb	Mar	Apr	Maj	Jun	Jul	Aug	Sep	Okt	Nov	Dec
No lost days	1	0	0	0	0	1	0	0	0	0	1	1
1-2 lost days	0	0	0	0	0	0	0	0	0	0	0	0
More than 3 lost days	0	0	0	0	0	0	0	0	0	0	0	0

Description of accidents and follow up improvements at Royal Copenhagen Thailand:

#	Accident	Improvement
1	Selection department employee fell onto a glost ware tray.	Clean up of the work space the area to ensure clear pathways.
2	Select staff employee got wood chips into fingertips	Implement workplace check up to clean up and repair before initiating daily work.
3	Copy line staff fell off a chair. She was injured sprains	We brought a new chair to replace the damaged chair.
4	Paint staff suffered from bisquit dust into eyes.	Medical treatment with company nurse. Prevention by implementing use of brushes before initiating painting after repair works has been performed.





CASE: Employee Safety at Royal Copenhagen Thailand

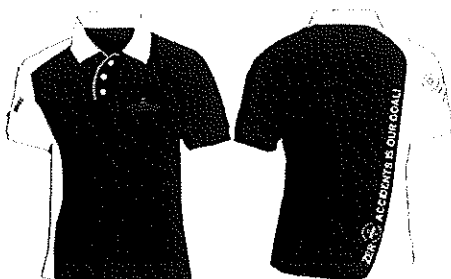
At Royal Copenhagen Thailand, the Safety Committee has increased its members of the committee from 11 (2014) to 13 (2015) to ensure satisfactory coverage of the factory area and responsibilities. RCTH Managing Director has stepped in as Chairman of the Safety Committee to ensure solid foundation in the management level.

The Safety Committee's role is to oversee the company's safety plan, introduce safety projects in areas where they see the potential for improvement, and give recommendations to the management team if a health risk or safety issue is observed. The Safety Committee at RCTH works throughout the year with the goal of upholding occupational safety laws in Thailand. The Committee meets every month and handles safety issues such as accident preventive measures, safety surveys, weekly safety checks, safety promotion and coordination with government agencies. The Committee inspects all of the safety equipment in the facility monthly, including fire extinguishers and alarms, and reports back to management. This helps to ensure that all safety equipment is functioning at all times. It also focuses on campaigning and promoting safety among employees.

The safety committee also organizes an annual safety week, during which employees receive first aid and safety training, engage in team-building activities, and a safety award is given to the employee that has raised the most important safety issues throughout the year.

For 2015, the RCTH Safety Committee had set a Zero Accident goal of 2,000,000 hours and exceeded the goal in attaining 2,231,383 hours (end of year 2015). The Safety Committee celebrated the success by giving a Zero Accident t-shirt to all employees. The members of the Safety Committee wear the t-shirt as proud ambassadors of the employee engagement to ensure occupational safety. As a proof of the company commitment to Occupational Safety the company MD became Chairman of the Safety Committee in December 2015.

The Safety Committee has set overall targets for 2016 to include a safety survey to investigate Near Miss Accidents and possible preventive actions, an update of the annual Environmental Monitoring to ensure all KPI's and standards are up to local and international requirements, and finally establishing an Internal Emergency Drill Reporting procedure.





As a result of a safety survey among employees, one of the safety improvements was to install clearly marked bumpers around pillars and corners to ensure safe movement with forklifts around the shop floor. Another improvement was to renew signage for fire extinguishers in all areas to make sure the firefighting equipment is visible from a larger area.

The Safety Day 2015 at RCTH was a combination of safety information activities and quizzes. As a new activity in 2015, there was an info-quiz on Drug Abuse, led by the White Factory Committee for Drug Prevention and Safety Heroes were appointed based on their quiz results.



CASE: Lose Weight Challenge as part of the annual health check

Royal Copenhagen Thailand offers an annual Health Check for all employees, free of charge and voluntary. This is a well-received opportunity for employees who do not normally have the finances or time to have a full medical check-up.





The annual health check at Royal Copenhagen Thailand is led by the Bangkok Occupational Medicine Center co. Ltd. and covers blood test, eye sight test, X-rays, audiometry, EKG, as well as an examination by a doctor. The result of the health checks are given to each employee and are personal, but the HR department and Safety Office gets an anonymous summary. This summary is used as a tool to provide information and opportunities for employees to improve their general health.

The health check in 2014 identified that employees had high levels of Triglycerides (25,4%) and Cholesterol (14,4%), which has resulted in a communication plan for information articles in the RCTH Newsletter regarding maintaining a healthy and balanced diet. During 2015, several activities have been offered to employees who are interested in losing weight and learn more about healthy diet as a way to lower the overall cholesterol numbers.

One such activity is the Loose Weight Challenge. Season 1 of the Lose Weight Challenge was conducted in 2015, while Season 2 runs in 2016. Employees are offered to be weighed, have their BMI measured and participate in weekly training sessions run by a professional fitness instructor. They also take part in group discussions about how to make healthier choices for food and drinks and how to stay on the right track.

The Loose Weight Challenge has become popular with the employees and will continue in 2016, although some changes will be made with 2 specific goals. One goal will be to try to engage the employees with a Body Mass Index above 30 where the activity may have the biggest effect. The second goal for 2016 is to include more information about dietary choices to help employees find choices that are easier for them to maintain in the future.

BMI Chart

Week 1	Week 2	Week 4	Week 6	Week 8	Score
29.70	29.24	29.06	29.06	28.71	9.9
31.22	30.59	30.8	31.22	30.8	4.2
31.25	31.06	30.86	30.48	30.48	7.7
34.10	33.61	33.61	33.4	33.09	10.1
37.53	37.53	37.12	36.92	36.92	6.1
40.82	39.84	39.18	38.2	37.88	29.4
28.80	28.08	26.95	26.95	26.17	26.3
29.14	28.72	28.72	28.71	28.51	6.3
33.53	32.99	32.24	32.45	32.27	12.6
41.81	41.45	40.92	41.1	40.75	10.6
34.89	33.78	33.33	33.33	33.33	15.6
37.25	36.85	36.05	36.05	35.65	16
32.00	30.53	30.36	30.36	30.36	16.4
30.04	29.71	29.38	29.71	30.04	0
36.57	35.49	35.92	35.93	35.93	6.4
32.87	33.28	33.28	34.11	33.49	-6.2
28.70	28.47	28.65	29.02	29.02	-3.2
40.40	40.77	40.77	40.77	40.4	0
28.76	28.35	27.94	27.94	27.53	12.3



LABOR

Principles

- 3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining*
- 4. The elimination of all forms of forced and compulsory labor*
- 5. The effective abolition of child labor*
- 6. The elimination of discrimination in respect of employment and occupation*

Assessment, Policy, & Goals

At Royal Copenhagen, we believe that everyone has the basic and unalienable rights to be free from discrimination and harassment, the right of collective bargaining, the right to choose to work freely with a legal contract, and that every child should have the right to an education. To achieve this, we will continuously protect and document labor rights in our operations.

During 2015, a transition from the Royal Copenhagen CSR Strategy to the Fiskars Code of Conduct and Suppliers Code of Conduct was initiated. We are committed to support our partners in ensuring that working conditions in the supply chain are safe, workers treated with respect and dignity and business operations are environmentally and ethically sustainable. These principles are outlined in our Supplier Code of Conduct document, which covers all our finished goods suppliers.

All RCTH suppliers are required to sign the Fiskars Suppliers Code of Conduct as a new contract is up for renewal and this process has been overseen by the Purchasing Department as well as the CSR Coordinator at RCTH.

Implementation

Royal Copenhagen Thailand focused on implementing the Fiskars Code of Conduct in 2015.

All finished goods suppliers and contractors were required to sign the SCoC to show commitment to uphold responsible manufacturing standards. In 2015, 3 main finished goods suppliers received the SCoC Audit Training before their production facility was audited by the Fiskars Sourcing Office in the region. If requested, suppliers are provided with further information and details to ensure that the requirements are understood by the supplier and/or contractor. Audit were conducted in Q4 2015 with satisfactory audit scores. When Non-Conforming Findings are made a Corrective Action Plan has been made and the regional Sourcing Office has been involved in the follow up actions.



The supplier audits, based on previous desk top studies and risk analysis are a big step toward ensuring that RCTH suppliers conform to the standards stated in the SCoC, as well as an effort to consolidate responsible production throughout the value chain.

Royal Copenhagen strives to expand the Danish labor standards with us when working outside of Denmark. Through the many years of our history, Royal Copenhagen has gained proven experience in upholding workers' rights, and has established and maintained healthy cooperation with unions. A lot of this experience is "in the walls," but we have communicated this knowledge to our employees in Denmark and all the locations where we operate.

Royal Copenhagen Thailand's top management supports and guarantees employees' freedom of association. Since the election of new representation in the RCTH Labour Union in January 2015, the HR department and Management Team have received no complaints or requests from the local Labour Department in Saraburi. The reason for this is likely that there has been a generational change in the Labour Union at RCTH and that the new representatives experience that requests are sufficiently dealt with in the Employee Committee, the second employee representation unit in RCTH. Further, in 2015 the RCTH Benefits Package was reviewed to include improvements that have been requested by the both representational units since 2014.

Measurement of Outcomes

The following is a table of Royal Copenhagen Thailand employees by gender:

Headcount as of December 31, 2015	Male	Female	Total
Total	111	403	514
%	21.6%	78.4%	100%

In Royal Copenhagen Thailand 2 out of 5 top managers are women.

ENVIRONMENT

Principles

- 7. Businesses should support a precautionary approach to environmental challenges*
- 8. Undertake initiatives to promote greater environmental responsibility*
- 9. Encourage the development and diffusion of environmentally friendly technologies*



Assessment, Policy, & Goals

Royal Copenhagen products have an extraordinarily long lifecycle, in many cases spanning several generations. Therefore, we believe that our environmental impacts are most relevant during fabrication, packaging, and transport, in the areas of energy consumption, emissions, and waste management. We work to reduce the environmental impact through our choice of materials, recycling, design, and product development.

Royal Copenhagen's environmental policy establishes its commitment to uphold local laws on protection of the environment and to continuously improve our daily operations in order to minimize our impact on the environment. The Environmental Policy also commits to include employees and stakeholders in these efforts as an effort to engage in communication about environmental responsibility.

Implementation

In both Denmark and Thailand, Royal Copenhagen has taken the initiative to reduce our impact on the environment. In 2015, Royal Copenhagen initiated the process of implementing and attaining ISO14001 certification, with the goal of clarifying areas of improvement in our environmental management. Specific work has been done to formalize the connection between strategic planning and environmental issues relevant to RCTH. So, a major component of the preparations for the certification in 2015 has been to create and formalize incorporation of environmental aspects in annual strategic planning. The audit inspection and certification was planned and completed in March 2016.

At the Royal Copenhagen competence center in Glostrup, an external partner has been brought in to provide training to all relevant employees for waste management, particularly in sorting of plaster, metal, paper, and corrugated paper waste. Additionally, all palettes from Thailand sent to the warehouse in Denmark are reused or sold for re-use.

Measurement of Outcomes

Royal Copenhagen's environmental measures include: wastewater quality analysis, energy consumption, air emissions analysis, and the percentage of the re-use of packaging in our warehouse in Denmark. In Thailand an external company measures the environmental KPI's annually and a report is submitted annually to the Ministry of Industry. Please see below for specific results.



Waste Management and Energy Efficiency at Royal Copenhagen Thailand

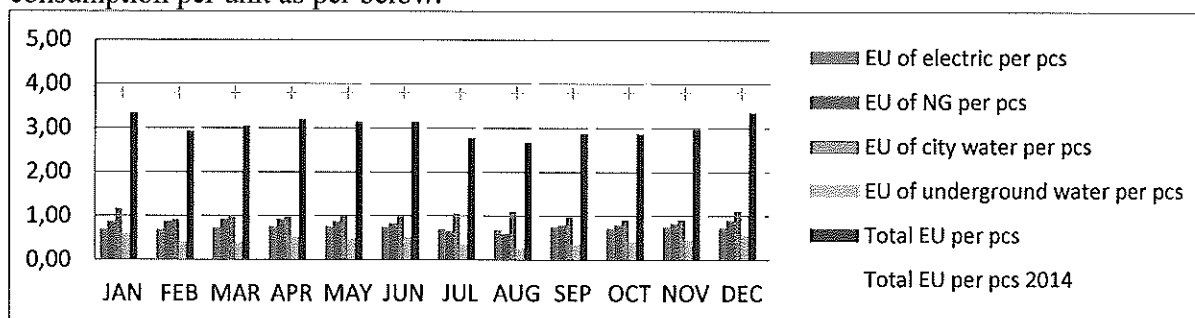
In November 2014, a project was established to re-evaluate energy consumption measurements and KPI's in an effort to provide data on which areas to improve on. This effort has resulted in an improved data collection procedure that provides accurate KPI's to measure energy and water consumption for RCHT.

The following is the electricity, water, and natural gas usage at Royal Copenhagen:

		2012	2013	2014	2015*
ELECTRICITY	KWH	1.433.220,00	1.785.680,00	1.991.380,00	2.050.320,00
	KWH/PCS	8,74	8,14	7	0,51
WATER	M3	20.668,00	21.326,00	29.187,00	27.741,50
	M3/PCS	0,13	0,10	0,10	0,007
NATURAL GAS	MMBTU	31.515,59	44.856,64	37.362,00	78.810,23
	MMBTU/PCS	0,19	0,20	0,23	0,020

*)2015 figures are not comparable to former years due to inclusion of scrapped products from this year onwards.

At Royal Copenhagen Thailand, natural gas is used for kiln firing and a reduction of usage is not simple. In 2015, the Technical Department tested different ways of filling up the tunnel kiln and reduce usage of the chamber kiln. The tunnel kiln reuses the waste heat and thus consumes less natural gas per unit, compared to the chamber kiln. This effort resulted in a noticeable consumption per unit as per below:



Energy consumption in EU per production unit 2015

Recycling and Energy Efficiency at Royal Copenhagen Denmark

Royal Copenhagen's European warehouse in Hvidovre, Denmark, receives porcelain from Royal Copenhagen Thailand before the products are shipped to our customers. Rather than unpacking the porcelain from the shipping boxes into new boxes to be shipped to customers around the world, the Warehouse Manager saw an immense opportunity to save paper boxes by reusing the boxes.

In the first year that this was implemented in 2013, 40% of boxes were reused. The goal for 2014 was to reuse 45% of all boxes and we reached 41,3%.



The percentage of boxes recycled in our warehouse in Copenhagen in 2013-2014:

	2013	2014
TOTAL BOXES USED	119.941	123.970
TOTAL BOXES RECYCLED	47.487	51.116
PERCENTAGE	39,6%	41,3%

Additionally, all light bulbs that need to be changed in the Danish warehouse will be replaced by energy efficient light bulbs.

ANTI-CORRUPTION

Principles

10. Business should work against corruption in all its forms, including extortion and bribery

Assessment, Policy, & Goals

Royal Copenhagen has a zero tolerance policy towards corruption, including bribery, facilitation payments, kickbacks, theft, fraud, blackmail, and favoritism. The same zero tolerance applies to our suppliers, as defined in our Supplier Code of Conduct.

Fiskars Code of Conduct includes our anti-corruption policy and scenarios. Guidelines for integrity and anti-corruption are also included in the Royal Copenhagen Thailand Employee Handbook which is new and replaces previous policies and guidelines from previous cooperation with the partner of RCTH, Patra Porcelain. The Handbook was launched in April 2016.

Implementation

All Royal Copenhagen employees are trained in the Fiskars Code of Conduct, to ensure our employees understand and comply with applicable anti-corruption laws in all interactions. All employees at RCTH are required to participate in the Fiskars Code of Conduct training every 2 years. In Q4 2015, all employees participated in the updated Code of Conduct class room training. The training goes through a variety of scenarios that allow employees to reflect upon the correct actions and have an open discussion about the dilemmas that may occur.

The Employee Suggestion Box is a resource available to the employees at RCTH to give voice to complaints or situations that they feel require action. In 2015, one notice was given via the suggestion box to request improved efforts against unfair treatment from Supervisor level management.



In Q4 2015, a Team Building workshop was held for 50 Supervisors and Foremen from RCTH. The purpose of the workshop was to improve leadership skills and increase awareness of respectful communication and fair treatment in daily operations.

At Royal Copenhagen headquarters in Denmark, we ensure that our samples are loaned out for official uses, for example, demonstration purposes, or to be photographed for a catalogue. All Royal Copenhagen pieces that are loaned out must be registered to the employee, and the reason for each piece. Keeping records of how our pieces are loaned out ensures accountability and prevents misuse of Royal Copenhagen pieces.

Measurement of Outcomes

Royal Copenhagen has not been involved in any legal cases or claims related to corruption and bribery. The records that we keep are used as one of the methods to oversee the shipment of our pieces and ensure that they are not used in a quid-pro-quo exchange.