

# AMER SPORTS CORPORATE GOVERNANCE STATEMENT

## GENERAL

Pursuant to the provisions of the Finnish Companies Act and the Articles of Association of Amer Sports Corporation (hereinafter referred to as “Amer Sports” or “the Company”) responsibility for the control and management of Amer Sports is divided between the General Meeting of shareholders, the Board of Directors and the President and CEO. Shareholders participate in the control and management of Amer Sports through resolutions passed at General Meetings of shareholders, which are generally convened upon notice given by the Board of Directors. In addition, General Meetings of shareholders are held when requested in writing by an auditor of Amer Sports or by shareholders representing at least one-tenth of all the outstanding shares of the Company.

Amer Sports’ shares are listed on the Nasdaq OMX Helsinki Stock Exchange. In addition, Amer Sports has a Level I ADR program. The ADRs are traded over-the-counter in the United States. Two depository receipts are equivalent to one Amer Sports share.

## CORPORATE GOVERNANCE

In its decision making and administration, Amer Sports applies the Finnish Companies Act, the Finnish Securities Markets Act and the rules issued by the Nasdaq OMX Helsinki Stock Exchange, Amer Sports’ Articles of Association, and the Finnish Corporate Governance Code 2008 for listed companies. Amer Sports complies with the code without exceptions. The code is publicly available on [www.cgfinland.fi](http://www.cgfinland.fi).

This Corporate Governance Statement has been prepared pursuant to Recommendation 51 of the Finnish Corporate Governance Code 2008 for listed companies and the Securities Markets Act (Chapter 2, Section 6). This Corporate Governance Statement is issued separately from Amer Sports’ operating and financial review.

## BOARD OF DIRECTORS

### Composition and term of Board of Directors

The Board of Directors is responsible for duly organizing the administration and operations of Amer Sports. The Annual General Meeting of shareholders (“the AGM”) elects a minimum of five and a maximum of seven directors for a term of one year. A person who has reached the age of 66 at the time of election may not become a member of the Board of Directors.

The Board evaluates the independence of its members annually or more often, as may be necessary. Each member of the Board of Directors is obligated to provide the Board of Directors with sufficient information that allows evaluation of their independence.

### The Board of Directors’ rules of procedure and meeting practices

Amer Sports’ Board of Directors approves annually the rules of procedure to govern its work including a schedule for meetings. The rules of procedure include the specific themes discussed at each meeting in addition to the standard reporting and discussion items reviewed in each meeting. The rules of procedure also include a schedule of the dates when the Board of Directors will visit the operations of the Company and its partners, as well as the annual evaluation of its own performance at the end of the period. Committees established by the Board of Directors assist the Board of Directors for the matters assigned to them.

The Board of Directors convenes eight to ten (8–10) times a year according to a predetermined annual meeting schedule. In addition to these meetings, the Board of Directors convenes as necessary. At least once a year, the Board of Directors convenes when representatives of the Company’s management are not

in attendance. The President and CEO and the Executive Vice President and CFO participate in the meetings of the Board of Directors and the Vice President of Legal Affairs acts as the secretary of the Board. Other Amer Sports executives participate in the meetings as necessary.

Meeting materials are delivered to the members of the Board of Directors in advance and all meetings are documented.

### **The main duties of the Board of Directors**

The duties and responsibilities of the Board of Directors are defined according to the Finnish Companies Act, other applicable legislation, and Amer Sports' Articles of Association. The Board of Directors has general authority in all matters where neither law nor the Company's Articles of Association stipulate that a matter should be decided or performed by any other bodies. In addition, the Board of Directors must act in the interests of the Company and all shareholders in all circumstances, and direct Amer Sports' operations with a view to generating maximum enduring added value to shareholders without neglecting other stakeholders.

The main duties of the Board of Directors are to:

1. Direct Amer Sports' business operations and strategies
  - Confirm the Company's strategy and ensure that it is up-to-date
  - Confirm the business plan on the basis of the strategy and annual budget, and monitor its achievement
  - Adopt the annual investment plan
  - Decide on significant, strategically-important investments or acquisitions and the sale of assets
  - Review the Corporate Social Responsibility Report
2. Organize Amer Sports' administration and functions
  - Appoint and dismiss the President and CEO
  - Appoint and dismiss the immediate subordinates of the President and CEO
  - Decide on the terms of service of the President and CEO and his or her immediate subordinates, including possible incentive programs
  - Set the President and CEO's personal targets for each year and monitor their achievement
  - Keep track of issues related to succession in management and human resources strategy
  - Adopt the duties and responsibilities of the Board of Directors and evaluate its performance once a year
3. Supervise the management of financial administration, internal control and risk management
  - Review and approve interim reports, annual financial statements and the report by the Board of Directors as well as related stock exchange releases
  - Hold a meeting with the Company's auditors at least once a year
  - Oversee significant risks connected with the Company's operations and risk management
4. Prepare matters to be decided on at the AGM
  - Draft the company's dividend payout policy and submit a proposal on the dividend to the AGM
  - Submit other proposals to the AGM

According to the rules of procedure, the chairman of the Board of Directors, in addition to leading the work of the Board of Directors, continuously monitors Amer Sports' operations and development through contact with the President and CEO. Furthermore, the chairman of the Board of Directors represents the Company in matters associated with shareholders and ensures that the work of the Board of Directors is evaluated annually, and that the Board of Directors continuously updates and deepens its knowledge of Amer Sports' operations.

#### Year 2009

The Annual General Meeting of shareholders held on March 5, 2009, elected seven members to the Amer Sports Board of Directors. The Board members re-elected were Anssi Vanjoki, Ilkka Brotherus, Martin Burkhalter, Christian Fischer, Bruno Sälzer, and Pirjo Väliäho. Hannu Ryöppönen was elected as a new member of the Board of Directors, Anssi Vanjoki was re-elected as chairman and Ilkka Brotherus as vice chairman of the Board of Directors.

In 2009, the Board of Directors convened 20 times. The attendance rate of directors at meetings of the Board of Directors was 94 % in 2009. On 5 March, 2009, the Board of Directors carried out a self-assessment of its performance.

<u>Name</u>	<u>Year born</u>	<u>Position</u>	<u>Year of appointment</u>	<u>Nationality</u>
Anssi Vanjoki	1956	Chairman since 2006	2004	Finnish
Ilkka Brotherus	1951	Vice chairman since 2002	2000	Finnish
Martin Burkhalter	1952	Member	2008	Swiss
Christian Fischer	1964	Member	2008	Austrian
Hannu Ryöppönen	1952	Member	2009	Finnish
Bruno Sälzer	1957	Member	2008	German
Pirjo Väliäho	1954	Member	2007	Finnish

#### **Anssi Vanjoki**

Independent of the Company and significant shareholders. Executive Vice President and General Manager of the Markets Unit of Nokia Corporation. Master of Science degree in Economics. Primary work experience: Executive Vice President and General Manager of the Multimedia unit of Nokia Corporation 2004–07. Executive Vice President of Nokia Mobile Phones and Senior Vice President of Nokia Mobile Phones (Europe and Africa) 1994–98, and Vice President of Sales of Nokia Mobile Phones 1991–1994. Other positions of trust: Member of the Executive Board of Nokia Corporation and of the Boards of Directors of Koskitukki Oy and Sonova Holding AG.

#### **Ilkka Brotherus**

Independent of the Company and significant shareholders. Owner, Managing Director Sinituote Oy. Master of Science degree in Economics. Primary work experience: Deputy Managing Director of Hackman Group 1988–89, Managing Director of Hackman Housewares Oy 1987–88, and Managing Director of Havi Oy 1981–86. Other positions of trust: member of the Board of Directors of Sinituote Oy and Oy Erkyte Ab, a member of the Board of Directors of Veho Group Oy Ab, and a member of the Supervisory Board of Tapiola Mutual Pension Insurance Company.

#### **Martin Burkhalter**

Independent of the Company and significant shareholders. Chief Operating Officer of Vizrt Ltd. Biotechnology and accounting degree. Primary work experience: Independent Consultant in Geneva, Switzerland, 2004–05, Senior Vice President and Managing Director of EMEA Reebok International (France) 2001–03, and Chief Executive Officer of Intersport International Corporation (IIC) (Switzerland) 1997–2001.

### **Christian Fischer**

Independent of the Company and significant shareholders. Founder and managing director of ACCELATE, Business Launch and Expansion GmbH, Founder of Security Land Sicherheitsfachmarkt GmbH. MBA degree. Primary work experience: Principal in A.T. Kearney Management Consultants (Germany) 1994–99, and International Brand Management of Henkel AG & Co. KGaA (Germany) in 1993.

### **Hannu Ryöppönen**

Independent of the Company and significant shareholders. Business Administration degree. Primary work experience: Deputy Chief Executive Officer of Stora Enso Oyj (Helsinki/London) 2007–09, Chief Financial Officer of Stora Enso Oyj (Helsinki and London) 2005–08, Chief Financial Officer of Koninklijke Ahold N.V. (Amsterdam) 2003–05, Chief Financial Officer of Industri Kapital Group (London) 1999–2003 and Chief Financial Officer of the IKEA Group 1985–98. Other positions of trust: Chairman of the Board of Directors of Altor private equity funds and Tiimari Oyj, and a member of the Board of Directors of Neste Oil Corporation, Novo Nordisk A/S and Rautaruukki Corporation.

### **Bruno Sälzer**

Independent of the Company and significant shareholders. Business Administration degree. Primary work experience: Chairman and Chief Executive Officer of Escada AG (Germany) 2008–09, Chairman and Chief Executive Officer of Hugo Boss AG (Germany) 2002–08, Executive Vice Chairman of Hugo Boss AG (Germany) 1998–2002, Managing Director of Hairdressing International of Hans Schwarzkopf GmbH (Germany) 1993–95.

### **Pirjo Väliäho**

Independent of the Company and significant shareholders. Vice President and General Manager of Procter & Gamble Germany, Austria and Switzerland. Bachelor of Science degree in Economics. Primary work experience: Several general management positions with the Gillette Company (VP and General Manager of Gillette Nordic, Central Europe West and Gillette Eastern Europe, and General Manager of Braun Nordic), various Global Strategic Marketing positions in the Braun division of Gillette, and Commercial Marketing positions both in Braun GmbH and in Gillette Company in the United States, Canada, and Finland 1982–2005.

## **Board Committees**

The Board of Directors has established three permanent committees from amongst its members to support its work and has defined the rules of procedure for them. The committee chairmen and members are elected annually. The committees report on their work to the entire Board of Directors on a regular basis. The committees have no independent decision-making power.

### **Audit Committee**

The Board of Directors appoints an Audit Committee to assist it in its task of supervising the Company's financial administration. The Audit Committee comprises a minimum of three members of the Board of Directors. The members must be independent and have the qualifications necessary to perform the duties of the Audit Committee. The Audit Committee meets at least four times per year and maintains regular contact with the Company's external auditor. The Audit Committee monitors the reporting of the Company's financial statements and the adequacy of internal control and risk management systems. In addition, the Audit Committee monitors the statutory audit process, evaluates the independence of the statutory audit firm, and prepares the recommendation presented to the Annual General Meeting on the election of the auditor.

### Year 2009

On March 5, 2009, the Board of Directors elected Hannu Ryöppönen (chairman), Ilkka Brotherus and Martin Burkhalter as members of the Audit Committee. The Audit Committee convened altogether 5 times in 2009. The meeting attendance rate was 93.3% in 2009.

### **Compensation Committee**

The Board of Directors appoints a Compensation Committee to ensure good governance in monitoring executive rewards, to recommend Amer Sports' reward philosophy and executive reward programs, to assess pay and performance relationships and to recommend executive pay decisions concerning the President and CEO and his immediate direct reports for approval by Amer Sports' Board of Directors. The Compensation Committee comprises a minimum of three members of the Board of Directors. The chairman of the committee convenes meetings as required, but at least twice a year.

#### Year 2009

On March 5, 2009, the Board of Directors elected Pirjo Väliäho (chairman), Anssi Vanjoki, Christian Fischer, and Bruno Sälzer as members of the Compensation Committee. The Compensation Committee convened altogether 4 times in 2009. The meeting attendance rate was 93.8% in 2009.

### **Nomination Committee**

The Board of Directors appoints a Nomination Committee to assist it in its task of ensuring good governance in preparing proposals concerning members of the Board of Directors and their compensation for decision by the General Meeting of shareholders. The Nomination Committee communicates with major shareholders in matters concerning the appointment of the Board of Directors, when that is appropriate. The Nomination Committee comprises a minimum of three members of the Board of Directors. The chairman of the committee convenes meetings as required, but at least once a year.

#### Year 2009

On March 5, 2009, the Board of Directors elected Ilkka Brotherus (chairman), Anssi Vanjoki, and Martin Burkhalter as members of the Nomination Committee. The Nomination Committee convened altogether 8 times in 2009. The meeting attendance rate was 100% in 2009.

### **PRESIDENT AND CEO**

The Board of Directors nominates the President and CEO, who is in responsible for managing Amer Sports in accordance with the Finnish Companies Act and instructions provided by the Board of Directors. The Executive Vice President and CFO acts as deputy to the President and CEO.

The President and CEO reports to the Board of Directors and keeps the Board of Directors informed about Amer Sports' business, including its relevant markets and competitors, as well as its financial position and other significant matters. The President and CEO is also responsible for overseeing the Company's day-to-day administration and ensuring that the financial administration of the Company has been arranged reliably. The President and CEO is assisted by the Executive Board. Roger Talermo served as President and CEO from 1996 until 22 December, 2009 and was also a member of the Board of Directors between 1996 and 2008. The Executive Vice President and CFO, currently Pekka Paalanne, acts as deputy to the President and CEO. Heikki Takala was appointed as President and CEO of Amer Sports from April 1, 2010.

#### **Pekka Paalanne**

Acting President and CEO of Amer Sports from December 22, 2009 until March 31, 2010. Executive Vice President and CFO since 1997. Bachelor of Science degree in Economics. Born 1950, Finnish nationality. Primary work experience: Senior Vice President of Corporate Control and Information Systems of Kone Corporation 1991–1997. Several executive positions in Kone Corporation 1979–1991.

#### **Heikki Takala**

President and CEO of Amer Sports from April 1, 2010. Master of Science degree. Born 1966. Finnish nationality. Primary working experience: Commercial Director of Salon Professional Global Commercial

Operations of Procter & Gamble. Several line management positions in region and product line organizations in Procter & Gamble 1992–2010.

**Roger Talermo**

President and CEO from 1996 until 22 December 2009. Master of Science degree in Economics and an honorary Doctor of Philosophy degree in Sports and Health Sciences. Primary work experience: President and CEO of Atomic Companies (Austria) 1995–96, General Manager and Chairman of Salomon S.A. – North Europe (Sweden) 1993–1995, CEO of Taylor Made Golf Company, Inc. (USA) 1991–1993.

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

### Internal Control and Risk Management System

The Board of Directors of Amer Sports approves and endorses the Risk Management Policy. The policy defines objectives, principles, processes and responsibilities concerning risk management within Amer Sports companies. Identifying and evaluating risks makes it possible to manage them. This identification and evaluation of risks enables sufficient and effective internal controls to be put in place. The process of risk management and the internal controls relating to financial reporting in Amer Sports are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements.

The risk management process is embedded in the business management and internal control framework in order to support the accomplishment of the Company's strategic business targets and financial reporting objectives.

Responsibility for risk management rests with Amer Sports' business segments/areas, sales and supply chain organizations and support functions, which report regularly to the management of Amer Sports on the main risks connected with their operations.

The management of financial risks is centralized within Amer Sports' Treasury function. The guidelines for risk management are set out in the Financial Risk Management Policy, which is approved by the Board of Directors and which encompasses the principles and risk limits connected with the balance sheet structure, relationships with financial institutions and other financing risks.

Amer Sports' primary reporting segments are its business segments: Winter and Outdoor, Ball Sports, and Fitness. Winter and Outdoor is divided into the following business areas: Winter Sports Equipment, Apparel and Footwear, Cycling and Sports instruments. Ball Sports' business areas are Racquet Sports, Team Sports and Golf. Fitness' business area is Fitness Equipment. The secondary reporting segments are the regions; the Americas, EMEA and Asia Pacific. In overseeing the operations, the President and CEO and other executives make use of weekly sales reports, monthly financial reports, and regular meetings with the management teams of business segments/areas and regions.

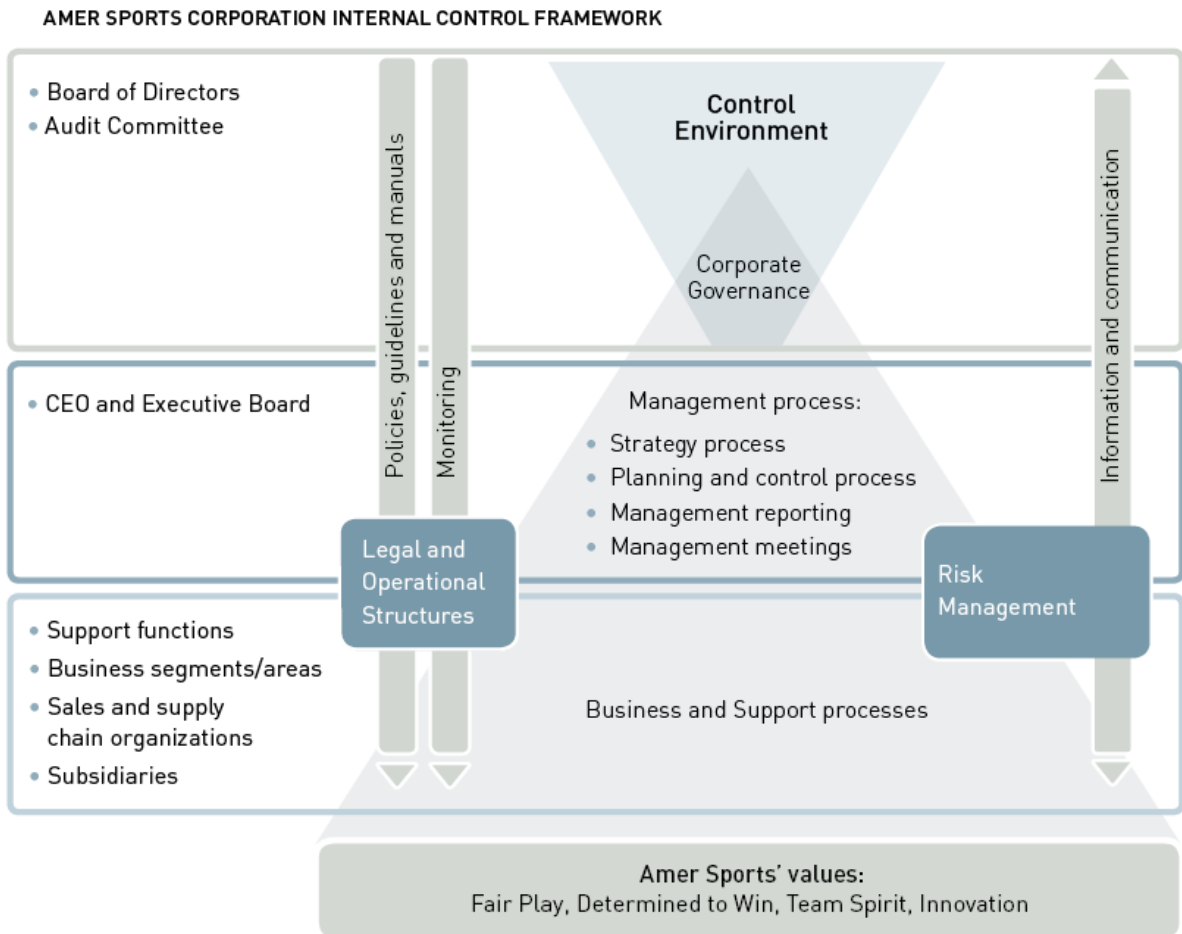
Financial reporting is carried out in a harmonized way in all group companies. Amer Sports' accounting policies in both external and internal financial reporting are based on the international financial reporting standards (IFRS). In addition to IFRS, more specific group policies and guidance are provided in Amer Sports' accounting policies manual (Corporate Manual). The Amer Sports Finance and Control function is responsible for maintaining the accounting policies and reporting systems. It also monitors that these reporting policies are followed.

The business segments are responsible for providing their financial statements. The Amer Sports Finance and Control function consolidates financial statements.

Amer Sports is in the process of implementing a group-wide, unified ERP (Enterprise Resource Planning) system (SAP). This includes a harmonized chart of accounts and the control environment. The Amer Sports Finance and Control function is responsible for monitoring the implementation of SAP rollouts.

The Amer Sports Internal Control and Risk Management framework includes elements from the framework introduced by the Committee of Sponsoring Organizations (COSO). There are five principle components: **Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring.**





Control Environment

Amer Sports’ values support and guide the Company’s operations around the world, creating the foundation of the control environment and setting the standard of conduct for financial reporting.

The Board of Directors has overall responsibility for ensuring that an effective system of internal control and risk management is established. The Audit Committee oversees that risk management activities are in line with the Risk Management Policy and that risk assessments are used to focus internal control activities. The responsibility for maintaining the internal control and risk management system is delegated to the President and CEO and the Executive Board.

Risk Assessment

As part of Amer Sports’ risk management process, risks related to the business environment, and operational and financial risks are identified, assessed and prioritized annually. The financial reporting priorities are defined by the Amer Sports Finance and Control function to enable the identification and sufficient management of risks.



### Control Activities

Legal and operational structures are the foundation of internal controls. Because the organization is decentralized, it is the responsibility of the business segments/areas, sales and supply chain organizations and support functions to align the Company's risk management priorities and strategies with their management processes. Amer Sports' support functions issue policies and guidelines for specific areas such as finance, accounting, purchasing, sales, IT, HR and legal compliance. It is at the responsibility of the business segments/areas and sales and supply chain organizations and support functions to apply these policies and guidelines in order to achieve efficient and appropriate controls on the basis of their individual circumstances and context. Risk management and control activities are planned to mitigate identified risks with consideration to the cost and potential effectiveness of the control activities.

Amer Sports' Treasury function monitors the implementation of the Financial Risk Management Policy within the business segments/areas and subsidiaries.

The Amer Sports Corporate Manual and the Internal Control Policy set standards for financial procedures. The financial control activities are designed to prevent, detect, and correct errors and irregularities. They include a range of activities such as reporting, authorizations, approvals, reconciliations, and the segregation of duties.

The Internal Control Policy was developed by reviewing existing policies and procedures within a selection of Amer Sports businesses. The purpose of the policy is to act as a practical tool, to harmonize and clarify rules and procedures by setting and communicating the expected minimum requirements within the area of internal control.

The property, loss-of-profits and liability risks arising from the operations of the Amer Sports companies are covered by taking out appropriate insurance policies. In addition to worldwide insurance programs, local policies are also used, for example, when there are special legislation-related needs.

### Information and Communication

The components of the risk management and internal control system are described in various manuals, instructions and policies. These are communicated throughout the group of companies and are stored on Amer Sports' intranet, which is accessible to the employees.

The Amer Sports Corporate Manual defines, among other things, the planning and control process, reporting and accounting policies, and the role of the Amer Sports Treasury function. Taxation matters are covered in different instructions and guidelines. The Internal Control Policy provides further clarity and sets the expected minimum requirements regarding, for example, authorization matrix, capital expenditure, and credit control policy.

Business segments/areas, sales and supply chain organizations and subsidiaries regularly provide financial and management reports to the management of Amer Sports, including analysis of financial performance as well as potential risks and opportunities. Regular meetings are also held for sharing information and best practices regarding internal controls and risk management.

### Monitoring

The performance of the Amer Sports' companies is reviewed regularly on various organizational levels. The reviews are formal and documented. The representatives of the Amer Sports' Finance and Control function also regularly visit the businesses to perform operational reviews. They also monitor the internal control procedures.

Risk reporting is integrated into the Operational Planning and Control Cycle and into the Strategic Review Cycle management processes. Amer Sports' business segments/areas, sales and supply chain

organizations and support functions report regularly on risk exposures and their mitigation efforts to the relevant management board.

The Board of Directors oversees significant risks connected with Amer Sports' operations and evaluates the effectiveness of the risk management.

The Risk Management Steering Team is responsible for overall risk management process development within Amer Sports, including facilitation of group-level risk mapping.

#### Internal Audit

Amer Sports does not have a separate internal audit function to analyze the operations and processes relating to internal controls. However, the representatives of the Amer Sports' Finance and Control function regularly visit group companies to perform operational and financial reviews. They also monitor the internal control procedures. The scope and content of the external audit reflects the fact that there is no separate internal audit organization. The Audit Committee and the Amer Sports' Finance and Control function determine one or more audit themes over and above the statutory auditing requirements. The themes change each year and separate reports on them are prepared for the Audit Committee and the management of Amer Sports.

#### External Audit

According to the Articles of Association, Amer Sports has one auditor, which must be a public accounting firm certified by the Central Chamber of Commerce.

The independent public accountant engaged by Amer Sports is in charge of directing and coordinating the audit work for the entire Amer Sports group of companies. The Audit Committee prepares the recommendation presented to the Annual General Meeting on the election of the auditor. The Annual General Meeting elects the auditor annually and for a period of one year.

Amer Sports' auditor, the presidents of the business segments and areas and the finance directors as well as the general manager and the finance manager of selected subsidiaries meet at least once a year. The auditors of subsidiaries present their audit observations annually to the company in question, to the Amer Sports' auditor, and to the representatives of the Amer Sports' Finance and Control function. In addition, they report in greater detail to the subsidiaries concerning observations made in the course of the audit.

The Amer Sports' auditor submits a written report on their audit to the Audit Committee and the Board of Directors at least once a year. The principal auditor takes part in the Board of Directors meeting at which the financial statements for the fiscal year are discussed and presents a summary of the year's audit. The auditor is invited to each of the Audit Committee's meetings and they give an update on how the group audit is progressing and present their findings.