

MARIMEKKO CORPORATION

CORPORATE GOVERNANCE STATEMENT 2016

1. Corporate Governance

Marimekko Corporation applies the Finnish Companies Act, other regulation concerning public listed companies, Marimekko Corporation's Articles of Association as well as the rules and regulations of NASDAQ Helsinki Ltd. Marimekko Corporation also complies with the recommendations of the Finnish Corporate Governance Code, effective as of 1 January 2016, in accordance with the 'comply or explain' principle, without deviating from the recommendations.

The Corporate Governance Statement has been drawn up in accordance with the Corporate Governance Code, effective as of 1 January 2016. The Statement has been issued as a separate report and the Audit and Remuneration Committee of Marimekko Corporation has reviewed it. The Statement has been published on the Company's website at Company.marimekko.com. The Finnish Corporate Governance Code is publicly available on the website of the Securities Market Association, address www.cgfinland.fi.

PricewaterhouseCoopers Oy, Authorized Public Accountants, as the Company's auditor has checked that the Statement has been issued and that the description of the main features of the internal control and risk management system in relation to the financial reporting process are consistent with the financial statements.

2. General

Marimekko Corporation's administrative bodies and officers with the greatest decision-making power are the General Meeting of Shareholders, the Board of Directors, the Chairman of the Board and the President. At the Annual General Meeting of Shareholders, the shareholders approve the financial statements, decide on the distribution of profits, select the members of the Board of Directors and the auditor and determine their remuneration, as well as decide on amendments to the Articles of Association if necessary.

Marimekko Corporation's Annual General Meeting is convened by the Board of Directors. According to the Articles of Association, the Annual General Meeting of Shareholders shall be held within six months of the closing of the financial year on a date decided by the Board of Directors.

Marimekko shares are listed on the NASDAQ Helsinki Stock Exchange.

3. Board of Directors and Board Committees

3.1. Composition and term of the Board of Directors

The members of the Board of Directors are elected in the Annual General Meeting of the Company. The proposal for the composition of the Board of Directors is prepared by the major shareholders of the Company.

The major shareholders take into account when preparing the proposal for the composition of the Board of Directors Company's business operations, their development and the strategy of the Company. The main objective hereby is to ensure that the composition of the Board of Directors supports Company's business operations, strategy and the customer orientated approach in the optimal manner. Diversity of the Board of Directors ensures the aforementioned objectives. Diversity of the Board of Directors is reviewed from different perspectives. The most important factors for the Company are the mutually complementary experience, education and know-how from different fields as well as from different geographic areas important for the Company's business and personal attributes of the directors. Diversity of the Board of Directors is promoted in particular by the gender and age diversity of the Directors, which is seen central for the customer and consumer orientated approach of the Company. The progress in achieving the objectives is reviewed regularly. The Director elected to the Board of Directors shall have the required competence for the position, and sufficient amount of time to attending the duties of the position. Also taken into account in the composition of the Board of Directors are long term objectives of the Company as well as the succession planning.

Marimekko Corporation's Annual General Meeting was held on 11 April 2016. The Annual General Meeting elected the following members to the Company's Board of Directors:

(Full time Chairman of the Board) Mika Ihamuotila

- Born 1964
- Ph.D. (Econ.)
- Principal occupation: Full-time Chairman of the Board of Marimekko Corporation, 2016- (Full-time Chairman of the Board and the CEO, Marimekko Corporation 2015-2016)
- Ownership of shares and share based rights in the Company at the end of the financial period 2016: 0 Shares and share based rights in the corporation over which the Director exercises the control in the Company at the end of the financial period 2016: Muotitila Oy 1 297 700 shares. Shares or share based rights in the group companies at the end of the financial period 2016: 0.

(Vice Chairman of the Board) Elina Björklund

- Born 1970
- M. Sc. (Econ.), IDBM-pro
- Principal occupation: CEO of Reima Oy, 2012–
- Ownership of shares and share based rights in the Company at the end of the financial period 2016: 9 255 shares. Shares and share based rights in the corporation over which the Director exercises control in the Company and its group companies at the end of the financial period 2016: 0.

Arthur Engel

- Born 1967
- Economics degree
- Principal occupation: Non-executive board member, independent advisor and investor at Hilaritas AB, 2013–
- Ownership of shares and share based rights in the Company at the end of the financial period 2016: 11 558 shares. Shares and share based rights in the corporation over which the Director exercises control in the Company and its group companies at the end of the financial period 2016: 0.

Mikko-Heikki Inkeroinen

- Born 1987
- M.Soc.Sc.
- Principal occupation: Head of Digital Commerce, Expert AS, 2015-
- Ownership of shares and share based rights in the Company at the end of the financial period 2016: 2 486 shares. Shares and share based rights in the corporation over which the Director exercises control in the Company and its group companies at the end of the financial period 2016: 0.

Joakim Karske

- Born 1963
- Master of Arts
- Principal occupation: Senior Vice President, Brands & Design, of OP Financial Group, 2014–
- Ownership of shares and share based rights in the Company at the end of the financial period 2016: 9 871 shares. Shares and share based rights in the corporation over which the Director exercises control in the Company and its group companies at the end of the financial period 2016: 0.

Catharina Stackelberg-Hammarén

- Born 1970
- M. Sc. (Econ.)
- Principal occupation: Founder and Managing Director of Marketing Clinic, 2004–
- Ownership of shares and share based rights in the Company at the end of the financial period 2016: 2 753 shares. Shares and share based rights in the corporation over which the Director exercises control in the Company and its group companies at the end of the financial period 2016: 0.

The Board evaluates the independence of its members annually in accordance with the Corporate Governance recommendations. Among the members of Marimekko's Board of Directors, Elina Björklund, Arthur Engel, Mikko-Heikki Inkeroinen, Joakim Karske and Catharina Stackelberg-Hammarén are independent of the Company and its significant shareholders. Mika Ihamuotila is dependent of the Company and its significant shareholders.

Mika Ihamuotila has acted as a full-time Chairman of the Board from 11 April 2016 on the basis of a separate Service Agreement due to his full-time chairmanship. Before the date, Mika Ihamuotila's Service Agreement included also the duties of the CEO.

The Audit and Remuneration Committee of the Board handles and prepares matters related to the Service Agreement's terms and remuneration.

There is no particular order governing the appointment of board members.

3.2. Description of the operations of the Board of Directors

The Finnish Companies Act sets the ground for the operations of the Board. According to the Finnish Companies Act, The Board of Directors is responsible for the proper organization of the Company's administration and operations. The President is responsible for the day-to-day management and development of the Group in accordance with the instructions and orders of the Board of Directors.

The principal duties of Marimekko Corporation's Board of Directors are defined in the written rules of procedure confirmed by the Board of Directors. The rules of procedure is reviewed and confirmed annually at the Board's constitutive meeting, held following the Annual General Meeting. The Board reviews all matters that are significant to or that have long-term effects on Marimekko Corporation's business operations.

According to the rules of procedure, the Board addresses matters such as the following:

- specifying and confirming strategic objectives and guidelines for the Group and the various business areas
- reviewing and confirming operating plans and budgets for the Group and the various business areas
- reviewing and approving interim reports, the consolidated financial statements and the Report of the Board of Directors
- expanding and downsizing business operations
- considering mergers, acquisitions and demergers and restructuring arrangements
- deciding on investments and the acquisition and sale of assets that are either strategically or financially significant
- deciding on financial policy and contingent liabilities related to financing arrangements
- approving the Group's reporting, risk management and internal control procedures and audit and control systems
- approving the audit plan
- appointing the Company's President and the members of the Management Group and deciding on their remuneration
- providing instructions for the President.

In 2016, the Board focused on, among other things, the following subjects:

- development of Marimekko Corporation's strategy as well as confirming strategic objectives for the various business areas
- reorganization of the operations of the Company
- monitoring the challenging market situation, and adapting the Company cost level to the current market conditions, and
- reviewing and confirming operating plans and budgets.

In 2016, the Board held 9 meetings. The Board members' attendance rate at meetings was 98,2 %.

	Position	Board member since	Independent of the Company and its significant shareholders	Attendance
Mika Ihamuotila	Chairman since 2015	2008	No	9/9
Elina Björklund	Vice Chairman since 2015	2011	Yes	9/9
Arthur Engel	Member	2011	Yes	8/9
Mikko-Heikki Inkeroinen	Member	2015	Yes	9/9
Joakim Karske	Member	2008	Yes	9/9
Catharina Stackelberg-Hammarén	Member	2014	Yes	9/9

3.3. Right of the Board of Directors to Receive Information

The Company has ensured that all directors have received sufficient information on Company's business operations, operating environment, and financial position and that the possible new directors have been properly introduced to the operations of the Company.

3.4. Performance evaluation of the board

The Board of Directors has evaluated its operations and working methods as an internal self-evaluation.

3.5. Board committees

The Board of Directors elected by the Annual General Meeting on 11 April 2016 has nominated from among its members an Audit and Remuneration Committee. Elina Björklund was elected as the Chairman and Joakim Karske and Catharina Stackelberg-Hammarén as members of the Audit and Remuneration Committee.

The Board of Directors has not established other committees.

The Audit and Remuneration Committee handles and prepares matters related to the terms and remuneration of the Company's executive management as well as other tasks and supervision typically assigned to audit and remuneration committees according to the Rules of Procedure confirmed by the Board of Directors. These include, e.g., the following:

- monitoring the reporting process of financial statements
- supervising the financial reporting process
- monitoring the efficiency of the Company's internal control and internal audit, if applicable, and risk management systems
- reviewing the description of the main features of the internal control and risk management systems pertaining to the financial reporting process, which is included in the Company's corporate governance statement
- monitoring the statutory audit of the financial statements and consolidated financial statements
- evaluating the independence of the statutory auditor or authorized public accountants and especially the additional services offered to the Company and preparation of the proposal for resolution on the election of the auditor
- review, oversee and verify outcomes of management compensation plans and programs

The Chairman of the Audit and Remuneration Committee approves the budget for travel and entertainment expenses of the full-time Chairman of the Board and monitors the expenses.

In 2016, the Audit and Remuneration Committee held five meetings. The Board members' attendance rate at meetings was 94,4 %.

	Position	Committee member since	Independent of the Company and its significant shareholders	Attendance
Elina Björklund	Chairman since 2015	2015	Yes	5/5
Joakim Karske	Member	2015	Yes	5/5
Catharina Stackelberg-Hammarén	Member	2015	Yes	4/5

Marimekko Corporation does not have a supervisory board.

4. President

- President and CEO, Tiina Alahuhta-Kasko from 11 April 2016 (President from 9 April, 2015)
- Born 1981
- M. Sc. (Econ), CEMS MIM
- Ownership of shares and share based rights in the Company at the end of the financial period 2016: 450 shares. Shares and share based rights in the corporation over which the President exercises control in the Company and its group companies at the end of the financial period 2016: 0.

4.1. Description of the President's duties

The Board of Directors elects the President and decides on the terms of the Presidents employment. The terms are specified in a written contract which is approved by the Board of Directors. The President is responsible for the day-to-day management and development of the Company in accordance with the instructions and orders of the Board of Directors. The President is also responsible for keeping the Board up to date with regards to development of the Company's business operations and financial situation.

5. Management Group

The Company's business operations have been divided into different responsibility areas. The directors of the different responsibility areas form the Company's Management Group. The Management Group has no authority based on law or the Articles of Association. The Management Group reviews business operational matters and procedures affecting the entire Group. The Management Group also reviews the operating plans of the different business areas and the development of business operations.

Elina Aalto, Chief Financial Officer from 11. December 2015

- Born 1968
- M. Sc. (Econ)
- Ownership of shares and share based rights of the Director and corporations over which she exercises control in the Company and its group companies at the end of financial period 2016: 0.

Lasse Lindqvist, Chief Marketing Officer until 15 June 2016

- Born 1981
- M. Sc.
- Ownership of shares and share based rights of the Director and corporations over which he exercises control in the Company and its group companies at the end of the membership in the Management Group 15 June 2016: 0.

Päivi Lonka, Chief Sales Officer from 16 August 2010

- Born 1962
- Graduate of a business school (accounting), M.A. (education, textiles teacher)
- Ownership of shares and share based rights in the Company at the end of the financial period 2016: 900 shares. Shares and share based rights in the corporation over which the Director exercises control in the Company and its group companies at the end of the financial period 2016: 0.

Niina Nenonen, Chief Product Officer until 15 March 2016

- Born 1965
- Graduate of a business school
- Ownership of shares and share based rights in the Company at the end of the membership in the Management Group 15 March 2016: 400 shares. Shares and share based rights in the corporation over which the Director exercises control in the Company and its group companies at the end of the membership in the Management Group 15 March 2016: 0.

Anna Teurnell, Creative Director from 15 July 2014

- Born 1966
- Bachelor of Fashion Design
- Ownership of shares and share based rights of the Director and corporations over which she exercises control in the Company and its group companies at the end of financial period 2016: 0.

6. Internal control and risk management in Marimekko Corporation

6.1. Internal control

Marimekko Corporation applies internal control principles and an operating plan to support the execution and monitoring of internal control. In the Marimekko Group, internal control is a process, for which the Board of Directors and the President are responsible. The objective of internal control is to provide reasonable assurance that:

- the operations are effective and aligned with strategy
- financial and operational reporting is reliable
- the Company is in compliance with applicable laws and regulations, and
- Code of Conduct and ethical values are established

Company's Board of Directors focuses on increasing shareholder value and, in accordance with good governance, ensuring that principles on internal control exist within the Company. The Audit and Remuneration Committee is responsible for monitoring the efficiency of internal controls and risk management.

The system of internal control of Marimekko Corporation is based on the Committee of Sponsoring Organizations (COSO) framework, which consists of five key components: the control environment, risk assessment, control activities, information and communication and monitoring. The components and their relation to control over financial reporting are presented in more detail in chapter 8.

7. Responsibilities

The Board of Directors is ultimately responsible for administration of the Company and the appropriate organization of its operations. The Board of Directors approves the internal control, risk management and corporate governance policies. The Audit and Remuneration Committee is responsible for the appropriate arrangement of the control of the Company accounts and finances and monitors the efficiency of internal control and risk management systems.

The President sets the ground for internal control environment by instructing the management and by monitoring the manner how they control the business operations. The President is responsible for the day-to-day management of the Company in accordance with the instructions and orders given by the Board of Directors. The President shall see to it that the accounts of the Company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

The duties of the Management Group members are to define internal control instructions and operating principles related to their area of responsibility and to communicate them to the personnel.

Financial and business control function supports the development of operational controls and monitors the adequacy and efficiency of the controls. Furthermore, it is responsible for the accuracy, timeliness and compliance with applicable laws and regulations of the external reporting.

7.1. Internal audit

Considering the nature and extent of the Company's business, Marimekko Corporation has not found it necessary to establish a separate internal audit function. The Audit and Remuneration Committee monitors and evaluates the level of the internal control and reports this to the Board of Directors at least once a year. The Board of Directors confirms the level of the Company's internal control. Where necessary, the Board may purchase internal audit services from an external service provider.

7.2. Risk Management

Marimekko Corporation's risk management is guided by the Risk Management Policy approved by the Board of Directors, which defines the Company's risk management principles, objectives and responsibilities as well as the organization and monitoring of risk management process.

The Company's risk management aims to safeguard the smooth continuity of business operations and ensure stable profit development of the Company. Comprehensive risk management is an ongoing, systematic process which involves identifying and evaluating key risks associated with the Company's operations and operating environment. The Company's key risks comprise risks which could prevent the Company from exploiting business opportunities or jeopardize or prevent the achievement of the strategic objectives of the Group or a Group Company, or the continuity of operations or would otherwise have significant consequences to the Company, its personnel or stakeholders. Risk management is an integral element of the Company's management and decision-making process, covering all of the Group's functions.

Risk reporting is an integral element of Marimekko's annual business planning and strategy process. Internal risk reporting is part of regular, continuous business reporting, short-term business planning and the decision-making process. The Company reports its key risks and risk management measures in the Report of the Board of Directors and quarterly in Interim Reports, and in compliance with Corporate Governance principles, laws and regulations. Individual reports may also be published whenever necessary.

8. Internal control and risk management related to the financial reporting process

Internal control related to the financial reporting process is part of the Marimekko Corporation's overall internal control and risk management framework. The objective of internal control and risk management related to the financial reporting process is to:

- ensure reliable, complete and timely financial reporting and that the financial reporting supports internal decision making and the needs of the shareholders, and
- ensure compliance with laws and regulations, and the Company's internal policies.

The consolidated financial statements of the Company are prepared in compliance with IFRS (International Financial Reporting Standards). Furthermore, the notes to the consolidated financial statements are in compliance with the Finnish Accounting Act and Companies Act. Possible elaborations are established according to the notes to the consolidated financial statements.

Development of the business and achievement of financial targets of the Company are monitored through a Companywide financial reporting process. Sales reports are established, where applicable, daily, weekly and monthly.

Financial statements are prepared monthly. The President reports monthly, quarterly and annual financial statements as well as other items according to the Board's Rules of Procedure to the Board of Directors. Group's financial and business development is disclosed in quarterly published interim reports and annual financial statements release.

8.1. The components of internal control over financial reporting

8.1.1. Control environment

Internal control environment is the foundation of Marimekko Corporation's internal control. It promotes the control consciousness of the organization and forms the basis for other internal control components. The control environment of the Group encompasses the ethical values, competence and development of the Company's personnel, the management's philosophy and the way management assigns authority and responsibility, as well as the guidelines set by the Board of Directors.

The Company's internal control environment related to financial reporting process encompasses instructions that the Company has defined in order to harmonize processes and procedures. To ensure consistent accounting practices of subsidiaries, a common chart of accounts is in use in the Group. Moreover, the Company-wide accounting principles are applied in financial statements and the Board of Directors approves the applied accounting principles.

8.1.2. Risk assessment

Risks are identified as part of the annual strategy and operational planning. Risk management actions and responsibilities as well as risk management activities are defined for the identified risks. Risk identification is updated quarterly together with interim reports.

Marimekko Corporation's strategic and operational objectives form the basis for risk identification. The purpose is to identify risks threatening the achievement of the Company's objectives. Risk analyses and assessments are conducted as self-assessments.

Control objectives and common control points for the Group are defined for the identified key risks of the Company's financial reporting process. Examples of control points are internal policies and authorization practices, reconciliations, verifications and segregation of duties.

8.1.3. Control activities

Control activities are the policies, systems and other procedures that help Marimekko Corporation's management to ensure the effectiveness, efficiency and reliability of the Company's operations. Moreover, controls also help to ensure that the risks that may hinder the achievement of the Company's objectives are managed adequately.

Control points defined in the financial reporting process risk assessment are in place at all levels of the Group to ensure that applicable laws, internal procedures and ethical values are adhered to. Function directors are responsible for following up developments in legislation and regulation in their respective areas and communicating them to the organization. Function directors are also responsible for setting up adequate compliance controls and compliance related training in their functions. Moreover, process controls have been defined for the most significant business and reporting processes.

Marimekko Corporation's consolidated financial statements include the accounts of the parent Company, Marimekko Corporation and its subsidiaries. Marimekko Corporation's subsidiaries report to the parent Company on a monthly and quarterly basis and during the preparation of consolidated Financial Statements. The Financial Statements of the subsidiaries are prepared in accordance with the local accounting standard applicable in those countries; the subsidiaries do not prepare their financial statements in accordance with the IFRS. The IFRS adjustments required are prepared at the group level.

The parent Company financial function is responsible for preparing the consolidated Financial Statements of Marimekko Corporation based on the Financial Statements of the subsidiaries. The Chief Financial Officer reviews the figures of the subsidiaries and analyses the reasons for possible deviations in order to assure the reliability of financial reporting. In addition, the parent Company finance function reviews the income statement and balance sheet before handing them over to the Board of Directors.

The Board of Directors approves the interim reports and financial statements release as well as the financial statements.

8.1.4. Information and communication

The communication of controls and control procedures is an essential part of the internal control related to the financial reporting process in Marimekko Corporation. The people responsible for financial reporting in subsidiaries and in the parent Company have been involved in the assessment of financial reporting process risks and controls. Common control points encompassing all Group companies have been communicated to all people involved in the reporting process. The parent Company finance function supports the implementation of the controls in the subsidiaries with regular guidance and monitoring.

The Group has instructions for financial reporting and the instructions are updated regularly. Accounting principles and reporting instructions are communicated to all people involved.

8.1.5. Monitoring

Monitoring of controls is a way to assess the efficiency and effectiveness of control activities on an ongoing basis. Monitoring can be done through ongoing activities as part of normal day-to-day tasks or as separate evaluations.

The Board's Audit and Remuneration Committee executes its monitoring duties by monitoring the financial reporting process of interim reports and financial statements and by evaluating the level of internal control and risk management related to the reporting process. The management is responsible for continuously monitoring the internal control system related to the financial reporting process as a part of monitoring the operations. Monitoring can also be conducted by the parent Company finance function. Ongoing monitoring includes regular management activities and other tasks carried out by the personnel while executing their duties.

The scope and frequency of separate evaluations depends primarily on the assessment of risks and the effectiveness of ongoing monitoring procedures. The detected deficiencies in internal control of financial reporting process are reported upstream, with serious matters reported to the top management and the Board of Directors.

Other Group monitoring activities consist of e.g. administrative and legal instructions, defining the responsibilities and authorities as well as the monitoring and analyzing of the achievement of organization's objectives. Moreover, the operation of the risk management system is controlled as part of Group monitoring activities.

9. Auditing

9.1. Company's Auditor

PricewaterhouseCoopers Oy, Authorised Public Accountants, has acted as the Company's auditor with Ylva Eriksson, Authorised Public Accountant, as the Chief Auditor.

9.2. Remuneration of the Auditor

Remuneration paid for audit services in 2016 was 75 tEUR.
Remuneration paid to the auditor for non-audit services in 2016 was 48 tEUR.

10. Related party transactions

The Company monitors and evaluates transactions concluded between the Company and related parties and keep a list of parties that are related to the Company. The Company has not have related party transactions that are material to the Company and that either deviate from the Company's normal business operations or are not made on market or market equivalent terms.

11. Insider Administration

Marimekko Corporation's Insider Policy, based on the Guidelines for Insiders of Nasdaq Helsinki Ltd. and Market Abuse Regulation, reflects the main obligations of insiders if the Company, as well as describe the trade reporting of managers and their closely associated persons. The Board of Directors confirms the Insider Policy.

The Company draws up and maintains a list of all persons who have access to inside information and who are working for the Company under a contract of employment, or otherwise performing tasks through which they have access to inside information. Marimekko has decided not to maintain a list of permanent insiders. Consequently, all persons having inside information will be included as deal-specific insiders for the relevant projects. Establishment of each such project/event is determined simultaneously with the decision to delay disclosure. Deal-specific insider lists are not public. Company's Insider Administration is responsible for the maintenance of the insider lists. Persons entered in the deal-specific insider list of Marimekko are not allowed to trade in the Company's financial instruments during the validity of the project.

Preparation of periodic disclosure (interim reports, financial statement release) or regular access to unpublished financial information is not regarded as an insider project, nor does the Company resolve to delay disclosure in relation thereto. However, due to the sensitive nature of the unpublished information on the Company's financial results, the Company maintains a list of persons who have authorized access to unpublished financial result information and a closed period before the publishing of annual and/or interim results. Trading in financial instruments relating to the Company is always prohibited, when person holds insider information.

Members of the Board of Directors and of the Management Group of the Company shall notify the Company and the Financial Supervisory Authority about any transaction with the Company's shares or financial instruments made on their own account. The Company publishes the notification it has received in a stock exchange release promptly after receipt of the notification. The above mentioned Managers are also required to identify the persons closely associated to them and notify

to the Company in writing the names and other required information of such persons. The respective obligations apply also to persons closely associated to the Managers.

Marimekko applies a closed period of 30 days before the publishing of annual and interim results. During the closed period the members of the Company's Board of Directors or members of the Management Group are prohibited to trade in the shares or other financial instruments linked to the Company. The closed period applies also to persons participating in the preparation of interim reports and financial statements and to the persons determined by the Company having, based on their position or access rights, access to the unpublished financial result information.

The General Counsel of the Company is responsible for the insider administration. Company's employees may report actual or potential infringements of the Insider Policy or financial market regulation in accordance with the internal anonymous procedure.

Approved by Marimekko Corporation's Board of Directors on 8 February 2017