



Communication on Progress (COP)

UN Global Compact, April 2011 – April 2012

Meconet Oy
Honkanummentie 8
FI-01260 Vantaa
Finland

UN GLOBAL COMPACT – COMMUNICATION ON PROGRESS (COP)

GENERAL

Statement of the CEO

I hereby confirm that Meconet Oy and its subsidiaries (later expressed as *Meconet* or the *Company*) support the ten principles of the Global Compact with respect to human rights, labour, environment and anti-corruption. We are committed to making the Global Compact and its principles part of our strategy, culture and day-to-day operations of our company, and to engaging in collaborative projects which advance the broader development goals of the United Nations.

Our commitment is communicated to our employees and to the public through our web page, and to our shareholders through our official financial statement (enclosed).

Signed in Vantaa on April 3rd, 2012

Meconet Oy



Ralf Sohlström
Managing Director

HUMAN RIGHTS

Principle 1: Business should support and respect the protection of internationally proclaimed human rights.

Principle 2: Businesses should ensure that they are not complicit in human right abuses.

Policy

Meconet respects the human rights.

The importance of the employees is considered in the three values of Meconet which are: Skill, Responsibility and Continuous Improvement. *Skill* is referring to the craftsmanship of the employees, *Responsibility* to the attitude of the employees and *Continuous Improvement* to the continuous work to improve the welfare of the company, employees and the shareholders.

Meconet does not have business relationships or any other complicities with companies which are not respecting the human rights.

The Employee Handbook and its Equality Plan are an integral part of the Company's Management System. According to Meconet's Employee Handbook the Company does not accept any kind of discrimination or abuse because of sex, age, religion, race, ethnic background, sexual orientation or any other reason.

Implementation

The Employee Handbook and the Equility Plan is available to all Meconet's employees through the Company's intranet independent of the employee's position in the Company.

The Employee Handbook contains detailed instructions for how to act when abuse is noticed. The Equility Plan contains instructions for employing new employees in such a way that only his or her qualification, skill and experience is considered as the basis for the requitment, and that the same salary will be paid for the same work and the same craftsmanship undependent of the employee's sex.

There is a work safety committee in each plant including representatives of the employees. In the work safety committees' regular meetings actions to improve the work safety are discussed and agreed upon. Meconet plants are keeping statistics about work accidents and close call situations.

Meconet has during three successive years, in 2008, 2009 and 2010, participated in Great Place to Work Institute's international workplace culture study. In the study all employees are anonumously answering questions referring to *Trust*, *Pride* and *Team Spirit*. After getting the results of the study the Company's Management Team makes together with the Great Place to Work Institute's consultant action plans how to improve the satisfaction of the employees. The next study is planned to be executed in 2013.

Measurement of outcomes

The fulfillment of the Equility Plan is followed by the work safety committees.

The Company keeps statistics of how men and women are situated in different tasks and how their salaries are developing. If needed, salaries are adjusted upwards to ensure that females get the same salary for the same work with the skill as their male colleagues.

The management of the Company have immediately reacted when abuse has taken place.

The Trust Index of all Meconet's employees in the Great Place to Work study increased from 49 in 2008 to 54 in 2010. The actions to improve the satisfaction of the employees further before the next study in 2013 are ongoing.

LABOUR

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle 4: Businesses should uphold the elimination of forced or compulsory labour.

Principle 5: Businesses should uphold the effective abolition of child labour.

Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.

Policy

At Meconet all employees have the freedom to be a member of the trade union or not. This applies also to any membership in any other organisation. Employees are never asked to reveal their political assessment to the Company or Company's representative.

Meconet is executing collective bargaining according to the Finnish Bargaining Law.

Meconet does not use forced or compulsory labour. If leased manpower has to be used, only well reputed VAT registered companies are used.

Meconet does not use childpower nor suppliers that are likely to use childpower.

According to the Company's Employee Handbook the Company does not accept any kind of discrimination or abuse because of sex, age, religion, race, ethnic background, sexual orientation or any other reason.

Implementation

For the employees that are trade union members, the Company collects the union member fee from the employee's salary and pays it to the trade union according to the employee's own choice.

Collective bargaining is executed every time when the amount of personnel has to be reduced temporarily or permanently, when working time is reduced, when working hours are changed,

and if the trade unions have so agreed in the collective agreement, when salary increases are negotiated at the workplace.

Meconet does not use forced or compulsory labour. All employees are paid a salary that is exceeding the minimum salary according to Finnish law and that correlates to the trade union recommendations. All taxes, pension fees and other similar legal fees are paid for all salaries according to the Finnish law. Leased manpower is ordered only temporarily and from well reputed VAT registered companies.

Young employees are used only temporarily strictly according to the conditions set up in the Finnish labour law and according to the trade union's recommendations. Minors are not allowed to operate machines according to the Company's safety regulations. The Company is cooperating with local vocational schools and offers regularly trainee programs to their students.

The Employee Handbook and its Equity Plan contain instructions for how to employ new employees in such a way that only his or her qualification, skill and experience is considered as the basis for the recruitment.

Meconet maintains a Kaizen system according to Lean Thinking where employees can make suggestions and propose improvements to the safety, work practices or productivity.

All employees are part of the Company's medical care system which is exceeding the minimum level according to the Finnish law.

Measurement of outcomes

Most employees are members of the trade union.

Collective bargaining was executed three times during 2011. In October and December the collective bargaining covered all employees in the Finnish mother company. In October a reduction of the worktime was agreed upon and in November it was agreed how the salary increases according to the trade unions' collective agreement should be distributed between the employees.

No cases nor any doubts have been detected that the Company would directly or indirectly use or in any way be complicit in the use of forced or compulsory labour or child labour. Nor has any discrimination been detected.

ENVIRONMENT

Principle 7: Businesses should support a precautionary approach to environmental challenges.

Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.

Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.

Policy

Meconet is ISO 14001 certified. According to the Meconet's Environment Policy the Company is committed to considering the environment in the sales, design and manufacture of its products and services. According to our Environment Policy we aim at reducing the waste and unneeded consumption of natural resources.

Implementation

Meconet is continuously measuring the amount of waste, energy and water consumption as well as other environmental meters.

Meconet plants have environment committees that gather regularly and discuss and decide upon actions by which waste and energy and water consumption can be reduced.

The Management Team is following the work of the environment committees regularly and may decide additional actions if needed.

Measurement of outcomes

Meconet renewed its ISO 14001 certificate in 2011. Many environmental meters show a positive trend.

Most materials used are ROHS compliant (corresponding to the EU Directive for the Restriction of Hazardous Substances).

We continuously propose new solutions to our customers for how raw material can be saved by using new manufacturing techniques.

ANTI-CORRUPTION

Principle 10: Businesses should work against all forms of corruption, including extortion and bribery.

Policy

Meconet works against all forms of corruption.

Implementation

Corruption is not usually met in business in Finland or our other market areas. In 2011 we established a daughter company in Sankt Petersburg, Russia. At the same time we decided to follow a zero-tolerance for corruption, bribery and extortion.

Measurement of outcomes

No corruption, bribery or extortion has been detected at Meconet.