

LAINISALO^o

Communication on Progress (COP)

UN Global Compact, 2012 - 2013

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1 Statement of the CEO

I am pleased to confirm that Lainisalo Oy (later expressed as Lainisalo or the Company) continues to support the ten principles of the Global Compact with respect to human rights, labour, the protection of the environment and anti-corruption. With this communication on progress (COP) we express our continuous support and aim to advance those principles in our sphere of influence. The ten principles are part of the company strategy, culture and day-to-day operations. This report describes how we followed the principles last year.

Our commitment is communicated to our employees, the public and our stakeholders through our web page.

Sincerely yours,

Lainisalo Oy



Mr. Pertti Lainisalo

CEO



2 Human rights

2.1 Principles

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

Principle 2: *Make sure that they are not complicit in human rights abuses.*

2.2 The Company's human rights policy

Lainisalo supports and respects the protection of internationally proclaimed human rights.

The Company has a written operations manual (later expressed as handbook) where the main principles related to human rights are described. Good professional skills, motivation and well-being are topics which are handled in the handbook and are important for the company. The Company gives full respect and support for employees to continuous improvement in these topics.

The Company complies with the Finnish laws and regulations. According to the Finnish Laws and the company's policy the company does not accept any kind of discrimination or abuse because of age, race, sex, religion, ethnic background, sexual orientation or any other reason which would be against the internationally proclaimed human rights.

For the company and its employees it is clear that it is forbidden to have business or any other relationships with companies and/or stakeholders which are not respecting the human rights or which are complicit in human right abuses.

2.3 Practical actions

The company's operations are ISO 9001 –certified in the spring of 2012. ISO 9001 -certificate follows international human rights demands.

According of the requirements of ISO 9001 -certificate the company has a written handbook, rescue plan, general rules (for staff) and other literary documents including principles and instruction for different kind of situations. For example instructions for recruitment, rules of sick leaves, different kind of harassment situations. All these documents are freely available for all employees. Lainisalo is also keeping statistics about work accidents, close call situations and sick leaves etc..

The Company's written documents, strategy, culture and day-to-day operations follow that age, race, sex, religion, ethnic background, sexual orientation does not have any influence on employee salary, working time or job.

The employees safety is under control because Lainisalo has a work safety committee. The work safety committee follows and develops employees well-being and other safety issues in the company. Other ways to take control of human rights are confidential development discussions between foreman and employee. Development discussion is the opportunity to the employee to tell if the employee has found any kind of human rights abuses.

The company openly supports employees to train themselves and to take care of their well-being. For example the company offers vouchers to employees to get discount from sport fees.

The Finnish authorities supervise also the company's actions with different kind of inspections.

2.4 Measurements of outcomes

The Company's operations according ISO 9001-certificate were externally audited in the spring of 2013. External auditor did not found any deviation in company's activities.

Lainisalo keeps statistics of employees gender, salaries, sick leaves, work accidents etc. and if it seems like there is some inequality or the figures of sick leaves and work accidents are not decreasing the company will react immediately. However we are pleased to tell that lately there has not been any kind of inequality. The number of sick leaves and work accidents has also been minor.

During last year the Company organized training for employees and supported them to have knowledge to live healthy.

The work safety committee's development proposals have been implemented within the Company's sphere of influence.

3 Labour

3.1 Principles

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

Principle 4: *The elimination of all forms of forced and compulsory labour.*

Principle 5: *The effective abolition of child labour.*

Principle 6: *The elimination of discrimination in respect of employment and corruption.*

3.2 The Company's labour policy

Following statements are executed in the Company's strategy, culture and day-to-day operations:

- The Company's every employee can choose themselves to be member of labour union or not. The Company does not affect by any ways to employees decisions.
- Lainisalo operates in accordance with the Finnish labour law in collective negotiations.
- The employees can freely choose the shop steward in Lainisalo's plants.
- Lainisalo does not use forced or compulsory labour.
- Lainisalo does not use child labour or does not do any kind of business with companies or communities that are likely to use child labour.
- When leased manpower has to be used temporarily, the Company uses only companies which are acting in accordance with Finnish Law.
- According the company guidelines the company does not accept any kind of discrimination or abuse because of any personal reason or any other reason.

- Employees political opinions does not affect in any ways to their status or treatment. Furthermore the Company has never asked to reveal anyone's political opinions to the company. The company's employees have the freedom to engage in political activities.

3.3 Practical actions

The Company collects the union member fee straight from employee's salary and pays it for the labour union if the employee is a member of the labour union and accepts that kind of practice.

There has been the cooperation negotiations every time when amount of personnel has been reduced temporarily or permanently and always when it was necessary according to the Finnish law. There is also a shop steward chosen by employees in all Lainisalo's plants.

The Company has not used any kind of forced or compulsory labour. There is a freedom to stop working and terminate the contract for all of employees according to Finnish Laws. For all employees are paid a salary that is at least according to the minimum salary according to Finnish law and which corresponds to the labour unions agreements.

It is forbidden to use child labour in Lainisalo's plants like it is generally in Finland. Lainisalo does not make any kind of business with stakeholders that are likely to use child labour. These statements are clear to the company's staff.

For situations when the company needs lease manpower. The company uses one specific staff rental company which acts under Finnish Law and has good reputation. Furthermore Lainisalo has good experience of that company which is the main reason to use it.

It is told for staff that the political opinions are not in any role in the company's operations.

3.4 Measurements of outcomes

The Principles 3, 4, 5 and 6 realized very well in Lainisalo during last year. That is because the statements above are clear for the Company's staff and also generally recognized things in Europe which is Lainisalo's main operating range.

Last year there has been couple of cooperation negotiations because of Europe's economy-crisis. The cooperation negotiations were done in good spirit between employees and employer and negotiations were done according to the Finnish law. The results of the negotiations were good because there were no need to reduce employees permanently.

There has been the shop steward election in Lainisalo's plants. The employees had a freedom to choose one shop steward to each plant. The elections were kept successfully without any problems.

There has been and there is a possibility for employees to be a member of labour union. Labour union's subscription forms are freely available for all employees.

According to the results of our monitoring, it is clear that there has not been any kind of forced or compulsory labour, child labour and discrimination or abuse because of any personal reason or any other reason.

4 Environment

4.1 Principles

Principle 7: *Businessess should support a precautionary approach to environmental challenges*

Principle 8: *Undertake initiatives to promote greater environmental responsibility*

Principle 9: *Encourage the development and diffusion of environmentally friendly technologies.*

4.2 The Company's environment policy

Lainisalo is ISO 14001 -certified in the spring of 2012. The Company has own annual environment program and monitoring system for environmental topics. The main environmental targets for the Company are reducing the wastes, using as little as possible natural resources and aiming to use environmentally friendly processes in our production.

The Company has good cooperation with authorities on environmental issues. That is because our action (painting) is that kind of action that it needs environmental permission. The Company follows all of the laws, regulations and recommendations which are associated with environment.

Lainisalo has own recycling instructions for staff.

4.3 Practical actions

With monitoring system, the company measures regularly the amount of waste, energy, water and production materials. According to the monitoring, the Company makes plans how to develop our operations to more environmentally friendly. The company makes also annually reviews how it would be possible to make production processes more energy-efficient.

Because of environmental permission, each plant of the company makes annually environmental declaration to local authority.

The Company uses only legal (e.g. according to Finnish laws and EU-regulations) materials. High VOC-content paints are in use as little as possible in production processes. Also our processes are suitable to RoHS-demands.

Lainisalo's staff knows the contents of the company's recycling instructions. If the company hires new employees they will need to study the instructions. Also when needed the company organizes environmental training for staff.

4.4 Measurements of outcomes

ISO 14001-certificate was successfully annual audited in the spring of 2013.

The Company's environment program of 2012 has been analyzed and a new program has been made for year 2013. For example in 2012 almost all develop targets of the environment program (reducing waste and energy consumption and to make better work safety to employees etc.) were successfully reached.

Monitoring system gives the company information of the amount of waste and energy consumptions. Also it makes easier to compare different years consumptions. For example the company reduced oil consumption about 50 % (because of process development) and the amount of waste was reduced about 20 % (because of better material handling). The monitoring system has been upkept regularly.

The environmental declarations were made last year as required by authorities. Every plant's declaration was successfully accepted by the authority.

Last year the company made initiatives to promote greater environmental responsibility. For example the company has offered customers more environmental friendly water-based paints than solvent-based paints. Also the company has made some proposals to lessor for improving the energy-efficiency in plants.

Lainisalo has own recycling instructions for staff which seems to work well because the company has successfully reduced the amount of waste.

5 Anti-corruption

5.1 Principle

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

5.2 The Company's anti-corruption policy

Lainisalo does not accept any kind of corruption.

5.3 Practical actions

The instructions for employees are that everyone must work against all forms of corruption. Lainisalo also encourages and supports its customers to avoid corruption in their businesses. Indeed the Company does not make any kind of business with stakeholders who are likely to make corruption.

5.4 Measurements of outcomes

There has not been any kind of corruption, extortion or bribery in Lainisalo. Generally there are not much corruption in Finland. Lainisalo supports anti-corruption atmosphere and works according to its requirements.