

LAINISALO[●]

Communication on Progress (COP)

UN Global Compact, September 2013 – August 2014

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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.

During the past year the company made written ethical instruction for the staff. The instruction was made according to principles of the Global Compact so nowadays Global Compact is more closely part of the Company's actions than earlier.

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

PERTTI LAINISALO



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.

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

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 which is not possible if the Company's actions are against human rights.

Significant part of the Company's certified operating system are literally documents which guide day-to-day operations. These documents are for example handbook, rescue plans, general rules for the staff, sick-leave rules, instructions for recruitment, and principles for different kind of harassment situations. These documents maintenance and development are continuous. All documents are compatible with the Company's human rights policy and Global Compact principles.

The Company supervises internally and takes care that the Company's human rights policy is implemented widely enough and in company's all stages. The work safe committee handles employee issues. There are also regularly confidential discussion between foreman and employee where it is possible to bring out issues which employee feels important.

In December 2013 the Company organized internal staff well being and satisfaction survey. There were also made external survey in January 2014.

The Finnish authorities supervise the Company's actions with different kind of inspections and reporting-demands.

2.4 Measurements of outcomes

The Company's operations according to ISO 9001-certificate were externally audited in the June 2014. The External auditor did not found any deviation in the Company's operations versus demands of ISO 9001 - standard.

According to the Company's self-monitoring there has not been any kind of violations of human rights. The Company has also actively worked for that, its customers, suppliers and other stakeholders respects the human rights in their own actions.

The results of the Company's well being and satisfaction survey told that Lainisalo respects human rights. No one told that there are something wrong with the Company's actions or policy related to human rights. The summary was that the Lainisalo is quite good place to work.

The Company has successfully passed all inspections (The Finnish authorities, other stakeholders) and the Company has made the required reports as it should.

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.
- The staff well-being and health are important topics for the Company. The Company wants to promote them and help employees to live more healthily.

3.3 Practical actions

There has been couple of cooperation negotiations during the past year because of the amount of work has decreased. The negotiations has happened according the Finnish law.

If the employee has wanted, the Company has paid the labour union member fee straight from employee's salary. Everyone has been able to choose to be member of labour union or not to be. There are also a shop stewards who are elected by the staff.

All employees are paid a salary that is at least the minimum salary according to Finnish law and which correspond to the labour unions agreements. All contracts between the Company and employee are written. If employee wants, the employee has the possibility to terminate contract at any time and for any reason.

Child, forced and compulsory labour are forbidden in the Company's organizations. It is also forbidden to make any kind of business with stakeholders that are likely to use child, forced or compulsory labour. These statements are told to staff.

It is also told to staff that the Company does not accept any kind of discrimination or abuse because of employees political opinions or any other personal reason.

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. Basis for this statement are following:

- The cooperation negotiations were successful because the results were acceptable for both, the Company and the employees.
- According to the results of our monitoring there has not been any problem in labour union issues, shop steward procedures or salary and contract procedures.
- The Company's zero tolerance for child, forced and compulsory labour has been successfully implemented. There is not any kind of abuse. In addition the Company has not detected them in stakeholders organizations.
- According to the result of well being and satisfaction surveys there has not been discrimination or abuse because of any personal reasons or person's political opinions.
- 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 and supports them to stop smoking.

4 Environment

4.1 Principles

Principle 7: *Businesses 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 since 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.

Important part of the Company's environmental policy is to make good and close cooperation with authorities. That is because part of the Company's production (painting) requires permission from authorities. So the Company follows all of the laws, regulations and recommendations which are associated with environment.

4.3 Practical actions

During the past year the Company has continuously developed and operated according to the ISO 14001 -certificate requirements. For example this means that the Company has made the environmental program, implemented it and estimated the success of it. Important part of environmental program is that the Company systematically measures and monitors amount of wastes and different consumptions.

Lainisalo has followed tightly changes in the legislation and cooperated with authorities in environmental issues. For example the environmental declarations were made according to the requirements and on time.

The Company's R&D -unit search and develops new materials and better production practices. Environmental issues are one aspect in the R & D -unit's work. For example during the past year it has developed alternative coating for boats which is more environmental friendly than usually used coatings.

4.4 Measurements of outcomes

The Company's operations according to ISO 14001-certificate were externally audited in the June 2014. The External auditor did not found any deviation in the Company's operations versus demands of ISO 14001 -standard.

The Company achieved quite well the targets of its own environmental program. The most significant achievements were that electricity, oil, gas and water consumptions were reduced (2012 vs. 2013). Also the total amount of waste was reduced. (2012 vs. 2013). It is positive that the trends are decreasing even though the Company's net sales increased.

The Company's R&D -unit has progressed in project which was referred above. The new more environmental friendly coating will be ready come to wider use in the coming years.

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. Everyone's responsible is to intervene if corruption has detected or suspected.

5.3 Practical actions

The Company continuously monitors that there are not any kind of corruption in the Company's operating range. To ensure that there is ethical instruction for staff. In the ethical instruction is clarified which kind of presents are acceptable to give or receive. There is also told that everyone must tell if finds irregularities.

The Company's ethical instruction advises which kind of business relationships are acceptable and which issues are important to pay attention in business relationships.

5.4 Measurements of outcomes

There has not been any kind of corruption at the Company's sphere of influence. The Company's ethical instruction was successfully implemented. According to the Company's self-monitoring the Company and its staff works continuously against corruption in all its forms, including extortion and bribery.

Lainisalo's stakeholders feedback has been positive in issues which are related to the actions against corruption.