



LAINISALO

Communication on Progress (COP)

UN Global Compact, 09/2014 – 09/2015



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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.

In the spring 2014 the Company made written ethical instruction for the staff. During the past year those instructions was implemented to the Company's culture and day-to-day operations. Implementation seems to have been a success and the staff have a positive attitude towards them. So I am happy to see, that nowadays the Global Compact principles come true automatically in the Company's operations and actions.

Related to Global Compact's ten principles, during the past year our focus has been on *working capacity management development project* which is major and important project for us. Another main focus area has been product safety issues which is key to develop employees, environmental and end-customer safety and health.

This report describes with examples 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. Juha Ranta

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

The Company's all organizations and groups 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 hard to achieve 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, 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.

In January 2015 the company started *working capacity management development* project. Main targets of this project is to improve the staff well-being and determine methods for its systematic measurement and evaluation. The project is conducted in cooperation with the Company's Mutual Pension Insurance Company.

In August 2015 one of the Company's production plant made pilot test which target was to find out the level of staff mental workload. The test was made anonymously and in cooperation with representatives of employees.

The Company continually supervises that the Company's human rights policy is implemented in the company organizations and it is part of day to day culture and operations. In addition to this 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 and re-certified in April 2015. The results of the audit can be concluded that there are not shortcomings in the Company's human rights action or policy.

It seems that the *working capacity management development project* was started quite well. Because of the project there were made changes in working methods and production areas. Nowadays it is possible to see that working is easier than before and production areas are more comfortable for employees than before. The initial assessment about the project is that it is right way to go forward.

Pilot test for estimating the staff mental workload was successful. The test gave data about staff mental workload which can be used when developing the Company's actions. The data is numeric so that in the future it is possible to compare results with other years or time periods. Because the test was made in cooperation with representatives of employees, it was easier for employees to reveal their feelings. When comparing the result to human rights issues, it is possible to make following conclusions: The Company are not complicit in human rights abuses and there are not any conflict between internationally proclaimed human rights and the Company's actions.

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 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.
- The Company operates in accordance with the Finnish labour law in collective negotiations.
- The employees can freely choose the shop steward in Lainisalo's plants.
- The Company does not use forced or compulsory labour.
- The Company 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

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.

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.

In September 2015 the labour unions organized a small protest against the Finnish government. Before it the Company told to staff that everyone has a freedom to choose to participate or not to participate to it and the Company does not affect in any way for anyone decision.

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 were told to staff, especially for managers and foremen. 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 Labour principles 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 issues in the Company's main operating range and stakeholders.

The Basics for positive analysis are following:

- According to the results of internal and external monitoring there has not been any problem in labour union issues, shop steward procedures or salary and contract procedures.
- The Company did not punish employees who participated in the general protest against Finnish government. After the protest, participation or not participation had no effect on employee status or treatment in organization.
- 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.
- The Company has not detected discrimination or abuse because of any personal reasons or 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

The Company environmental management is ISO 14001 –certified. The Company has own annual environment program and monitoring system for environmental topics. The main environmental targets for the Company are:

- Reducing the amount of waste.
- Using as little as possible natural resources.
- Aiming to use environmentally friendly processes in production.
- Take good care of materials, products and work safety.

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

The Company environmental management has been implemented according to the demands of standard ISO 14001. For example the Company has set specific environmental targets and methods for their tracking.

The Company has also calculated and documented amount of wastes and VOC (volatile organic compounds) and searched methods to reduce them.

The Company 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 estimate continuously methods for ensure the environmental protection and how to prevent environmental accident in advance. Methods for this are internal audits, managers meetings and systematic dialogue with representatives of authorities. For example last spring the Company invested to precautions pool under the chemical tank because there were risk for environmental accident if the tank breaks down.

In summer 2015 the Company made survey which target was to find out the Company products and materials relationship with RoHS 2011/65/EU (restriction on the use of certain hazardous substances in electric and electronic equipment) and REACH (European REACH Regulation No 1907/2006 on the Registration, Evaluation, Authorization and Restriction of Chemicals) legislation and demands.

During the past year the Company has also made conflict minerals surveys. The target of these surveys has been to clarify that are there any conflict minerals in materials which the Company uses.

4.4 Measurements of outcomes

The Company's environmental management according to ISO 14001-certificate were externally audited and re-certified in April 2015. The results of the audit can be concluded that the Company taking into account environmental protection in its actions and processes.

The Company's production units has made their annual environmental declarations on time and the authorities who are responsible among them are accepted them. Feedback of declarations has been positive.

During the last year there has not been any kind environmental accidents in the Company's sphere of influence. Also near miss situations has been avoided.

REACH and RoHS survey was successfully because:

- The survey outcome was that the most part of materials which the Company uses are RoHS and REACH compatible.
- In addition the company has better understanding about the materials which are not RoHS and REACH compatible and how it must be taking into account.
- Nowadays the Company has better information and database about its product safety.
- Better product safety means that the work safety and products end-users safety are in better level than before.
- The results of survey helps the Company to be more responsible part of supply chains than before.

Conflict mineral surveys results has been positives. The materials, which relationship with conflict minerals were find out, does not contain them.

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

The Company does not accept any kind of corruption. Everyone's responsible is to intervene if corruption has detected or suspected.

The Company sales, purchase and production processes must be transparent and documented.

5.3 Practical actions

The Company continuously monitors that there are not any kind of corruption in the Company's operating range. The Company's organization monitors company's processes and methods internally and Finnish authorities externally.

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. All of the Company's actions has been compliance with company's ethical instruction.

According to the Company's self-monitoring the Company and its staff works continuously against corruption in all its forms, including extortion and bribery.

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

