



PYROLL GROUP

GLOBAL COMPACT, COMMUNICATION ON PROGRESS (COP) 2016

STATEMENT OF CONTINUED SUPPORT

Dear Stakeholders,

I'm pleased to confirm that Pyroll reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-corruption.

In this annual Communication on Progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business, strategy, culture and daily operations. We also commit to share this information with our stakeholders using our primary channels of communication.

Sincerely yours,

Mr. Reino Uusitalo
CEO





HUMAN RIGHTS

Principle 1 - Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2 - make sure that they are not complicit in human rights abuses.

Assessment, policy and goals

Description of the relevance of specific human rights issues for the company (i.e. based on assessment of human rights risk). Description of policies, public commitments and company goals on Human Rights.

Pyroll is one of the leading paper, cardboard, paperboard, and plastic converters in the Nordic countries. We are customer-oriented and responsible family-owned Finnish company that helps its customer prosper. Today we employ nearly 500 people and our turnover is about 100 million euros.

Our operations are divided into three business branches: Pyroll Packages, Pyroll Paper Merchant, and Pyroll Converting. Pyroll Packages manufactures packaging at ten plants in Finland. Pyroll Paper Merchant's premises are located in Tuusula in Finland. Pyroll Converting has two plants in Finland, one in Poland and one in The Netherlands.

Pyroll's main market area is Finland excluding international units, where customers are located near converting factories. Products are also exported to, for example, Nordic countries, the Baltic countries, other countries in Europe, and Russia.

We have integrated the principles of Global Compact in our operations in all areas and at all levels.

We respect the protection of human rights, maintain the highest ethical and moral standards in our operations, and bear our social responsibility at all times.

We support the rights of our personnel in our daily operations and continue to improve their well-being at work.

We expect all our suppliers, in their own activities, to help us fulfil our commitment by supporting and respecting our responsibility principles, including international human rights.

Implementation

We have made "Responsibility by the suppliers for its operation" –form and send it to our main suppliers during autumn 2014. In this form it is mentioned how we are acting in our daily business. By signing this form they will agree to adhere the same responsibility principles than we are doing.

In the form there are mentioned for example:

- We respect the values defined in the Universal Declaration of Human Rights
- We treat all employees fairly and equally, without discrimination.

During 2016 we have started site audits to review issues are realised as they are stated. Also to keep our operations transparent, we are a member of Sedex.



Measurement of outcomes

All the main suppliers of us have signed the form and sent it back to us. New suppliers need to fill-in the forms prior trial orders.

During site audits no non-conformities are found which lies under the scope of this topic.

LABOUR

Principle 3 – Business 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 occupation.

Assessment, policy and goals

Description of the relevance of labour rights for the company (i.e. labour rights-related risks and opportunities). Description of written policies, public commitments and company goals on labour rights.

Our employee policy is continuously developed, with the emphasis on equality, fairness, motivation, and common rules of the game. Pyroll opposes all kind of discrimination. We believe in motivating our personnel and taking good care of their occupational health. This way we will strengthen our competitive ability and through this help secure the future of our personnel. We also develop our working conditions, labour agreements, and reward systems, and monitor them with working environment and job satisfaction surveys. We believe in the importance of versatile training and the improvement of communications.

Implementation

We have made a special program to decrease in working related injuries. About 80 employees have been trained to carry this program out. We are monitoring injuries as such in the Group but also annually we monitor number of injuries and lost working days at every plant in Management Reviews.

During 2015 we have started “Motivation Day”s in every plant in Pyroll Packages meaning every employee is invited to the one day event where key areas of our business are reviewed including coming years planning. As homework, plant employees have done short exercise and returned it as incognito to Pyroll Packages Manager. From the exercise we can in the future monitor how satisfied employees are for their everyday work and how the factory is developing.

During 2016 we have started new risk management program to decrease propability of all kind of accidents.

Measurement of outcomes



Feedback from year 2015 has been positive and we have gained a lot of development ideas. On 2016 we have continued motivation day -events and have seen improvement in satisfactory indexes from last year. We have also been able to remove some bottlenecks in the production and planning.

ENVIRONMENT

Principle 7 – Business should support a precautionary approach to environmental challenges;

Principle 8 – undertake initiatives to promote greater environmental responsibility; and

Principle 9 – encourage the development and diffusion of environmentally friendly technologies.

Assessment, policy and goals

Description of the relevance of environmental protection for the company (i.e. environmental risks and opportunities). Description of policies, public commitments and company goals on environmental protection.

We take the environment into consideration in our operations by using energy-efficient raw materials and production processes that impact the environment as little as possible. We also ensure that our environmental actions are in harmony with our customers' ever more demanding environmental goals. We have certified ISO 14001-environmental management system.

We take the environment into consideration, e.g. in the following ways within our business branches:

Pyroll Packages develops and produced packages that

- protect the products from damage and contamination
- minimize the total amount of raw materials
- can be recycled, composted or reused as energy.

Pyroll Paper Merchant markets and distributes paper and paperboard for converting, which has been manufactured in accordance with the standards of sustainable development. This way, we ensure that also the paper/paperboard in the end product takes the environmental values in consideration.

Pyroll Converting develops and provides paper and paperboard converting that

- reduce the waste of material during converting and enable the excess material to be reused in paper/paperboard manufacture
- minimize the transportation of "unnecessary" material.

Implementation

We recycle all suitable fiber material through our collaborators. The plastic waste from Pyroll plants is utilised in Merikarvia plant already for several years. We are producing



plastic shopping bags there. We have even increased the use of recycled plastic materials purchased from other sources.

We monitor the energy consumption on every plant and try to find the ways to decrease it. During 2016 we have done Group wide energy analysis performed by third party and have a list of ways to minimize energy consumption. In some factories we have done renovation to lightning system to LED-based technique.

We also monitor how our suppliers are handling their environmental issues by Supplier Questionnaire – form. On 2016 during site audits it was validated how well answers comply to practice.

Measurement of outcomes

We have increase the use of the recycled plastics. We have heavily mapped new collaborators who could utilise the plastics we cannot use ourselves – work is still going on and we suppose that during 2017 the amount of energy waste will decrease and more plastic is going to recycling. And even to recycle waste to be raw materials for our own products.

All our main raw material suppliers have filled in the Supplier Questionnaire form including environmental issues. With all new supplier candidates, the starting point of evaluation is this form. During site audits no non-conformities was found regarding environmental issues.

ANTI-CORRUPTION

Principle 10 – Business should work against corruption in all its forms, including extortion and bribery

Assessment, policy and goals

Description of the relevance of anti-corruption for the company (i.e. anti-corruption risk assessment).

Description of policies, public commitments and company goals on anti-corruption.

The collaboration between Pyroll and its customers and partners is always based on openness, honesty, and mutual trust. We only work with partners who believe in these principles as strongly as we do. We comply with laws and regulations, and adhere to ethical business practices in all our operations. We do not accept any illegal or morally questionable activities in any operational environment.

Implementation

We have made a special “Responsibility by the suppliers for its operation” –form and send it to our main suppliers. In this form there are mentioned how we are acting in our daily business. In signing this form they will agree to adhere the same responsibility principles than Pyroll is doing.



In the form there is mentioned for example:
- Bribery and corruption will not be tolerated.

Measurement of outcomes

All the main suppliers of us have signed and sent back to us the form.
No new supplier can be accepted without signing in the form. During site audits performed 2016 no non-conformities was found regarding anti-corruption.