



Saves Your Energy

## Ensto Group

# United Nations Global Compact Communications on Progress 2016



COMMUNICATION ON  
PROGRESS

This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.



## Contents

<b>1. STATEMENT OF CONTINUED SUPPORT .....</b>	<b>3</b>
<b>2. ENSTO GROUP .....</b>	<b>4</b>
2.1. Ensto group in brief .....	4
2.2. Our values .....	4
2.3. Our Sustainability Approach.....	4
2.4. Full support for the UN Global Compact.....	5
<b>3. HUMAN RIGHTS PRINCIPLES.....</b>	<b>6</b>
3.1. Assessment, Policy and Goals.....	6
3.2. Implementation.....	7
3.3. Measurement of outcomes.....	7
<b>4. LABOR PRINCIPLES.....</b>	<b>9</b>
4.1. Assessment, Policy and Goals.....	9
4.2. Implementation.....	10
4.3. Measurement of outcomes.....	11
<b>5. ENVIRONMENTAL PRINCIPLES .....</b>	<b>12</b>
5.1. Assessment, Policy and Goals.....	12
5.2. Implementation.....	13
5.3. Measurement of outcomes.....	14
<b>6. ANTI-CORRUPTION PRINCIPLES .....</b>	<b>15</b>
6.1. Assessment, Policy and Goals.....	15
6.2. Implementation.....	15
6.3. Measurement of outcomes.....	16



## 1. STATEMENT OF CONTINUED SUPPORT

I am pleased to confirm that Ensto reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labor, 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,

A handwritten signature in blue ink, appearing to read "Ari Virtanen".

Ari Virtanen  
President and CEO  
Ensto Group



## 2. ENSTO GROUP

### 2.1. Ensto group in brief

Ensto is an international family business which designs and provides smart electrical solutions to improve the safety, functionality, reliability and efficiency of smart grids, buildings and transportation. Ensto was founded in 1958 and employs 1,600 passionate professionals in Europe, the USA and Asia. In 2016, we generated turnover of 256 million euros. We believe in a better life with electricity and a more sustainable tomorrow.

Ensto has four key businesses: Ensto Electrification, Ensto Lighting, Ensto Utility Networks and Chago, focusing on electric vehicle charging solutions. Ensto's products are sold under Ensto brand. Ensto is focusing in B-to-B business, in some market areas our business is done via wholesalers and distributors and our biggest customers are contractors, building owners, electricity grid owners and fleet owners.

Ensto group has its headquarters in Porvoo, Finland.

### 2.2. Our values

#### *Trust Capital*

Trust is the basis for everything we do, and it must be earned every day. Trust creates respect and it fuels collaboration and responsibility. We always keep our promises, which makes us a Trusted Partner.

#### *Creativity*

Creativity drives innovativeness and we want to explore new technologies and business models. Together with our customers and other partners we create Smart Solutions.

#### *Winning Together*

We are a family business with family values. All people are treated with the respect and dignity. We collaborate, understand our customers' business and are excellent in execution. This leads to mutual Profitable Growth.

### 2.3. Our Sustainability Approach

At Ensto we contribute to building a better society with electricity by providing smart solutions, improving energy efficiency and focusing on sustainable development. To help us accomplish this, we aim to be at the front line of the electrical systems and supplies industry in producing clean, recyclable, trusted, and innovative products and solutions that have a long lifetime and a low environmental impact over their life cycle.

Sustainability at Ensto is managed by various guiding principles and policies. These, together with our values and a number of practical guidelines and quality and environmental standards guide our sustainable way of working. Ensto's operations and business units are responsible for integrating sustainability considerations into our daily work. We expect all of our employees to fulfill these commitments in their everyday work.



The main principles and policies are:

- [Ethical Principles](#)
- [United Nations Global Compact](#)
- [Employee Code of Conduct](#)
- Supplier Code of Conduct
- [Safety and health policy](#)
- [Environmental policy](#)
- [Quality policy](#)

#### **2.4. Full support for the UN Global Compact**

Ensto joined the UN Global Compact in 2013 and we have committed ourselves to following the ten guiding principles of the initiative in all our business strategy, daily activities and operations as well as in company culture. Through our participation in the UN Global Compact, we are continually learning how to strengthen existing, or develop new, internal practices and policies. Consequently, we report our progress on an annual basis.

In the future Ensto will report about its sustainability efforts annually in a separate sustainability report and our Global Compact Communication on progress reporting will be combined with it.



### 3. HUMAN RIGHTS PRINCIPLES

*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*

#### 3.1. Assessment, Policy and Goals

*Description of the relevance of human rights for the company (i.e. human rights risk-assessment)*

*Description of policies, public commitments and company goals on Human Rights*

At the same time as Ensto endeavors to live up to our long-term strategy for profitable growth, we are also committed to develop and maintain a healthy business by offering unique new products planned with future of our society and our planet in mind, by honoring our social, environmental and financial responsibility and conducting business in an ethical way. Ensto's values are embedded in our Ethical Principles and in all our policies. Sustainability and business ethics are integral parts of our business plans and decision-making processes.

The Ethical Principles of Ensto are based on trust, accepted practices, our values and the fact that we in our operations comply with the principles of the UN Declaration of Human Rights, the UN Rights of the Child and the Declaration of the United Nations International Labor Organization as well as national laws and regulations.

One of our Ethical Principles is to respect all human beings. We emphasize trust and equality among all human beings. We have strict operational ethics and responsibility.

#### **Human Rights principles in our supply chain**

We build long-term and fair relations with our suppliers and want to be an attractive business partner. In purchasing this means specifically that the suppliers shall be treated equally, without discrimination and purchasing decisions shall be based on open and clear criteria.

We select our major suppliers and subcontractors on their ability to meet our Ethical Principles which are based on Ensto's values and the principles of the UN Declaration of Human Rights, the UN Rights of the Child and the Declaration of the United Nations International Labor Organization. The ethical code for purchasing is described in the "Procurement Guidelines".

Ensto Supplier Code of Conduct (SCoC) is part of Ensto's ethical code for purchasing and it requires that suppliers act in ethically, legally, environmentally and socially appropriate manner. The SCoC lists basic requirements on labor issues such as ban of child, forced and indentured labor, working hours and wages and benefits.

We are continuously developing our processes and optimizing our supply chain to reach top performance in our projects. In 2017 we will further strengthen our responsible procurement by establishing a new procurement function. This function operates Ensto wide and covers all businesses and countries. Capturing synergies, reducing complexities and acting in a sustainable way are examples of principles that will guide the new procurement actions going forward.

Ensto operations has currently close co-operation with 457 external suppliers; 390 locating in the European Union and 67 outside from EU under heightened attention regarding UN Global Compact principles following.



### 3.2. Implementation

*Description of concrete actions to implement Human Rights policies, reduce Human Rights risks and respond to Human Rights violations.*

Our values, Ethical Principles and policies are available in our intranet and translated to local languages in our main locations. New policies and the changes in existing ones are introduced to all of our personnel by Managing Directors of our country organizations.

Managing Directors of Ensto's companies in different countries are responsible for compliance with the local laws and regulations and following Human Rights..

The responsibilities of personnel and managers to notify about suspected non-compliances or violations of the Human Rights are described in the Employee Code of Conduct as well as the related process.

Regularly meetings and consultations are ongoing locally with local labor unions.

#### **Implementation of Human Rights Principles in our supply chain**

The ethical code for purchasing is described in the "Ensto Procurement Guidelines" and the aspects for human rights are integrated to Supplier Qualification Process.

We are evaluating our potential new suppliers in accordance with the suppliers' approval process and our current major suppliers on criteria of quality, operational efficiency, cost, occupational health & safety and social and environmental responsibility. Also human rights related criteria – such as conflict minerals - are important part of the evaluation process. To our current suppliers these evaluations are conducted annually.

We evaluate our suppliers on a yearly basis in order to:

- provide input information for sourcing, production development and management decisions
- keep management informed of actual or potential risks
- ensure ongoing compliance and conformity to Ensto activities and products related regulations and standards
- provide input information for supplier selection and auditing
- improve suppliers' performance

If the supplier is not fulfilling the criteria above, the supplier will be audited or other development actions will be agreed with the supplier in order to ensure the fulfillment of the criteria.

Additionally, we are actively working with our suppliers to ensure that we are not using minerals from "conflict regions" as defined in section 1502 of the Dodd-Frank act Section 1502. With this act we help to fight against human rights violations in Democratic Republic of the Congo (DRC) and surrounding countries.

### 3.3. Measurement of outcomes

*Description of how the company monitors and evaluates performance.*

We are executing regular internal audits and management reviews to monitor our performance in issues related to human rights.

Our manufacturing units and plants are audited regularly by clients and certification



companies. Audit results and findings are presented for Ensto management and action plans are created and complied.

There were no human rights related non-compliances reported in 2016.

**Measurement of Human Rights Principles in our supply chain**

To ensure that Ensto SCoC and other supplier requirements are followed we are evaluating our suppliers regularly based on gathered information of performance and other information. We are not accepting suppliers that are not meeting our requirements regarding Human Rights Principles.

In 2016 we conducted 18 supplier audits. No violations to human rights were reported during these audits.



#### 4. LABOR 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 labor;*

*Principle 5: the effective abolition of child labor; and*

*Principle 6: the elimination of discrimination in respect of employment and occupation*

##### 4.1. Assessment, Policy and Goals

*Description of the relevance of labor rights for the company (i.e. labor rights-related risks and opportunities).*

*Description of written policies, public commitments and company goals on labor rights.*

The Ethical Principles of Ensto are based on trust, accepted practices, our values and the fact that we in our operations comply with the principles of the UN Declaration of Human Rights, the UN Rights of the Child and the Declaration of the United Nations International Labor Organization as well as national laws and regulations.

The Ensto Employee Code of Conduct, approved by Ensto Board of Directors, outlines the proper practices and provides guidance to help employees recognize and deal with ethical issues such as diversity and prohibition of harassment. The Employee Code of Conduct applies to all Ensto Group employees in their daily work concerning their responsibilities towards their country, the shareholders, the colleagues and the environment.

Main principles concerning labor practices are set in our Safety and Health Policy. On top of following local safety and health laws and regulations we have also established additional safety practice which is included to the 5S standard and audit at Ensto Operation plants. We continuously develop our processes and methods to improve health and safety conditions of our employees (Safety War Room practice in our factories, recording of safety and environmental risk findings, planning and follow up of taken actions in our reporting tool Look!).

We comply or exceed all legal and other regulatory requirements, ensuring that our daily work contributes to build a fair society with social responsibility. To maintain the compliance the legal compliance procedure has been set with "Managing Legal Compliance and Other Requirements" document.

Regularly meetings and consultations are ongoing with local labor unions.

##### **Labor Principles in our supply chain**

The principles of no forced or compulsory labor and no child labor are included in Ensto Supplier Code of Conduct (SCoC).

The SCoC lists basic requirements on labour issues such as prohibition of child, forced and indentured labor, working hours and wages and benefits. The SCoC is currently being updated and new version will be published for all stakeholders.

Ensto Operations has currently close co-operation with 457 external suppliers; 390 locating in the European Union and 67 outside from EU under heightened attention regarding UN Global Compact principles following.



#### 4.2. Implementation

*Description of concrete actions taken by your company to implement labor policies, reduce labor risks and respond to labor violations.*

The Ensto Employee Code of Conduct belongs to the list of professional responsibilities of every Employee of Ensto and is introduced to Ensto employees by Ensto's managers and through other internal communication channels. The Employee Code of Conduct and policies introduction is one important part of employee's orientation program.

Employees who learn of, or suspect that a violation of the Employee Code of Conduct has occurred, or is likely to occur, are instructed to report the violation to the nearest manager, or if there is reason to believe that this will be ineffective, to one of Ensto's Shared Service Managers. All information will be taken seriously and investigated where appropriate. Employees who report violations or suspected violations in good faith will not be subject to retaliation of any kind. Reported violations will be investigated and addressed promptly and will be treated confidentially to the extent possible.

In 2015 we introduced "Health and Safety War Room". Important part of HSE War room is to register all health and safety and environmental accidents or potential accidents and risks. Observations are handled immediately, categorized and development projects are established when needed.

Reporting on health and safety issues has been made easy for everyone as there are Safety War Room loss cards available in various places in our premises.

Ensto provides needed safety trainings continuously for employees and keeps records on those.

To prevent occupational diseases Ensto provides and organizes occupational health care services for its employees according to local requirements. Occupational health care services include physiotherapist's services to advice employees about ergonomics (especially postures and work movements) where possible. Ensto supports healthy and active lifestyle with activity clubs and events for personnel.

In addition to the local collective unions and local cooperation bodies and forums, the Ensto Council convenes at least once a year. The Ensto Council's role is to provide an opportunity for overseas units' employee representatives to express their views on various issues as well as to act as a Group-wide discussion and information forum.

All Ensto offices and sites (company or location) are entitled to send their representatives to the Ensto Council's meetings. Each office elects its representative members for the meeting for a three-year period in a manner agreed on at each office. Employee representatives may propose issues to be taken up for discussion at the meeting and invite experts to the meetings. Ensto Council fulfils the EWC-directive 2009/38/EC regulation.

#### **Implementation of Labor Principles in our supply chain**

Labor principles are covered in Ensto's SCoC and they play an important role in suppliers evaluation and approval processes.

Our suppliers are monitored annually and they shall ensure that their operations are performed in a manner that is appropriate, as it applies to their ethical, legal, environmental, and social responsibilities. The following basic requirements reg. labor principles are listed in our SCoC:



- Compliance with Local Laws and Regulations
- Compliance with Environmental, Health, and Safety Laws
- Product Safety
- Non-Discrimination
- Labor
- Child Labor
- Forced/Indentured Labor
- Work Hours/Days
- Wages and Benefits
- Ethics

**4.3. Measurement of outcomes**

*Description of how the company monitors and evaluates performance.*

In 2016 Ensto employed 1573 people, of which 1510 were full-time employees. Ensto has employees in 20 countries. 91 % of our people were located in Europe. 56 % of our global personnel were male and 44 % female.

Factors like one's gender, ethnicity or age have no weight in our decisions reg. recruiting. Ensto's recruitment criteria include only those of needed to succeed in concrete job - education, experience, skills and competences. Also adhering to Ensto's values and Ethical Principles is expected from every new employee.

Employee Engagement Survey (IMO) is conducted every second year, it measures topics related to equal opportunities, company culture as well as occupational health and safety. Altogether 1 192 employees responded to the survey and the response rate was 80.7 %. Based on the results development actions are planned.

The compliance of our main policies are reviewed at least once in a year by Ensto top management in management reviews. Health and safety issues are assessed in internal audits, external audits, health and safety walks and in risk mappings.

There were no labor rights related non-compliances reported in 2016.

**Measurement of Labor Principles in our supply chain**

To ensure that Ensto SCoC and other supplier requirements are followed we are using supplier score card method for supplier evaluation. It is based on the quality performance of suppliers' products and services. This score card evaluation is done for our suppliers annually. We are not accepting suppliers that are not meeting our requirements regarding Labor Principles.

In 2016 we conducted 18 supplier audits. No labor rights related violations noticed during supplier audits and visits.

## 5. ENVIRONMENTAL PRINCIPLES

*Principle 7: Businesses should support a pre cautionary 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*

### 5.1. 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.*

One of Ensto's main policies is Environmental Policy. We are known for delivering products and solutions that are advanced, highly energy-efficient, reliable and with a long lifetime and a low lifecycle impact on environment. We place sustainable development at the heart of our strategy for continual improvement and innovation. We concentrate our efforts in the areas that account for most of our environmental impact to more effectively enhance our overall performance; namely the use of raw materials, the consumption of electricity and the generation of non-recyclable waste.

We comply or exceed all legal and other regulatory requirements, ensuring that our daily work contributes to build a fair and environmentally sustainable society. We integrate our environmental principles in our processes by establishing programs and guidance, and by training our employees about environmental matters and responsibilities. We strive to continually improve our environmental performance by monitoring, auditing and reviewing the entire management system. We openly share our environmental performance with all our stakeholders, and encourage them to collaborate and support our efforts.

We are making yearly environmental programs which include defined goals for strategic themes like energy efficiency and environmental impact reduction. Environmental goals describe the long-term environmental efforts, which shall guide all our actions.

Our main environmental projects are "Reducing electricity consumption", "Rising environmental awareness" and "Green office". We are committed to reducing the consumption of energy and other natural resources in our facilities and operations. The base year for reduction is 2015. We are also committed to preventing the generation of waste and increasing the recycling of waste.

Our Finland, Estonia, Russia and Sweden operation units have set a goal to reduce energy consumption by 5%, to train 20% of employees on environmental issues and have all Ensto locations using the Green Office standard by 2018.

We are committed to increasing environmental awareness of our customers and continuous improvement of environmental awareness and competence of the Ensto people. Training and knowledge sharing play crucial roles when raising awareness of environmental challenges. We are raising environmental awareness among Ensto people and we have set following goals:



- Environmental card training for 20% of employees in Operations factories.
- Environmental training for PM&PD personnel
- Ensto Green Office training for all the Ensto employees working in office or office related environment.

### **Environmental Principles in our supply chain**

We expect our suppliers and partners to respect our environmental values when engaging in business activities. Ensto SCoC requires that suppliers operations are performed in a manner that is appropriate, as it applies to their ethical, legal, environmental, and social responsibilities.

## **5.2. Implementation**

*Description of concrete actions to implement environmental policies, reduce environmental risks and respond to environmental incidents.*

Ensto Operations environmental aspects are evaluated regularly. Significant aspects introduction and risks avoiding is important part of employees training program. Based on risk evaluation results Environmental programs are created and goals and targets are defined. Program is followed regularly by managements of Ensto locations and in annual Management Reviews.

Our Environmental policy is public and available for all Ensto employees in Ensto intranet and for clients and suppliers on Ensto webpage.

In 2015 we introduced "Health and Safety and Environment War Room". Important part of HSE War room is to register all health and safety and environmental accidents or potential accidents and risks. Procedure how to respond to environmental incidents is described and audited regularly.

We are monitoring our energy (direct and indirect) and water consumption as well as waste disposal and management and we are reporting it annually. We offer recycling stations in our facilities as well as collection points for hazardous waste for employees' personal use. Target is to raise employees' environmental impact awareness and improve their waste management skills.

Although most of our environmental impacts are generated in our production plants, with concrete actions we can achieve a lot in the office environment as well. Ensto Green Office is Ensto's environmental management system for office environment. With Ensto Green Office we motivate our personnel to act in an environmentally friendly way in their everyday tasks.

First pilot for Ensto Green Office was started in 2016 and the pilot office is Keila in Estonia. Ensto Green Office will be implemented to other in all Ensto offices and it will also be integrated to our existing audit systems.

### **Implementation of Environmental Principles in our supply chain**

Environmental principles are covered in Ensto's SCoC and they play an important role in suppliers evaluation and approval processes.

Our suppliers are monitored annually and they shall ensure that their operations are performed in a manner that is appropriate, as it applies to their ethical, legal, environmental, and social responsibilities. In our SCoC it is stated we comply local environmental laws and regulations.



### 5.3. Measurement of outcomes

*Description of how the company monitors and evaluates environmental performance.*

We have included our environmental as well as health and safety performance figures to our company widely used reporting system LOOK.

Information related to environmental and health and safety incidents and findings are collected from HSE WarRoom. Environmental key performance indicators like; water use, electricity, heating and waste management measured, are reported monthly and they can be followed on plant level in Finland and Estonia in our internal reporting system.

Since 2010 we are regularly reporting our direct and indirect energy consumption. In our environmental reporting we have concentrated on tracking the most relevant sources of direct and indirect emissions – fuel and energy consumption as well as water consumption and waste disposal.

We are currently in the process of collecting environmental information for 2016 and it will be reported as part of our “Sustainability at Ensto” sustainability report.

We are raising environmental awareness among Ensto people by organizing an Environmental card training for our operation factories. We have planned to conduct trainings specified for PM&PD personnel later in 2017. Our target is to train 20% of employees in our operation factories. In 2016 there were 41 card owners in Porvoo (60% of target) and 22 in Estonia (25% of target). Trainings will continue in Russia in 2017.

Environmental program is followed regularly by managements of Ensto locations and at least once in a year by Ensto top management in management reviews. During external audits, like customer audits and certification companies’ audits, both environmental issues as well as health and safety issues are monitored.

#### **Measurement of Environmental Principles in our supply chain**

To ensure that Ensto SCoC and other supplier requirements are followed we are using supplier score card method for supplier evaluation. It is based on the quality performance of suppliers’ products and services. This score card evaluation is done for our suppliers annually. We are not accepting suppliers that are not meeting our requirements regarding environmental principles.



## 6. ANTI-CORRUPTION PRINCIPLES

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

### 6.1. 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.*

At the same time as we at Ensto aim to live up to our long-term strategy of profitable growth, we are also committed to developing and maintaining a healthy business by offering unique new products designed with the future of our society and planet in mind. We do so, by honoring our social, environmental and financial responsibility and by conducting business in an ethical way. This means that Ensto's values are embedded in the Employee Code of Conduct and that sustainability along with business ethics are integral parts of our business plans and decision-making processes.

The Ensto Employee Code of Conduct, approved by Ensto Board of Directors, outlines the proper practices and provides guidance to help employees recognize and deal with ethical issues. The Employee Code of Conduct applies to all Ensto Group employees in their daily work concerning their responsibilities towards their country, the shareholders, the colleagues and the environment.

Responsibilities in the event of non-compliance are outlined with the Employee Code of Conduct.

#### **Anti-corruption Principles in our supply chain**

The principles of anti-corruption are included in Ensto Supplier Code of Conduct which plays an important role in our suppliers' assessment processes.

### 6.2. Implementation

*Description of concrete actions to implement anti-corruption policies, reduce anti-corruption risks and respond to incidents.*

Each employee should notify either his/her supervisor in advance if there is a question as to the applicability of a particular policy or procedure.

Employees who learn of, or suspect that a violation of the Employee Code of Conduct has occurred, or is likely to occur, should report the violation to the nearest manager, or if there is reason to believe that this will be ineffective, to one of Ensto's Managers. All information will be taken seriously and investigated where appropriate. Employees who report violations or suspected violations in good faith will not be subject to retaliation of any kind. Reported violations will be investigated and addressed promptly and will be treated confidentially to the extent possible.

It is the responsibility of each Ensto manager to report any case of fraud or other wrongful conduct to a member of Ensto's Management Team. In the case of non-compliance with the Employee Code of Conduct, there will be prompt disciplinary consequences ranging up to and including dismissal.



### **Implementation of Anti-corruption Principles in our supply chain**

Our suppliers are monitored annually and they shall ensure that their operations are performed in a manner that is appropriate, as it applies to their ethical and legal, responsibilities. The following basic requirements reg. Anti-corruption Principles are listed in our SCoC:

- Compliance with Local Laws and Regulations
- Ethics

### **6.3. Measurement of outcomes**

*Description of how the company monitors and evaluates anti-corruption performance.*

Non-compliance cases are handled by Ensto's Management in 2016.

#### **Measurement of Anti-corruption Principles in our supply chain**

To ensure that Ensto SCoC and other supplier requirements are followed we are using supplier score card method for supplier evaluation. It is based on the quality performance of suppliers' products and services. This score card evaluation is done for our suppliers annually. We are not accepting suppliers that are not meeting our requirements regarding Anti-Corruption Principles.

In 2016 we conducted 18 supplier audits. No non-compliance cases were reported during these audits.