Guiding principles

Wärtsilä’s Code of Conduct defines common rules for all employees, and provides guidance on Wärtsilä’s approach to responsible business practices. The key areas of the Code of Conduct include: compliance with laws, transparency and continuous stakeholder dialogue, respect for human and labour rights, fair employment practices, anti-corruption, anti-fraud, and data privacy.

Implementing the Code of Conduct

Group-wide Wärtsilä policies complement the Code of Conduct and the commitment to maintain the highest legal and ethical standards in everything we do. The Quality, Environmental, Health and Safety Policy sets principles for managing the environmental impacts of our products and services. The policy on human rights, equal opportunities and fair employment practices creates a common framework for employee practices in all group companies. It covers the following issues: human and labour rights, equal opportunities, well-being at work, non-harassment, and remuneration. The Corporate Manual also includes other policies, such as anti-corruption, compliance reporting, and supply management policies. The purpose of the manual is to safeguard compliance with relevant legislation, and to provide further guidance concerning daily business conduct.

We take an active approach to the application of the Code of Conduct, and promote its implementation through effective communication and training programmes for our employees. Application of the Code is monitored internally. We also have an externally hosted whistleblowing channel for all employees to report potential misconduct relating to the Code of Conduct or other Wärtsilä policies. Such reporting can be made anonymously and in 16 languages.

Suppliers and business partners are an important and integral part of the total value chain of our products and services. They are expected to conduct their businesses in compliance with the same high legal and ethical standards and business practices as Wärtsilä. Our supplier requirements and supplier management system are presented in the Supply chain management section. We monitor the actions of our suppliers and business partners, and have a stringent pre-qualification and monitoring programme for all sales intermediaries complemented with a tailored e-learning programme.

The Values and Code of Conduct programme

We execute a Values and Code of Conduct programme, which includes various actions to strengthen the ethical culture of our company. The programme elements include Wärtsilä Values and Code of Conduct discussion
modules, the signing of an individual Code of Conduct Undertaking, an e-learning programme, and inclusion of the Code of Conduct topic into the annual development discussions covering all employees. The purpose of the Values and Code of Conduct discussions is to create a common understanding and to strengthen the values and principles of the Wärtsilä Code of Conduct. Additionally, every employee is required to sign a personal undertaking letter indicating that they have read the Code of Conduct and that they commit to complying with its contents in their work.

Discussion sessions to reinforce ethical culture

At Wärtsilä, we want to have the best possible working culture, and to help employees make the right decisions in their everyday work based on our values and ethical principles. To reinforce this, in 2019 we launched the "Wärtsilä Values and Code of Conduct Discussion Session" to all employees.

These mandatory sessions were arranged as team discussions, and were led by line managers using an online digital workbook in 13 languages. The sessions included introductory videos and case scenarios, and were designed to complement the Code of Conduct e-learning through team discussions on applying our common principles and ethical issues in daily work activities.

Altogether, more than 13,000 employees completed the session in 2019, and the overall feedback was positive. The majority of respondents to the feedback survey felt that the programme promoted active discussions, and increased their willingness to address ethical questions in the future.

Code of Conduct

Introduction

Wärtsilä is committed to carrying out its business in a sustainable way. In order to promote the long-term interests of Wärtsilä and its stakeholders, the company strives to maintain the highest legal and ethical standards in all its business practices. Each employee is expected to act responsibly and with integrity and honesty, and to comply with this code and its underlying policies and instructions.

Compliance with laws

All business and other activities of Wärtsilä shall be carried out strictly in compliance with all applicable laws and under the principles of good corporate citizenship in each country where such activities take place.

Each employee is expected to comply with the requirements of those laws and regulations that apply to Wärtsilä’s operations and to his/her job and with the Wärtsilä principles of good corporate citizenship.

Openness

Wärtsilä promotes openness and transparency as well as continuous dialogue with its stakeholders, including customers and other business partners, shareholders, personnel, authorities, local communities, and the media. Stock exchange rules and competitive considerations may, however, in some cases restrict such openness and transparency.

Wärtsilä strives to be honest and accurate when communicating with its stakeholders, and also Wärtsilä employees shall make their statements in accordance with this principle.

Respect for human and labour rights

Wärtsilä supports and respects the protection of human rights as defined in the United Nation’s Universal Declaration on Human Rights. No employee is allowed to take any action that violates these human rights principles, either directly or indirectly.

Wärtsilä supports basic labour rights as defined by the International Labour Organization. In this respect, Wärtsilä upholds the freedom of association and the effective recognition of the right to collective bargaining. In the case that
these rights are restricted by local law, Wärtsilä endeavours to offer its employees alternative means to present their views. Wärtsilä does not accept any form of forced or compulsory labour, or the use of child labour.

**Fair employment practices**
Wärtsilä promotes freedom from discrimination based on race, ethnic or national origin, colour, gender, family status, sexual orientation, creed, disability, age, political beliefs or other characteristics protected by law. Wärtsilä fosters equal opportunity and our employees are selected and treated on the basis of their abilities and merits.

Wärtsilä does not accept any form of discrimination, harassment or bullying from its employees.

**Occupational health and safety**
Wärtsilä endeavours to create hazard-free workplaces for its employees, contractors and others working in various locations by applying high standards of occupational health and safety. Wärtsilä strives to assure the safety of its products and solutions through its world-class product and solution development processes.

Each employee is responsible for complying with the safety instructions, for using personal protection equipment when required, and for reporting on any shortcomings regarding safety instructions or protection measures.

**Conflicts of interest**
Wärtsilä expects full loyalty from its employees. Employees must avoid situations where their personal interests may conflict with those of Wärtsilä. This means, for instance, that employees are not allowed to accept gifts or entertainment from a stakeholder, except a gift or entertainment of a minor value given on an occasional basis, providing it does not create a conflict of interest situation.

**Anti-corruption**
No Wärtsilä company or any of its employees may, directly or indirectly, promise, offer, pay, solicit or accept bribes or kickbacks of any kind, including money, benefits, services or anything of value. Such payments and favours may be considered bribery, which violates local legislation and internationally recognised principles for combatting corruption and bribery.

**Environment**
Wärtsilä’s target is to develop and produce for its customers environmentally advanced solutions and services that fulfil essential requirements, such as low emissions and high efficiency. Efforts are made to achieve sustainable development by means of raw material selection, processes, products, wastes and emissions through the use of the latest technical advances. Each employee shall comply with the policies and instructions regarding environmental protection.

**Relationship with authorities and local communities**
Wärtsilä maintains constructive co-operation with authorities and regulatory bodies, at both local and international levels. Wärtsilä seeks to play a role in serving the needs of the local communities whenever possible.

**Innovation and protection of proprietary information**
Wärtsilä supports and encourages innovation by its employees in all areas of its activities.

Wärtsilä’s intellectual property is one of its most valuable assets, and the patents, trademarks, copyrights, trade secrets, and other proprietary information of Wärtsilä must be protected. At the same time, each Wärtsilä employee must respect the intellectual property rights of others.

**Accuracy of accounting records**
Wärtsilä accounting records must be accurate and reliable in all material respects. Unrecorded funds are prohibited. The records must not contain any false, misleading, or artificial entries.
Competition and fair dealing

Competition laws aim to protect consumers and businesses against unfair business practices. Each employee shall comply with those laws. Actions such as participation in cartels, abuse of a dominant position in the market place, or the exchange of price or other commercial information between competitors are prohibited. Wärtsilä employees should be sensitive to competition concerns when attending occasions where competitors, or potential competitors, can be present.

Anti-fraud

Wärtsilä does not tolerate fraudulent behaviour or activities, such as embezzlement, fraud or theft. Such violations will lead to immediate termination of employment and are subject to criminal sanctions.

Implementation

Wärtsilä takes an active approach to the application of this Code and promotes its implementation through the effective communication of its contents to employees. Wärtsilä monitors the application of this Code internally.

Suppliers and business partners are an important and integral part of the total value chain of the products and services of Wärtsilä. They are expected to conduct their businesses in compliance with the same high legal and ethical standards and business practices as Wärtsilä. Wärtsilä promotes the application of this Code by monitoring the actions of its suppliers and business partners.

In the case that questions arise regarding the interpretation of, or compliance with, this Code, Wärtsilä Legal Affairs should be contacted.

The application of the Code will be reviewed from time to time by the Board of Management, which may decide on necessary revisions or interpretations.

Reporting violations

Any Wärtsilä employee becoming aware of a potential violation of this Code must contact his or her superior or Wärtsilä Legal Affairs. The president of the respective subsidiary must be informed, unless he or she is party to the alleged violation, in which case the Group General Counsel of Wärtsilä Corporation must be contacted. Wärtsilä will investigate all reported matters with discretion. Wärtsilä shall not take any adverse actions as a result of such reporting against any employee reporting in good faith what he or she believes to be a violation of this Code.

Sanctions

Violation of this Code may lead to a warning, the termination of employment, and the payment of damages. Additionally, certain violations of a criminal nature can lead to criminal sanctions, such as fines or imprisonment.

Quality, Environment, Health and Safety Policy

Wärtsilä is a global leader in smart technologies and complete lifecycle solutions for the marine and energy markets.

Protecting the environment, enhancing customer business, and contributing to a sustainable future is the essence of what we do. Our solutions and operations are safe, reliable, efficient, environmentally sound, and compliant with regulatory and other applicable requirements.

We give the highest priority to preventing occupational injuries and illnesses by assuring safe and healthy workplaces in all of our business operations, and we authorise work to be stopped if conditions are considered unsafe, or if quality is being compromised.

We set objectives and continually improve our QEHS performance. We actively eliminate defects and hazards, and reduce QEHS associated risks.

We communicate and consult with employees and other relevant stakeholders to ensure that our QEHS practices are enforced and constantly improved.

Our skilled organisation acts as a responsible global citizen.
Policy on human rights, equal opportunities and fair employment practices

Human and Labour Rights

Wärtsilä supports and respects the protection of internationally proclaimed human rights, as defined in the United Nation’s Universal Declaration on Human Rights, ILO standards, and the UN Global Compact principles.

Wärtsilä supports basic labour rights as stated by the International Labour Organization. In this respect the Group upholds the freedom of association and the effective recognition of the right to collective bargaining. In case these rights are restricted by local law, the company endeavours to offer personnel alternative methods to present their views. Wärtsilä does not accept any form of forced and compulsory labour or the use of child labour.

Wärtsilä complies with local legislation, regulations and agreements concerning human rights, employment and equal opportunities, including all laws pertaining employee data privacy, immigration, working time, wages and hours and employment discrimination. Temporary and part-time employees are offered the same benefits as permanent employees according to local legislation and collective agreements.

Wärtsilä applies European Union directives, local acts of cooperation in the companies and corporations, collective agreements, and equivalent regulations concerning consultation and local bargaining.

Equal opportunities

Wärtsilä is committed to fostering equal employment opportunities, in which individuals are selected and treated on the basis of their job-relevant merits and abilities and are given equal opportunities within Wärtsilä.

Wärtsilä’s policy is to treat all employees equally on the basis of their merits, without discriminating them on the basis of their race, ethnic or national origin, colour, gender, family status, sexual orientation, creed, disability, age, or political beliefs.

Employee benefits and remuneration

The basic principle for remuneration in the company is to pay the same wage for the same job and the same performance. The salary is meant to be just, fair, and encouraging. Differences in individual salaries are based on how demanding the job is, on differences between competence, work experience, and performance, and not on gender.

In general, temporary and part-time employees are offered the same benefits as permanent employees. In some countries, eligibility is linked to months or years of service – such differences being typically based on collective agreements according to local legislation.

Individual salaries are reviewed once a year in connection with the performance review and in the framework of annual salary increase guidance. The company may pay employees an annual bonus in accordance with company rules and based on separate bonus agreements. Based on financial and individual performance, the bonus outcome is determined once a year. Employees may be paid a spot bonus based on exceptional performance. Benefits, such as a company car, service year award, and well-being, fitness, and health services, are planned and implemented locally taking into account both company guidelines and national practices.

Minimum notice period

Wärtsilä complies with European Union directives, local acts of co-operation in the companies and corporations, collective agreements and equivalent regulations concerning consultation and local bargaining. Concerning the termination of employment, Wärtsilä respects national labour union agreements and employment legislation.

In the case of occurrences having significant business or social implications, such as personnel redundancies, the transfer in full or part of production facility location, structural changes, as well as transnational effects, the EWC Working Committee and/or local employee representatives are consulted before decisions about such matters are made or, if that is not possible, as soon as possible. The objective is to provide information about any significant operational change at the time of planning.
Competency management

Wärtsilä’s Competency Management and Development frame is a structured way to carry out long-term competence development plans within our businesses and functions. Wärtsilä has defined 16 global job families consisting of generic job descriptions for seven different demand levels. In the job description, the most critical competencies of the job are defined and used as a basis for individual position competence requirements. Typically, in the connection of annual development discussion, individual competencies are assessed against the job requirements and position profile. Competence assessment of our employees and a comparison with competence targets allow us to analyse competence gaps and create development plans accordingly.

All learning and development activities in Wärtsilä strive to develop, maintain, and renew the short- and long-term skills and competencies required to fulfill our strategy. Having the right competencies available at the right time and being able to continuously adapt to a changing business environment are critical success factors for Wärtsilä.

Consultation and information procedures in Group companies

Wärtsilä’s procedures for consultation and information within the Group are arranged in each country according to local legislation. Wärtsilä’s Code of Conduct calls for ongoing and open dialogue between the company’s management and employee representatives through co-determination bodies, and employees are kept informed of both the Group’s situation and that of their particular company. Company management and personnel engage in an open discussion also in those countries where there are no formal co-determination bodies as such. Regular briefings for personnel are an integral part of the operating procedures of Wärtsilä companies. Employee participation in decision-making also extends to occupational health and safety (OHS). Most Wärtsilä units have an OHS committee with representatives from all personnel groups.

In addition to Wärtsilä’s procedures for consultation and information for employees at the local level, the European Works Council (EWC) handles issues that affect at least two companies located in the EU and the Group as a whole. The EWC and its working committee play an active role in considering and pursuing transnational issues.

Dialogue at the individual level is conducted through development discussions, which are held at least once a year. The subjects covered in these discussions range from the Group’s and business unit’s targets to the individual’s job description, competence development, career alternatives, personal targets, and feedback. Development discussions are by definition held with all employees.

Employees are able to have a direct impact on the company’s operations and their development by making suggestions. Each Wärtsilä employee can offer suggestions for improvement in operations either through the continuous improvement process (CIP) or by submitting private initiatives. CIP-proposals are discussed jointly and need a common decision to be put into effect. Individual initiatives are evaluated by experts within the company and, if found to be feasible, are put into effect. Another global channel for new ideas is SPARK, a Wärtsilä-wide collaborative innovation platform which enables the handling of ideas in a transparent and efficient way, and gives all Wärtsilä employees the opportunity to be a part of the ideation process.

Business performance updates are given to all personnel on a regular basis in connection with Wärtsilä interim reporting. The company intranet “Compass” and the employee magazines are the common global channels for internal communication.

Recognition of excellent performance

Wärtsilä encourages its employees to be innovative by granting an annual Technology and Innovation Award either to an individual or to a team for the best technical innovation of the year. The award criteria are that the invention must be innovative and environmentally sound, it must represent leading technology, improve a product or process, and offer potential for cost savings. Wärtsilä also grants annually a Customer Care Award for a team or individual who actively participated in the initiatives leading to development of business operations, quality improvements in how we serve and partner with customers, customer satisfaction, or Wärtsilä values demonstration.