Compliance

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. 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. This requires all employees to act responsibly and with integrity and honesty.

Wärtsilä is committed to ensuring compliance with the Wärtsilä Code of Conduct in all of its business operations globally and has, therefore, established a Group policy for reporting misconduct incidents and suspected Code of Conduct violations. Wärtsilä employees are encouraged to voice their concerns as to potential violations of the Code and its underlying policies and instructions. The reported misconduct cases are investigated either locally or centrally, as appropriate. The primary way for reporting suspected misconduct incidents is via the line management. However, employees also have alternative reporting routes, including an externally hosted whistleblowing channel, reporting directly to the compliance function, or by informing legal affairs. Should a suspected violation involve the top management of Wärtsilä Corporation, or where the suspected case is believed to be significant, the Audit Committee of the Board of Directors of Wärtsilä Corporation may be contacted directly. An employee who reports a potential Code of Conduct violation in good faith shall suffer no harassment, retaliation, or adverse employment consequences. Finally, Wärtsilä employees are instructed to seek advice on ethical and lawful behaviour and on matters of integrity from Wärtsilä legal counsels or from the compliance function.

Environmental compliance

Wärtsilä companies comply with all local environmental legislation. The operations of Wärtsilä’s manufacturing companies require a valid environmental permit, the terms of which are generally met. Incidents of non-compliance are described in the following chapters.

Significant spills (GRI 306-3) and complaints

The number of disturbances, complaints, and incidents of non-compliance are presented in the table below. Reported disturbances typically cover incidents in which the Wärtsilä company concerned has been obliged to report the disturbance to the authorities.

Disturbances, complaints, and non-compliances that occurred in Wärtsilä’s business locations in 2019 were four minor fuel or oily water spills. These disturbances were investigated and the appropriate corrective actions to minimise the impact on the environment were taken in each case.

Non-compliance with environmental laws and regulations (GRI 307-1)

Wärtsilä Voyage Limited was charged total fines of EUR 6 052 by the company that provides water supply and sanitation services to St. Petersburg for recurrent surpassing of limits for chemical oxygen consumption and biological oxygen consumption in the company’s environmental permit for sewer discharge. Corrective actions will be carried out in the beginning of 2020.

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<td>Fines of non-compliance cases (EUR)</td>
<td>38 327</td>
<td>25 962</td>
<td>22 575</td>
<td>37 860</td>
<td>30 111</td>
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</table>

Incidents of discrimination and corrective actions taken, and non-compliance with laws and regulations in the social and economic area (GRI 406-1, GRI 419-1)

Wärtsilä supports and respects basic human values as outlined in the UN’s Universal Declaration of Human Rights. Wärtsilä also supports the Ten Principles of the UN Global Compact, of which six principles are related to Human and Labour rights.
Wärtsilä's employees represent approximately 140 nationalities. The company supports fair and equal treatment of all its employees. Wärtsilä supports the work-related rights defined by the International Labour Organisation (ILO), and works, therefore, to ensure that there is freedom of association and the right to collective bargaining in the company. In those countries where local legislation does not recognise these rights, Wärtsilä endeavours to give employees other channels for expressing their opinions.

Wärtsilä does not accept the use of forced labour or child labour in any form. Wärtsilä is unaware of any cases of human rights being breached, discrimination, infringements of rights at work, or the use of forced or child labour. During the reporting period the following misconducts were realised:

Wartsila-ENPA SA, Turkey, was found by a labour court to have terminated an employee's employment on insufficient grounds, resulting in the company compensating EUR 6,675 to the ex-employee.

Wärtsilä Korea Ltd. was charged a penalty fee of EUR 25,600 for not fulfilling its legal obligation to hire disabled persons as a minimum 5% of the company’s total employees. The company has mainly hired blue-collar employees, which limits the suitable job offerings to disabled persons.

There are also the following ongoing, disputed non-compliance cases:

Wartsila India Ltd. has eight ongoing judicial proceedings, out of which six pertain to ex-employees’ perceived improper labour and dismissal practices; and two pertain to dispute on applicability of certain provisions of employment legislations. It typically takes several years in India for these types of disputes to be concluded, and thus some of the proceedings have been ongoing already since 2016.

Wärtsilä Brasil Ltda. was issued a notice of violation by the Brazilian Ministry of Labour for not fulfilling its legal obligation to hire disabled persons as a minimum 3% of the company’s total workforce. The company has filed an appeal against the resulting fine, process which is ongoing. The company has specifically extended every vacancy advertisement to disabled people, whenever possible.

Non-compliance cases presented in previous reports

Wärtsilä Korea Ltd. was not able to fulfill its legal obligation to hire the legal minimum amount of disabled persons.

Wärtsilä North America, Inc.'s previously reported case of customer receiving noise complaints related to a power plant in Marquette, Michigan, has not led to any new grievances in 2019.

Communication and training about anti-corruption policies and procedures, and Confirmed incidents of corruption and actions taken (GRI 205-2, 205-3)

During the review period, no instances of corruption or bribery were identified. Wärtsilä’s Anti-Corruption Policy is provided to sales intermediaries such as agents. Wärtsilä has arranged specifically tailored trainings to agents and other sales intermediaries. Wärtsilä’s Anti-Corruption Policy is available for suppliers and any person or organisation upon request.

Political contributions (GRI 415-1)

During 2019, Wärtsilä did not make any contributions to political parties.

Legal actions for anti-competitive behavior, anti-trust, and monopoly practices (GRI 206-1)

Wärtsilä arranged, as it has earlier, a number of competition law training seminars in 2019 for relevant personnel in order to further promote their knowledge of competition laws, and thus ascertain full compliance with such laws.

Incidents of non-compliance concerning health and safety impacts of products and services, product and service information, marketing communications and customer privacy and data (GRI 418-1, GRI 419-1)

During the review period, no instances of non-compliance related to product health and safety or information liability, or customer privacy were identified.