Sustainability

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Sustainability at Wärtsilä

Our commitment to sustainability and responsible business is based on our purpose and strategy, which along with our sustainable development objectives create the framework for developing the company’s activities and products. Wärtsilä’s strategy is based on three key areas, energy efficient solutions, lifecycle optimisation, and innovative solutions, all of which contribute to a more sustainable future in both the energy and the marine industry.

Our strength is our technological leadership and therefore technology plays a central role in our sustainability work. Wärtsilä Energy Business and Marine Business focus on developing and providing sustainable solutions and services for the industries in which they operate. The utilisation of lifecycle data analytics will enhance our efforts on enabling sustainable societies with smart technology.

Wärtsilä identifies and assesses its sustainability risks on an annual basis. Based on the current assessment, the sustainability risks are considered to be at a moderate level, and sustainability forms an opportunity for Wärtsilä.

Wärtsilä’s sustainability approach

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<th>Values</th>
<th>Sustainability focus</th>
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<td>Contributing to the well-being of society</td>
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<td></td>
<td>Efficient, profitable and competitive operations</td>
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<td></td>
<td>Innovative solutions for a low-carbon economy</td>
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<td>Technology leadership through R&amp;D</td>
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<td>Sustainability measuring and reporting</td>
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<td></td>
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</tbody>
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Wärtsilä’s sustainable development is based on three closely interrelated pillars: economic, environmental, and social performance. In the field of sustainable development, Wärtsilä’s overriding focus is on the following:

- Economic: profitability
- Environment: environmentally sound products and services
- Social: responsible business conduct

For the sustainability reporting purposes Wärtsilä has identified the following topics as material: Emissions, environmental compliance, economic performance, training and education, and occupational health and safety.
The overall management approach of sustainability is presented in the picture Wärtsilä’s sustainability approach. Wärtsilä’s strategy for environmental and social responsibility is presented in the **Strategy** section. Wärtsilä sets corporate level **sustainability targets** for the core areas.

**Stakeholder relations**

Wärtsilä actively engages with its stakeholders to develop its operations, products, and services. At the corporate level, Wärtsilä has defined its most important stakeholders as being its customers, owners, suppliers, employees, and society in general. Wärtsilä’s subsidiaries define their own primary stakeholders. In addition to the ones mentioned above, these typically include local residents close to production plants, educational institutes, and public authorities. Wärtsilä’s Code of Conduct provides the foundation for the management of stakeholder relations, while the priorities involved vary within Wärtsilä from one subsidiary to another.

**Main expectations of Wärtsilä’s stakeholders and Wärtsilä’s goals**

- **Customers**
  - Environmentally sound and innovative solutions and services, quality, reliability, competitiveness, customer support

- **Suppliers**
  - Business opportunities, profitability, business and product development

- **Organisations**
  - Active engagement, membership, technology development

- **Society**
  - Local well-being, compliance with legislation, corporate responsibility

- **Universities**
  - Research, education and training, collaboration, partnerships, business contacts

- **Employees**
  - Working conditions, compensation & benefits, career opportunities, training and development, responsible business conduct

- **The Media**
  - Up-to-date information on the company’s business operations, received orders and innovations

In order to facilitate active dialogue with its customers, Wärtsilä arranges Customer Days for existing and potential customers at locations in various parts of the world. During these events, subjects of topical interest from both local and global perspectives are reviewed, and existing and future needs and challenges are discussed.

In addition to these Customer Days, the Marine Solutions and Energy Solutions businesses arranged or participated in more than 330 industry-related events globally during 2018, including international and national seminars, exhibitions, and conferences. These events were attended by customers, potential customers, and other stakeholders, such as investors, consultants, suppliers, students, and other interested parties.

Long-term research programmes and partnerships are an important means of enhancing open dialogue and cooperation with key industry players and important research institutions. Wärtsilä has actively initiated and participated in the development and work of common research programmes, both locally and internationally.
Dialogue with employees takes place in many formats. More information about the procedures and processes to support active and engaging dialogue with Wärtsilä employees is described in the section covering Consultation and information procedures in Group companies.

Wärtsilä also engages in an active and open dialogue with local and international public authorities and officials. The aim is to share information, provide expertise, and support authorities in improving the quality of regulatory matters. Wärtsilä participates in public consultations in areas that are of importance to the company.

**Voluntary commitments**

Wärtsilä has signed the United Nations Global Compact initiative and supports its ten principles with respect to human rights, labour, the environment, and anti-corruption. Wärtsilä is committed to aligning its strategy, culture, and day-to-day operations with these principles, and to engage in collaborative projects that advance sustainable development. Wärtsilä’s Code of Conduct and sustainability approach provide the main framework for promoting the principles within the company's sphere of influence.

Wärtsilä has joined the Sustainable Shipping Initiative (SSI) and is a signatory to its Vision for a Sustainable Shipping Industry in 2040. The initiative brings together some of the most prominent companies in the maritime sector. Wärtsilä has also signed the Finnish Business and Society’s (FIBS) Diversity Charter, and an Energy Efficiency Agreement whereby Finnish industry voluntarily endeavours to use energy more efficiently for the period 2017-2025. Wärtsilä North America Inc. has signed the Customs Trade Partnership Against Terrorism (C-TPAT) agreement.

**Activities in organisations**

In 2018, Wärtsilä participated in activities organised by various national and international organisations and associations. New memberships during the year included, for example, the European Commission’s Digital Transport and Logistics Forum (DTLF) and the Finnish Climate Leadership Coalition (CLC). Wärtsilä also renewed its membership in the European Sustainable Shipping Forum (ESSF) for the next five year period.

The key organisations for Wärtsilä and the nature of Wärtsilä's involvement in these organisations are presented in the table below.

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Organisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest groups</td>
<td>Confederation of Finnish Industries (EK), Federation of Finnish Technology Industries, Finland Chamber of Commerce, International Chamber of Commerce (ICC), ICC Finland</td>
</tr>
<tr>
<td></td>
<td>Membership and participation in activities.</td>
</tr>
<tr>
<td>Industrial organisations</td>
<td>Association of Singapore Marine Industries (ASMI), Brazilian Institute of Oil and Gas (IBP), Brazilian Thermoelectric Generators Association (ABRAGET), Caribbean Utilities Association (CARILEC), Cogen Europe, Confederation of Indian Industry (CII), Cruise Line International Association (CLIA), BIMCO, EnergyVasa, Engine Manufacturers Association (EMA), European Association of Engine Manufacturers (Euromot), European Engine Power Plants Association (EUGINE), Exhaust Gas Cleaning System Association (EGCSA), Hong Kong Shipowners Association, Indian Diesel</td>
</tr>
<tr>
<td></td>
<td>Board membership and participation in activities of specific working groups (CARILEC, CII, CIMAC, Cogen Europe, EMA, Euromot, EUGINE, SEA\LNG, VDMA, WaterBorne TP).</td>
</tr>
<tr>
<td></td>
<td>Membership and participation in activities (ABRAGET, ASMI, BIMCO, CLIA, EGCSA, EURELECTRIC, EnergyVasa, Hong Kong Shipowners Association, IBP, IDEMA, Interferry, SGMF, SolarPower Europe).</td>
</tr>
</tbody>
</table>
Wärtsilä’s sustainability is systematically managed through the Group-wide guiding principles and management systems and practices in place for material sustainability aspects and impacts. Wärtsilä’s global guiding principles together with the company’s values ensure a harmonised way of working towards sustainable development. Wärtsilä’s Corporate Manual includes a description of the company’s operating procedures, responsibilities, and the management system structure that are applicable for the entire company. Wärtsilä’s governance and risk management principles are described in the Governance section.

The key elements of Wärtsilä’s sustainability management are described in the table below. The guiding principles lay the foundations for uniform management practices. The management approach covers procedures, processes, and systems to manage and monitor material aspects.

<table>
<thead>
<tr>
<th>Guiding principles</th>
<th>Management area</th>
<th>Material aspect</th>
<th>Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>People management</td>
<td></td>
<td>Personnel skills and development</td>
<td>Wärtsilä Corporate Sustainability targets</td>
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<tr>
<td>Code of Conduct</td>
<td>Product design</td>
<td>Environmental impacts of Wärtsilä’s products and services</td>
<td>Locally defined targets</td>
</tr>
<tr>
<td>QEHS Policy</td>
<td>Environmental</td>
<td>Occupational health and safety</td>
<td></td>
</tr>
<tr>
<td></td>
<td>management</td>
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</tbody>
</table>

This pdf is composed of selected elements from Wärtsilä’s Annual Report and may deviate from other generated documents. To view the report in full, please visit [www.wartsila.com/ar2018](http://www.wartsila.com/ar2018).
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.

Wärtsilä takes an active approach to the application of the Code of Conduct, and promotes its implementation through the effective communication of its contents to its employees. Application of the Code is monitored internally. Wärtsilä has also implemented 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 the company’s 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. Wärtsilä also promotes the application of the Code of Conduct by monitoring the actions of its suppliers and business partners, and has a stringent pre-qualification and monitoring programme for all sales intermediaries complemented with a tailored e-learning programme.

Group-wide policies complement the Code of Conduct and the commitment to maintain the highest legal and ethical standards in everything the company does. Wärtsilä’s Quality, Environmental, Health and Safety Policy sets principles for managing the environmental impacts of Wärtsilä’s products and services. Wärtsilä’s corporate 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: equal opportunities, human and labour rights, well-being at work, non-harassment, and remuneration. Wärtsilä’s Corporate Manual also includes other policies, such as anti-corruption, compliance reporting, and Wärtsilä’s supply management policies. The purpose of the manual is to safeguard compliance with relevant legislation, and to provide further guidance concerning daily business conduct.

Values and Code of Conduct programme

Wärtsilä executes a Values and Code of Conduct programme, including various actions to strengthen the ethical culture of the 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.
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.

Approved by the Board of Management in 2011.

Quality, Environment, Health and Safety Policy

We shape the marine and energy markets with advanced technologies, and focus on lifecycle performance to enhance our customers’ business and benefit the environment being:

- Reliable and safe
- Efficient and environmentally sound
- Compliant with the applicable legal requirements and regulations.

We continue to improve our performance and reduce adverse environmental impact to satisfy our customers and other stakeholders.

We create and maintain safe and healthy workplaces for our employees and partners in all of our business operations. We give our employees the authority to stop work if conditions are unsafe or quality is compromised.

Our skilled organisation acts as a responsible global citizen.

Approved by Wärtsilä Board of Management 10.12.2015

Jaakko Eskola
President & CEO
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.
Management system

Wärtsilä’s management system aims to generate added value for Wärtsilä’s various stakeholders, achieve the company’s strategic objectives, support sustainability performance, manage operating risks, and enhance Wärtsilä’s performance through the continuous improvement process. The system includes a range of tools, such as systems for managing quality, the company’s environmental responsibilities, and occupational health and safety. Management reviews are conducted at various levels of the organisation to monitor the effectiveness of the system, the achievement of targets, and the development of key performance indicators. Wärtsilä’s processes are developed in the Businesses, the Business lines, and the Functions. These development projects are governed by the Wärtsilä Controllers’ meeting and OD Portfolio Management Team, Wärtsilä Presidents’ Quality Reviews, the Functional Management Teams, and Wärtsilä Digital Leadership team.

Wärtsilä’s Board of Management is responsible for defining the company’s main strategies, principles and policies, and for the management system itself. The Board of Management regularly monitors the effectiveness and performance of the management system. Responsibilities are distributed to the line organisation at all levels of the company, and the management system defines a specific sphere of responsibility for each Wärtsilä employee. Work groups for developing the management system are appointed at the corporate level and in most Wärtsilä subsidiaries. At the Group level, the following work groups coordinate the development of product and operational issues:

<table>
<thead>
<tr>
<th>Work group</th>
<th>Focus</th>
<th>Main tasks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wärtsilä Presidents’ Quality Review</td>
<td>Quality</td>
<td>Overall responsibility for Wärtsilä’s quality, quality process improvement, and achievement of strategic quality goals.</td>
</tr>
<tr>
<td>Wärtsilä Controllers’ Meeting</td>
<td>Strategic operational development</td>
<td>Overall responsibility for Wärtsilä’s operational development and the operational development plans, and governing the work of IM and Process development.</td>
</tr>
<tr>
<td>Business Line Quality Reviews</td>
<td>Quality</td>
<td>Support and oversee quality development based on customer perception of our quality and full end-to-end lifecycle view. Platform for focusing on the key improvement areas with the biggest impact to our customers. Cross-functional decision making to increase efficiency and shorten resolution lead time.</td>
</tr>
<tr>
<td>Digital Leadership Team</td>
<td>Group Digital solutions and Platforms</td>
<td>The divisions drive Wärtsilä’s Digital strategy through digital roadmaps. The Digital Leadership Team ensures alignment across all digital initiatives through roadmap alignment and portfolio management.</td>
</tr>
<tr>
<td>Wärtsilä OD Portfolio Management Team</td>
<td>Operational development</td>
<td>Operational development road map, targets, and guidelines based on business strategies and targets, and overall operational development process responsibility for the approval of the Wärtsilä Controllers’ Team. Cross-divisional operational development alignment and harmonisation.</td>
</tr>
</tbody>
</table>
Wärtsilä EHSS Management Team | Environmental, health and safety and security (EHSS) | Overall responsibility for Wärtsilä EHSS, EHSS management system development, corporate level EHSS measuring and target setting, and monitoring of legislation developments.

Management systems

<table>
<thead>
<tr>
<th>Proportion of Wärtsilä companies with certification</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality (ISO 9001)</td>
<td>93%</td>
</tr>
<tr>
<td>Environment (ISO 14001)</td>
<td>67%</td>
</tr>
<tr>
<td>Occupational health and safety (ISO 18001)</td>
<td>69%</td>
</tr>
</tbody>
</table>

People management

Wärtsilä’s People Strategy, as an integral part of group strategy, supports the company's businesses and the successful implementation of their ambitions. This is achieved by developing the company's organisation, competencies and way of working to meet both current and future business needs.

The key focus areas of the strategy are the further development of leadership skills and a leadership culture, as well as an emphasis on high performance and operational excellence throughout the organisation. Strengthening accountability and ownership is encouraged by promoting employee engagement through a culture of open communication, integrity, and innovation. At the same time, the strategic actions are aimed at ensuring that the businesses have the required resources and skilled and motivated people at their disposal. This involves the readiness to make changes within the organisation, a continuous focus on competence development and performance excellence, emphasising quality in the setting of targets, proper and regular feedback, the evaluation of overall performance, and recognition of outstanding performance.
Wärtsilä Human Resources works to develop people management processes, tools, and ways of working that are consistent across national and organisational boundaries. In particular, an intensive effort has been made to further promote the skills needed in people management. In 2018, the focus of the performance management process continued to be on improving the feedback process within the organisation and supporting line managers in their daily leadership role. Wärtsilä Human Resources invests in technologies and tools that enable quick access to online reports, employee information, and annual compensation planning for both local and multi-country teams.

Transforming company culture
Together with the company’s digital transformation initiatives, Wärtsilä promotes new ways of working and a company culture that is defined for a changing world. Wärtsilä’s purpose is driving all our activities, and the company’s values of “Energy, Excellence and Excitement” are strengthened by the diversity of its employees. Wärtsilä aims to capture opportunities and make things happen, to do things better than any of its competitors, and to foster openness, respect, and trust while creating an exciting work environment. A diverse workforce generates innovation, higher profits, has better complex problem-solving skills, and enables access to a larger talent pool.

Performance management
One of the essential elements of Wärtsilä’s People Strategy is to embrace and develop a culture of performance excellence throughout the organisation. Coaching to achieve better performance through smart target setting, together with continuous and real-time feedback, is central to this aim.

The well-executed performance management process supports Wärtsilä in reaching its business targets by translating business strategies into team and individual objectives. Each Wärtsilä employee needs to know and understand Wärtsilä’s business strategies and their goals. More importantly, everyone needs to know the main targets set for their own units, and the target areas related to their own work. Greater attention has been given to the quality and impact of the process by emphasising the importance of continuous feedback, clarifying expected behaviours, and creating opportunities for both professional and personal growth.

Good coverage of the annual development discussions has continued globally, with 96.1% being achieved in 2018. As a part of the performance management process, each employee receives performance feedback and an evaluation based on their overall job performance, as well as a personal development plan for the future. Overall performance evaluation is one of the considerations in compensation decisions, and is in line with the principle of performance-based rewarding.
Learning and Talent development

In 2018, Wärtsilä continued its leadership development activities in many areas. New learning solutions for line managers have been developed to support them in their people management and leadership roles. The annual executive development programme (LLP) was held in November, and four other global leadership development programmes for senior managers were held during the year.

The first implementation of the Growth Lab programme, which focuses on future leaders’ development, was kicked off in August 2016, with the third running of the programme being started in August 2018. Twenty Wärtsilä managers and future leaders, with 7 to 15 years’ work experience, were selected for this action learning programme based on applications. The participants have been given three project assignments by the Board of Management. These projects are aimed at analysing and building possible future business opportunities. The third Growth Lab programme will end at the end of April 2019.

Wärtsilä’s HR organisation has developed the Operational Excellence Academy learning framework, and an Operational Excellence learning portal with supporting materials for all those staff members in the organisation involved in leading operational excellence. Close to 2,000 Wärtsilä managers and employees have participated in the programme during 2016, 2017 and 2018. The aim of the OE Academy is not only to learn, but to establish operational excellence as an integral part of the company culture and way of working, and to ensure continuous efficiency improvement.

Learning on the job, self-learning, mentoring, coaching, job rotation, and assignments designed to encourage competence development and the sharing of competence and skills by experienced employees with their younger colleagues, are integral parts of the development of knowledge and competence within the company. Employees are given formal classroom training at all organisational levels; from induction training for new employees, to training courses for the company’s top executives. Wärtsilä employees attended a total of 41,258 training days during 2018; an average of 2.2 training days per employee.

Engagement

At Wärtsilä, equal opportunities and opportunities for professional and personal growth are core principles. The company supports its employees in self-imposed learning and in finding their own career path within the company. Recruiting and retaining the best talent enables Wärtsilä to be a valued business partner to its customers, and the employer of choice for current and future employees.

In autumn 2017, it was decided that Wärtsilä will invest in a new recruitment system and, more importantly, in the development of recruitment and onboarding processes. The system was launched in August of 2018. Through this change Wärtsilä endeavours to attract new talent, improve the candidates’ experience, and promote Wärtsilä’s employer brand.

MyVoice is the Wärtsilä employee engagement survey, where all Wärtsilä employees are invited to give their feedback on topics related to leadership, culture, development and work.

A MyVoice Survey has been conducted globally since 2004 at approximately two year intervals. During the years, MyVoice has been proven to be an important means for developing our way of working and strengthening our work culture.

In 2018, the survey was updated to better meet our current needs. The renewed survey is shorter and gives more attention to engagement and motivation. It is completely online and available on mobile devices. The survey will be conducted globally once a year in the future, instead of every two years. The new MyVoice survey is available in 17 languages and was conducted in January 2019.
Environmental management

One of the three key ingredients in Wärtsilä’s purpose of “enabling sustainable societies with smart technology” is to achieve a clean environment. Wärtsilä’s environmental management practices give full support to reaching this goal.

For Wärtsilä, environmental responsibility has two dimensions: products and operations. Most of the efforts to improve the company’s environmental performance, including its operations, are conducted as part of the product development and improvement processes. This work is supported by operational measures, which are based on achieving high environmental standards and which seek constant improvement.

Environmental management in Wärtsilä

The continual improvement in environmental performance requires the organisation to consistently work in a systematic way. This work is guided by the company’s strategy and its environmental targets, the Code of Conduct, and policies relating to Quality, Environment, Health and Safety, and it is coordinated and monitored by the cross-business EHSS Management Team. In developing its operations, processes and products, Wärtsilä endeavours to utilise the latest technologies available for improving efficiency in areas such as material and energy consumption, as well as for reducing and managing emissions and waste throughout the lifecycle of its products and services.

Wärtsilä continuously develops and improves its operations and products with the help of certified environmental management systems. The principle means is to apply certified Environmental, Health and Safety (EHS) management systems based on ISO 14001 and OHSAS 18001 in all Group companies, excluding those companies focusing purely on sales. Wärtsilä’s EHS management systems cover all operations carried out by its subsidiaries. This promotes environmental protection and allows the reduction of adverse impacts to be carried out on a wide front.

The company’s EHS management system emphasises compliance with legal requirements, identifying and reducing environmental impacts and risks, training personnel and clearly defining their responsibilities, the full documentation of activities and procedures, actions to be taken in emergencies, and the continuous improvement of environmental performance. The company’s subsidiaries and business units set their own targets for covering the significant environmental aspects of their operations, and for monitoring the overall performance of their management systems.

At the end of 2018, 56 Wärtsilä companies operated with a certified environmental management system. These certified environmental management systems cover roughly 86% of Wärtsilä’s total workforce.
Occupational health and safety

Wärtsilä’s occupational health and safety principles are defined in the Code of Conduct, the company’s Quality, Environmental, Health and Safety (QEHS) Policy, and in the directive on environment, health, and safety (EHS). Wärtsilä’s subsidiaries are required to have a management system in place that conforms to the QEHS Policy and the EHS directive. The main aspects of the management system relate to compliance with legislation, identifying and minimising occupational health and safety risks, personnel training, implementing effective health and safety programmes and instructions, recording and investigating occurred incidents, and the continual improvement of occupational health and safety performance. At the end of 2018, 57 Wärtsilä companies, covering roughly 86% of Wärtsilä’s total workforce, operated with a certified occupational health and safety management system in place.

In addition to the management system, Wärtsilä companies apply occupational health and safety programmes as required by local legislation. These are normally developed by occupational health and safety committees made up of company management and personnel representatives. Altogether, 78% of all Wärtsilä companies currently have an occupational health and safety committee.

The indicators used to measure occupational health and safety performance include the number of accidents, the time of absence due to sickness, the frequency of accidents, and the number of near miss / hazard observation reports. Wärtsilä has set a corporate level target of achieving zero injuries. This target is a long-term commitment from the company to strengthen the safety culture, and it requires actions from all Wärtsilä companies and employees. The safety performance of each company is monitored on a monthly basis, and the results are reviewed by the Board of Management. To further strengthen Wärtsilä’s safety culture, a global programme known as ZeroMindset has been introduced. ZeroMindset focuses on three key elements: leadership, the shared safety mindset of individuals, and effective safety tools and practices. During 2017-2018, the main focus of the ZeroMindset programme has been on leadership, and 3,200 Wärtsilä management level employees have participated in face-to-face “Leader in Safety, Leader in Business” workshops led by certified local facilitators throughout the Wärtsilä network. The first group to participate in this workshop was Wärtsilä’s Board of Management, followed by 21 senior business management teams.

In addition, Wärtsilä held its fourth global Safety Day, which took place on 15 March 2018 at Wärtsilä locations all around the world. Employees spent the day learning about road traffic safety, the importance of being aware of the risks, and helping others to make safe choices when travelling on the road. This Safety Day was a great success throughout the entire Wärtsilä network.
### Introduced activity

<table>
<thead>
<tr>
<th>Activity</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lost time injury tracking and targets</td>
<td>Safety performance is reviewed on a monthly basis by the Board of Management, and targets are set on a yearly basis.</td>
</tr>
<tr>
<td>OSHAS 18001 Management systems</td>
<td>QEHS Management is certified based on the OHSAS 18001 standard within the business organisations.</td>
</tr>
<tr>
<td>Safety Flashes</td>
<td>Safety flash reports are lessons learned from occurred injuries and near misses, and which are distributed globally within the organisation.</td>
</tr>
<tr>
<td>Zero Injury Training</td>
<td>Global training consists of e-learning (4h) and a practical workshop (4h).</td>
</tr>
<tr>
<td>Management Safety walks</td>
<td>A leadership tool that involves holding conversations on safety with employees.</td>
</tr>
<tr>
<td>Global Safety Day</td>
<td>An annual safety celebration that takes place throughout the Wärtsilä network. The theme changes every year.</td>
</tr>
<tr>
<td>Stop work authority</td>
<td>Wärtsilä QEHS policy authorises everybody to stop work in unsafe situations.</td>
</tr>
<tr>
<td>Leader in Safety, Leader in business</td>
<td>A leadership safety engagement training programme for all line managers and employees who have direct impact on front line operations. Duration is for one day.</td>
</tr>
</tbody>
</table>
Responsible business conduct

Human and labour rights
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 137 nationalities. The company supports fair and equal treatment of all its employees. Wärtsilä supports the work-related rights defined by the International Labour Organization. Therefore, the company works to ensure that there is freedom of association and 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. Human and Labour rights are a part of the Wärtsilä Code of Conduct training material and also the Wärtsilä Supplier Handbook. At the end of 2018, 89.8% of Wärtsilä’s employees had successfully completed the renewed Code of Conduct training.

Preventing corruption and bribery
Wärtsilä’s Code of Conduct, Anti-Corruption Policy, as well as specific Policies implemented for sales intermediaries, namely Agent, Broker and Distributor Policies, expressly prohibit the company and its employees from offering or accepting any kind of benefit considered to be a bribe and from taking actions that could give rise to a conflict of interest or breach of loyalty. The instructions make it compulsory to comply with anti-corruption laws of all the countries in which Wärtsilä does or intends to do business and urge the reporting of any cases of corruption and bribery. The company continues to rendering an extensive training programme for its personnel on anti-corruption principles and applicable legislation as well as the relevant company policies and procedures. At the end of 2018, 91.8% of Wärtsilä’s employees had successfully completed the Anti-corruption training.

Political lobbying
Wärtsilä’s policy is to engage in an open dialogue and discussion with both local and international public authorities and officials. The aim of the dialogue is to share information and improve the quality of regulation. Wärtsilä participates in public consultations in the areas of importance to the company. Wärtsilä is part of the Transparency Register of the European Commission.

Competition regulation
In 2018, Wärtsilä launched a fully updated competition compliance programme aiming at further improved risk management, and the company’s management is strongly committed to implementing this programme. The new programme builds upon an e-learning module, which is based upon a fully updated competition law manual, both providing information and guidance for Wärtsilä’s personnel. In addition, competition compliance trainings were held in 2018 for the Board of Management as well as other relevant personnel in order to promote knowledge of competition laws and full compliance therewith.

Security management
Wärtsilä has a corporate security policy and various guidelines, which incorporate human rights considerations and international best practices. Wärtsilä’s security management principles and strategies are reviewed and approved in the Wärtsilä Security Steering Group, which consists of Presidents of each Business, Executive Vice Presidents for Digitalisation, Corporate Relations and Legal Affairs, as well as Finance and Control and security professionals. Security management in Wärtsilä is divided into six specific security areas: Personnel, Premises, Information, Cyber, Crisis Management, and Travel Security. Operational security management in these areas is implemented on the business and local level. Wärtsilä prefers security service providers who are members of ICoCA (International Code of Conduct Association).
Local community approach

Wärtsilä aims to contribute towards the well-being of local communities in which the company is present. This can be reached, for example, by creating employment, paying taxes and social dues, providing training and education to employees, co-operating with local stakeholders, and by supporting local development.

The guiding principle of Wärtsilä’s Code of Conduct is to promote openness and good interaction with its stakeholders locally. This applies as much to the families of personnel, our neighbours, educational institutions, and the media, as to local authorities and officials. The methods used towards this end include Open Door days, press briefings, and different modes of communication for different target groups.

As a truly international company, Wärtsilä has delivered solutions to more than 170 countries. Wärtsilä supports its solutions globally during their entire lifecycle, often spanning up to 30 years. Thus, Wärtsilä can at times be present in countries facing various uprisings, ethnic conflicts, area disputes, or violations of human rights. Conducting business locally emphasises the importance of responsible business practices. Governments and the international community define the proper framework for companies to conduct their business. Wärtsilä complies with relevant legislation and international conventions. Wärtsilä complies with all relevant guidelines of the OECD and the International Chamber of Commerce and with the sanctions set by the United Nations and the European Union, by supporting their implementation. In addition, the Wärtsilä Code of Conduct applies to all Wärtsilä employees. We are committed to sustainable development and responsible business conduct, and we promote the Ten Principles of the UN Global Compact within the sphere of our influence.

Wärtsilä’s impact on employment, the public sector, and the company’s activities for charitable purposes are described in the Economic Performance section of this report. Measures to evaluate the impacts on local communities in case of operational changes of Wärtsilä subsidiaries are determined case by case.

Product design principles

Wärtsilä strives to develop environmentally sound, safe, and reliable products and solutions for its customers. By providing lifecycle maintenance, reconditioning, and retrofitting services for its products, Wärtsilä is able to support its customers’ operations throughout the entire life of service of Wärtsilä products. Reconditioning of engines and components increases the reliable service life of the products. Modernising can improve current operational performance of installations and enables customers’ operations to meet tightening future regulative requirements.

Meeting regulatory requirements

The majority of the international environmental policies and requirements for Wärtsilä’s products and solutions are set by the International Maritime Organization (IMO), and the International Finance Corporation (IFC), a member of the World Bank (WB) group. On the regional or national level, organisations such as the United Nations Economic Commission for Europe (UNECE), the European Union (EU), and the US Environmental Protection Agency (EPA), and other emission standards such as in Germany, Japan, and India, are also important policy and regulatory directors for Wärtsilä products.

The IMO is responsible for adopting its own standards for the safety and security of shipping and the prevention and control of marine pollution and emissions from vessels. The IMO regulates nitrogen oxides and fuel sulphur content as well as ballast water treatment procedures and limitations. Wärtsilä’s engines are designed to meet the requirements of the EU Machinery Legislation, the IMO Convention for the Safety of Life at Sea (SOLAS) and other relevant safety directives. Wärtsilä’s propulsion systems are designed to comply with the SOLAS and safety requirements of relevant classification bodies. Type approval is acquired from classification societies before new products are launched. Wärtsilä’s ship design follows class society and flag state rules in the design process to secure safe and compliant designs for its clients. Class approval is required for drawings and calculations to be delivered to the client before construction of the vessel starts.

The IFC provides general and industry specific examples of Good International Industry Practice (GIIP) such as the Environmental, Health, and Safety (EHS) Guidelines for Thermal Power Plants, which is today considered the
minimum environmental standard in larger global power plant projects. The EHS guidelines together with the IFC's Environmental and Social Performance Standards are adhered to in most of the projects financed by international financial institutions in emerging markets. In the EU, the Industrial Emissions Directive (IED) and the Medium Combustion Plant Directive (MCPD) set the main requirements for large and medium-sized combustion plants to lower emissions from different industrial sources throughout the EU.

In order to ensure Wärtsilä’s ability to respond to future regulation requirements, the company actively monitors legislative initiatives and changes in environmental legislation. As a result, Wärtsilä has focused its R&D activities on the development of new environmentally sound products and solutions that meet the future demands of the changing operating environment.

**Lifecycle approach**

Wärtsilä’s products have a long operational life. Therefore, identifying the lifecycle impacts of our products is essential for understanding their total environmental impact. Wärtsilä manages the lifecycle of its products through product design, careful selection of suppliers, production methods, optimising transportation, maintenance and repair during the operational lifetime of the products, and by training and advising our customers in using the products and systems in the most efficient way. Wärtsilä offers service agreements and products that help customers to optimise their operations. Furthermore, Wärtsilä actively supports customers in selecting suitable solutions in the early phase of projects.

Wärtsilä’s products are delivered with adequate user guides that include basic information about the products and full instructions for their use. In addition, Wärtsilä provides specific training to ensure environmentally sound and safe utilisation of Wärtsilä’s products at customers’ daily operations.

**Supply chain management**

Suppliers play a significant role in our delivery process. We aim to have close and excellent relationships with our key suppliers in order to ensure that both parties understand and comply with our strict process and product requirements.

Apart from financial benefits, close relationships stimulate knowledge sharing, create an environment of innovation, and integrate more strongly strategic suppliers into Wärtsilä’s value chain. Wärtsilä has an extensive supply base with around 27,000 active suppliers, most of whom are located in Europe, where we have our main production units. We are also continuously investing in developing a strong supply chain network in Asia.

**Wärtsilä supplier requirements**

Wärtsilä has defined processes for selecting suppliers, determining their compliance with Wärtsilä requirements, and developing the supply relationship. We offer our suppliers a partnership that strengthens the competitiveness of both parties. A precondition of this partnership is an open and continuous dialogue. The partnership approach is also applied in Wärtsilä’s research and development activities, in which we often collaborate with universities, research institutes, and key suppliers.

In addition to requirements relating to general features and product-specific issues, Wärtsilä has clear expectations towards its suppliers in terms of compliance with relevant legislation, environmental, quality, and occupational health and safety management, and social performance. Suppliers must demonstrate their compliance with these requirements in order to receive approved supplier status. These requirements are also included in standard supply contracts. Wärtsilä monitors that suppliers comply with these requirements by using performance indicators and conducting various types of audits.

**Supplier assessment and selection**

Wärtsilä assesses and manages its suppliers through its Supplier Management System. Wärtsilä assesses potential new suppliers before the supplier relationship begins, in a pre-assessment phase. For suppliers of higher criticality and risk, in terms of management system, offered scope and geographical location, this phase is more advanced,
including audits for the most critical ones. Audits are also conducted for existing suppliers whose performance does not meet Wärtsilä’s requirements. In addition, performance reviews are carried out to identify and solve issue-specific deviations from the Wärtsilä’s supplier requirements.

As part of the supplier evaluation, Wärtsilä conducts a rating based upon Wärtsilä’s supplier requirements. This rating is a result of an assessment of various information sources, such as pre-assessment questionnaires, dialogue with suppliers, and conducted audits. Based on this rating, the suppliers receive a status: approved, approved with remarks, or banned. The rating is reviewed regularly, as are the results of conducted audits.

Wärtsilä reached its supplier rating coverage targets for 2018

By the end of 2018, we rated 763 out of our 1,199 direct global suppliers, which covers 97% of the related spend (target for the year was 96%). The rating coverage of local supplier spend was 82% (target 80%), and of indirect supplier spend 77% (target 70%). In 2018, 32 suppliers were banned because of non-compliance with Wärtsilä’s requirements, including 17 for sustainability reasons.

Wärtsilä develops its supply management system on a regular basis. In 2018, Wärtsilä launched a risk-based supplier assessment and management system for new suppliers. The tool will be applied in 2019 also to existing suppliers. All existing suppliers are required to submit the self-assessment by the end of 2020.
Sustainability data

Economic

Wärtsilä’s objective is to achieve profitable growth and create long-term value for our shareholders and society at large. Achieving this depends on our ability to satisfy the expectations of multiple stakeholders. These include providing customers with high-quality and environmentally sound products, solutions and services, building long-term partnerships with suppliers, offering employees competitive compensation and working conditions, as well as contributing to the well-being of the local communities in which Wärtsilä operate. Good economic performance establishes a platform for the other aspects of sustainability – environmental and social responsibility.

Economic performance

<table>
<thead>
<tr>
<th>Direct economic value generated and distributed (GRI 201-1)</th>
<th>2018</th>
<th>2017*</th>
<th>2016</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>MEUR</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net sales</td>
<td>5 174</td>
<td>4 911</td>
<td>4 801</td>
<td>5 029</td>
<td>4 779</td>
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<tr>
<td>Suppliers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of goods, materials, and services purchased</td>
<td>3 327</td>
<td>3 024</td>
<td>2 969</td>
<td>3 136</td>
<td>3 066</td>
</tr>
<tr>
<td>Value added</td>
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<td>1 888</td>
<td>1 631</td>
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<td>1 713</td>
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<tr>
<td>Distribution of value added</td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>Distributed to stakeholders</td>
<td>1 615</td>
<td>1 651</td>
<td>1 593</td>
<td>1 555</td>
<td>1 475</td>
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<tr>
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</tr>
<tr>
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<td>1 000</td>
<td>939</td>
<td>935</td>
<td>906</td>
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<td>Public sector</td>
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<td>Taxes and social dues</td>
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<td>331</td>
<td>343</td>
<td>349</td>
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<td>-34</td>
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<td>Shareholder</td>
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<td>Dividends</td>
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<td>256</td>
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<td>Communities</td>
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<td>Donations given</td>
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<td>2</td>
<td>1</td>
<td>1</td>
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<tr>
<td>For business development</td>
<td>232</td>
<td>237</td>
<td>238</td>
<td>338</td>
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</tr>
<tr>
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<td>4 801</td>
<td>5 029</td>
<td>4 779</td>
</tr>
<tr>
<td>Net sales by market area (MEUR)</td>
<td></td>
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<td></td>
<td></td>
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<td>Europe</td>
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<td>1 526</td>
<td>1 581</td>
<td>1 566</td>
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<td>Asia</td>
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<td>1 039</td>
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<tr>
<td>Other</td>
<td>294</td>
<td>100</td>
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<tr>
<td>Suppliers</td>
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<td>954</td>
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<td>906</td>
</tr>
</tbody>
</table>

*Restated due to IFRS 15.
### Salaries and wages by market area (MEUR)

<table>
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<tr>
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</thead>
<tbody>
<tr>
<td>Europe</td>
<td>643</td>
<td>689</td>
<td>650</td>
<td>632</td>
<td>637</td>
</tr>
<tr>
<td>Asia</td>
<td>150</td>
<td>156</td>
<td>153</td>
<td>163</td>
<td>144</td>
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<tr>
<td>Americas</td>
<td>134</td>
<td>130</td>
<td>110</td>
<td>112</td>
<td>99</td>
</tr>
<tr>
<td>Africa</td>
<td>20</td>
<td>18</td>
<td>19</td>
<td>21</td>
<td>18</td>
</tr>
<tr>
<td>Other</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>8</td>
<td>8</td>
</tr>
</tbody>
</table>

### Public sector

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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>338</td>
<td>331</td>
<td>343</td>
<td>349</td>
<td>313</td>
</tr>
<tr>
<td>Asia</td>
<td>252</td>
<td>236</td>
<td>246</td>
<td>220</td>
<td></td>
</tr>
<tr>
<td>Americas</td>
<td>38</td>
<td>44</td>
<td>45</td>
<td>50</td>
<td>42</td>
</tr>
<tr>
<td>Africa</td>
<td>33</td>
<td>38</td>
<td>47</td>
<td>44</td>
<td>37</td>
</tr>
<tr>
<td>Other</td>
<td>10</td>
<td>12</td>
<td>5</td>
<td>6</td>
<td>12</td>
</tr>
</tbody>
</table>

### Subsidies received (TEUR)

<table>
<thead>
<tr>
<th>2016</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>7 085</td>
<td>9 891</td>
<td>8 343</td>
</tr>
</tbody>
</table>

### Net financial items (MEUR)

<table>
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<tr>
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</thead>
<tbody>
<tr>
<td>-40</td>
<td>-47</td>
<td>-53</td>
<td>-34</td>
<td>-28</td>
</tr>
</tbody>
</table>

### Community

<table>
<thead>
<tr>
<th>Donations given, Board of Directors (TEUR)</th>
<th>2016</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donations given, Wärtsilä companies (TEUR)</td>
<td>627</td>
<td>673</td>
<td>533</td>
</tr>
</tbody>
</table>

*Restated due to IFRS 15.

---

### Financial implications and other risks and opportunities due to climate change (GRI 201-2)

Wärtsilä Italia S.p.A is the only subsidiary that falls into the scope of the EU Emission Trading Scheme (ETS) because of the heating plant of the factory. The EU ETS has not had any impact on the company’s profitability. Wärtsilä’s response to climate change is to develop and provide products, solutions, and services that enable our customers to reduce their greenhouse gas emissions. More information about Wärtsilä’s solutions for climate change can be found on our website: www.wartsila.com. The potential business risks related to climate change and Wärtsilä’s products are presented under the sustainability and climate change chapter under the Risks and risk management section.

### Defined benefit plan obligations and other retirement plans (GRI 201-3)

The pension cover is based on the legislation and agreements in force in each country. In Finland, most of the pension obligations are covered by the Employee Pensions system (TyEL). The largest defined benefit plans are used in Switzerland, Germany, Great Britain and Sweden. Most of these defined benefit pension plans are managed by pension funds, and their assets are not included in the Group’s assets. Wärtsilä’s subsidiaries have performed the actuarial calculations required for the defined benefit plans. More information on the Group’s pension obligations can be found in the Financial Review, Note 23. Pension obligations.

### Financial assistance received from government (GRI 201-4)

<table>
<thead>
<tr>
<th>Subsidies received (TEUR)</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>7 085</td>
<td>9 891</td>
<td>8 343</td>
<td>9 669</td>
<td>11 486</td>
</tr>
</tbody>
</table>

The value of the subsidies received in 2018 was EUR 7 085 thousand and they were among others related to R&D projects. The most contributing countries in 2018 were Finland and Spain.

### Market presence

Ratios of standard entry level wage by gender compared to local minimum wage (GRI 202-1)

Wärtsilä applies and follows local employment legislation in all countries, and respects local collective labour agreements, which often define the minimum wage levels. In addition, entry level salaries are benchmarked against the market references by function and educational qualification. While laws and regulations determine the minimum level, the actual salaries often exceed these levels. A total compensation package for employees in each country is in line with the corporate rewarding guidelines, local market practices, and labour agreements. The base salary is set to meet market conditions, the demands of the job, and individual competence and performance.
Proportion of senior management hired from the local community (GRI 202-2)

Wärtsilä always publishes all open vacancies internally, thus ensuring an equal opportunity to apply for Wärtsilä positions. If there is no specific reason, such as a competence transfer need from other countries, to hire expatriates to the position, local residents are hired. This principle also applies to senior management positions. Senior management consists of global business and corporate management and local company management positions. Globally, 80% of Wärtsilä's senior management is locally hired, in other words from the same country as the Wärtsilä subsidiary they work for.

Environment

The environmental impacts of Wärtsilä’s operations largely relate to manufacturing. The main environmental aspects of manufacturing relate to the use of energy and natural resources and thus also to the emissions that are produced by the manufacturing processes. Product development also requires the testing of products and individual components which, alongside manufacturing, loads the environment. However, the positive impacts of product improvements on the environment far outweigh the negative impacts of testing when taking the product’s entire lifecycle into account.

Materials

Materials used by weight or volume (GRI 301-1)

The main materials used in Wärtsilä products are various metals: cast iron, alloy and structural steel, aluminium alloys, and bronze. In 2018, the total material usage was 103,332 tons (73,738). The major material groups were various metals 83%, sand 13%, and various chemicals 1%.

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<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Total material usage (t)</td>
<td>103,332</td>
<td>73,738</td>
<td>84,913</td>
<td>100,767</td>
<td>88,736</td>
</tr>
<tr>
<td>Metals (t)</td>
<td>85,820</td>
<td>55,416</td>
<td>59,896</td>
<td>73,285</td>
<td>65,363</td>
</tr>
<tr>
<td>Sand (t)</td>
<td>13,055</td>
<td>13,493</td>
<td>18,399</td>
<td>20,915</td>
<td>16,445</td>
</tr>
<tr>
<td>Chemicals (t)</td>
<td>1,422</td>
<td>1,575</td>
<td>1,831*</td>
<td>5,025</td>
<td>5,447</td>
</tr>
<tr>
<td>Others (t)</td>
<td>3,035</td>
<td>3,255</td>
<td>3,601</td>
<td>1,542</td>
<td>1,481</td>
</tr>
</tbody>
</table>

* A substantial error in reporting classifications was corrected in 2016, meaning that the figure is not directly comparable to earlier years.

Recycled input materials used (GRI 301-2)

The main materials used in Wärtsilä products are various metals: cast iron, alloy and structural steel, aluminium alloys and bronze. Recycled material content of these metals vary depending on the material and supplier in question. Recycled material, such as end-of-life coins and bronze propellers, is used for example in the casting of new propellers.

Energy

Energy consumption within the organisation (GRI 302-1)

The total energy consumption (in terajoules, TJ) includes the electricity, heat, and fuels used in Wärtsilä companies in recent years. The fuels are used mainly in engine testing, but also in heating, production, and transportation. In 2018, the fuels were from non-renewable sources.

Wärtsilä uses electricity in its manufacturing operations - for example in machining components - and in service workshops and offices. Both the electrical and the heat energy generated during engine test runs can be utilised. Wärtsilä’s aim is to use the electrical energy for its own purposes while also selling part of this electrical energy to local power companies. Due to the nature of engine test runs, the production of electricity and the company’s electricity demand are not equivalent; this allows the surplus energy to be sold to local power companies.

Heating for factories and offices accounts for most of Wärtsilä’s consumption of heat energy. In several factories, the heat generated in engine test runs is used for heating. Some factories and offices are connected to a local district heating network, some have their own heating plant, and some use electricity for heating.
### Energy

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<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Total energy consumption (TJ)</strong></td>
<td>1,538</td>
<td>1,477</td>
<td>1,471</td>
<td>1,539</td>
<td>1,475</td>
</tr>
<tr>
<td><strong>Electricity consumption (MWh)</strong></td>
<td>132,572</td>
<td>131,960</td>
<td>139,363</td>
<td>142,819</td>
<td>140,713</td>
</tr>
<tr>
<td><strong>Purchased electricity (MWh)</strong></td>
<td>128,878</td>
<td>128,176</td>
<td>132,771</td>
<td>131,501</td>
<td>131,896</td>
</tr>
<tr>
<td><strong>Generated electricity (MWh)</strong></td>
<td>3,694</td>
<td>3,784</td>
<td>6,592</td>
<td>11,318</td>
<td>8,817</td>
</tr>
<tr>
<td><strong>Sold electricity (MWh)</strong></td>
<td>32,019</td>
<td>28,066</td>
<td>23,620</td>
<td>21,834</td>
<td>25,548</td>
</tr>
<tr>
<td><strong>Heat consumption (MWh)</strong></td>
<td>32,937</td>
<td>36,890</td>
<td>33,542</td>
<td>30,161</td>
<td>25,073</td>
</tr>
<tr>
<td><strong>Light fuel oil (t)</strong></td>
<td>6,223</td>
<td>4,327</td>
<td>3,918</td>
<td>4,801</td>
<td>4,461</td>
</tr>
<tr>
<td><strong>Heavy fuel oils (t)</strong></td>
<td>3,381</td>
<td>3,798</td>
<td>3,647</td>
<td>3,675</td>
<td>3,579</td>
</tr>
<tr>
<td><strong>Natural gas (t)</strong></td>
<td>9,783</td>
<td>8,393</td>
<td>8,614</td>
<td>9,750</td>
<td>8,721</td>
</tr>
<tr>
<td><strong>Other fuels (t)</strong></td>
<td>1,238</td>
<td>2,811</td>
<td>3,209</td>
<td>2,834</td>
<td>3,348</td>
</tr>
</tbody>
</table>

### Energy intensity (GRI 302-3)

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</tr>
</thead>
<tbody>
<tr>
<td><strong>Total energy consumption (TJ/ Net sales)</strong></td>
<td>0.300</td>
<td>0.308</td>
<td>0.313</td>
<td>0.334</td>
<td>0.319</td>
</tr>
</tbody>
</table>

### Reduction of energy consumption (GRI 302-4)

From the start of 2017, Wärtsilä set an energy saving target to reduce energy consumption by at least 7% in terms of absolute consumption (GWh) by 2025, compared to the energy consumption in 2015. By the second year to the target, permanent energy savings of 2.9 GWh have been reached, mainly by reducing electricity or heat consumption. Wärtsilä’s previous energy saving target period was launched in 2008 and ended in 2016, resulting in permanent energy savings of 43.3 GWh.

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</thead>
<tbody>
<tr>
<td><strong>Annual energy savings (GWh)</strong></td>
<td>2.0</td>
<td>0.9</td>
<td>1.3</td>
<td>4.6</td>
<td>1.9</td>
</tr>
<tr>
<td><strong>Cumulative energy savings (GWh)</strong></td>
<td>2.9</td>
<td>0.9</td>
<td>43.3</td>
<td>42.0</td>
<td>37.5</td>
</tr>
</tbody>
</table>

### Water

#### Water withdrawal by source (GRI 303-1)

Wärtsilä’s water consumption can be divided into two categories: domestic use and cooling use. Domestic water is used mainly for sanitary purposes and by industrial equipment, such as machine tools and washing machines. Some factories also use domestic water to produce moulds or to fill in their closed-loop cooling system needs. Wärtsilä uses seawater for its engine and process cooling needs.

Total annual water consumption split by the water withdrawal source: Out of cooling water about 99% comes from local surface watercourses where only heat is released along with clean water, and about 1% of cooling water comes from municipal water utilities. Out of Wärtsilä’s total water consumption in 2018, about 95% was seawater for cooling purposes, about 5% was from municipal water supplies, and about 0.5% was directly withdrawn groundwater or rain water.

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</tr>
</thead>
<tbody>
<tr>
<td><strong>Total water consumption (1 000 m³)</strong></td>
<td>12,807</td>
<td>12,749</td>
<td>8,444</td>
<td>6,971</td>
<td>7,774</td>
</tr>
<tr>
<td><strong>Consumption of domestic water (1 000 m³)</strong></td>
<td>652</td>
<td>631</td>
<td>613</td>
<td>703</td>
<td>683</td>
</tr>
<tr>
<td><strong>Consumption of cooling water (1 000 m³)</strong></td>
<td>11,954</td>
<td>12,118</td>
<td>7,831</td>
<td>6,288</td>
<td>7,091</td>
</tr>
</tbody>
</table>

#### Water sources significantly affected by withdrawal of water (GRI 303-2)

No water source has been found to be significantly affected by any Wärtsilä subsidiary water withdrawal.

#### Percentage and total volume of Water recycled and reused (GRI 303-3)

Wärtsilä Italia S.p.A. recycled 122,557 m³ of water in 2018 by running it through a water treatment plant and reusing the cleaned water in production processes. The amount corresponds to roughly 35% of Wärtsilä Italia’s annual water consumption and 1% of Wärtsilä’s total water consumption in 2018. No other major water recycling processes are in use in Wärtsilä production facilities globally.
Emissions

Greenhouse gas (GHG) emissions and intensity (GRI 305-1, 305-2, 305-3, 305-4)
In addition to direct CO\textsubscript{2} emissions, Wärtsilä's operations generate indirect CO\textsubscript{2} emissions. In 2018, the calculated secondary CO\textsubscript{2}e emissions (location-based method) were 47,347 tons (56,002) (from purchased electricity and heat) and the CO\textsubscript{2} emissions from flights totalled 44,652 tons (43,553). There were no biogenic CO\textsubscript{2} emissions in 2018.

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</tr>
</thead>
<tbody>
<tr>
<td>Emissions of carbon dioxide (tCO\textsubscript{2}e) (direct) (SCOPE 1)</td>
<td>59,949</td>
<td>57,998</td>
<td>57,355</td>
<td>63,441</td>
<td>57,477</td>
</tr>
<tr>
<td>Emissions of carbon dioxide (tCO\textsubscript{2}e) (indirect) (SCOPE 2)</td>
<td>47,347</td>
<td>56,002</td>
<td>59,697</td>
<td>60,317</td>
<td>55,989</td>
</tr>
<tr>
<td>Emissions of carbon dioxide (tCO\textsubscript{2}e) (indirect) (SCOPE 3) *</td>
<td>208,330</td>
<td>155,537</td>
<td>168,571</td>
<td>39,033</td>
<td>39,619</td>
</tr>
<tr>
<td>GHG emissions intensity (all)</td>
<td>61.5</td>
<td>56.1</td>
<td>60.6</td>
<td>35.3</td>
<td>33.1</td>
</tr>
</tbody>
</table>

* Includes indirect emissions from materials, energy, and flights from 2016 onward. Pre-2016 figures only include emissions from flights.

GHG emissions (market-based) 2018

| GHG emissions intensity (all) | 63.9    |

Reduction of greenhouse gas (GHG) emissions (GRI 305-5)
Wärtsilä has taken several measures to reduce its indirect CO\textsubscript{2} emissions. The energy efficiency commitment aims to reduce energy consumption and emissions. In addition, Wärtsilä’s focus lies on reducing travelling by implementing a strict travel policy and by using virtual meeting concepts: Skype instant messaging, which enables live chats between two people or more, Skype meetings allowing multi-person meetings from personal computers, in which presentation material can be shared, and the videoconferencing system. In Wärtsilä, Skype and videoconferences are in everyday use. Approximately 1,700 Skype conferences are arranged daily, and there are 150 video conference rooms in 46 countries. Additionally, several other collaboration tools have been taken into use. Although estimating the reductions from the above mentioned measures is not possible, several local measures have been estimated to have achieved permanent reductions of total 5,524 tons CO\textsubscript{2}e in 2018.

Nitrogen oxides (NO\textsubscript{X}), sulfur oxides (SO\textsubscript{X}), and other significant air emissions (GRI 305-7)
Air emissions are mainly caused by test runs and the painting of completed engines or other Wärtsilä products. Test run emissions consist of nitrogen oxides (NO\textsubscript{X}), sulphur dioxide (SO\textsubscript{X}), carbon dioxide (CO\textsubscript{2}) and particles, as well as small amounts of other emission components. The painting of engines and other Wärtsilä products generates VOC emissions (volatile organic compounds). Engine emissions are reduced through research and development, as well as product development and testing. These measures also generate emissions, but their results reduce the future emissions of manufactured engines.

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</thead>
<tbody>
<tr>
<td>Emissions of nitrogen oxides (t)</td>
<td>545</td>
<td>534</td>
<td>500</td>
<td>553</td>
<td>519</td>
</tr>
<tr>
<td>Emissions of sulphur oxides (t)</td>
<td>55</td>
<td>62</td>
<td>59</td>
<td>63</td>
<td>76</td>
</tr>
<tr>
<td>Emissions of total hydrocarbons (t)</td>
<td>164</td>
<td>131</td>
<td>116</td>
<td>145</td>
<td>87</td>
</tr>
<tr>
<td>Particulates (t)</td>
<td>7</td>
<td>8</td>
<td>9</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>Emissions of VOC (t)</td>
<td>45</td>
<td>36</td>
<td>30</td>
<td>40</td>
<td>40</td>
</tr>
</tbody>
</table>

The primary sources of manufacturing noise are the engine test runs and the ventilation machinery on factory roofs. This noise is mostly low frequency and is therefore not easily detected by the human ear. Wärtsilä has specifically addressed the issue of noise protection using technical means and has succeeded in lowering noise levels considerably. However, noise abatement is a continuous need and requires regular monitoring.
EfFluents and waste

Water discharge by quality and destination (GRI 306-1)

Wärtsilä uses seawater for its engine and process cooling needs, in which case the cooling water system is kept separate so that only heat is released into the natural water system. Wastewater is sewered and piped to the local wastewater treatment plant or treated on site before being discharged. If the effluent is not suitable for discharge, it is taken away for appropriate processing, for example to a special treatment plant for hazardous wastes.

Several Wärtsilä subsidiaries have environmental permits allowing clean or properly treated water discharge into natural water bodies. Most of this discharge is clean cooling water released back into local surface watercourse, where only heat is released.

In 2018, the total amount of water discharge was 12,665,551 m³.

<table>
<thead>
<tr>
<th>2018 water discharge</th>
<th>Municipal sewer</th>
<th>Sea</th>
<th>River</th>
<th>Ground</th>
<th>Re-used by other entity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount (m³)</td>
<td>219,844</td>
<td>11,950,057</td>
<td>471,100</td>
<td>23,942</td>
<td>608</td>
</tr>
<tr>
<td>% of total water discharge</td>
<td>2</td>
<td>94</td>
<td>4</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Waste by type and disposal method (GRI 306-2)

Manufacturing activities cause various wastes. These are divided into two main categories: hazardous and non-hazardous wastes. Hazardous wastes include cutting fluids, various types of waste oil, paints and solvents, oily wastes, solid wastes, etc. Non-hazardous wastes include scrap metal, metal swarf, waste plastics, waste wood, domestic waste, cardboard, and paper waste. All Wärtsilä companies sort their waste according to local municipal regulations. Generally speaking, the main sorting categories are waste to be incinerated, waste for landfills, and waste for recycling.

Waste management in Wärtsilä has four aims, listed in their order of priority:

• to reduce the amount of waste generated in processes
• to use waste as a material
• to use waste as energy
• to dispose of waste in an environmentally sound way

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</thead>
<tbody>
<tr>
<td>Total waste (t)</td>
<td>36,025</td>
<td>32,580</td>
<td>50,020</td>
<td>52,037</td>
<td>46,829</td>
</tr>
<tr>
<td>Non-hazardous waste (t)</td>
<td>31,240</td>
<td>28,928</td>
<td>42,663</td>
<td>44,864</td>
<td>39,409</td>
</tr>
<tr>
<td>Hazardous waste (t)</td>
<td>4,785</td>
<td>3,651</td>
<td>7,357</td>
<td>7,173</td>
<td>7,420</td>
</tr>
<tr>
<td>Waste for landfills (t)</td>
<td>4,051</td>
<td>3,198</td>
<td>9,962</td>
<td>8,593</td>
<td>9,621</td>
</tr>
<tr>
<td>Waste for recycling (t)</td>
<td>24,791</td>
<td>23,647</td>
<td>30,695</td>
<td>34,074</td>
<td>27,328</td>
</tr>
<tr>
<td>Waste for incineration (t)</td>
<td>2,305</td>
<td>1,990</td>
<td>1,889</td>
<td>2,197</td>
<td>2,460</td>
</tr>
<tr>
<td>Waste for composting (t)</td>
<td>92</td>
<td>95</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hazardous waste for landfills (t)</td>
<td>579</td>
<td>548</td>
<td>964</td>
<td>2,586</td>
<td>2,504</td>
</tr>
<tr>
<td>Hazardous waste for recycling (t)</td>
<td>3,083</td>
<td>2,113</td>
<td>5,470</td>
<td>3,502</td>
<td>3,792</td>
</tr>
<tr>
<td>Hazardous waste for incineration (t)</td>
<td>1,143</td>
<td>990</td>
<td>923</td>
<td>1,084</td>
<td>1,124</td>
</tr>
</tbody>
</table>

Products and services

Extent of impact mitigation of environmental impacts of products and services

Environmental products and services are the most important means for Wärtsilä to mitigate the environmental impacts. Wärtsilä has a key role in providing environmentally sound solutions and services that enable our customers to develop their business in a sustainable way. The value of sustainable innovation is delivered across a wide range of environmentally sound products and solutions, including technologies related to efficiency improvement, reduction of gaseous and liquid emissions, effluent and ballast water treatment, as well as to products and solutions that are flexible, efficient, reliable, safe, cost-efficient to operate, and that have a minimal environmental footprint throughout their lifecycles.

Expenditures

Total environmental protection expenditures and investments

Concerning Wärtsilä’s operations, we have defined expenditures as environmental expenditures if they are related to soil, water and air pollution control, waste management, environmental management, or noise control.
A substantial proportion of the company’s investments in product development are targeted at securing environmental compliancy providing short- and long-term benefits for the whole value chain and ultimately for the environment.

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</tr>
</thead>
<tbody>
<tr>
<td>R&amp;D costs (MEUR)</td>
<td>165</td>
<td>141</td>
<td>131</td>
<td>132</td>
<td>139</td>
</tr>
<tr>
<td>Environmental costs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Environmental capital expenditures (MEUR)</td>
<td>0.6</td>
<td>4.0</td>
<td>0.7</td>
<td>0.5</td>
<td>1.9</td>
</tr>
<tr>
<td>Environmental operating expenditures (MEUR)</td>
<td>4.0</td>
<td>3.8</td>
<td>4.0</td>
<td>4.6</td>
<td>4.8</td>
</tr>
</tbody>
</table>

**Social**

Wärtsilä’s aim is to provide the best value and service to its customers by continuously developing its competences and way of working. The strategic goal of Wärtsilä’s social responsibility and people strategy is to bring the business strategy alive by developing Wärtsilä’s organisation and competences to meet the evolving business needs.

The aim is to have energetic, competent, and motivated personnel with exciting and meaningful jobs and career opportunities led by excellent leaders. Good performance is recognised and diversity respected. By applying high standards of occupational health and safety, Wärtsilä strives to offer a hazard-free workplace to its employees, contractors, and others working in different parts of the corporation.

Good corporate citizenship is accomplished through active co-operation, open communication, and good relationships with stakeholders. Wärtsilä’s operations and relations with its stakeholders are based on the company’s Code of Conduct, with which each Wärtsilä company and individual is required to comply.

**Significant changes to the organization and its supply chain in 2017 (GRI 102-10)**

In February, Wärtsilä announced the expansion of its QuantServ service offering with the acquisition of Lock-n-Stitch Inc., an American engineering company specialised in cast iron repairs. The acquisition strengthened Wärtsilä’s service portfolio for customers operating multiple brands.

Wärtsilä also completed the acquisition of Trident BV, a Netherlands based company specialised in underwater ship maintenance, inspection, and repair services. The acquisition enables Wärtsilä to become a leading global operator in the underwater services market. The company employs 35 persons.

In March, Wärtsilä announced the acquisition of Transas, a global market leader in marine navigation solutions that include complete bridge systems, digital products and electronic charts. The company is also a leader in professional training and simulation services, ship traffic control, as well as monitoring, and support. The company has 22 regional offices worldwide and a distribution network that spans 120 countries. It has a workforce of approximately 1000 employees. Transas business and operations will be integrated within Wärtsilä’s Marine Business.

In October, the technology group Wärtsilä decided to reorganise into two business areas, Wärtsilä Marine Business and Wärtsilä Energy Business, covering both new sales and services for the respective markets. With this change, Wärtsilä aims to deliver increased value to its customers by better serving their needs across the full lifecycle. The new organisational structure is operational as of 1 January 2019. Forming two business areas will enable Wärtsilä to accelerate growth and the implementation of the Smart Marine and Smart Energy strategies. Integrating the newbuild and service activities enhances customer value by strengthening the focus on complete lifecycle solutions tailored to specific market needs. It also allows Wärtsilä to more effectively serve its customers with increased flexibility and faster response times.

In October, Wärtsilä divested its pumps business to Solix Group, a Scandinavian investment company with offices in Copenhagen, Denmark and Malmö, Sweden. Wärtsilä Pumps has belonged to the Wärtsilä Marine Solutions organisation and became part of the company along with the acquisition of Hamworthy in 2012. This divestment concerned 227 employees. The divestment enables Wärtsilä to devote greater focus to its Smart Marine vision.

In October, Wärtsilä acquired underwater services provider Burriel Navarro, S.L. which operates and enjoys a long-standing reputation in the main ports of Spain. This acquisition supports the growth of underwater business by increasing service locations and by complementing the position of Trident – a Wärtsilä Company in Europe. The company employs 19 persons.
Employment

Information on employees and other workers in 2018 (GRI 102-8, GRI 401-1)

In addition to direct employment, Wärtsilä employed also indirectly an external workforce totalling 7,000 man-years in subcontracting at its factories and units. The units located in Finland had a total personnel of 3,885 employees.

All in all, 1,641 employees left and 3,316 joined Wärtsilä globally during 2018 for different reasons. Wärtsilä had 19,293 employees at the end of 2018.

<table>
<thead>
<tr>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of employees at the end of the year</td>
<td>19,293</td>
<td>18,065</td>
<td>18,011</td>
<td>18,856</td>
<td>17,717</td>
</tr>
<tr>
<td>Personnel by business</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Services</td>
<td>11,051</td>
<td>10,624</td>
<td>10,567</td>
<td>10,592</td>
<td>10,692</td>
</tr>
<tr>
<td>Marine Solutions</td>
<td>6,267</td>
<td>5,845</td>
<td>6,074</td>
<td>6,847</td>
<td>5,603</td>
</tr>
<tr>
<td>Energy Solutions</td>
<td>1,171</td>
<td>1,038</td>
<td>903</td>
<td>959</td>
<td>978</td>
</tr>
<tr>
<td>Other</td>
<td>805</td>
<td>559</td>
<td>467</td>
<td>459</td>
<td>444</td>
</tr>
<tr>
<td>Personnel by market area</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Europe</td>
<td>11,893</td>
<td>10,483</td>
<td>10,399</td>
<td>10,693</td>
<td>9,633</td>
</tr>
<tr>
<td>Asia</td>
<td>4,726</td>
<td>4,890</td>
<td>4,992</td>
<td>5,297</td>
<td>5,477</td>
</tr>
<tr>
<td>Americas</td>
<td>2,074</td>
<td>1,960</td>
<td>1,919</td>
<td>1,917</td>
<td>1,840</td>
</tr>
<tr>
<td>Other</td>
<td>801</td>
<td>753</td>
<td>701</td>
<td>748</td>
<td>767</td>
</tr>
<tr>
<td>Average age of employees</td>
<td>41.4</td>
<td>41.5</td>
<td>41.0</td>
<td>41.0</td>
<td>40.2</td>
</tr>
<tr>
<td>Permanent employees (%)</td>
<td>93</td>
<td>92</td>
<td>89</td>
<td>89</td>
<td>88</td>
</tr>
<tr>
<td>Temporary employees (%)</td>
<td>7</td>
<td>8</td>
<td>11</td>
<td>11</td>
<td>12</td>
</tr>
<tr>
<td>Full-time employees (%)</td>
<td>98</td>
<td>98</td>
<td>98</td>
<td>98</td>
<td>98</td>
</tr>
<tr>
<td>Part-time employees (%)</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Employee turnover (resigned) (%)</td>
<td>5.7</td>
<td>5.3</td>
<td>5.3</td>
<td>5.2</td>
<td>6.2</td>
</tr>
<tr>
<td>Net employment creation</td>
<td>923</td>
<td>-213</td>
<td>-840</td>
<td>-755</td>
<td>-283</td>
</tr>
</tbody>
</table>

Number of employees by employment contract and gender in 2018

<table>
<thead>
<tr>
<th>Permanent</th>
<th>Temporary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>17,852</td>
</tr>
<tr>
<td>Male</td>
<td>14,934</td>
</tr>
<tr>
<td>Female</td>
<td>2,918</td>
</tr>
</tbody>
</table>

Number of employees by employment contract and region in 2018

<table>
<thead>
<tr>
<th>Permanent</th>
<th>Temporary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>11,193</td>
</tr>
<tr>
<td>Asia</td>
<td>4,002</td>
</tr>
<tr>
<td>America</td>
<td>2,046</td>
</tr>
<tr>
<td>Other</td>
<td>611</td>
</tr>
</tbody>
</table>

Permanent employees by employment contract type and gender in 2018

<table>
<thead>
<tr>
<th>Full-time</th>
<th>Part-time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>17,517</td>
</tr>
<tr>
<td>Male</td>
<td>14,815</td>
</tr>
<tr>
<td>Female</td>
<td>2,703</td>
</tr>
</tbody>
</table>

New employee hires in 2018

<table>
<thead>
<tr>
<th>Employees</th>
<th>Rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>3,316</td>
</tr>
<tr>
<td>Gender</td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>2,534</td>
</tr>
<tr>
<td>Female</td>
<td>782</td>
</tr>
</tbody>
</table>

Age group
### Employee turnover (resigned) in 2018

<table>
<thead>
<tr>
<th>Age group</th>
<th>Employees</th>
<th>Rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 30 years</td>
<td>1 078</td>
<td>40.1</td>
</tr>
<tr>
<td>30–50</td>
<td>1 891</td>
<td>15.6</td>
</tr>
<tr>
<td>&gt; 50 years</td>
<td>347</td>
<td>7.7</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Market area</th>
<th>Employees</th>
<th>Rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>2 188</td>
<td>18.7</td>
</tr>
<tr>
<td>Asia</td>
<td>641</td>
<td>13.6</td>
</tr>
<tr>
<td>Americas</td>
<td>365</td>
<td>17.6</td>
</tr>
<tr>
<td>Other</td>
<td>122</td>
<td>15.2</td>
</tr>
</tbody>
</table>

### Benefits provided to full-time employees that are not provided to temporary or part-time employees (GRI 401-2)

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

### Labour / management relations

#### Minimum notice periods regarding operational changes (GRI 402-1)

Wärtsilä way of working concerning minimum notice periods is described in the Policy on human rights, equal opportunities and fair employment practices.

### Occupational health and safety

#### Workers representation in formal joint management–worker health and safety committees (GRI 403-1)

Wärtsilä companies apply occupational health and safety programmes as required by local legislation. These are normally developed by occupational health and safety committees consisting of representatives from both management and personnel. Altogether 78% of Wärtsilä companies have an occupational health and safety committee covering in total 92% of Wärtsilä’s employees.

#### Type of injury and rates of injuries, occupational diseases, lost days and absenteeism, and total number of work-related fatalities (GRI 403-2)

The lost time injury frequency for 2018 was 2.50, which was 1% higher than in the previous year.

Wärtsilä regrets to report a fatality at a shipyard in China. A Wärtsilä employee was commissioning engines in a container vessel and intending to leave the vessel after the work. There was an unprotected side on the deck of the vessel, which the employee did not notice. The employee fell down to the cargo hold and lost his life.

In 2018, Wärtsilä started reporting the number of lost time injuries and lost time injury frequency also for Wärtsilä contractors, as well as the number of lost time injuries in geographical areas.
### Injuries

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of injuries, employees</td>
<td>398</td>
<td>446</td>
<td>439</td>
<td>461</td>
<td>510</td>
</tr>
<tr>
<td>Number of lost time injuries resulting in at least 1 day absence - employees, total</td>
<td>90</td>
<td>88</td>
<td>95</td>
<td>104</td>
<td>130</td>
</tr>
<tr>
<td>Europe</td>
<td>62</td>
<td>60</td>
<td>69</td>
<td>72</td>
<td>90</td>
</tr>
<tr>
<td>Asia</td>
<td>14</td>
<td>9</td>
<td>17</td>
<td>15</td>
<td>21</td>
</tr>
<tr>
<td>Americas</td>
<td>13</td>
<td>16</td>
<td>6</td>
<td>16</td>
<td>15</td>
</tr>
<tr>
<td>Africa</td>
<td>1</td>
<td>3</td>
<td>3</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>Number of lost time injuries resulting in at least 1 day absence - contractors, total</td>
<td>35</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Europe</td>
<td>19</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asia</td>
<td>6</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Americas</td>
<td>10</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Africa</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lost time injuries / million working hours</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees</td>
<td>2.5</td>
<td>2.5</td>
<td>2.6</td>
<td>2.8</td>
<td>3.5</td>
</tr>
<tr>
<td>Contractors</td>
<td>3.1</td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

### Absence rate, employees

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</tr>
</thead>
<tbody>
<tr>
<td>Absence due to illness (% of total working hours)</td>
<td>2.2</td>
<td>2.0</td>
<td>2.2</td>
<td>1.9</td>
<td>2.0</td>
</tr>
<tr>
<td>Absence due to lost time injury (% of total working hours)</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>Absence due to occupational diseases (% of total working hours)</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
</tbody>
</table>

### Fatalities

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<tr>
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<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of fatalities, total</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>Employees</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Contractors</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>2</td>
</tr>
</tbody>
</table>

### Workers with high incidence or high risk of diseases related to their occupation (GRI 403-3)

Wärtsilä employees constantly work close to running engines while conducting overhaul or testing activities, which exposes them to high levels of noise. Wärtsilä has occupational safety and health programmes in place to prevent hearing loss, including providing hearing protectors to those employees at risk of hearing loss or impairment. In 2018, there were in total 7 cases of occupational disease diagnosed, which is equivalent to 0.2 cases / million worked hours.

### Training and education

#### Average hours of training per year per employee (GRI 404-1)

Wärtsilä’s average number of training days in 2018 for male employees was 2.17 and for female employees 2.23.

<table>
<thead>
<tr>
<th>Training days/employee</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>All employees</td>
<td>2.2</td>
<td>2.2</td>
<td>3.0</td>
<td>3.0</td>
<td>4.2</td>
</tr>
<tr>
<td>Managers and superiors</td>
<td>2.9</td>
<td>3.5</td>
<td>3.7</td>
<td>3.5</td>
<td>5.1</td>
</tr>
<tr>
<td>Other white-collar employees</td>
<td>2.1</td>
<td>3.0</td>
<td>2.9</td>
<td>2.9</td>
<td>3.5</td>
</tr>
<tr>
<td>Blue-collar employees</td>
<td>2.1</td>
<td>2.0</td>
<td>3.0</td>
<td>3.1</td>
<td>4.4</td>
</tr>
</tbody>
</table>

### Programs for upgrading employee skills and transition assistance programs (GRI 404-2)

Wärtsilä programmes for skills management is described in the People Management section. Wärtsilä offers a wide variety of internal training and learning opportunities for its employees, covering more than 20 training categories. These include topics such as engine technology, health and safety, language and culture, project management, environment, security, and leadership.
Percentage of employees receiving regular performance and career development reviews (GRI 404-3)

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<tr>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Development discussions held annually</td>
<td>96</td>
<td>96</td>
<td>96</td>
<td>92</td>
<td>92</td>
</tr>
</tbody>
</table>

Diversity and Equal opportunity

Diversity of governance bodies and employees (GRI 405-1)

A diverse workforce generates higher profits, better complex problem-solving skills, and access to a larger talent pool. Wärtsilä’s Diversity Initiative began in 2012 and is aimed at driving an inclusive corporate culture at all levels to meet both global and local requirements. By investing in diversity and supporting employees of varied gender, age, personality, and educational background, Wärtsilä becomes an even more attractive employer and a more valued business partner for its customers.

Gender diversity

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Male/female ratio (%)</td>
<td>83/17</td>
<td>84/16</td>
<td>84/16</td>
<td>85/15</td>
<td>86/14</td>
</tr>
<tr>
<td>Executive positions globally: male/female ratio (%)</td>
<td>87/13</td>
<td>89/11</td>
<td>89/11</td>
<td>89/11</td>
<td>90/10</td>
</tr>
</tbody>
</table>

Regional diversity

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of nationalities</td>
<td>137</td>
<td>136</td>
<td>134</td>
<td>131</td>
<td>122</td>
</tr>
</tbody>
</table>

Number of employees per age group in 2018

<table>
<thead>
<tr>
<th></th>
<th>Employees</th>
<th>Ratio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 30 years</td>
<td>2,687</td>
<td>13.9</td>
</tr>
<tr>
<td>30–50</td>
<td>12,107</td>
<td>62.8</td>
</tr>
<tr>
<td>&gt; 50 years</td>
<td>4,499</td>
<td>23.3</td>
</tr>
</tbody>
</table>

Percentage of members of Board of Management (BoM) and Board of Directors (BoD) per age group in 2018

<table>
<thead>
<tr>
<th></th>
<th>BoM (%)</th>
<th>BoD (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 30 years</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>30–50</td>
<td>25</td>
<td>25</td>
</tr>
<tr>
<td>&gt; 50 years</td>
<td>75</td>
<td>75</td>
</tr>
</tbody>
</table>

Percentage of members of Board of Management (BoM) and Board of Directors (BoD) per gender in 2018

<table>
<thead>
<tr>
<th></th>
<th>BoM (%)</th>
<th>BoD (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>13</td>
<td>25</td>
</tr>
<tr>
<td>Male</td>
<td>87</td>
<td>75</td>
</tr>
</tbody>
</table>

Customer satisfaction

Results of surveys measuring customer satisfaction (GRI 102-43)

Wärtsilä always puts the needs of our customers first. We show this by carefully listening and acting upon our customers’ feedback, at both operative and management levels. Wärtsilä places great emphasis on earning our customers’ long-term trust by keeping its promises. While challenges may arise at any time in this business, relationships are strengthened by focusing on our customers. We observe our customers’ perception of loyalty and satisfaction by applying a Net Promoter Score methodology, NPS. The results are monitored on a monthly basis and last three years shows considerable improvements.

Our Customers’ feedback on project deliveries and the operation of their installations, are welcomed. To know what works and where to improve, as well as, understanding our customers’ operational environments, is critical in developing the company’s products and services. To ensure our customers’ needs and expectations are met, Wärtsilä collects feedback during different events, activities, and interactions with our customers and acts upon that feedback.
Wärtsilä Corporation  Annual Report 2018

Sustainability

35

Customer loyalty and satisfaction

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer satisfaction</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marine Solutions</td>
<td>82%</td>
<td>76%</td>
<td>76%</td>
</tr>
<tr>
<td>Services</td>
<td>90%</td>
<td>87%</td>
<td>90%</td>
</tr>
<tr>
<td>Energy Solutions</td>
<td>85%</td>
<td>95%</td>
<td>97%</td>
</tr>
<tr>
<td>NET promoter score</td>
<td>53</td>
<td>45</td>
<td>41</td>
</tr>
<tr>
<td>Sample</td>
<td>3,356</td>
<td>4,875</td>
<td>4,899</td>
</tr>
</tbody>
</table>

Customer satisfaction percentage is based on one question: Are you satisfied with Wärtsilä’s overall performance? Answering options: Satisfied, Neutral or Dissatisfied. Percentage shows Satisfied as part of total answered.

Net promoter score scale is from -100 to 100.

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.

The main environmental disturbances that occurred in Wärtsilä’s business locations in 2018 were five 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. Wärtsilä North America, Inc.’s customer received noise complaints related to a power plant in Marquette, Michigan, which has three Wärtsilä engines installed. Wärtsilä has met all its contractual obligations related to noise, but still has proposed the customer a discussion in order to find a solution to the issue in co-operation.

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

Wärtsilä Brasil Ltda. was charged a fine of EUR 1,616 by the Brazilian Institute of Environment and Renewable Natural Resources (IBAMA), for lacking permission to import lithium batteries used in Electrical and Automation-related field service works.
Wärtsilä China Co. Ltd. received a fine of EUR 1,584 for malfunctioning environmental protection equipment in a chroming workshop. The equipment has been repaired and inspected.

Wärtsilä Italia S.p.A. was charged a fine of EUR 5,166 for incomplete registration of a waste amount produced by a water treatment plant in Trieste.

### Disturbances, complaints, and non-compliances

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disturbances</td>
<td>5</td>
<td>6</td>
<td>12</td>
<td>3</td>
<td>11</td>
</tr>
<tr>
<td>Non-compliances</td>
<td>3</td>
<td>1</td>
<td>0</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Complaints</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Social</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-compliances</td>
<td>2</td>
<td>1</td>
<td>4</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>Fines of non-compliance cases (EUR)</td>
<td>25,962</td>
<td>22,575</td>
<td>37,860</td>
<td>30,111</td>
<td>9,824</td>
</tr>
</tbody>
</table>

Incidents of discrimination and corrective actions taken, and non-compliance with laws and regulations in the social and economic area (GRI 103-2, 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 137 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:

- Wärtsilä Korea Ltd. was charged a penalty fee of EUR 15,646 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.
- Wärtsilä Singapore Pte Ltd. was charged a fine of EUR 1,950 by the Workplace Health and Safety authority for lacking safe work procedure for boilers servicing activities. The safe work procedure has been established and the authority was informed.

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.

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 2018, Wärtsilä did not make any direct contributions to political parties. Wärtsilä participated in two fundraising seminars in Finland, the contents of which had relevance for Wärtsilä. The participation fees totalled EUR 1,690.

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 2018 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 416-2, GRI 417-2, GRI 417-3, 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.
Report profile

Data collection
The data on the products’ environmental performance is based on measured test results. Performance data on the environmental and social aspects of sustainability has been collected from the Wärtsilä companies using a detailed questionnaire. Economic performance data is based mainly on audited financial accounts.

The sustainability data is collected and reported according to Wärtsilä’s specific internal reporting guidelines that include all the definitions and instructions necessary for this purpose. Environmental expenditure and investments are reported applying the Eurostat instructions.

Each company has a nominated individual responsible for collection and consolidation of the data, and for its quality and reliability. The management of each company approves the data before it is consolidated at the Group level. The companies report their sustainability data using Wärtsilä's sustainability reporting system. The reported data is checked at both local and Group levels before its consolidation. The content of this Sustainability Report was reviewed and approved by Wärtsilä’s Board of Management.

Report assurance
DNV GL Business Assurance Finland Oy Ab (DNV GL) has independently assessed the report against GRI Standards (2016). As part of the assurance process, DNV GL assesses local level data management and processes, evaluates the relevance and reliability of the data reported to headquarters, and assesses whether the reporting guidelines of Wärtsilä are well understood and applied. This is achieved through conducting site visits and videoconferencing. Site visits were carried out in Trieste, Italy and Hamburg, Germany. Wärtsilä Canada, Wärtsilä China, Wärtsilä Netherlands and Wärtsilä United Arab Emirates were assessed through videoconferencing.

Additional sources of information
Wärtsilä has previously published the following reports:
Wärtsilä Environmental Report 2000
Wärtsilä Sustainability Report 2002
Wärtsilä Sustainability Report 2004
Wärtsilä Sustainability Report 2005
Wärtsilä Annual Report 2006
Wärtsilä Annual Report 2007
Wärtsilä Annual Report 2008
Wärtsilä Annual Report 2009
Wärtsilä Annual Report 2010
Wärtsilä Annual Report 2011
Wärtsilä Annual Report 2012
Wärtsilä Annual Report 2013
Wärtsilä Annual Report 2014
Wärtsilä Annual Report 2015
Wärtsilä Annual Report 2016
Wärtsilä Annual Report 2017

These reports and their sustainability data are available on Wärtsilä’s website: www.wartsila.com.

Sustainability Report Project Team

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(contact person: marko.vainikka@wartsila.com)
Harri Mäkelä Manager, Sustainability
Alina Pathan Manager, Corporate Relations
Natalia Valtasaari Director, Investor Relations

This pdf is composed of selected elements from Wärtsilä’s Annual Report and may deviate from other generated documents. To view the report in full, please visit www.wartsila.com/ar2018.
Materiality assessment

Identified material topics and boundaries

Entities included in the organization’s consolidated financial statements (GRI 102-45)
The entities included in Wärtsilä’s Consolidated Financial Statements are listed in the Notes to the Consolidated Financial Statements 34. Subsidiaries.

All the Group companies are included in Wärtsilä’s Sustainability reporting. The report covers Wärtsilä’s businesses. At the company level, the report includes the parent company and its subsidiaries as well as its manufacturing, service and sales units. The report excludes Wärtsilä’s associated companies, joint ventures, and supply chain companies.

Process for defining report content and aspect boundaries (GRI 102-46, 102-54)
Wärtsilä’s Sustainability Reporting 2018 is prepared according to the GRI (Global Reporting Initiative) Standards (2016) and the Reporting Principles for Defining report content. This report has been prepared in accordance with the GRI Standards: Comprehensive option. This means that our reporting covers all the General Disclosures of the GRI Standards framework and all the sustainability topics we have identified as material in our operations.

In 2017, Wärtsilä updated the assessment of material sustainability topics. The process included an assessment of economic, environmental, and social topics from the stakeholders’ point of view and as an impact to Wärtsilä’s business. Stakeholder views were collected through a questionnaire answered by 88 key stakeholder contacts in various Wärtsilä units and functions worldwide. The aim of the stakeholder questionnaire was to evaluate how important different sustainability topics are for assessments and decision-making of Wärtsilä’s stakeholders. Sustainability topics for the stakeholder evaluation were identified based on Wärtsilä’s previous experience on material sustainability topics, industry peer review, and analysis of significant economic, environmental and social impacts in Wärtsilä’s value chain. The focus on stakeholder assessment was in investors and financiers, major customers, personnel, local societies, and media.

The significance of identified topics was then analysed as a current or potential business impact on Wärtsilä. The business implications of identified sustainability topics were evaluated based on direct financial impacts as well as risks and opportunities. In addition the level of internal policies or practices were used as an indication of potential business impact.

As a result of the materiality assessment, the following GRI topics were identified as material for Wärtsilä:

- Emissions
- Environmental Compliance
- Economic Performance
- Training and education
- Occupational health and safety
- In addition to the identified material aspects Wärtsilä discloses sustainability data on several other areas, because they are frequently asked by Wärtsilä’s stakeholders or they are considered important on the basis of continuity of sustainability reporting.

Topic boundaries for the identified material topics were then evaluated in reflection to the sustainability context that is based on the significance of their economic, environmental, and social impacts in our value chain. A more detailed description of the topic boundaries and completeness of data collection for the identified material topics can be found in the GRI 103-1-b and GRI 103-1-c, Topic boundary within the organisation and Topic boundary outside the organisation.
Material topics (GRI 102-47)

From a sustainability impact point of view, product related environmental issues are the most significant for Wärtsilä. The use of Wärtsilä’s products has an environmental impact both locally and globally. Other dimensions of sustainability mainly have a local impact.

<table>
<thead>
<tr>
<th>Sustainability impact</th>
<th>Local</th>
<th>Global</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic</td>
<td></td>
<td>•</td>
</tr>
<tr>
<td>Environmental</td>
<td></td>
<td>•</td>
</tr>
<tr>
<td>• Product related</td>
<td></td>
<td>•</td>
</tr>
<tr>
<td>• Operational</td>
<td></td>
<td>•</td>
</tr>
<tr>
<td>Social</td>
<td></td>
<td>•</td>
</tr>
</tbody>
</table>

The following GRI topics have been identified as material for Wärtsilä’s sustainability reporting:

<table>
<thead>
<tr>
<th>Category</th>
<th>Topics</th>
<th>Identified material topic for Wärtsilä, reported in accordance with GRI Standards</th>
<th>Other topics included in Wärtsilä Sustainability Reporting</th>
<th>Excluded from Wärtsilä Sustainability Reporting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic</td>
<td>Economic performance</td>
<td>•</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Market presence</td>
<td>•</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Indirect economic impacts</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Procurement practices</td>
<td>•</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Anti-corruption</td>
<td>•</td>
<td></td>
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<tr>
<td></td>
<td>Anti-competitive behaviour</td>
<td>•</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Environmental</td>
<td>Materials</td>
<td>•</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Energy</td>
<td>•</td>
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<tr>
<td>Water</td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>Biodiversity</td>
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<tr>
<td>Emissions</td>
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<tr>
<td>Effluents and waste</td>
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<tr>
<td>Environmental Compliance</td>
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<tr>
<td>Supplier Environmental assessment</td>
<td></td>
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</tr>
</tbody>
</table>

**Social**

<table>
<thead>
<tr>
<th>Employment</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Labour/ management relations</td>
<td></td>
</tr>
<tr>
<td>Occupational health and safety</td>
<td></td>
</tr>
<tr>
<td>Training and education</td>
<td></td>
</tr>
<tr>
<td>Diversity and equal opportunity</td>
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</tr>
<tr>
<td>Non-discrimination</td>
<td></td>
</tr>
<tr>
<td>Freedom of association</td>
<td></td>
</tr>
<tr>
<td>Child Labour</td>
<td></td>
</tr>
<tr>
<td>Forced or compulsory labour</td>
<td></td>
</tr>
<tr>
<td>Security practices</td>
<td></td>
</tr>
<tr>
<td>Rights of indigenous people</td>
<td></td>
</tr>
</tbody>
</table>
Wärtsilä’s sustainability reporting provides a full disclosure of the management approach, relevant general disclosures and material topic-specific disclosures defined by the GRI Standards.

**Topic boundary within the organisation (103-1-b and 103-1-c)**

The topic boundary for the material topics is all Wärtsilä companies. The economic performance data covers all Wärtsilä companies. The data on environmental and social performance covers all Wärtsilä companies except the following:

- Transas
- Trident B.V.
- Burriel Navarro S.L.

These companies will be included in Wärtsilä’s sustainable development reporting in the forthcoming years. Wärtsilä’s Sustainability Reporting is an integrated part of its annual reporting, and therefore Wärtsilä publishes its sustainability data annually.
Coverage of operational data

### Operational data, % of Wärtsilä companies

<table>
<thead>
<tr>
<th>Year</th>
<th>Economic</th>
<th>Environmental</th>
<th>Social</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>100</td>
<td>97</td>
<td>100</td>
</tr>
<tr>
<td>2017</td>
<td>100</td>
<td>86</td>
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</tr>
<tr>
<td>2016</td>
<td>100</td>
<td>93</td>
<td>100</td>
</tr>
<tr>
<td>2015</td>
<td>100</td>
<td>83</td>
<td>100</td>
</tr>
<tr>
<td>2014</td>
<td>100</td>
<td>94</td>
<td>100</td>
</tr>
</tbody>
</table>

### Operational data, % of personnel

<table>
<thead>
<tr>
<th>Year</th>
<th>Economic</th>
<th>Environmental</th>
<th>Social</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>100</td>
<td>93</td>
<td>100</td>
</tr>
<tr>
<td>2017</td>
<td>100</td>
<td>96</td>
<td>100</td>
</tr>
<tr>
<td>2016</td>
<td>100</td>
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<td>2015</td>
<td>100</td>
<td>91</td>
<td>100</td>
</tr>
<tr>
<td>2014</td>
<td>100</td>
<td>98</td>
<td>100</td>
</tr>
</tbody>
</table>

### Operational data, % of product manufacturing

<table>
<thead>
<tr>
<th>Year</th>
<th>Economic</th>
<th>Environmental</th>
<th>Social</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>2017</td>
<td>100</td>
<td>100</td>
<td>100</td>
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<tr>
<td>2016</td>
<td>100</td>
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</tr>
<tr>
<td>2015</td>
<td>100</td>
<td>95</td>
<td>100</td>
</tr>
<tr>
<td>2014</td>
<td>100</td>
<td>100</td>
<td>99</td>
</tr>
</tbody>
</table>

**Topic boundary outside the organisation (GRI 103-1-c)**

Wärtsilä’s Sustainability Report does not cover performance data collected outside the Group companies.

**Explanation of the effect of any re-statements of information provided in earlier reports (GRI 102-48)**

As of 1 January 2018, Wärtsilä adopted the IFRS 15 Revenue from Contracts with Customers standard, and as a result, the financials 2017 were restated accordingly.

**Significant changes from previous reporting periods (GRI 102-49)**

There are no significant changes from previous reporting periods in the reporting topic boundaries. Historical data covers all entities that were part of the Group at the end of each reporting period.
Reporting principles

Economic performance data
The economic performance data is based on audited financial accounting and covers all Wärtsilä subsidiaries unless otherwise stated.

**Donations:** The data of this indicator included 15 major Wärtsilä subsidiaries and the parent company in 2018.

**Subsidies:** The data of this indicator included all Wärtsilä subsidiaries and the parent company in 2018.

**The social costs** for employees contribute to the funding of pensions, unemployment, and other social benefits that provide security and improve the quality of life for the company’s employees and their families.

**Senior management** includes all employees with the highest job grade levels 12-15. At the end of 2018 this covered 92 employees.

Environmental performance data

**Materials** include all the major material flows used in the production processes globally. The most material consuming product categories include engines, propellers, and propulsion systems.

**Total energy consumption** includes both direct and indirect energy usage. The direct energy usage includes the fuels used by Wärtsilä subsidiaries. Lower heating values (LHV) are used to calculate the energy consumption of fuels in joules. LHVs are based on information supplied by vendors or results of fuel analysis for engine testing and R&D purposes, and for other fuel consumption the source is the DEFRA (the UK government Department for Environment, Food and Rural Affairs). The indirect energy usage includes the purchased electricity and heat. Since the efficiency of purchased electricity and heat generation is not known, the energy conversion is done directly from the purchased values.

**Fuel consumption** data is based on either invoices or measured values.

**Heat and electricity data** is based on either invoices or measured values.

**Energy intensity** describes the ratio of total internal energy consumption divided by the total net sales of the subsidiaries included in the data gathering in a particular year (MJ/euro).

**GHG emissions intensity** describes the ratio of total greenhouse gas emissions (Scope 1, 2 and 3) divided by the total net sales of the subsidiaries included in the data gathering in a particular year (gCO₂/euro).

**Reduction of GHG emissions** data is collected on a site level, based on permanent GHG emissions reduction measures, and either calculated or estimated (Scope 1 and 2).

**Reduction of energy consumption** data is collected on a site level, based on permanent energy saving actions, and either calculated or estimated.

**Water consumption:** The reported figures are based on either measured values or invoices. The cooling water usage might also be calculated from the heat load in some units.

**Recycled water:** The reported amount is the total measured recycled water used in Wärtsilä Italia S.p.A. Their water treatment plant provides reusable water for manufacturing processes.

**Water discharge:** The reported figures are based on either measured values or invoices. The cooling water discharge might also be calculated from the heat load in some units.
**Emissions:** The reported figures are mainly based on measured values, based on which specific emission factors are determined. The specific emission factors are determined for various fuels and engine types. The emissions of the heating boilers are either measured or calculated. For electricity consumption the indirect CO$_2$ emissions (Location-based scope 2) are calculated by using the emission factors from IEA (International Energy Agency), and the indirect CO$_2$ emissions (Market-based scope 2) are calculated by using the residual mix emission factors where available (for Europe and USA), and for other countries the IEA emission factors. For district heating the indirect CO$_2$ emissions (scope 2) are calculated by using the emission factors from DEFRA (the UK government Department for Environment, Food and Rural Affairs). The indirect CO$_2$ emissions (scope 3) of energy consumption are calculated by using the emission factors from DEFRA. The indirect CO$_2$ emissions (scope 3) of material consumption are calculated by using the emission factors from thinkstep's GaBi database. The CO$_2$ emissions of air travel (Scope 3) are based on calculations by Wärtsilä’s travel agency and are based on DEFRA defined factors. The other-than-GHG emissions of vehicles are calculated by using the VTT (Technical Research Centre of Finland) Lipasto database emission factors. GWP factor used for converting methane emissions to CO$_2$-equivalent is 25. Only CO$_2$ and methane are considered for the CO$_2$ emissions.

**Waste:** Information on waste disposal methods normally comes from the waste disposal contractor.

**Environmental disturbances:** As such are considered major incidents, which generally require communication to local authorities.

**Social performance data**

**Total number of injuries:** The reported figures include all types of reported work-related injuries, including first-aid cases, as well as commuting injuries and possible fatalities.

**Lost time injuries:** The reported figures include all reported work-related injuries resulting in absence from work of at least one scheduled work day, lost day counting from the first day after the injury.

**LTI frequency** is expressed as reported lost time injuries and possible fatalities per million working hours. The working hours are actual paid working hours. The lost time injury rate does not include commuting injuries.

**Net employment creation** is calculated by deducting the number of permanent employees having left the company for any reason from the amount of newly hired permanent employees during the reporting period.

**Employee turnover** is calculated from permanent employees. The number of resigned permanent employees is divided by the number of permanent employees at the end of the reporting period.

**Employees and other workforce:** The data on Wärtsilä employees is mainly from the global SAP HR database. Less than 3% of employees, the amount varying between indicators, have not had all their employment details in the global HR processes, and thus their qualities have been assumed to be the same as on average among the rest of the global employees, i.e. their gender, employment and contract type. The new-hires and resigned employee numbers do not include any such assumptions of employees having joined but still lacking the formal record of that activity.
Independent Assurance Report

Independent Limited Assurance Report
To the Management of Wärtsilä Corporation

Scope of Engagement
Wärtsilä Corporation ("Wärtsilä”) commissioned DNV GL Business Assurance Finland OY/AB ("DNV GL") to conduct a limited assurance engagement over selected sustainability disclosures presented in the Wärtsilä Annual Report ("Report") for the reporting period 1\textsuperscript{st} January to 31\textsuperscript{st} December 2018.

Selected Information
The scope and boundary of our work is restricted to the General and Topic-specific GRI-disclosures (the “Selected Information”). The location of Selected information in the Report is specified in the “GRI and UNGC index”. In addition, we have reviewed the sustainability information presented in the “Stories” -section marked with “Sustainability Assured”.

To assess the Selected Information, which includes an assessment of the risk of material misstatement in the Report, we have used Global Reporting Initiative’s GRI-standards (2016) and Wärtsilä’s reporting principles, (the “Criteria”, see Reporting Principles -section of the Report).

We have not performed any work, and do not express any conclusion, on any other information that may be published in the Report or on Wärtsilä’s website for the current reporting period.

Our conclusions
Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Information is not fairly stated and has not been prepared, in all material respects, in accordance with the Criteria. We believe that the Report is in line with the “Comprehensive” requirements of the GRI-standards.

This conclusion relates only to the Selected Information, and is to be read in the context of this Assurance Report, in particular the inherent limitations explained below.

Standard and level of assurance
We performed a limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 revised – ‘Assurance Engagements other than Audits and Reviews of Historical Financial Information’ (revised), issued by the International Auditing and Assurance Standards Board. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain limited assurance.

DNV GL applies its own management standards and compliance policies for quality control, in accordance with ISO/IEC 17021:2011 - Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less detailed than those undertaken during a reasonable assurance engagement, so the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. We planned and performed our work to obtain the evidence we considered sufficient to provide a basis for our opinion, so that the risk of this conclusion being in error is reduced, but not reduced completely.
Basis of our conclusion

We are required to plan and perform our work in order to consider the risk of material misstatement of the Selected Information; our work included, but was not restricted to:

- Assessing the appropriateness of the Criteria for the Selected Information;
- Conducting interviews with Wärtsilä’s management to obtain an understanding of the data management systems and processes used to generate, aggregate and report the Selected Information;
- Two site visits and four video conferences to review process and systems for preparing site level data consolidated at Head Office. The site level review was conducted at:
  - Wärtsilä Italia (Trieste, Italy);
  - Wärtsilä SAM Electronics (Hamburg, Germany);
  - Wärtsilä Canada;
  - Wärtsilä China;
  - Wärtsilä Gulf, UAE; and
  - Wärtsilä Netherlands.
- Reviewing data at source and following this through to consolidated Group data;
- Reviewing whether the evidence, measurements, and scope of the Selected Information is prepared in accordance with the Criteria; and
- Reviewing the Report and narrative accompanying the Selected Information in the Report with regard to the Criteria.

Inherent limitations

Our assurance relies on the premise that the data and information provided by Wärtsilä to us as part of our review procedures have been provided in good faith. Because of the selective nature (sampling) and other inherent limitations of both procedures and systems of internal control, there remains the unavoidable risk that errors or irregularities may not have been detected. Energy use data utilized in GHG emissions calculations are subject to inherent limitations, given the nature and the methods used for determining such data. Finally, the selection of different but acceptable measurement techniques may result in materially different measurements.

DNV GL was free to choose the sites on the basis of materiality;

- Reviewing data at source and following this through to consolidated Group data;
- Reviewing whether the evidence, measurements, and scope of the Selected Information is prepared in accordance with the Criteria; and
- Reviewing the Report and narrative accompanying the Selected Information in the Report with regard to the Criteria.
- Evaluation of the disclosed information in the Report for “in accordance – Comprehensive” reporting requirements of GRI-standards.

Our competence, independence and quality control

DNV GL established policies and procedures are designed to ensure that DNV GL, its personnel and – where applicable – others are subject to independence requirements (including personnel of other entities of DNV GL) maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals, whose members have not been involved in the development of any of the Criteria. Our multi-disciplinary team consisted of professionals with a combination of environmental and sustainability assurance experience.

Responsibilities of the Management of Wärtsilä and DNV GL

The Management of Wärtsilä have sole responsibility for:

- Preparing and presenting the Selected information in accordance with the Criteria;
- Designing, implementing and maintaining effective internal controls over the information and data, resulting in the preparation of the Selected Information that is free from material misstatements;
- Measuring and reporting the Selected Information based on their established Criteria; and
- Contents and statements contained within the Report and the Criteria.
Our responsibility is to plan and perform our work to obtain limited assurance about whether the Selected Information has been prepared in accordance with the Criteria and to report to Wärtsilä in the form of an independent limited assurance conclusion, based on the work performed and the evidence obtained. We have not been responsible for the preparation of the Report.

For and on behalf of DNV GL Business Assurance Finland OY/AB

Espoo, Finland, 8th February 2019

Mikael Niskala
Lead Auditor
DNV GL – Business Assurance

Shaun Walden
Principal Consultant and Reviewer
DNV GL – Business Assurance
### GRI and UNGC index

**General Disclosures**

**GRI 102: General Disclosures**

<table>
<thead>
<tr>
<th>GRI Standard / Disclosure</th>
<th>Links</th>
<th>Remarks</th>
<th>UNGC</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Organisational profile</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>102-1 Name of the Organisation</td>
<td>Strategy</td>
<td></td>
<td>●</td>
</tr>
<tr>
<td>102-2 Activities, brands, products, and services</td>
<td>Strategy</td>
<td></td>
<td>●</td>
</tr>
<tr>
<td></td>
<td>Wärtsilä Energy Business</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Wärtsilä Marine Business</td>
<td></td>
<td></td>
</tr>
<tr>
<td>102-3 Location of headquarters</td>
<td>Shares</td>
<td>Helsinki, Finland</td>
<td>●</td>
</tr>
<tr>
<td>102-4 Location of operations</td>
<td>Strategy</td>
<td><a href="http://www.wartsila.com">www.wartsila.com</a></td>
<td>●</td>
</tr>
<tr>
<td>102-5 Ownership and legal form</td>
<td>Shares</td>
<td></td>
<td>●</td>
</tr>
<tr>
<td>102-6 Markets served</td>
<td>Strategy</td>
<td></td>
<td>●</td>
</tr>
<tr>
<td>102-7 Scale of the organization</td>
<td>Strategy Shareholders</td>
<td></td>
<td>●</td>
</tr>
<tr>
<td>102-8 Information on employees and other workers</td>
<td>Social</td>
<td></td>
<td>●</td>
</tr>
<tr>
<td>102-9 Supply chain</td>
<td>Supply chain management</td>
<td></td>
<td>●</td>
</tr>
<tr>
<td>102-10 Significant changes to the organization and its supply chain</td>
<td>Social</td>
<td></td>
<td>●</td>
</tr>
<tr>
<td>102-11 Precautionary Principle or approach</td>
<td>Product design principles Risks and risk management Manufacturing and R&amp;D</td>
<td></td>
<td>●</td>
</tr>
<tr>
<td>102-12 External initiatives</td>
<td>Stakeholder relations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>102-13 Membership of associations</td>
<td>Stakeholder relations</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Strategy</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>102-14 Statement from senior decision-maker</td>
<td>CEO review</td>
<td></td>
<td>●</td>
</tr>
<tr>
<td>102-15 Key impacts, risks, and opportunities</td>
<td>Risks and risk management Strategy Wärtsilä Energy Business Wärtsilä Marine Business Innovating for sustainability</td>
<td></td>
<td>●</td>
</tr>
<tr>
<td><strong>Ethics and integrity</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>102-16 Values, principles, standards, and norms of behavior</td>
<td>Strategy Guiding principles</td>
<td></td>
<td>●</td>
</tr>
<tr>
<td>102-17 Mechanisms for advice and concerns about ethics</td>
<td>Guiding principles Compliance</td>
<td></td>
<td>●</td>
</tr>
<tr>
<td><strong>Governance</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>102-18 Governance structure</td>
<td>Corporate governance Board of Directors</td>
<td></td>
<td>●</td>
</tr>
<tr>
<td>102-19 Delegating authority</td>
<td>Corporate governance Board of Directors</td>
<td></td>
<td>●</td>
</tr>
</tbody>
</table>

This pdf is composed of selected elements from Wärtsilä’s Annual Report and may deviate from other generated documents. To view the report in full, please visit [www.wartsila.com/ar2018](http://www.wartsila.com/ar2018).
<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
<th>Responsible Body</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>102-20</td>
<td>Executive-level responsibility for economic, environmental, and social topics</td>
<td>Board of Management</td>
<td></td>
</tr>
<tr>
<td>102-21</td>
<td>Consulting stakeholders on economic, environmental, and social topics</td>
<td>Annual General Meeting, Internal control</td>
<td></td>
</tr>
<tr>
<td>102-22</td>
<td>Composition of the highest governance body and its committees</td>
<td>Board of Directors</td>
<td></td>
</tr>
<tr>
<td>102-23</td>
<td>Chair of the highest governance body</td>
<td>Board of Directors</td>
<td></td>
</tr>
<tr>
<td>102-24</td>
<td>Nominating and selecting the highest governance body</td>
<td>Annual General Meeting, Board of Directors</td>
<td>The nomination committee proposes new board members. The committee consults major shareholders, and in their proposals they take into account the specific needs of the Board, including sustainability competencies and diversity.</td>
</tr>
<tr>
<td>102-25</td>
<td>Conflicts of interest</td>
<td>Board of Directors, Insider management, Shareholders</td>
<td></td>
</tr>
<tr>
<td>102-26</td>
<td>Role of highest governance body in setting purpose, values, and strategy</td>
<td>Board of Directors, Internal control</td>
<td></td>
</tr>
<tr>
<td>102-27</td>
<td>Collective knowledge of highest governance body</td>
<td>Internal control, Board of Management</td>
<td></td>
</tr>
<tr>
<td>102-28</td>
<td>Evaluating the highest governance body's performance</td>
<td>Board of Directors</td>
<td>The evaluation is of general nature, but also includes sustainability issues if such concerns arise. The evaluation partly affects the membership changes within the Board.</td>
</tr>
<tr>
<td>102-29</td>
<td>Identifying and managing economic, environmental, and social impacts</td>
<td>Board of Directors, Risks and risk management</td>
<td></td>
</tr>
<tr>
<td>102-30</td>
<td>Effectiveness of risk management processes</td>
<td>Board of Directors</td>
<td></td>
</tr>
<tr>
<td>102-31</td>
<td>Review of economic, environmental, and social topics</td>
<td>Board of Directors, The Board’s committees, Internal control</td>
<td>11 meetings in 2018</td>
</tr>
<tr>
<td>102-32</td>
<td>Highest governance body’s role in sustainability reporting</td>
<td>Report profile</td>
<td></td>
</tr>
<tr>
<td>102-33</td>
<td>Communicating critical concerns</td>
<td>Internal control</td>
<td></td>
</tr>
<tr>
<td>102-34</td>
<td>Nature and total number of critical concerns</td>
<td></td>
<td>This information is not publicly disclosed.</td>
</tr>
<tr>
<td>102-35</td>
<td>Remuneration policies</td>
<td>Remuneration report</td>
<td></td>
</tr>
<tr>
<td>102-36</td>
<td>Process for determining remuneration</td>
<td>The Board’s committees, People management</td>
<td></td>
</tr>
<tr>
<td>102-37</td>
<td>Stakeholders’ involvement in remuneration</td>
<td>Remuneration report 2018</td>
<td></td>
</tr>
<tr>
<td>102-38</td>
<td>Annual total compensation ratio</td>
<td></td>
<td>This information is not publicly disclosed.</td>
</tr>
<tr>
<td>102-39</td>
<td>Percentage increase in annual total compensation ratio</td>
<td></td>
<td>This information is not publicly disclosed.</td>
</tr>
</tbody>
</table>

**Stakeholder engagement**

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
<th>Responsible Body</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>102-40</td>
<td>List of stakeholder groups</td>
<td>Stakeholder relations</td>
<td></td>
</tr>
<tr>
<td>102-41</td>
<td>Collective bargaining agreements</td>
<td></td>
<td>57% of Wärtsilä employees were covered by collective bargaining agreements in 2018.</td>
</tr>
</tbody>
</table>
### 102-42 Identifying and selecting stakeholders
- Stakeholder relations

### 102-43 Approach to stakeholder engagement
- Customer satisfaction

### 102-44 Key topics and concerns raised
- Stakeholder relations

#### Reporting practice

### 102-45 Entities included in the consolidated financial statements
- Materiality assessment

### 102-46 Defining report content and topic boundaries
- Materiality assessment

### 102-47 List of material topics
- Materiality assessment

### 102-48 Restatements of information
- Materiality assessment

### 102-49 Changes in reporting
- Materiality assessment

### 102-50 Reporting period
- Report profile

### 102-51 Date of most recent report
- Report profile

### 102-52 Reporting cycle
- Report profile

### 102-53 Contact point for questions regarding the report
- Report profile

### 102-54 Claims of reporting in accordance with the GRI Standards
- Independent Assurance Report

### GRI 103: Management Approach

<table>
<thead>
<tr>
<th>GRI Standard / Disclosure</th>
<th>Links</th>
<th>Remarks</th>
<th>UNGC</th>
</tr>
</thead>
<tbody>
<tr>
<td>103-1 Explanation of the material topic and its boundary</td>
<td>Materiality assessment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>103-2 The management approach and its components</td>
<td>Sustainability management</td>
<td></td>
<td></td>
</tr>
<tr>
<td>103-3 Evaluation of the management approach</td>
<td>Sustainability management</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Topic-specific standards

#### GRI 200 Economic Standard Series

<table>
<thead>
<tr>
<th>GRI Standard / Disclosure</th>
<th>Links</th>
<th>Omissions</th>
<th>UNGC</th>
<th>Material topic disclosures</th>
</tr>
</thead>
<tbody>
<tr>
<td>GRI 201: Economic Performance</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>201-1 Direct economic value generated and distributed</td>
<td>Economic performance</td>
<td>The costs of actions taken to manage the risks or opportunities is not applicable, as it is not</td>
<td></td>
<td></td>
</tr>
<tr>
<td>201-2 Financial implications and other risks and opportunities due to climate change</td>
<td>Economic performance</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### GRI 201: Defined Benefit Plan Obligations and Other Retirement Plans

<table>
<thead>
<tr>
<th>Description</th>
<th>Link</th>
<th>Details</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>201-3 Defined benefit plan obligations and other retirement plans</td>
<td>Economic performance</td>
<td>Details in points a – e will be studied and analysed in 2019</td>
<td>![ ]</td>
</tr>
</tbody>
</table>

### GRI 204: Financial Assistance Received from Government

<table>
<thead>
<tr>
<th>Description</th>
<th>Link</th>
<th>Details</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>204-1 Ratios of standard entry level wage by gender compared to local minimum wage</td>
<td>Economic performance</td>
<td>Details to be studied and analysed in 2019</td>
<td>![ ]</td>
</tr>
</tbody>
</table>

### GRI 202: Market Presence

<table>
<thead>
<tr>
<th>Description</th>
<th>Link</th>
<th>Details</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>202-1 Ratios of standard entry level wage by gender compared to local minimum wage</td>
<td>Market presence</td>
<td>Details to be studied and analysed in 2019</td>
<td>![ ]</td>
</tr>
</tbody>
</table>

### GRI 205: Anti-Corruption

<table>
<thead>
<tr>
<th>Description</th>
<th>Link</th>
<th>Details</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>205-1 Operations assessed for risks related to corruption</td>
<td>Risks and risk management</td>
<td>Coverage of risk management processes is 100% of our operations</td>
<td>![ ]</td>
</tr>
<tr>
<td>205-2 Communication and training about anti-corruption policies and procedures</td>
<td>Responsible business conduct</td>
<td>Employees’ classification by employee category and region, as well as by business partners, will be studied and analysed in 2019</td>
<td>![ ]</td>
</tr>
<tr>
<td>205-3 Confirmed incidents of corruption and actions taken</td>
<td>Compliance</td>
<td></td>
<td>![ ]</td>
</tr>
</tbody>
</table>

### GRI 206: Anti-Competitive Behaviour

<table>
<thead>
<tr>
<th>Description</th>
<th>Link</th>
<th>Details</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices</td>
<td>Compliance</td>
<td></td>
<td>![ ]</td>
</tr>
</tbody>
</table>

### GRI 300 Environmental Standard Series

<table>
<thead>
<tr>
<th>GRI Standard / Disclosure</th>
<th>Link</th>
<th>Omissions</th>
<th>UNGC</th>
<th>Material topic disclosures</th>
</tr>
</thead>
<tbody>
<tr>
<td>300-1 Materials used by weight or volume</td>
<td>Materials</td>
<td>The recycled material input of metals varies between 20% and 95%, depending on the type of furnace and foundry used by the metal recycling companies in the supply chain, of which there are too many to state an exact percentage.</td>
<td>![ ]</td>
<td></td>
</tr>
<tr>
<td>300-2 Recycled input materials used</td>
<td>Materials</td>
<td></td>
<td>![ ]</td>
<td></td>
</tr>
</tbody>
</table>

### GRI 301: Energy

<table>
<thead>
<tr>
<th>Description</th>
<th>Link</th>
<th>Details</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>301-1 Energy consumption within the organization</td>
<td>Energy</td>
<td></td>
<td>![ ]</td>
</tr>
<tr>
<td>301-2 Energy intensity</td>
<td>Energy</td>
<td></td>
<td>![ ]</td>
</tr>
<tr>
<td>301-3 Reduction of energy consumption</td>
<td>Energy</td>
<td></td>
<td>![ ]</td>
</tr>
</tbody>
</table>

### GRI 303: Water

<table>
<thead>
<tr>
<th>Description</th>
<th>Link</th>
<th>Details</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>303-1 Water withdrawal by source</td>
<td>Water</td>
<td></td>
<td>![ ]</td>
</tr>
</tbody>
</table>
303-2 Water sources significantly affected by withdrawal of water  

303-3 Water recycled and reused  

**GRI 305: Emissions**  

| 305-1 Direct (Scope 1) GHG emissions | Emissions |  ●  |  ●  |  |
| 305-2 Energy indirect (Scope 2) GHG emissions | Emissions |  ●  |  ●  |  |
| 305-3 Other indirect (Scope 3) GHG emissions | Emissions |  ●  |  ●  |  |
| 305-4 GHG emissions intensity | Emissions |  ●  |  ●  |  |
| 305-5 Reduction of GHG emissions | Emissions | It is not possible to state the exact amount of GHG emission reductions achieved from the reduced travelling, because such a figure would be purely hypothetical. |  ●  |  ●  |  |
| 305-6 Emissions of ozone-depleting substances (ODS) | Emissions | Not applicable, Wärtsilä does not produce, import or export ODS. |  ●  |  ●  |  |

**GRI 306: Effluents and Waste**  

| 306-1 Water discharge by quality and destination | Effluents and waste |  ●  |
| 306-2 Waste by type and disposal method | Effluents and waste |  ●  |
| 306-3 Significant spills | Effluents and waste |  ●  |

**GRI 307: Environmental Compliance**  

| 307-1 Non-compliance with environmental laws and regulations | Compliance |  ●  |  ●  |

**GRI 400 Social Standard Series**  

<table>
<thead>
<tr>
<th>GRI Standard / Disclosure</th>
<th>Links</th>
<th>Omission</th>
<th>UNGC</th>
<th>Material topic disclosures</th>
</tr>
</thead>
<tbody>
<tr>
<td>GRI 401: Employment</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>401-1 New employee hires and employee turnover</td>
<td>Employment</td>
<td>●</td>
<td></td>
<td></td>
</tr>
<tr>
<td>401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees</td>
<td>Employment</td>
<td>●</td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 402: Labor/Management Relations</td>
<td>Labour/Management Relations</td>
<td>●</td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 403: Occupational Health and Safety</td>
<td>Occupational health and safety</td>
<td>●</td>
<td>●</td>
<td></td>
</tr>
</tbody>
</table>

- 303-2: Water sources significantly affected by withdrawal of water
- 303-3: Water recycled and reused
- **GRI 305: Emissions**
  - 305-1: Direct (Scope 1) GHG emissions
  - 305-2: Energy indirect (Scope 2) GHG emissions
  - 305-3: Other indirect (Scope 3) GHG emissions
  - 305-4: GHG emissions intensity
  - 305-5: Reduction of GHG emissions
    - It is not possible to state the exact amount of GHG emission reductions achieved from the reduced travelling, because such a figure would be purely hypothetical.
  - 305-6: Emissions of ozone-depleting substances (ODS)
    - Not applicable, Wärtsilä does not produce, import or export ODS.
- **GRI 306: Effluents and Waste**
  - 306-1: Water discharge by quality and destination
  - 306-2: Waste by type and disposal method
  - 306-3: Significant spills
- **GRI 307: Environmental Compliance**
  - 307-1: Non-compliance with environmental laws and regulations
- **GRI 400 Social Standard Series**
  - GRI 401: Employment
    - 401-1: New employee hires and employee turnover
    - 401-2: Benefits provided to full-time employees that are not provided to temporary or part-time employees
  - GRI 402: Labor/Management Relations
  - GRI 403: Occupational Health and Safety
    - 403-1: Workers representation in formal joint management–worker health and safety committees
    - 403-2: Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities
      - Injury rate (non-lost time), occupational disease rate classifications by region and gender not reported. These will be studied and analysed in 2019.
| 403-3 Workers with high incidence or high risk of diseases related to their occupation | Occupational health and safety |  ● |  ● |
| 403-4 Health and safety topics covered in formal agreements with trade unions | Responsible business conduct | In some cases local collective bargaining agreements also cover OHS issues. Detailed listing of the topics not applicable, as it is not considered meaningful information. |  ● |  ● |

### GRI 404: Training and Education

| 404-1 Average hours of training per year per employee | Training and education |  ● |  ● |
| 404-2 Programs for upgrading employee skills and transition assistance programs | Training and education | Various types of training can be offered in restructuring situations, however specific actions are defined case by case. |  ● |
| 404-3 Percentage of employees receiving regular performance and career development reviews | Training and education | Employees' classification by gender and employee category will be studied and analysed in 2019. |  ● |  ● |

### GRI 405: Diversity and Equal Opportunities

| 405-1 Diversity of governance bodies and employees | Employment Diversity and equal opportunity |  ● |

### GRI 406: Non-discrimination

| 406-1 Incidents of discrimination and corrective actions taken | Compliance |  ● |

### GRI 415: Public Policy

| 415-1 Political contributions | Compliance |  ● |

### GRI 416: Customer Health and Safety

| 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services | Compliance |

### GRI 417: Marketing and Labeling

| 417-2 Incidents of non-compliance concerning product and service information and labeling | Compliance |
| 417-3 Incidents of non-compliance concerning marketing communications | Compliance |

### GRI 418: Customer Privacy

| 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data | Compliance |

### GRI 419: Socioeconomic Compliance

| 419-1 Non-compliance with laws and regulations in the social and economic area | Compliance |
UN Sustainable Development Goals and Wärtsilä

The Sustainable Development Goals (SDGs) set by the United Nations (UN) entered into force in 2016. The 17 goals and 169 targets, which are part of a wider 2030 Agenda for Sustainable Development, are intended to address a range of issues from gender inequality to climate change, with the overall goal of ending global poverty. The SDGs are applied to all countries and actors, including governments, businesses, and civil society. The role of the private sector is seen as being vital to the delivery of innovative changes that can have significant influence.

Sustainability forms the core of Wärtsilä’s business operations, products and solutions. Several of the SDGs deal with issues to which Wärtsilä contributes in a positive way. We continue to develop such means that make a difference to our customers and partners - and to the communities in which we operate.

Respect for people

Wärtsilä’s efforts to promote people’s health, safety, and well-being covers employees, suppliers, customers and local communities. Our high standards in environmental, health and safety (EHS) matters are aimed at zero injuries among employees and contractors, and our products and solutions are designed to be reliable and safe to use. Wärtsilä offers solutions with zero or very low levels of emissions, and which comply to even the strictest local emission regulations, thus contributing positively to air quality while minimising the impact on people's health. We are also committed to continuous improvement in our environmental and social performance to avoid causing harm to the communities close to our operations.

Wärtsilä supports the work-related rights defined by the International Labour Organization, and upholds the freedom of association and the right to collective bargaining. We promote gender equality and are committed to including women in all aspects of our business. Wärtsilä’s Diversity Initiative has been in place since 2012, fostering an inclusive corporate culture at all levels.

Wärtsilä contributes to sustainable economic growth by promoting global corporate citizenship, an inclusive corporate culture, and local employment. Continuous learning and self-development are encouraged by offering a wide range of competence development options at all levels of the organisation.

Towards a 100% renewable future

Wärtsilä plays an important role in helping to meet the world’s increasing demand for sustainable energy. Our flexible energy solutions enable the transition towards a 100% renewable energy future. Wärtsilä’s Smart Power Generation engine power plants provide energy efficiency as well as fuel and operational flexibility, thus enabling the effective integration of wind and solar power into the grid. In addition, our strong capabilities in offering energy storage, utility-scale solar PV power plants and hybrid solutions, including the most advanced software for energy management, enable the share of renewables into the energy mix to be maximised. This provides sustainable, reliable, and affordable power, particularly in countries and regions with isolated or weak electricity grids. Wärtsilä’s offering also includes Dry Flexicycle power plants, which can reduce water consumption almost entirely, making it possible to place power plants in water-stressed areas.

We engage actively in an open dialogue with various stakeholders to provide expertise and support for enhancing clean energy technology and research on a global scale.
Enhancing a Smart and Low-Carbon Marine Ecosystem

Wärtsilä aims to connect smart vessels with smart ports to lead the shipping industry towards a Smart Marine Ecosystem with greater efficiency, negligible climate impact, and the highest levels of safety. Digitalisation sets new standards for the industry and enables the optimisation of individual vessels, fleets, or entire value chains, providing opportunities for lifecycle efficiency improvements.

Wärtsilä’s Smart Marine Vision builds on its strong existing portfolio of environmentally sound products and solutions, which includes environmentally advanced vessel solutions, dual-fuel marine engines, and systems for voyage optimisation, ballast water management, wastewater treatment, and exhaust gas cleaning. By eliminating or reducing polluting discharges and emissions from our customers’ processes, we ensure that they can continue to operate in environmentally sensitive areas around the world.

In 2018, Wärtsilä announced ‘An Oceanic Awakening’, a global initiative which focuses on the radical transformation of the world’s marine and energy industries into one efficient, ecologically sound, and digitally connected ecosystem. The initiative was supported by the establishment of SEA20, an international forum of Smart and Ecologically-Ambitious marine cities. We are also involved in numerous other global and local partnerships, such as the IMO’s Global Industry Alliance (GIA) and the European Sustainable Shipping Forum (ESSF).

Responsible business conduct

Wärtsilä is committed to sustainability and responsible business in its purpose statement and strategy. Our values and Code of Conduct define common rules for all employees and provide guidance on our approach to responsible business practices.

Wärtsilä’s Code of Conduct and supporting policies expressly prohibit the company, its employees, and suppliers from offering or accepting any kind of benefit considered a bribe, and from taking actions that could give rise to a conflict of interest or breach of loyalty. We comply with international good practices and anti-corruption laws of the countries in which we operate, and urge the reporting of any cases of corruption and bribery. The implementation of our Code of Conduct and main policies on responsible business conduct include Wärtsilä Values and Code of Conduct discussion modules, the signing of an individual Code of Conduct Undertaking, e-learning training, and inclusion of the Code of Conduct topics into the annual development discussions covering all employees. In addition, Wärtsilä has an externally hosted whistle blower channel for all employees to report concerns related to potential misconducts of the Code of Conduct or the company’s policies.
We aim to contribute towards the well-being of the local communities in which we are present. The means for this include, for example, creating employment, paying taxes and social dues, providing training and education to employees, co-operating with local stakeholders, and supporting local development.