

PKC GROUP'S CORPORATE RESPONSIBILITY REPORT 2012

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Becoming the
safest place
you will be
today

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Leveraging best practices

"Leveraging Best Practices" explores how PKC has managed to discover internal benchmarks. Through cases we demonstrate our current and future plans to extend these practices to other PKC Group sites.

Good for the
environment,
good for the budget

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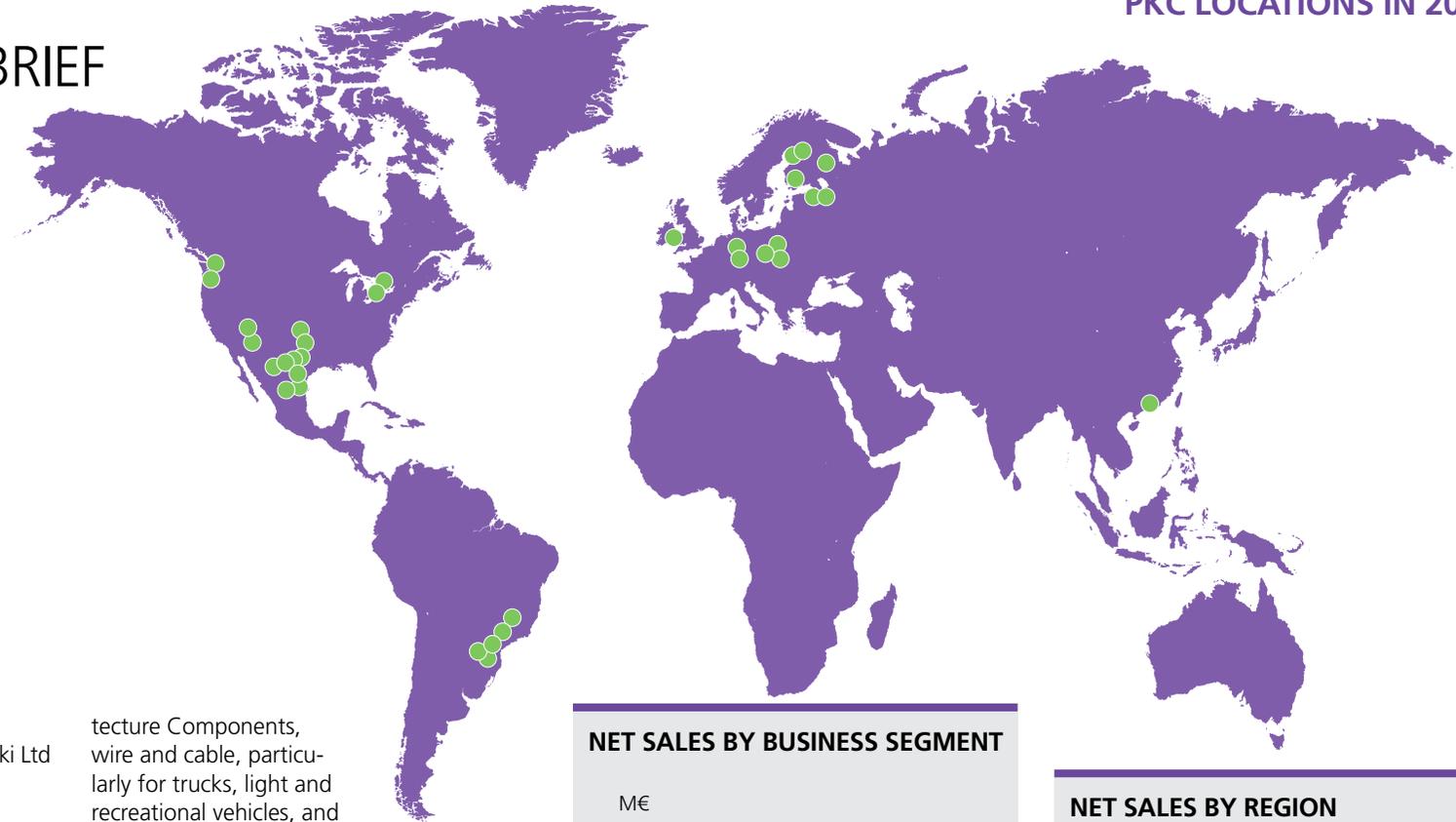
Reducing copper scrap

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PKC GROUP IN BRIEF

PKC LOCATIONS IN 2012



PKC Group Plc is a public limited liability company listed on NASDAQ OMX Helsinki Ltd with headquarters in Helsinki, Finland.

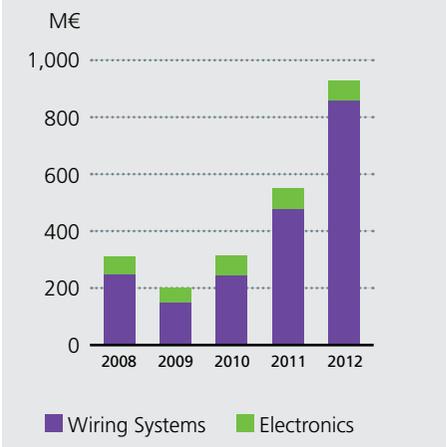
PKC designs, manufactures and integrates Electrical Distribution Systems, Electronics and related Architecture Components for commercial vehicles and selected other segments. Customers are globally operating OEMs (Original Equipment Manufacturers). PKC Group's operations and ownership of the subsidiaries is divided into two business areas corresponding to the core competence areas: Wiring Systems and Electronics.

The Wiring Systems business designs, manufactures and integrates tailored Electrical Distribution Systems, and related Archi-

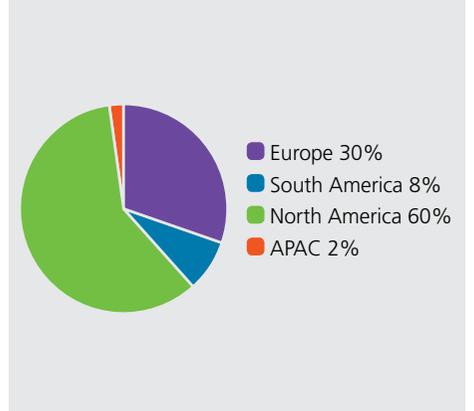
ture Components, wire and cable, particularly for trucks, light and recreational vehicles, and for farming, construction and forestry machinery. The electrical distribution systems manufactured by PKC are responsible for power supply and transfer of information.

The Electronics business provides design and manufacturing services to industrial electronics and energy industries. Products designed and manufactured by PKC are used e.g. in power control for machinery, testing of electronic products and for energy-saving.

NET SALES BY BUSINESS SEGMENT



NET SALES BY REGION



FOREWORD BY THE PRESIDENT AND CEO

Dear Reader,

Welcome to PKC's first corporate responsibility report. In light of the challenges we faced in 2012, the timing of our first report seems right – this report is one way for us to show that we operate in the most transparent way possible.

In 2012, PKC carried out a materiality analysis in order to better understand which issues our stakeholders view as important, and which issues are important from a business perspective. According to the assessment, our stakeholders and PKC's management considered financial sustainability, business development, occupational health and safety, supply chain management, human rights, management systems and policies, and labour issues to be the most important corporate responsibility issues for PKC. These themes are reflected in the content of our corporate responsibility report.

Corporate Responsibility part of PKC Group's Core Business

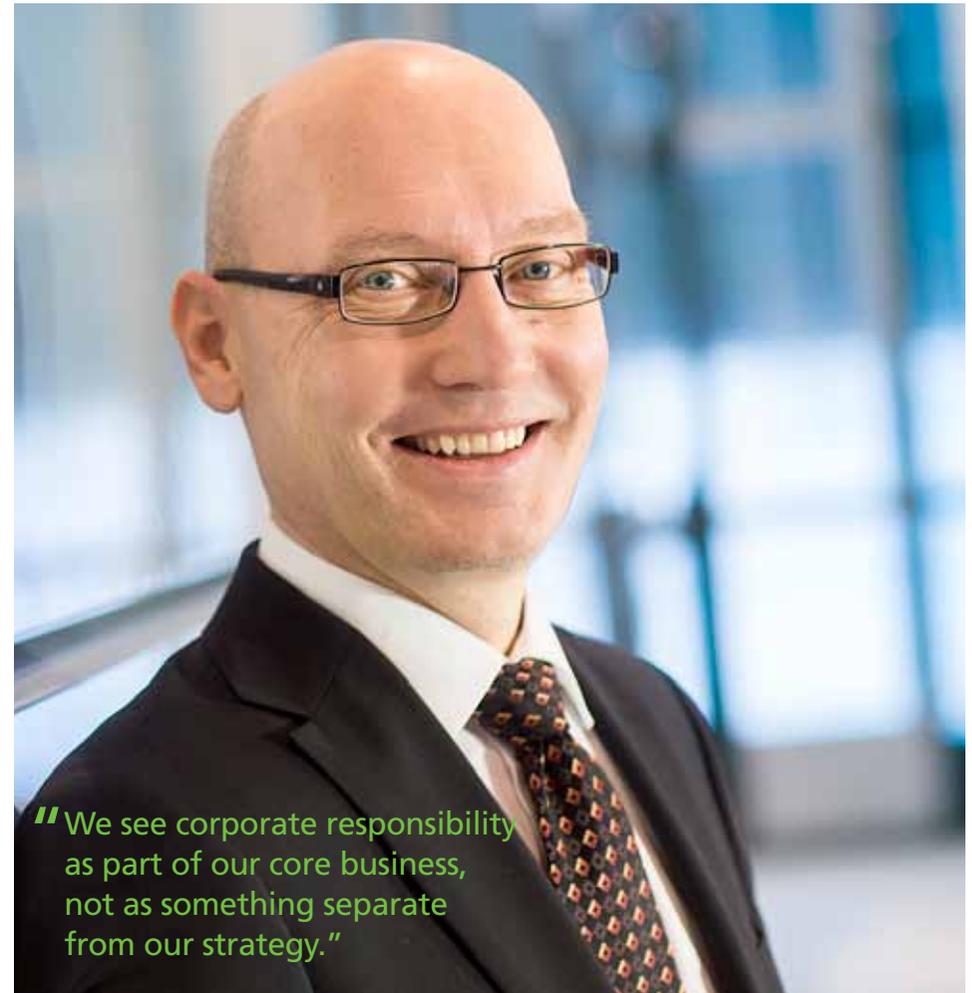
We see corporate responsibility as part of our core business, not as something separate from our strategy. PKC's vision is to be a global market leader in Electrical Distribution Systems Architecture and Electronics for commercial vehicles and selected other segments. This is why we strive to identify all best practices throughout the organisation,

learn from them, and implement them in all parts of the organisation.

PKC's operations are very customer driven and PKC works in close co-operation with its customers. This means that in terms of corporate responsibility, an important part of our work is to help our customers address the corporate responsibility challenges in their industry. For example, the volatility of raw materials prices such as copper, pushes us to innovate new and more resource-efficient and cost-efficient solutions for our customers.

Our customers have also taken steps to address the sustainability of their supply chain, which means that PKC must work to ensure that we meet our customers' expectations. This also pushes us to ensure the sustainability of our own network of suppliers. We also answer to the demands of increasingly stringent legislation by implementing continuous improvements that go beyond legal requirements and by certifying our operations.

In order to safeguard our close customer relationships, PKC closely monitors its customer satisfaction annually. In order to address the improvement opportunities revealed by the results, we plan on identifying individual actions of improvement for each of our accounts.



"We see corporate responsibility as part of our core business, not as something separate from our strategy."

Employees are the Key to Our Success

Due to the labour-intensive nature of our operations, our highly-skilled employees are the key to our success. PKC employs a culturally diverse workforce, with 98% of employees located outside Finland.

As employees are our most important asset, PKC's management prioritises employee well-being and closely monitors employee satisfaction annually.

Union Representation in Acuña

In 2012, PKC Group was accused of restricting its employees' rights to the freedom of association and collective bargaining in Acuña, Mexico. PKC took the accusations seriously, and conducted its own assessment of the situation. At the end of 2012, some of PKC's major shareholders visited Acuña to conduct their own independent review of PKC's actions; based on the assessment, they concluded that PKC has operated in a responsible fashion and according to good practices and local laws.

In October, 2012, our Acuña employees participated in the official election of the labour union administered by the Mexican Federal Labour Board. The election was the largest election that has been held between two rival labour unions in Mexico. According to the votes counted by the Labour Board, the Confederation of Mexican Workers

(CTM) – the existing representative and the largest labour union in Mexico – won the election.

The situation in Acuña is a good example of the challenges companies face when operating globally in countries sometimes governed by very different laws and cultural norms. PKC's foremost obligation is in line with the international norms and guidelines, obeying the domestic laws and, should conflict arise, seeking ways to honour the principles and standards of the international norms and guidelines, while applying the law. Going forward, we will focus on strengthening our co-operation with PKC's employees and their labour union, in order to better understand their interests.

Eye on the Future

Overall, in terms of PKC's corporate responsibility work, 2012 has been educational and we have seen first-hand how important it is to engage in an active dialogue with our stakeholders. In the next few years, we will focus on developing of PKC's corporate responsibility work to further support our strategy. This includes implementing our new Code of Conduct training and developing our corporate responsibility reporting. On the longer term, we hope to maintain and develop our corporate responsibility practices, including improving transparency. We want corporate responsibility to be in the core of our operations.

“Overall, in terms of PKC's corporate responsibility work, 2012 has been educational and we have seen first-hand how important it is to engage in an active dialogue with our stakeholders.”

STRATEGY

PKC's vision is to be a global market leader in Electrical Distribution Systems Architecture and Electronics for commercial vehicles and selected other segments. In order to achieve that vision, PKC strives to be the best available partner for customers and to provide high-quality customer service. Increasing customer expectations and challenges relating to corporate responsibility also create new opportunities for PKC. By exceeding the Group's current and potential customers' expectations regarding corporate responsibility, PKC can become the partner of choice creating new business opportunities for the Group.

Corporate responsibility is a cornerstone of PKC's operations. PKC's business must be met by the highest standards of ethical behaviour. The Group takes responsibility for the environment and strives to minimise its environmental impact. The Group also respects and promotes human rights and fair workplace practices; equal opportunities; and maintains a zero-tolerance policy on bribery and corruption. Observance

of the applicable laws, regulations and Group's internal policies and practices is a requirement from which there can be no exception.

PKC's values – Commitment, Quality, Profitability and Co-operation – together with PKC's Code of Conduct support the implementation of the Group strategy and guide the Group's daily operations.



Market Trends

The market trends affecting PKC's business are:

1. Uncertain market development: length and extent of the financial crisis as well as speed and magnitude of growth thereafter
2. Consolidation: consolidation of both the customer and supplier base continues, especially in APAC
3. Globalisation: demand shift to growth regions (Asia accounts for half of the commercial vehicles sold worldwide), regional technology platforms with modular systems, and customers' demand for global suppliers

In addition to the aforementioned market trends, the underlying market circumstances listed below continue to affect PKC's business:

1. Pricing pressure
 - Increased complexity and technological content vs. customer demands for price reduction
 - Role of Total Costs of Ownership (TCO) increases for suppliers, OEM's and end-customers
2. Continuous market cyclicity
3. Slow product renewal cycles: Truck platforms with long lifecycle

In line with PKC's strategy, the Group creates high-quality products while striving for high

productivity and cost-efficiency throughout its operations.

Strategic Priorities with Regard to Corporate Responsibility

PKC is a provider of manufacturing and development services to its globally operating OEM -customers and, therefore, PKC's corporate responsibility priorities relate to personnel, quality and the environment. As a publicly traded company, financial sustainability is also important to PKC.

PKC's competitiveness is based on its skilled and professional personnel. PKC's manufacturing is labour intensive and its services are based on its personnel's expertise and know-how in processes, products, technology and components. Therefore, issues related to employees and their well-being are considered the most important matters in corporate responsibility. PKC is committed to promoting sustainable labour practises and human rights. PKC also aims to ensure that all employees conduct themselves in ways that demonstrate uncompromising ethical standards in all of their dealings with other employees, customers, suppliers, governments, the public, and other stakeholders.

Quality is one of PKC's key values. In line with PKC's strategy, the Group creates high-quality products while striving for high productivity and cost-efficiency throughout its operations. Investment in the quality of

products and operations is a cornerstone of ensuring customer satisfaction and the success of the Group's operations. PKC continuously improves its operations and seeks growth opportunities by both strengthening and expanding current customer relationships and by winning new customers.

PKC wants to take responsibility for the environment. Although the environmental impact of PKC's business operations is minimal, the Group strives to continuously observe and measure the environmental impact of its operations in order to promote the continuous improvement of processes. The Group also strives to minimise possible effects by, for instance, sourcing materials locally near manufacturing; reducing and recycling packaging materials; utilising recyclable materials; minimising material loss and optimising production and deliveries. PKC's operations do not require high energy consumption or water use, do not affect biodiversity and release only minimal emissions and effluents; therefore these issues are not regarded to be strategic priorities and are not reported in 2012.

Furthermore, environmental legislation, such as the automotive industry's emission standards, play an important role in market cyclicity.

STAKEHOLDER ENGAGEMENT

PKC aims to ensure that its operations are sustainable and make a positive contribution to fulfilling the Group's stakeholders' objectives. This is why PKC aims to maintain an active dialogue with stakeholders.

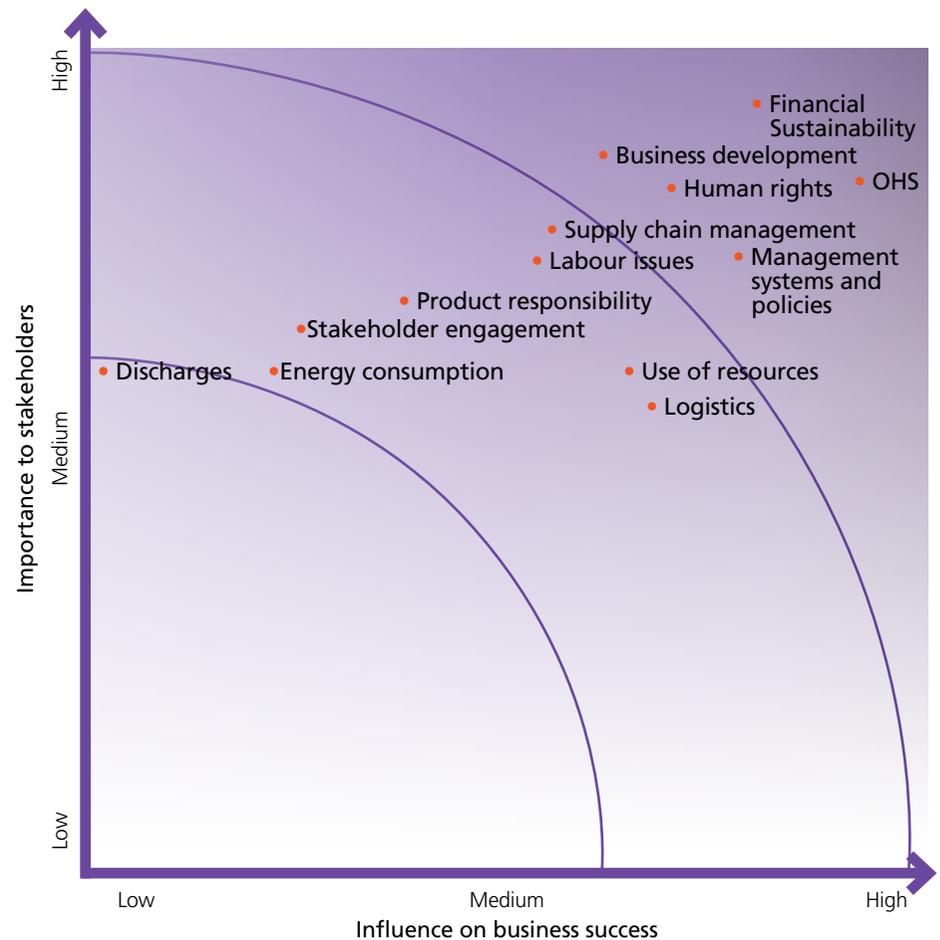
In order to better serve PKC's stakeholders, in 2012 the company set out to map their reasonable expectations and interests regarding corporate responsibility. As part of the process, the Executive Board defined the most important corporate responsibility issues for the Group. Based on the Executive Board's and external stakeholders' assessments, the most important issues identified were:

- Financial sustainability
- Business development
- Human Rights
- Labour Issues
- Occupational health and safety (OHS)
- Supply chain management
- Management systems and policies

PKC has used the stakeholder survey results in determination of the Corporate Responsibility Report content and shall, furthermore, use the results in its continuous development of its operations, especially in relation to corporate responsibility.

Many stakeholders also regarded energy consumption, water use, biodiversity, emissions and effluents to be important. However, as PKC's operations do not require high energy consumption or water use; do not affect biodiversity; and release only minimal emissions and effluents, PKC does not regard these issues to be strategic priorities and therefore does not currently report them.

MATERIALITY MATRIX



STAKEHOLDER ENGAGEMENT

Stakeholder	Communication channels	Assessment
Customers	<ul style="list-style-type: none"> • Continuous one-to-one dialogue • Customer meetings and events (e.g. PKC Tech Days) • Stock Exchange and press releases and reports • Website 	<ul style="list-style-type: none"> • Continuous quality and delivery performance monitoring • Annual customer satisfaction surveys
Personnel	<ul style="list-style-type: none"> • Continuous one-to-one dialogue • Development discussions • Intranet • Informative, training and co-operation meeting, and events 	<ul style="list-style-type: none"> • Employee satisfaction surveys • Continuous monitoring of EHS, employee turnover and other personnel related data
Suppliers	<ul style="list-style-type: none"> • Continuous one-to-one dialogue • Supplier meetings and events 	<ul style="list-style-type: none"> • Continuous quality and delivery performance monitoring • Annual supplier evaluations • Supplier audits
Investors	<ul style="list-style-type: none"> • Meetings with investors and analysts • Annual general meetings • Stock exchange and press releases, financial reports • Capital markets days 	<ul style="list-style-type: none"> • Feedback from shareholders, investors, and analysts
Other (e.g. authorities, media, educational institutes)	<ul style="list-style-type: none"> • Website • Stock Exchange and press releases and reports • Media coverage • Direct contacts 	<ul style="list-style-type: none"> • Feedback from stakeholders



MANAGEMENT APPROACH

PKC's corporate responsibility approach is based on PKC's vision, core values, company culture, business and operating environment as well as stakeholders' expectations.

PKC's approach to corporate responsibility comprises of compliance, employee motivation, risk management, and strengthened stakeholder relationships, which all facilitate the Group's improved market position.

PKC operates with ethical business practices, takes responsibility for the operating environment and strives to minimise any harm caused to the environment. The Group also respects and promotes human rights, fair workplace practices and equal opportunities. We also maintain a zero-tolerance policy on bribery and corruption. Compliance with legislation, regulations and international norms is a fundamental requirement, from which it is not possible to deviate in any circumstance.

PKC Group Plc's Board of Directors has ratified the Code of Conduct which covers the entire Group. The Code of Conduct sets principles for ethical business practices and is based on the highest ethical standards. PKC's Corporate Governance structure and procedures have been described in the Corporate Governance guidelines ratified by PKC Group Plc's Board of Directors.

The guidelines are in line with the Finnish Corporate Governance Code. The Group's Corporate Governance Statement is published annually. The Board of Directors is responsible for complying with the Corporate Governance guidelines and has committed itself to developing them further to benefit shareholders. Corporate Governance Statement is published annually.

Economic Performance

Profitability is one of PKC's key values. PKC runs profitable and productive operations, uses capital efficiently, and maintains the solvency of the Group at a high level. PKC continuously improves its operations and seeks growth opportunities. Besides creating value for shareholders, profitable growth creates a sustainable basis for the business by maintaining motivated personnel and reliable supplier base and thus ensuring competitiveness and increased customer satisfaction also in the future.

PKC Group's Board of Directors has ratified the Treasury Policy for the whole Group. The purpose of the Treasury Policy is to define the main activities, common management

principles, division of responsibilities as well as required control environment for Treasury and related risk management processes to be applied throughout PKC Group.

Quality and Customer Satisfaction

PKC has a long history of employing and refining quality management systems. The development of quality management systems and business processes are steered by the operating environment, customer demands and in Wiring Systems business also by the stringent quality requirements of the automotive industry. The Wiring Systems and Electronics business have separate quality manuals governing their business areas group-wide. Each business segment has a Senior Quality Manager responsible for the Quality function group-wide. The efficiency and up-to-date status of the quality management systems are assured with regular audits performed by customers and an external qualified party.

All of the Group's factories are certified in accordance with requirements of the ISO 9001 quality standard and ISO/TS 16949 quality standard for the automotive industry,

Code of Conduct

PKC's Code of Conduct contains the following topics:

- Compliance and governance
- Human rights
- Employment conditions
- Conflicts of interest
- Anti-Corruption
- Confidentiality; Insider Issues; Public Disclosures
- Economic performance
- Product Responsibility
- Environment
- Risk Management
- International Business
- Antitrust/Competition laws
- Society
- Protection and proper use of Group's assets
- Use of email and Internet

excluding the factory in Traverse City (USA), which is only certified in accordance with requirements of ISO 9001 standard. The Group also co-operates with customers in its development work.

Environment

PKC's environmental management system has been established to achieve PKC's environmental goals and to serve as a tool for developing the quality and efficiency of processes, products and services. The Wiring Systems and Electronics business have separate environmental manuals governing their business areas group-wide. Each business segment has a Senior Quality Manager responsible for the Environmental functions group-wide. Factories attend independently to the management of environmental affairs in accordance with their environmental programmes and local legislation. The efficiency and up-to-date status of the environmental management systems are assured with regular audits performed by customers and an external qualified party.

All of the Group's factories, except factories in Campo Alegre (Brazil) and Sao Bento do Sul (Brazil), are certified in accordance with the ISO 14001 environmental standard. The certification in accordance with ISO 14001 environmental standard in Campo Alegre is planned to be completed during 2013.

Personnel and Human Rights

PKC Group respects and endorses the human rights and freedoms as defined in United Nations' Universal Declaration of Human Rights. The principles of the Universal Declaration of Human Rights are embedded in PKC's Code of Conduct and its everyday operations. PKC is also committed to conducting its operations in line with the ILO Core Conventions on Labour Standards and the OECD Guidelines for Multinational Enterprises. Group-wide instructions and guidelines related to personnel are approved by the Group parent company.

Each Executive Board member responsible for regional operations is responsible for the implementation of the Code of Conduct within his/her region. PKC Group Plc's HR manager supervises and co-ordinates group-wide tasks. However, mostly PKC's human resources function has been decentralised to regional/local management. Some personnel related practises, e.g. those related to improvement of competence, employee commitment, health and safety, labour protection and the working environment, have been identified as best practices that are implemented at PKC's other plants worldwide. Some of PKC's manufacturing units have also been certified in accordance with the OHSAS 18001 occupational health and safety management system standard.

Risk Management

Risk management is part of PKC's control system. PKC Group has a group-wide risk management policy, which the parent company's Board of Directors has approved. The objective of the risk management policy is to define group-wide guidelines and set such goals for risk management that the Group's overall risk level is evaluated systematically and comprehensively in order to achieve the business objectives. Other (group-wide, unit and function-specific) guidelines linked to risk management have also been drafted, such as the Treasury Policy, Health and Safety Guidelines, Information Security Guidelines.

PKC Group Plc's Board of Directors is responsible for approving the principles of risk management and making decisions on strategic risks.

“PKC continuously improves its operations and seeks growth opportunities. Besides creating value for shareholders, profitable growth creates a sustainable basis for the business by maintaining motivated personnel and reliable supplier base and thus ensuring competitiveness and increased customer satisfaction also in the future.”

PKC'S PERFORMANCE 2012

The year 2012 was a very active year with respect to corporate responsibility and required a lot of management attention on different aspects of corporate responsibility. As a result, PKC also maintained an active dialogue with its stakeholders.

PKC's group-wide Code of Conduct that forms the basis for the Group's corporate responsibility was updated to include all aspects of corporate responsibility reporting, as identified by the GRI guidelines. In preparation for the Code of Conduct update, PKC also initiated stakeholder discussions in order to respond to their interests regarding corporate responsibility. Also other group-wide policies and guidelines were launched and/or updated in 2012 like e.g. PKC Group's Anti-corruption Compliance Policy and Treasury Policy. All of the aforementioned documents were approved by PKC Group Plc's Board of Directors.

PKC also received some attention in the media and from its stakeholders on its conduct in relation to its Acuña, Mexico employees' labour union issue. The attention that the issue has received clearly demonstrates the challenges that companies may face when operating in countries, whose legislation and business environment differs from what companies are used to outside those countries. The issue is described in more detail in section human rights on page 13.

KEY EVENTS IN 2012

Issue	Event 2012	Future targets
Policy updates/launches	<ul style="list-style-type: none"> • Code of Conduct • Treasury Policy • Anti-corruption Compliance policy 	<ul style="list-style-type: none"> • Implementing, communicating and/or training of the policies
Corporate responsibility report	<ul style="list-style-type: none"> • Reporting started 	<ul style="list-style-type: none"> • Develop reporting further
Corporate responsibility communication	<ul style="list-style-type: none"> • Project to establish corporate responsibility section on Group website 	<ul style="list-style-type: none"> • Publication and further development of the website
Stakeholder engagement	<ul style="list-style-type: none"> • Stakeholder survey • Stakeholder discussions and press releases regarding labour union issue in Acuña, Mexico 	
Awards		<ul style="list-style-type: none"> • PKC Eesti AS was honoured with the highest prize for Estonian enterprises by Estonian government for year 2012. It also won in foreign investor category for good development and effort made over many years being present in Estonia • Verde Ghaia award for 2012: PKC's factory in Itajubá, Brazil was awarded 1st place in two categories, Environment and Health & Safety

PERSONNEL

As the majority of PKC's manufacturing is labour intensive, the Group's competitiveness is based on its skilled personnel. PKC also believes that engaged and competent employees deliver better results. Therefore, PKC Group considers its global, multi-cultural organisation to be one of the Group's core strengths.

PKC Group also believes that employee well-being is integral to good human resource management. Employee well-being is developed in co-operation with the occupational healthcare unit, the occupational safety organisation, and personnel administration. Employees are also offered competitive benefits and they are encouraged to develop their own professional skills.

Competence Development

In order to maintain a skilled and engaged workforce, PKC focuses on developing its employees' competences. PKC encourages employees to perform and grow by creating opportunities for personal development and promotion, which support the Group's business strategy and targets. Plans for the coming years include defining both the required competencies and the means to secure such competencies. The competence development needs of individual employees are identified in development discussions.

In 2012 one of the focus areas in competence development was supervisory work and leadership. Professional and working leadership enables achievement of strategic objectives in changing environment. PKC's

objective is that each employee can show their abilities, and that the right person is employed in the right position. In relation thereto, a specific personnel development programme was implemented in North America. The programme provides opportunities for employees to develop their skills and to create their own personal career path at PKC.

The average number of hours of training per employees increased in Europe by the training related to ERP system implementation in Central Europe. The number of training hours per employee also increased in South America due to training related to ramp-up of the factory in Campo Alegre.

Promoting Health and Safety

PKC Group is committed to promoting the health and safety of its personnel. Labour protection – which comprises of maintaining employee health as well as preventing accidents and sickness – is a key element in supporting PKC's business operations and improving both quality and productivity.

PKC takes a systematic approach to labour protection; it is based on the assessment of workplace hazards, plans, guidelines and procedures that are followed by all employees. We continuously monitor working conditions, the level of labour protection, as well as health and safety using various means, including regular workplace inspections and atmosphere questionnaires. Education, training, counselling, prevention and risk control measures have also been implemented in all of PKC's units.



LEVERAGING BEST PRACTICES: BECOMING THE SAFEST PLACE YOU WILL BE TODAY

PKC North America has adopted the motto "Make PKC the safest place you will be today". PKC is committed to the goal of zero major injuries, accidents and work-related illnesses. In order to ensure the fulfilment of this promise, PKC has taken a systematic approach to developing and implementing a culture of safety at all of PKC's plants.

At North American plants, the main risks for employees are hand and finger injuries as well as noise exposure. As a result of hearing conservation programme no cases of hearing loss have been recorded since 2007. Furthermore, safety observations regarding hand and finger risks exposure have resulted in a reduction of accidents by 46%. A fatality prevention process has also been implemented to ensure that high-risk activities are actively identified and reviewed for fatality potential. As part of the programme, adequate countermeasures have been implemented to control those risks.

This systematic approach has helped make PKC North America the best-practise example in employee safety. However, in order to truly create a culture of safety, the tone must come from the top: "Part of the reason that we have been so successful in terms of meeting our safety-related goals, is that top management has integrated these goals into their business plans", says Dr. Arturo Garcia, who is responsible for Environmental, Health and Safety in North America. "At our North American plants, we also carry out constant activities and give reminders to reinforce our culture of safety", he continues. The measures implemented have been very successful as the recordable injury rate has significantly decreased from 0.168 in 2008 to 0.042 on 2012.

In order to leverage on the best-practices introduced in North America, PKC intends to devise a road map which details the plan for implementing these practices on a Group level.

In 2012 a personnel well-being survey was conducted covering the entire Group. The results of the survey are used in developing human resources processes and practices further. The Group has many facilities where EHS practices are world-class. PKC is proud of these best practices and intends to implement them gradually at PKC's other plants worldwide.

Human Rights

For PKC Group, it is of utmost importance to respect and support internationally defined human rights and to ensure the fair-treatment of employees. PKC Group is also committed to providing equal employment opportunities and prohibits discrimination or harassment in any form. PKC abides by all applicable labour laws and respects the right of its employees to form and join trade unions and to exercise collective bargaining.

Two legal claims have been made in 2012 against two of PKC's subsidiaries alleging discrimination. In one case, PKC's former employee alleges discrimination in terminating the employment relationships on the basis of gender. In the other case, a former employee alleges discrimination in terminating the employment relationships on the basis of labour union membership. The respective subsidiaries deny these allegations as unsubstantiated and have taken the appropriate legal steps in their defence.

LABOUR UNION REPRESENTATION IN ACUÑA, MEXICO

In spring 2012, PKC Group was accused of restricting its employees' rights of the freedom of association and right to collective bargaining in Acuña, Mexico. PKC took the accusations seriously, conducted its own assessment of the situation and has since published press releases and engaged in discussions with some of its stakeholders regarding the issue.

PKC Group maintains that it has not, and is in no way restricting the rights of its employees in Mexico nor anywhere else in the world. PKC has at all times complied fully with the laws of Mexico as well as with the international recommendations and principles set out by OECD and ILO, including employees' freedom of association and the right to collective bargaining.

According to Mexican law, labour unions may, without consulting employees, register themselves as the employees' representative and demand the employer to execute a collective bargaining agreement or alternatively employers may sign a collective bargaining agreement with a labour union voluntarily. Prior to accepting the agreement with Confederación de Trabajadores de México (CTM), local management in Acuña conducted extensive round table meetings with employees to understand the employees' concerns, and their views on certain topics, including the issue of unionisation.

PKC fully supported the October 2012 official election organised by the Mexican Federal Labour Board regarding the labour union representation of the employees. According to the votes counted by the Labour Board, the Confederation of Mexican Workers (CTM) won the

election with 52% of the votes cast. The outcome of the vote confirmed PKC's impartiality as employees freely voted for their choice of union through secret ballot.

The labour unions have further filed a complaint with the Organisation for Economic Co-Operation and Development (OECD) in Mexico and in Finland and alleged that PKC would have breached the OECD Guidelines for Multinational Enterprises in its production facilities in Acuña, Mexico. However, the OECD process is intended, according to OECD Guidelines, to be a non-public mediation process to facilitate common understanding and mutual agreement consistent with local laws. PKC believes that the claims in the OECD complaints are meritless and are defending them in both Finland and Mexico.

At the end of 2012, some of PKC's major shareholders visited PKC's Acuña facilities to conduct their own independent assessment of the situation. The investors concluded that PKC has conducted itself responsibly in these circumstances: "Even though the legislation in Mexico differs significantly from the North European standards, PKC has, according to our own assessment, conducted itself in a responsible fashion and in accordance with good Western practices. Based on everything we have seen and heard, we have not found any indication of any illegalities or improprieties. On the contrary, we found out that the Acuña facilities have put significant efforts in continuous improvement of personnel's well-being through improvement of working environment, health and safety issues." Ilmarinen Mutual Pension Insurance Company's Head of Responsible Investments Ms Anna Hyske has also published a blog in Ilmarinen's webpages on her visit. Unfortunately the blog has only been published in Finnish.

Nordea Bank's RIG Team (Responsible Investing and Governance team) has also published its video report on the visit.

QUALITY AND CUSTOMER SATISFACTION

PKC's goal is to continuously improve customer satisfaction both in terms of product and service quality as well as their environmental impact. Demands, restrictions and expectations set by regulation as well as by customer and other stakeholders, relating to quality, product safety, and environmental impact are continuously monitored throughout the entire product and service lifecycle.

Product safety is also developed systematically according to certified quality systems. Furthermore, product safety is continuously tested during quality control and product development processes. This is done in co-operation with customers, suppliers and subcontractors.

In order to safeguard PKC's close customer relationships, PKC closely monitors its customer satisfaction through continuous one-to-one dialogue and customer meetings and events (e.g. PKC Tech Days). Customer satisfaction surveys are conducted annually. After closely reviewing the survey results, action plans are made for each customer account with the aim to achieve the improvement opportunities revealed by the results. The objective of the survey is to find out the level of satisfaction

of PKC Group's global customers in the following main categories: products, deliveries and customer service personnel. Additionally, some questions concerning the future relationship with PKC Group are also asked. Results are reported on PKC Group level as total and divided as Electronics and Wiring Systems business results.

In 2012, processes were developed and unified in order to improve efficiency and quality in the production network. The use of Lean - management process and its tools was expanded and training was organised to personnel. Also the utilisation of Six Sigma- process was continued, and its use will be expanded and enhanced further. In relation to the integration of businesses acquired in the previous year, the unification of quality metrics and reporting practices was continued. Reporting practices were improved to correspond better to the changes in the business environment.

Identifying best practices in quality was continued and the best practices identified were utilised in different parts of the Group. The best practice process will be developed further and integrated as part of everyday operations.

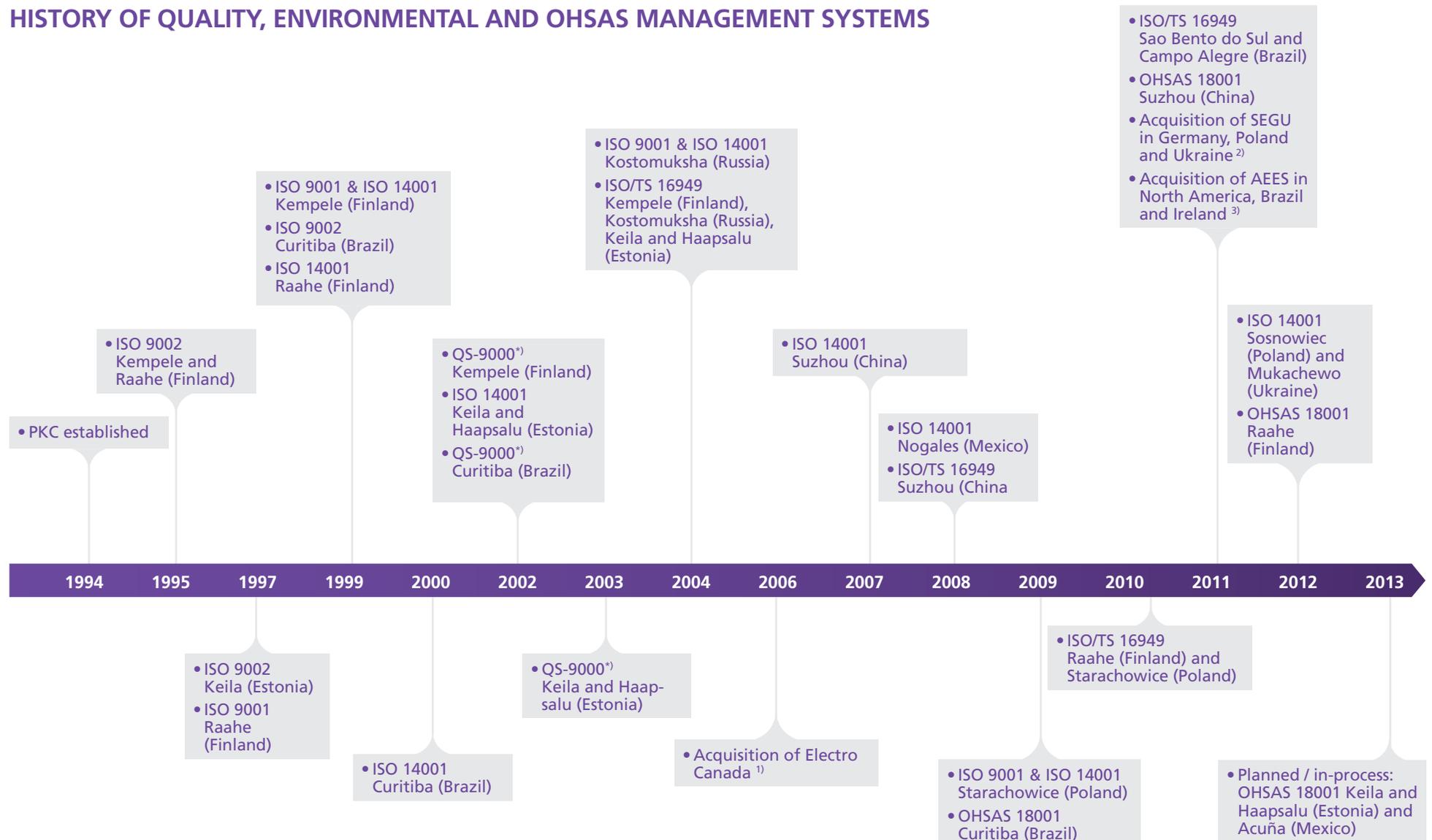
LEVERAGING BEST PRACTICES: GOOD FOR THE ENVIRONMENT, GOOD FOR THE BUDGET

Commercial trucks carry over 70% of all U.S. freight and 76% of European freight. As the largest wiring systems supplier in PKC's current key market areas for heavy duty trucks, PKC Group is committed to the design and development of technologies that maximise efficiency, minimise waste and reduce environmental impact.

As an example, PKC has collaborated with a customer to design and develop a new commercial vehicle electrical distribution system (EDS) architecture. The new electrical distribution system has numerous operational and environmental advantages over the prior architecture. For example, due to the long operational life of trucks, the capacity to add future electrical content is a necessity; compared to traditional technology the multiple unit system can house an 800% increase of additional spare fuses and relays. The reduction of wiring systems complexity has also led to a total system weight reduction of 13%. As a result, both logistic costs and fuel consumption are reduced. Furthermore, there are also several economic benefits. The new EDS architecture is estimated to realise a 25–35% reduction in warranty claims. Fewer warranty claims mean fewer repairs which results in less waste and reduced costs.

The combination of PKC's unique Modular PDCs (Power Distribution Centres) and Smart PDCs also lowers engineering development costs, customer investment, timing, and engineering changes by up to 70%.

HISTORY OF QUALITY, ENVIRONMENTAL AND OHSAS MANAGEMENT SYSTEMS



¹⁾ Currently known as ISO/TS 16949

¹⁾ ISO/TS 16949 Nogales (Mexico)

²⁾ ISO/TS 16949 Barchfeld (Germany), Sosnowiec (Poland) and Mukachewo (Ukraine)
ISO 9001 and ISO 14001 Barchfeld (Germany)

³⁾ ISO/TS 16949 and ISO 14001 Dundalk (Ireland), Itajuba (Brazil), Acuña, Juarez, Piedras Negras and Torreon (Mexico)
ISO 9001 Grand Traverse (USA)
OHSAS 18001 Itajuba (Brazil)

ENVIRONMENT

PKC constantly observes and measures the environmental impact of its operations in order to promote the continuous improvement of the Group's processes. Even though the environmental impact of PKC's operations is minimal, PKC Group aims to reduce the environmental impact of manufacturing by sourcing materials locally near manufacturing sites, by optimising deliveries, by selecting recyclable materials and by efficiently managing and recycling materials. To reduce packaging waste, products are delivered to clients in recyclable and reusable packages. The Group also extends environmental responsibility by designing energy-efficient products that minimise emissions and material use. For example, PKC's power distribution centre -solutions maximise the opportunity of power and signal distribution while minimising material weight, cost, and tooling investment.

Environmental impact of travelling is decreased by encouraging personnel to use online meetings instead of physical meetings that require travelling.

Initiatives to Mitigate Environmental Impacts in Relation to Materials Use

PKC has a limited possibility to influence the use of material due to the fact that products are mainly manufactured according to customer design and specifications from customer designated components.

However, PKC has on-going projects to improve material usage and diminish material waste. In 2012, especially the use of copper was improved and material waste was decreased in the Wiring Systems business. PKC also studies alternative materials that would improve efficiency and reduce weight, and thus decreasing the environmental impacts of both manufacturing and products.

For chemicals there is a New Materials Use Approval System in place. All new chemicals are reviewed before use by evaluating MSDS information. Additionally, we decrease or substitute the usage of toxic materials like Lead, Isocyanides, Toluene, Refractory Ceramic Fibre, Silica etc. according to requirements and legislation as applicable. RoHS compliant materials are used in production as applicable and required.

Most significant material used in production is wires and cable. Wire and cable scrap is generated as a by-product of the wire and cable processing (cutting and crimping). The amount of generated wire and cable scrap is monitored, scrap target set and necessary actions initiated in order to minimise the scrap generation. The copper scrap monitoring and related activities cover all the wiring harness and component manufacturing activities.

LEVERAGING BEST PRACTICES: REDUCING COPPER SCRAP

Wires and cables are the main components used by PKC in the Wiring Systems business; the copper content in wiring systems is on average 25%. In addition to environmental impact, the volatility of raw materials prices such as copper motivated PKC to take a closer look at the amount of copper scrap produced and to identify opportunities to reduce scrap.

In 2008, PKC set out to understand the main contributors of copper scrap and to reduce the amount of scrap generated. The main contributor is the adjustment scrap. Cables and wires are cut to appropriate length by cutting machines and terminals are crimped to them. When machines are adjusted due to change of wire and/or terminal, it results in adjustment scrap, which accounts for the majority of the copper scrap. The other contributors of copper scrap are scrap due to manufacturing defects and scrap generated by the mandatory quality tests, some of which are destructive.

In order to reduce the amount of scrap produced, PKC has improved processes and ways of working. PKC has trained employees in the improved working methods and in identifying opportunities to reduce scrap.

This initiative has produced good results. Since 2008 copper scrap has been reduced by 35%. What started with a strong financial motivation, has proved important for several reasons: "While all of our copper scrap is sold to companies that recycle copper, recycling copper still results in unnecessary loss of capital and takes unnecessary time and energy" says Director, Global Quality & Risk Management Ulla Sipilä.

The programme, which has become a process, was first piloted in PKC's European plants after which it was extended to all plants.

“PKC constantly observes and measures the environmental impact of its operations in order to promote the continuous improvement of the Group's processes.”

Initiatives to Mitigate Environmental Impacts in Relation to Water Use

Water is mainly consumed for social purposes and the use of water in the processes is limited. In principle water is not consumed during the production processes of wiring harness manufacturing. Limited amount of water is in the process mainly as cooling agent in closed circulation and those locations engaged in such activities are in compliance with water discharge parameters established by country regulations.

Controls and prevention measures of water leaks and water misuse are in place.

Initiatives to Mitigate Environmental Impacts in Relation to Emissions

PKC's operations emit a limited amount of emissions, due to the fact that PKC's manufacturing work consists mainly of manual assembly work. Emissions are generated in a limited amount of processes such as moulding. Where emissions occur, PKC's approach is that process emissions are filtered and conducted before releasing them to the atmosphere. The majority of the emitted substances are aliphatic alcohols and their derivatives contained in solvents and inks used in the wire printing process.

Where applicable and required by law or local authorities necessary permissions have been obtained. For example in Poland there are permissions for emission of gases and dust to air in accordance with legal requirements.

Initiatives to Mitigate Environmental Impacts in Relation to Effluents

The nature of PKC's operations is such that water is not used in the process and therefore there are no effluents generated in the manufacturing. Effluents generated are wastewater, primarily sewage water and waste water from the washing and house-keeping of production facilities. Detergents used by cleaning services are biodegradable.

However at Sosnowiec plant in Poland the latest water tests have demonstrated inadmissibly high level of phosphorus. The corrective actions such as use of lime have been implemented. PKC is waiting for results.

Initiatives to Mitigate Environmental Impacts in Relation to Noise

Noise is not an environmental factor in the operations of PKC. The noise levels are in accordance with legal requirements and noise

permissions are not required. Noise has been measured during both the day and night, and no instances of exceeding the legal limit have been found. In production the use of ear protection is used where mandated by health and safety regulations.

Initiatives to Mitigate Environmental Impacts in Relation to Waste

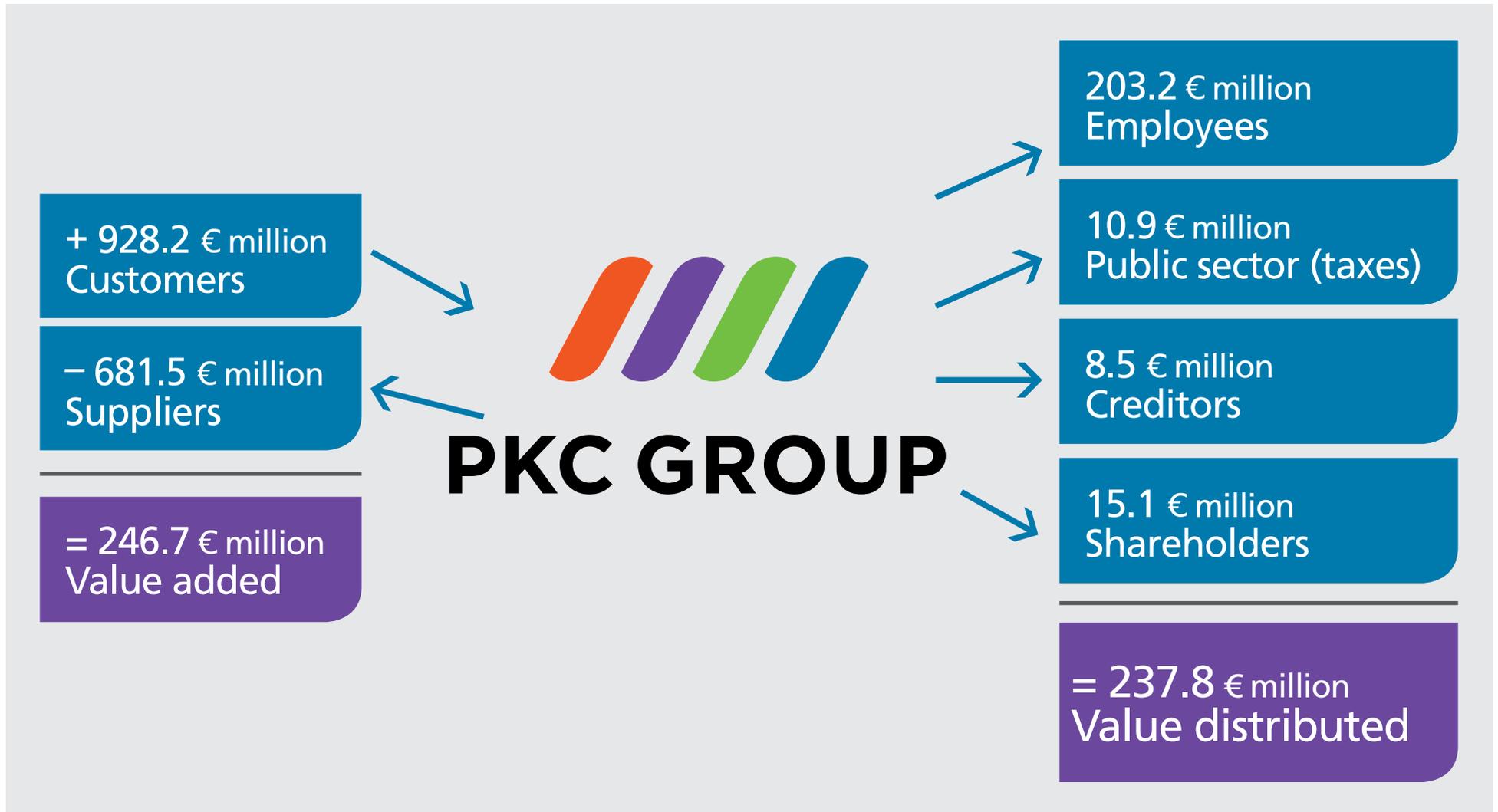
The amount of waste generated in PKC's processes is limited due to the nature of the manufacturing process which is mainly manual assembly. Most of the waste is generated from packaging such as cardboard boxes and other packaging material. Generated waste is sorted, sent to an authorised disposal sites where wastes are recycled or disposed of.

Waste levels are monitored. The amount of communal waste is minimised with the aim to recycle as much waste as possible by sorting the generated waste.

Achievements in mitigating environmental impacts in 2012

- Global: Copper scrap, see case example p. 16
- Global: Performance metrics in 2012: reduction of 10.4% of copper scrap in production in 2012 compared to 2011.
- In Russian electronics factory water use has been reduced by 19% per person in 2012 compared to previous year 2011.

VALUE CREATED TO STAKEHOLDERS



KEY DATA

The figures shown in LA1 tables include also temporary employees. At the end of the financial year, the Group's personnel numbered 19,305 employees, in addition to which the Group had 454 temporary employees.

LA1 Total workforce by gender and business segment

	Male	Male-%	Female	Female-%	Total
Wiring systems business segment	9,129	48%	9,821	52%	18,950
Electronics business segment	335	41%	474	59%	809
PKC Group Total	9,464	48%	10,295	52%	19,759

LA1 Employment type and gender

	Full time			Part time			Total
	Male	Female	Total	Male	Female	Total	
South America	1,113	1,695	2,808	0	0	0	2,808
Asia	174	176	350	0	0	0	350
Europe	1,228	3,261	4,489	6	19	25	4,514
North America	6,925	5,136	12,061	19	7	26	12,087
PKC Group Total	9,440	10,268	19,708	25	26	51	19,759

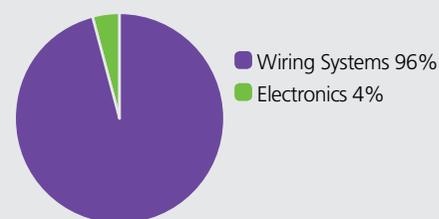
*) Ireland is reported under North America figures as it is part of North America region operationally.
Note! Fluctuation in customer and seasonal demand is offset by using rented workforce as applicable.

LA1 Total workforce by gender

	Male	Male-%	Female	Female-%	Total
South America	1,113	40%	1,695	60%	2,808
Asia	174	50%	176	50%	350
Europe	1,234	27%	3,280	73%	4,514
North America	6,943	57%	5,144	43%	12,087
PKC Group Total	9,464	48%	10,295	52%	19,759

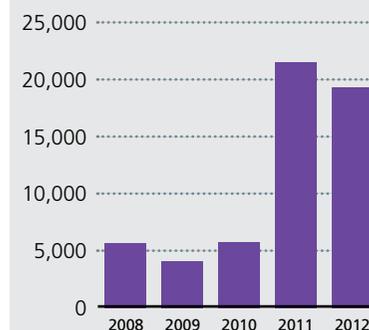
*) Ireland is reported under North America figures as it is part of North America region operationally.

LA1 EMPLOYEES BY BUSINESS SEGMENT



LA1 NUMBER OF PERSONNEL FROM 2008 TO 2012

at the end of year



LA1 Employment contract type and gender

	Permanent			Fixed term			Total
	Male	Female	Total	Male	Female	Total	
South America	924	1,511	2,435	189	184	373	2,808
Asia	174	176	350	0	0	0	350
Europe	892	2,505	3,397	342	775	1,117	4,514
North America	6,917	5,140	12,057	27	3	30	12,087
PKC Group Total	8,907	9,332	18,239	558	962	1,520	19,759

*) Ireland is reported under North America figures as it is part of North America region operationally.

LA1 Total workforce by category and gender

	Temporary ¹⁾			Blue collar			White collar			Total
	Male	Female	Total	Male	Female	Total	Male	Female	Total	
South America	189	184	373	674	1,312	1,986	250	199	449	2,808
Asia	0	0	0	120	132	252	54	44	98	350
Europe	22	38	60	860	2,860	3,720	352	382	734	4,514
North America	19	2	21	6,346	4,910	11,256	578	232	810	12,087
PKC Group Total	230	224	454	8,000	9,214	17,214	1,234	857	2,091	19,759

1) Temporary = Rented employees

*) Ireland is reported under North America figures as it is part of North America region operationally.

LA2 New employee hires entering employment by gender

	Rate		
	Male %	Female %	Total %
South America	23%	50%	73%
Asia	21%	19%	39%
Europe	5%	8%	13%
North America	29%	21%	50%
PKC Group Total	22%	22%	44%

LA2 New employee hires entering employment by age groups

	Rate		
	<30 -%	30-50 -%	>50 -%
South America	51%	22%	0%
Asia	33%	7%	0%
Europe	7%	4%	1%
North America	34%	16%	0%
PKC Group Total	30%	14%	1%

LA4 Employees covered by collective bargaining agreements

	Coverage -%
South America	96%
Asia	0%
Europe	94%
North America	89%
PKC Group Total	90%

LA2 Employees leaving employment by gender

	Rate		
	Male %	Female %	Total %
South America	22%	31%	53%
Asia	3%	5%	9%
Europe	8%	19%	27%
North America	31%	16%	48%
PKC Group Total	24%	19%	43%

LA2 Employees leaving employment by age groups

	Rate		
	<30 -%	30-50 -%	>50 -%
South America	37%	15%	1%
Asia	9%	0%	0%
Europe	14%	10%	3%
North America	29%	18%	1%
PKC Group Total	26%	16%	1%

Note! Rates calculated using total workforce as defined in LA1 including rented personnel.

*) Ireland is reported under North America figures as it is part of North America region operationally.

LA1 TOTAL WORKFORCE BY GENDER, %



System of rules applied in the statistics below follows the national laws and regulations.

Inclusion / exclusion of minor (first aid level) injuries in TRIR indicator:

- First-aid cases are not included in the figures in the following regions / countries:
 - South America
 - Ukraine
 - Russia
- In the rest of the regions / countries first-aid cases are included in the TRIR indicator and therefore figures are not fully comparable.

Start point of calculating lost days and the definition of lost days:

- In South America, North America, Estonia and Poland lost days are calculated based on calendar days.
- At other regions / countries lost days are counted based on scheduled work days.
- In principle the starting point of the lost day calculation is the first day after the accident i.e. First full day of absence.

LA7 Total workforce: Injury rate (IR)

	IR Male	IR Female	IR Total
South America	2.7	2.9	2.8
Asia	0.9	0.9	0.9
Europe	0.8	0.6	0.7
North America	NA	NA	2.2
PKC Group Total	9.3	4.1	2.0

Note! Total number of injuries not separately reported in Ukraine - only lost days due to accidents.
 Note! Detailed breakdown by gender for total hours worked and number of workforcedays not available in NA and therefore no reporting by gender is possible. ALL REPORTED FIGURES ARE TOTAL FIGURES WITHOUT GENDER DIVISION.

LA7 Independent contractors: Injury rate (IR)

	IR Male	IR Female	IR Total
South America	0	0	0.0
Asia	0	0	0.0
Europe	0	0	0.0
North America	0	0	0.0
PKC Group Total	0	0	0.0

LA7 Total workforce: Occupational diseases rate (ODR)

	ODR Male	ODR Female	ODR Total
South America	0.09	0.34	0.2
Asia	0.00	0.00	0.0
Europe	0.00	0.04	0.03
North America	NA	NA	0.0
PKC Group Total	0.04	0.15	0.0

Note! Detailed breakdown by gender for total hours worked and number of workforcedays not available in NA and therefore no reporting by gender is possible. ALL REPORTED FIGURES ARE TOTAL FIGURES WITHOUT GENDER DIVISION.

LA7 Independent contractors: Occupational diseases rate (ODR)

	ODR Male	ODR Female	ODR Total
South America	0	0	0.0
Asia	0	0	0.0
Europe	0	0	0.0
North America	0	0	0.0
PKC Group Total	0	0	0.0

LA7 Total workforce: Lost day rate (LDR)

	LDR Male	LDR Female	LDR Total
South America	13.9	12.2	12.8
Asia	1.8	15.4	8.7
Europe	109.5	57.5	71.9
North America	NA	NA	3.4
PKC Group Total	56.0	39.0	15.0

Note! Detailed breakdown by gender for total hours worked and number of workforcedays not available in NA and therefore no reporting by gender is possible. ALL REPORTED FIGURES ARE TOTAL FIGURES WITHOUT GENDER DIVISION.
 *) Ireland is reported under North America figures as it is part of North America region operationally.

LA7 Independent contractors: Lost day rate (LDR)

	LDR Male	LDR Female	LDR Total
South America	0	0	0.0
Asia	0	0	0.0
Europe	0	0	0.0
North America	0	0	0.0
PKC Group Total	0	0	0.0

LA7 Total workforce: Absentee rate (AR)

	AR Male	AR Female	AR Total
South America	3,705.4	4,830.6	4,324.3
Asia	2,212.3	4,051.7	3,137.5
Europe	9,887.6	13,203.4	12,287.2
North America	NA	NA	319.8
PKC Group Total	7,248.9	11,217.3	2,840.8

Note! Detailed breakdown by gender for total hours worked and number of workforcedays not available in NA and therefore no reporting by gender is possible. ALL REPORTED FIGURES ARE TOTAL FIGURES WITHOUT GENDER DIVISION.
 Note! Absentee day data not available from Russia.

LA7 Independent contractors: Absentee rate (AR)

	AR Male	AR Female	AR Total
South America	0	0	0.0
Asia	0	0	0.0
Europe	0	0	0.0
North America	0	0	0.0
PKC Group Total	0	0	0.0

LA7 Total workforce: Absolute number of fatalities

	Number of fatalities
South America	0
Asia	0
Europe	0
North America	0
PKC Group Total	0

LA7 Independent contractors: Absolute number of fatalities

	Number of fatalities
South America	0
Asia	0
Europe	0
North America	0
PKC Group Total	0

LA10 Average number of training hours per year per employee by employee category

	Temporary *) Average training hours / person	Blue collar Average training hours / person	White collar Average training hours / person	Total Average training hours / person
South America	2.2	28.4	12.6	23.2
Asia	0.0	0.1	0.1	0.1
Europe	134.9	27.1	178.8	64.4
North America ¹⁾	10.3	8.9	34.5	10.5
PKC Group Total	23.8	15.4	75.5	22.5

1) Ireland is reported under North America figures as it is part of North America region operationally.
*) Temporary = Rented employees

LA10 Average number of training hours per year per employee by gender

	Male Average training hours / person	Female Average training hours / person	Total Average training hours / person
South America	16.7	27.5	23.2
Asia	0.2	0.0	0.1
Europe	72.1	40.3	49.0
North America ^{1), 2)}	0.4	0.3	10.5
PKC Group Total	12.3	18.2	21.4

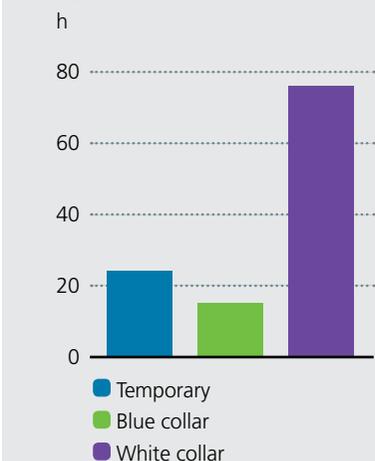
1) Ireland is reported under North America figures as it is part of North America region operationally.
2) In Mexico gender breakdown of training hours not available.

HR4 Total Number of incidents of discrimination and corrective actions taken

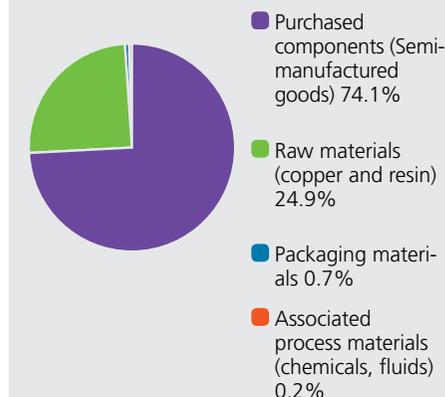
	No. of reported cases
South America	0
Asia	0
Europe	1
North America ^{*)}	1
PKC Group Total	2

*) Ireland is reported under North America figures as it is part of North America region operationally.

LA10 AVERAGE NUMBER OF TRAINING HOURS PER YEAR PER EMPLOYEE BY EMPLOYEE CATEGORY



EN1 TOTAL OF MATERIALS USED (PURCHASE VOLUME IN EUR)



1) Non-renewable material volume % of total usage 25%

2) Direct material volume % of total usage 99.8%

ABOUT THE REPORT

Reporting scope

PKC Group has chosen to report on corporate responsibility issues in accordance with Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines (G3.1), because GRI provides a comprehensive reporting framework that is widely used around the world and thus enables easier comparison of PKC Group's performance with other companies. PKC Group expects this report to be useful to its shareholders, customers, suppliers, employees, analysts and other stakeholders.

The report for year 2012 is PKC Group's first Corporate Responsibility Report. In the future, PKC Group shall publish the report annually. The report for year 2012 covers the ethical, social and environmental issues most relevant to PKC Group and its stakeholders. Economic performance is not included in this report in great length as PKC Group publishes separately financial statements that provide comprehensive information about consolidated and parent company's financial performance and financial position. The corporate responsibility reporting period corresponds with PKC Group's financial year, which is the calendar year, and therefore cor-

responds also to the period reported in the Annual Report. Some governance issues are also excluded from the report scope as PKC Group publishes annually separate corporate governance statements and remuneration statements that provide the same information.

Key corporate responsibility issues, if any, are also reported in the Corporate Responsibility section of PKC Group's quarterly Interim Reports as well as separate press releases, if need be.

Report content and the indicators have been defined and chosen on the basis of materiality to PKC Group's operations. The materiality analysis was performed by a team representing different functions within the PKC Group. In addition to internal analysis, a survey was conducted among chosen representatives of PKC Group's key stakeholders in order to get a better understanding of the areas that the stakeholders are particularly interested in and verify that PKC Group's own assessment of the most material corporate responsibility topics is correct. The stakeholders engaged were identified and selected by a team representing different functions within the PKC Group.

All group-wide and regional organisations and units are included in the reporting scope. The personnel and environmental data was collected from all regional units and covers the entire PKC Group, with the exception of management data that only covers PKC Group Plc.

PKC Group has self-declared this report to be Application level B.

Independent assurance

This report has not been assured independently by a third party. However, it is contemplated to have the future reports externally assured.

GRI G3.1 CONTENT INDEX – Application level B

STANDARD DISCLOSURES PART I: Profile Disclosures					
1. Strategy and Analysis					
Profile Disclosure	Description	Reported	Cross-reference/Direct answer	Reason for omission	Explanation
1.1	Statement from the most senior decision-maker of the organisation	Fully	p. 3–4		
1.2	Description of key impacts, risks, and opportunities	Partially	p. 3–4, 5–6, 7, 9–10, 11		
2. Organisational Profile					
2.1	Name of the organisation	Fully	p. 2		
2.2	Primary brands, products, and/or services	Fully	p. 2		
2.3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures	Fully	p. 2; More detailed information on the organisation may be found in PKC's Corporate Governance Guidelines available at PKC's website and Corporate Governance Statement; PKC's organisational chart; Composition of PKC Group's Board of Directors and Executive Board, including Board members' independence.		
2.4	Location of organisation's headquarters	Fully	p. 2		
2.5	Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	Fully	p. 2		
2.6	Nature of ownership and legal form	Fully	p. 2		
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	Fully	p. 2, 19; More detailed information in PKC's Annual Report		
2.8	Scale of the reporting organisation	Fully	p. 2, 19		
2.9	Significant changes during the reporting period regarding size, structure, or ownership	Fully	No significant changes during the report period.		
2.10	Awards received in the reporting period	Fully	p. 11		

3. Report Parameters					
Profile Disclosure	Description	Reported	Cross-reference/Direct answer	Reason for omission	Explanation
3.1	Reporting period (e.g. fiscal/calendar year) for information provided	Fully	p. 23		
3.2	Date of most recent previous report (if any)	Not		Does not exist	No previous report published
3.3	Reporting cycle (annual, biennial, etc.)	Fully	p. 23		
3.4	Contact point for questions regarding the report or its contents	Fully	p. 32		
3.5	Process for defining report content	Fully	p. 23		
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance	Fully	p. 23		
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope)	Fully	p. 23		
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations	Not		Does not exist	No previous report published
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols	Fully	p. 19–23; Unless otherwise stated, these follow techniques and bases of calculations set out in GRI guidelines and manuals.		
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods)	Not		Does not exist	No previous report published
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	Not		Does not exist	No previous report published
3.12	Table identifying the location of the Standard Disclosures in the report	Fully	p. 24–31		
3.13	Policy and current practice with regard to seeking external assurance for the report	Fully	p. 23		
4. Governance, Commitments and Engagement					
4.1	Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight	Fully	Corporate Governance Statement		
4.2	Indicate whether the Chair of the highest governance body is also an executive officer	Fully	Chairman of the Board of Directors is not an executive officer.		
4.3	For organisations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members	Fully	Corporate Governance Statement		

Profile Disclosure	Description	Reported	Cross-reference/Direct answer	Reason for omission	Explanation
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	Fully	Corporate Governance Guidelines		
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organisation's performance (including social and environmental performance)	Fully	Remuneration Statement		
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	Fully	Corporate Governance Statement		
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity	Fully	Corporate Governance Statement		
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	Fully	p. 5, 9–10, in addition to which mission, values and Code of Conduct may be found at PKC's website.		
4.9	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles	Fully	Corporate Governance Guidelines, Corporate Governance Statement, Code of Conduct		
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	Fully	Corporate Governance Guidelines, Corporate Governance Statement		
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation	Fully	p. 10, 14		
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses	Fully	p. 10		
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organisations in which the organisation: Has positions in governance bodies; Participates in projects or committees; Provides substantive funding beyond routine membership dues; or Views membership as strategic	Fully	PKC is not a member of such associations and/or national/international advocacy organisations.		
4.14	List of stakeholder groups engaged by the organisation	Fully	p. 8		
4.15	Basis for identification and selection of stakeholders with whom to engage	Fully	p. 7, 23		
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	Fully	p. 8		
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting	Fully	p. 7		

STANDARD DISCLOSURES PART II: Disclosures on Management Approach (DMAs)				
G3.1 DMAs	Description	Reported	Cross-reference/Direct answer	Further comments
DMA EC	Management Approach to Economic Responsibility			
Aspects	Economic performance	Fully	p. 9	
	Market presence	Fully	PKC does not have policy or practices related to spending on locally-based suppliers or for hiring and proportion of senior management hired from the local community.	
	Indirect economic impacts	Fully	PKC does not make infrastructure investments or provide services for public.	
DMA EN	Management Approach to Environmental Responsibility			
Aspects	Materials	Fully	p. 10, 16	
	Energy	Fully	p. 6, 7	PKC's operations do not require high energy consumption and so far energy consumption has not been a significant factor in PKC's operations.
	Water	Fully	p. 6, 7, 17	PKC's operations do not require high water usage and so far water usage has not been a significant factor in PKC's operations.
	Biodiversity	Fully	p. 6, 7	PKC's operations are not situated in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.
	Emissions, effluents and waste	Fully	p. 6, 7, 17	PKC's operations do not produce emissions or effluents and therefore are not significant in PKC's operations.
	Products and services	Fully	p. 6, 10, 16	
	Compliance	Fully	p. 5, 9–10, 16	
	Transport	Partially	p. 6	
	Overall	Fully	p. 5–6, 10, 16	
DMA LA	Management Approach to Labor Practices and Decent Work			
Aspects	Employment	Fully	p. 6, 10, 12–13	
	Labour/management relations	Fully	p. 6, 10, 12–13	
	Occupational health and safety	Fully	p. 6, 9, 12	
	Training and education	Fully	p. 6, 9, 12	
	Diversity and equal opportunity	Fully	p. 6, 10, 12–13	
	Equal remuneration for women and men	Fully	p. 6, 9, 12	

G3.1 DMAs	Description	Reported	Cross-reference/Direct answer	Further comments
DMA HR	Management Approach to Human Rights			
Aspects	Investment and procurement practices	Fully	PKC's aim is to (i) include human rights clauses to all contracts; (ii) include human rights into supplier reviews; and (iii) train Code of Conduct to all employees.	
	Non-discrimination	Fully	p. 9–10, 13; More information may be found in PKC's Code of Conduct.	
	Freedom of association and collective bargaining	Fully	p. 9–10, 13; More information may be found in PKC's Code of Conduct.	
	Child labor	Fully	p. 9–10, 13; More information may be found in PKC's Code of Conduct.	
	Prevention of forced and compulsory labor	Fully	p. 9–10, 13; More information may be found in PKC's Code of Conduct.	
	Security practices	Fully	The data related to security personnel trained in PKC's Code of Conduct or procedures concerning aspects of human rights has not been tracked. PKC intends to have all personnel trained in Code of Conduct and procedures concerning human rights and track the data concerning the training	
	Indigenous rights	Not		Not applicable
	Assessment	Fully	p. 6–7, 9–10, 12–13	
Remediation	Fully	p. 6–7, 9–10, 12–13		
DMA SO	Management Approach to Society			
Aspects	Local communities	Fully	PKC's operations do not implement local community engagement, impact assessments or development programs as operations do not have significant potential or actual negative impacts on local communities.	
	Corruption	Fully	p. 9–10, 13; More information may be found in PKC's Code of Conduct.	
	Public policy	Fully	PKC does not participate in public policy positions or public policy development or lobbying nor does PKC make contributions to political parties, politicians or related institutions.	
	Anti-competitive behavior	Fully	p. 9; More information may be found in PKC's Code of Conduct.	
	Compliance	Fully	p. 9; More information may be found in PKC's Code of Conduct.	
DMA PR	Management Approach to Product Responsibility			
Aspects	Customer health and safety	Fully	p. 9–10	
	Product and service labelling	Fully	PKC's products are components and sub-assemblies mostly designed and manufactured on the basis of customers' specifications and integrated into customers products. Product and service labelling is therefore conducted in accordance with customers' instructions.	
	Marketing communications	Fully	PKC provides products and services to its business customers, so PKC's marketing communication is mostly business-to-business communication. PKC adheres to good marketing practices in its communications.	
	Customer privacy	Fully	PKC strictly respects the confidentiality of customer relationships and customers' proprietary and confidential information	
	Compliance	Fully	p.9, 10	

STANDARD DISCLOSURES PART III: Performance Indicators			
Performance Indicator	Description	Reported	Cross-reference/Direct answer
Economic			
Economic performance			
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Fully	p. 18
Environmental			
Materials			
EN1	Materials used by weight or volume.	Fully	p. 22
Products and services			
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Fully	p. 16–17
Compliance			
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Fully	EUR 0
Social: Labor Practices and Decent Work			
Employment			
LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	Fully	p. 19
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	Fully	p. 20
Labour/management relations			
LA4	Percentage of employees covered by collective bargaining agreements.	Fully	p. 20
Occupational health and safety			
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.	Fully	p. 21
Training and education			
LA10	Average hours of training per year per employee by gender, and by employee category.	Fully	p. 22
Diversity and equal opportunity			
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	Fully	PKC Group Plc's governance bodies do not have employee representation. PKC Group Plc's Board of Directors' and Executive Board's composition has been described in Corporate Governance Statement

Performance Indicator	Description	Reported	Cross-reference/Direct answer
Social: Human Rights			
Non-discrimination			
HR4	Total number of incidents of discrimination and actions taken.	Fully	p. 13, 22
Freedom of association and collective bargaining			
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	Fully	p. 13
Child labor			
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	Fully	No such operations or significant suppliers has been identified
Forced and compulsory labor			
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	Fully	No such operations or significant suppliers has been identified
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	Fully	PKC's operations in Acuña, Mexico have been subject to both internal and external review regarding conduct in relation to labour union representation of the employees. Both internal and external review resulted in "no indication of any illegalities or improprieties found"; p. 13
Remediation			
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	Fully	In relation to the labour union representation of PKC's Acuña, Mexico employees, the labour unions filed a complaint with the Organisation for Economic Co-Operation and Development (OECD) in Mexico and in Finland and alleged that PKC would have breached the OECD Guidelines for Multinational Enterprises in its production facilities in Acuña, Mexico. PKC believes that the claims are meritless and is defending them in both Finland and Mexico; p. 13
Social: Society			
Corruption			
SO3	Percentage of employees trained in organisation's anti-corruption policies and procedures.	Fully	The Group's Anti-corruption compliance policy was approved by the Board of Director at the end of year 2012 and no training took place in 2012. Trainings shall be conducted in 2013.
Anti-competitive behavior			
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	Fully	No legal actions for anticompetitive behaviour, anti-trust, and monopoly practices have taken place
Compliance			
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Fully	EUR 0

Performance Indicator	Description	Reported	Cross-reference/Direct answer
Social: Product Responsibility			
Customer health and safety			
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Fully	<p>Life cycle stages in which health and safety impacts of products and services are assessed for improvement:</p> <p>For development and R&D of products: When R&D is applicable i.e. PKC provides R&D services a standard product development process is utilised (according design manual). For analysing these risks we use DFMEA risk analysis method. Environmental issues are part of that process. For development of component projects, a standard product development process is utilised (PDPW). An input into the PDPW process is the Design Failure Mode Effects Analysis in which multiple items health and safety impacts are assessed.</p> <p>For certification: Material certifications performed to ensure adherence to applicable customer specifications. Actual requirements may vary by customer.</p> <p>For manufacturing and production: The DFMEA in combination with performance requirements are utilised to generate the manufacturing Process Failure Mode Effects Analysis (PFMEA). Health and Safety required are carried from the DFMEA to the PFMEA.</p> <p>For marketing and promotion: Not applicable to PKC, products are delivered to customer where they are fitted to the final product i.e. PKC manufactures sub-assemblies and components to customers' final products. Health and safety assessments are driven by customer requirements. No requirements applicable to marketing and promotion.</p> <p>For storage distribution and supply: Shipping containers and product packaging are evaluated for safety and are tailored to each component or assembly.</p> <p>For use and service: Design verification and product validation testing are used to assess the level of adherence to any health and safety requirements. Actual requirements may vary by customer.</p> <p>For disposal, reuse or recycling: RoHS is adhered to. Materials are selected to maximise the recyclability of our products.</p> <p>Percentage of significant product or service categories that are covered by and assessed for compliance with such procedures: 94%</p>
Product and service labelling			
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Fully	p. 14
Compliance			
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Fully	EUR 0

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PKC Group welcomes any and all
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