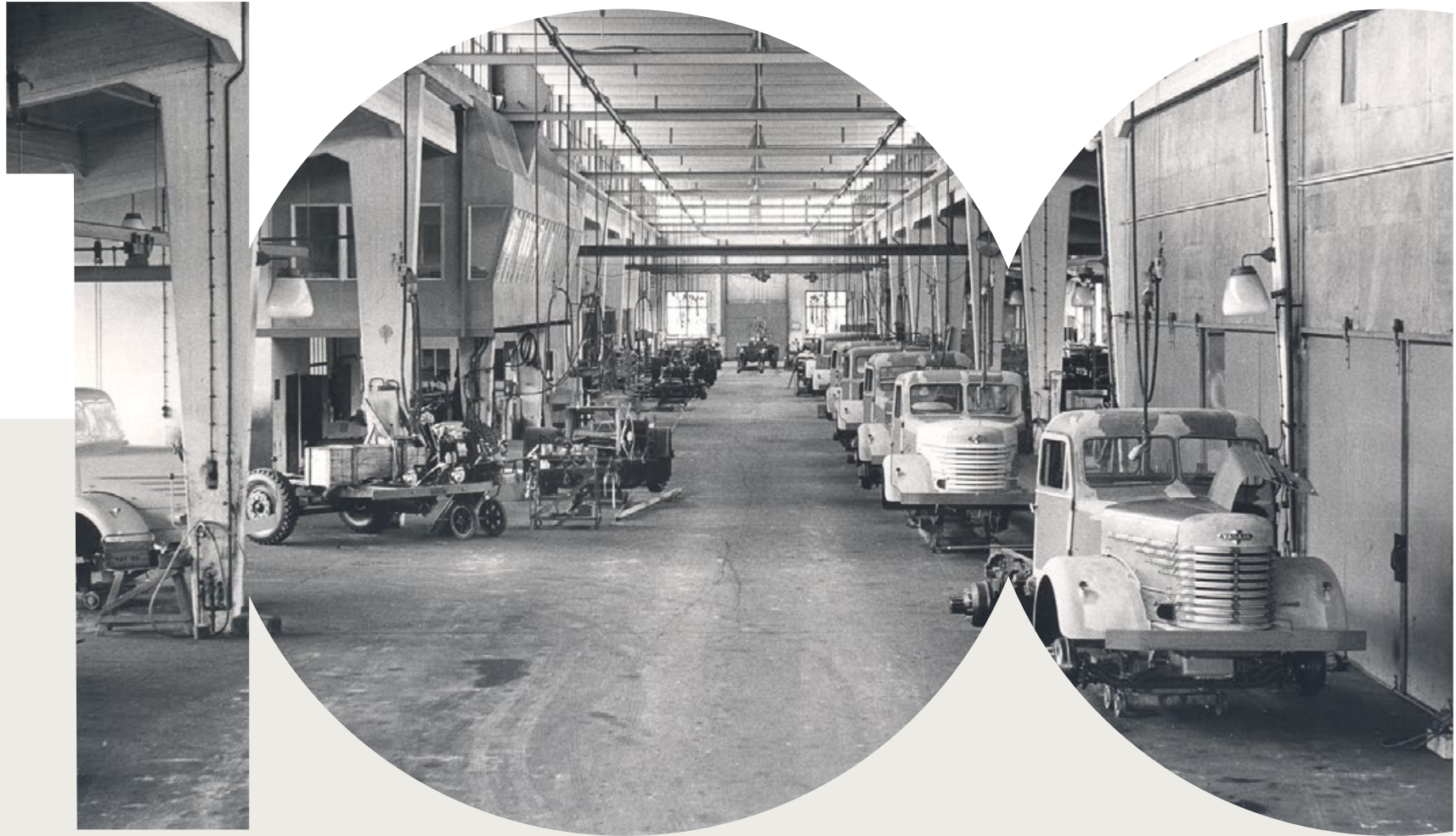


Patria

RESPONSIBILITY

Annual Report 2020



RESPONSIBILITY

PATRIA'S CORPORATE RESPONSIBILITY

YEAR 2020

RESPONSIBILITY PROGRAMME AND OBJECTIVES

STAKEHOLDER COLLABORATION

PATRIA AS PART OF SOCIETY

RESPONSIBLE EXPORTS

ETHICAL CONDUCT

DEVELOPING SUPPLY CHAINS

SECURITY OF OPERATIONS

FINANCIAL RESPONSIBILITY AND TAX FOOTPRINT

A RESPONSIBLE EMPLOYER

ENVIRONMENTAL RESPONSIBILITY

GRI INDEX

Patria's Annual Report consists of the Business Units' Review, the Corporate Responsibility Progress Report and the Financial Statements Report. Patria's Annual Report is published on the company's website at www.patriagroup.com.



Content

RESPONSIBILITY

3 PATRIA'S CORPORATE RESPONSIBILITY

7 Year 2020

8 Responsibility programme and objectives

10 Stakeholder collaboration

15 PATRIA AS PART OF SOCIETY

16 Responsible exports

17 Ethical conduct

19 Developing supply chains

20 Security of operations

22 Financial responsibility and tax footprint

23 A RESPONSIBLE EMPLOYER

28 ENVIRONMENTAL RESPONSIBILITY

35 GRI INDEX

RESPONSIBILITY

» **PATRIA'S CORPORATE
RESPONSIBILITY**

YEAR 2020

RESPONSIBILITY PROGRAMME AND
OBJECTIVES

STAKEHOLDER COLLABORATION

PATRIA AS PART OF SOCIETY

RESPONSIBLE EXPORTS

ETHICAL CONDUCT

DEVELOPING SUPPLY CHAINS

SECURITY OF OPERATIONS

FINANCIAL RESPONSIBILITY AND TAX
FOOTPRINT

A RESPONSIBLE EMPLOYER

ENVIRONMENTAL RESPONSIBILITY

GRI INDEX

The foundation for a secure future

Corporate responsibility and sustainability are integral to the way modern businesses operate. A reputation based on ethical conduct and decision-making is a strategic necessity that generates sustainable business benefits.

Ethics, transparency and a strong focus on all aspects of responsible conduct lie at the heart of business management. An unwavering commitment to fair and ethical business practices and a legacy of transparency guide Patria's operations.



A secure future is founded on a country's autonomy, that is, the ability of its parliamentary machinery to make independent decisions about its affairs. This calls for a credible military defence capability, which in turn requires sound security of supply. Security of supply comes from reliable technology and engineering expertise. Digital security is also becoming more critical.

In order to ensure a secure future, Patria must have the ability to perform its duties in the spheres of maintenance and servicing, security of supply, manufacture and crisis preparedness, both in Finland and in other countries where the company has public-sector customers.

Sustainability is integral to the way modern businesses operate. In practice, Patria contributes to the implementation of the Paris Agreement on climate change, and we see it as our duty to our customers and shareholders to do so. Also, the defence customers require Patria to provide better cost-effectiveness, including lower consumption, lower emissions, and more efficient logistics chains.

Esa Rautalinko
President and CEO

RESPONSIBILITY

» **PATRIA'S CORPORATE
RESPONSIBILITY**

YEAR 2020

RESPONSIBILITY PROGRAMME AND
OBJECTIVES

STAKEHOLDER COLLABORATION

PATRIA AS PART OF SOCIETY

RESPONSIBLE EXPORTS

ETHICAL CONDUCT

DEVELOPING SUPPLY CHAINS

SECURITY OF OPERATIONS

FINANCIAL RESPONSIBILITY AND TAX
FOOTPRINT

A RESPONSIBLE EMPLOYER

ENVIRONMENTAL RESPONSIBILITY

GRI INDEX



***Business and cooperation with
all stakeholders requires high
ethical norms, honesty and
transparency.***

**CORPORATE RESPONSIBILITY
MANAGEMENT**

As a public limited liability company, Patria Oyj's corporate governance complies with the Limited Liability Companies Act, Auditing Act, Accounting Act and any other binding legislation.

For example, the Limited Liability Companies Act specifies the company's governing bodies, their roles and responsibilities, and the relationships between governing bodies. As a state majority-owned company, Patria's operations are also governed by the Government Resolution on State-Ownership Policy, the latest version of which was published in April 2020.

Patria cooperates with national and international stakeholders (such as private companies, state-owned companies, governments, officials and agencies) at many levels and in many ways (for example, as a

corporate citizen, taxpayer, supplier, business partner and employer). Business and cooperation with all of these stakeholders requires high ethical norms, honesty and transparency. This collaboration is also subject to strict anti-bribery and anti-corruption regulations, and strict requirements relating to procurement practices, lobbying, sponsorship, representation, conflicts of interest, gifts and benefits.

Patria has a corporate responsibility team that is coordinated by the Chief Communications Officer. This team consists of the General Counsel/Chief Compliance Officer, the Chief Human Resources Officer, experts in finance, communications and environmental issues, and business unit representatives.

The General Counsel/Chief Compliance Officer is responsible for compliance and ethical issues (including anti-corruption activities). Matters related to these areas

are reviewed by the Group Management Team, and the General Counsel regularly reports to both the Board of Directors and the Audit Committee. Patria's ethics and compliance action plan is approved by the Board of Directors. The Audit Committee, which is appointed by the Board of Directors, has been assigned special responsibility for supervising ethical issues and this task is listed as one of its duties in the Audit Committee Charter.

Responsibility for environmental management lies with the organisations appointed for each business unit, and these organisations report to each business unit's Management Team. Patria's Environmental Team is tasked with furthering collaboration, sharing information and experiences between various business units, and planning and reporting on the Patria Group's environmental responsibility. The Environmental Team is coordinated at Group level.

RESPONSIBILITY

» PATRIA'S CORPORATE RESPONSIBILITY

YEAR 2020

RESPONSIBILITY PROGRAMME AND OBJECTIVES

STAKEHOLDER COLLABORATION

PATRIA AS PART OF SOCIETY

RESPONSIBLE EXPORTS

ETHICAL CONDUCT

DEVELOPING SUPPLY CHAINS

SECURITY OF OPERATIONS

FINANCIAL RESPONSIBILITY AND TAX FOOTPRINT

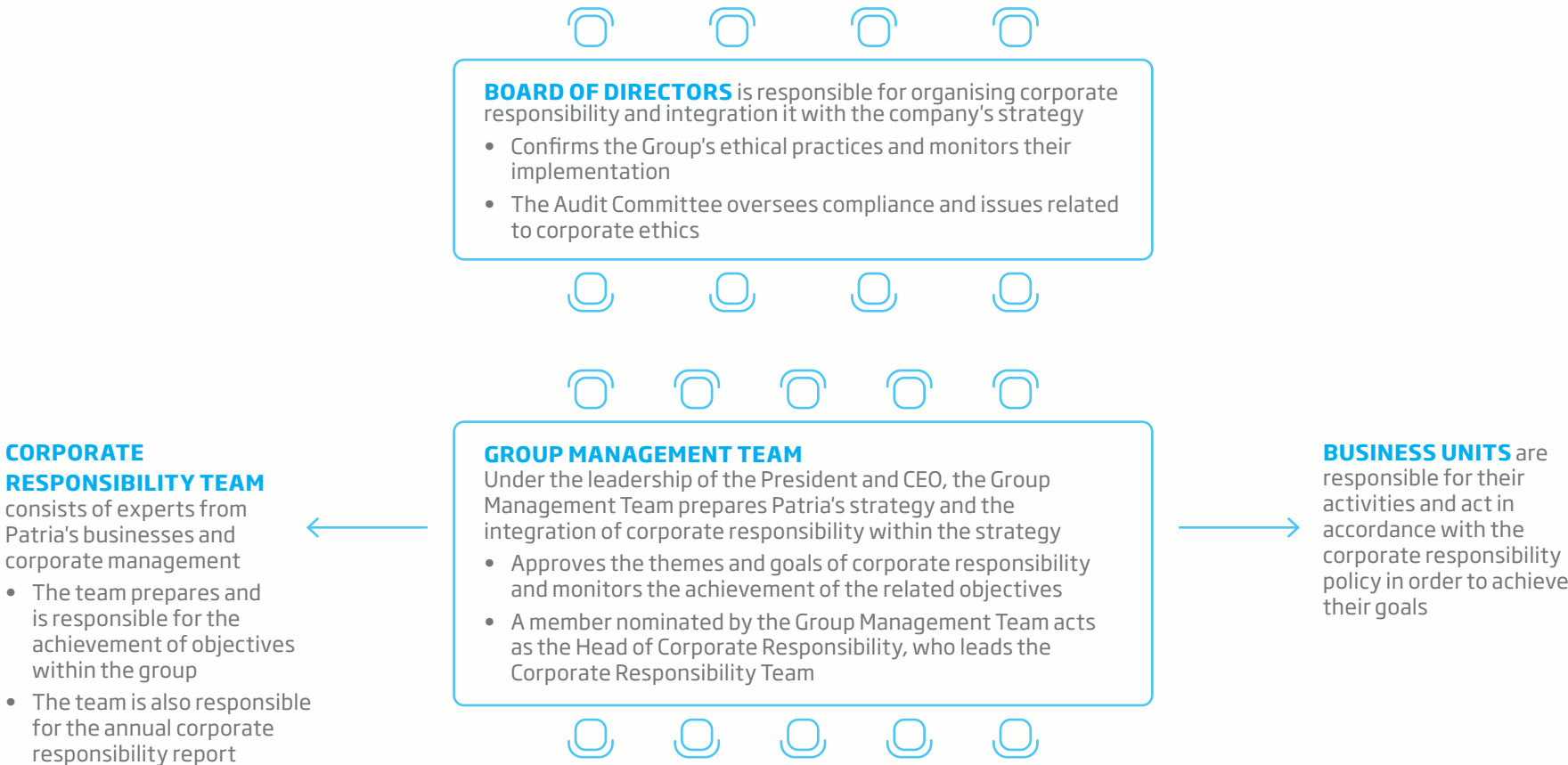
A RESPONSIBLE EMPLOYER

ENVIRONMENTAL RESPONSIBILITY

GRI INDEX

Corporate responsibility management and monitoring

ANNUAL GENERAL MEETING CONFIRMS PATRIA'S CORPORATE RESPONSIBILITY ACTIVITIES



RESPONSIBILITY

» **PATRIA'S CORPORATE RESPONSIBILITY**

YEAR 2020

RESPONSIBILITY PROGRAMME AND OBJECTIVES

STAKEHOLDER COLLABORATION

PATRIA AS PART OF SOCIETY

RESPONSIBLE EXPORTS

ETHICAL CONDUCT

DEVELOPING SUPPLY CHAINS

SECURITY OF OPERATIONS

FINANCIAL RESPONSIBILITY AND TAX FOOTPRINT

A RESPONSIBLE EMPLOYER

ENVIRONMENTAL RESPONSIBILITY

GRI INDEX

2020 Performance

ESSENTIAL THEMES OF CORPORATE RESPONSIBILITY DURING 2017-2020	LONG-TERM OBJECTIVE	INDICATORS	2020 PERFORMANCE
Role as a partner of the Finnish Defence Forces and security of supply	To be a sought-after and trusted partner.	A corporate image survey with a particular focus on customer-orientation and cooperation.	A stakeholder survey was conducted in October 2020. Patria is customer-oriented – score rose from 3.76 (2017) to 3.87. Patria operates in a networked manner and in cooperation with partners – score rose from 3.81 (2017) to 3.83.
Responsible defence materiel export practices	To be a trusted exporter of defence materiel.	The results of Transparency International UK's Defence Companies Anti-Corruption Index (Category B) and continuous competence development for personnel who work in exports.	Transparency International published its results in February 2021. Patria was in Category B, in accordance with its target. Patria continued its Trade Compliance events in collaboration with Kongsberg. Patria and Millog published updated ethical code of conducts.
Ethical operations and good governance	To be recognised as an ethical operator in the industry.	The annual training attendance rate of all Group personnel and developing the company's corporate image as part of the corporate image survey.	A decision was made to organise training for all personnel at two-year intervals. Preparations were made for two-tier training for 2021. A stakeholder survey was conducted in October 2020. Patria operates in an ethical and responsible manner – score rose from 3.97 (2017) to 4.01.
Financial performance	Financial profitability.	Achieving the profit targets budgeted for each year.	Patria Group's financial performance exceeded its key targets and profitability for the financial year 2020 was at a strong level, in spite of coronavirus pandemic.
Wellbeing at work	To offer a safe and inspiring working environment for all employees.	The sickness absence rate and the results of the employee satisfaction survey.	In Finland, the rate of sickness absences fell 2020, being 3.0% compared to 3.6% in the previous year. Patria People Personnel Survey's People Power Index was 64.8 in 2020 compared to 61.3 in 2018, implying positive developments in all areas.

RESPONSIBILITY

**PATRIA'S CORPORATE
RESPONSIBILITY**

» **YEAR 2020**

RESPONSIBILITY PROGRAMME AND
OBJECTIVES

STAKEHOLDER COLLABORATION

PATRIA AS PART OF SOCIETY

RESPONSIBLE EXPORTS

ETHICAL CONDUCT

DEVELOPING SUPPLY CHAINS

SECURITY OF OPERATIONS

FINANCIAL RESPONSIBILITY AND TAX
FOOTPRINT

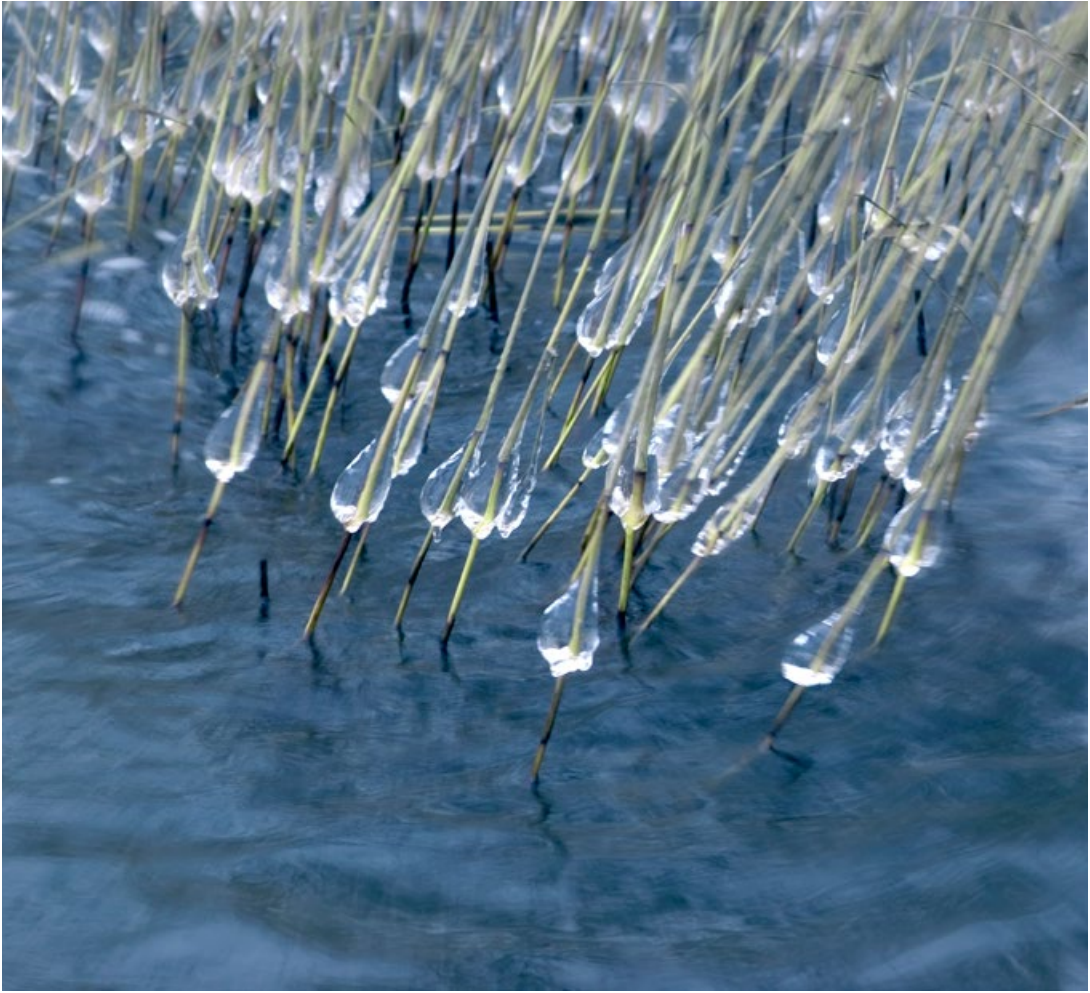
A RESPONSIBLE EMPLOYER

ENVIRONMENTAL RESPONSIBILITY

GRI INDEX

YEAR 2020

Responsibility highlights



Carbon footprint calculated

Patria generated 2,508.72 tonnes less greenhouse gas emissions than in previous year, if only operations in Finland are considered. Patria aims to reduce the carbon footprint of its own operations and will be setting targets to reduce greenhouse gas emissions during 2021.

**Patria People personnel survey
supports development efforts**

According to the survey, Patria's clear strengths at Group level include commitment, team spirit, and motivation for one's own work.

Ethical code of conduct updated

According to the personnel survey, 94 per cent of respondents stated they knew Patria's guidelines on ethical practices. Patria and Millog's ethical code of conducts were updated.

**Special pandemic arrangements
successfully implemented**

2020 was a year overshadowed by the coronavirus, yet Patria survived it commendably. The Group Management Team and a separate monitoring team both followed the situation regularly and took the necessary action to contain the effects. Transitioning to remote working took place flexibly.

New responsibility programme

A stakeholder survey was conducted, and the results were used to update Patria's main essential responsibility themes.

**Transparency International's
Defence Companies Anti-
Corruption Index**

Patria achieved its target Category B.

RESPONSIBILITY

**PATRIA'S CORPORATE
RESPONSIBILITY**

YEAR 2020

» **RESPONSIBILITY PROGRAMME AND
OBJECTIVES**

STAKEHOLDER COLLABORATION

PATRIA AS PART OF SOCIETY

RESPONSIBLE EXPORTS

ETHICAL CONDUCT

DEVELOPING SUPPLY CHAINS

SECURITY OF OPERATIONS

FINANCIAL RESPONSIBILITY AND TAX
FOOTPRINT

A RESPONSIBLE EMPLOYER

ENVIRONMENTAL RESPONSIBILITY

GRI INDEX

RESPONSIBILITY PROGRAMME AND OBJECTIVES

Patria's responsibility programme 2020-2025

Essential themes updated in 2020

Patria's essential responsibility themes were updated in 2020 on the basis of an international stakeholder survey. The survey was sent to a variety of stakeholders but was also open to Patria's personnel on the intranet and to the general public on Patria's website.

The results were almost identical to those of the 2017 survey. However, the essential themes have now been reorganised. Although environmental issues did not rank among the top five most important topics in the survey, they are one of Patria's themes due to global responsibility perspectives. The themes correspond to policies defined by Patria's management in accordance with its new strategy.

Patria's essential responsibility themes have now been defined in five categories:

- a trusted partner and security of supply,
- ethical conduct, good governance and responsible export,
- financial performance,
- occupational wellbeing and
- environmental actions against climate change.



RESPONSIBILITY

**PATRIA'S CORPORATE
RESPONSIBILITY**

YEAR 2020

» **RESPONSIBILITY PROGRAMME AND
OBJECTIVES**

STAKEHOLDER COLLABORATION

PATRIA AS PART OF SOCIETY

RESPONSIBLE EXPORTS

ETHICAL CONDUCT

DEVELOPING SUPPLY CHAINS

SECURITY OF OPERATIONS

FINANCIAL RESPONSIBILITY AND TAX
FOOTPRINT




A RESPONSIBLE EMPLOYER

ENVIRONMENTAL RESPONSIBILITY

GRI INDEX

Responsibility programme 2020-2025

LONG-TERM OBJECTIVES AND INDICATORS

THEMES	LONG-TERM OBJECTIVE 2025	INDICATORS	OBJECTIVES AND INDICATORS 2021	PLANNED MEASURES 2021
 TRUSTED PARTNER AND SECURITY OF SUPPLY	To be a sought-after and trusted partner.	Continuous improvement of the company's corporate image. A corporate image survey with a particular focus on customer-orientation and cooperation.	Designing and introducing a strategic, customer-oriented operating model. Indicator: A corporate image survey with a particular focus on customer-orientation and cooperation.	<ul style="list-style-type: none"> Good continuous communication and cooperation with customers and other stakeholders. Customer relationships are monitored in accordance with long-term objectives.
 ETHICAL CONDUCT, GOOD GOVERNANCE AND RESPONSIBLE EXPORT	To be a recognised ethical operator and a reliable exporter of defence materiel.	Continuous development of ethical practices and a stakeholder survey that measures ethics and responsibility in particular.	100% of personnel have completed ethics training. Indicator: completion rate.	<ul style="list-style-type: none"> Two-tier training for all personnel. Awareness of ethical conduct and communications about training.
 FINANCIAL PERFORMANCE	Profitable growth of EUR 300 million in line with the company's strategy by 2025.	Strategic development. Continual improvements in efficiency. Net sales of EUR 900 million by 2025.	Budgeted targets are achieved. Indicator: financial result 2021.	<ul style="list-style-type: none"> Performance monitoring.
 OCCUPATIONAL WELLBEING	To offer a safe and inspiring working environment for all employees. Successful transformation according to the strategy.	Results of the employee satisfaction survey.	A successful change in line with strategy. Indicator: maintaining sickness absences at the current level.	<ul style="list-style-type: none"> Ensuring occupational health and safety during the change process. Developing processes for data specification and collection in all business areas. Recording and monitoring incidents and analysing the reasons for sickness absences. Developing automated data collection processes.
 ENVIRONMENTAL ACTIONS AGAINST CLIMATE CHANGE	Reducing emissions.	Development followed in the Science Based Target initiative (https://sciencebasedtargets.org/). Carbon footprint reduction % to be defined by the end of 2021.	Define and decide on SBTi targets. Measures to reduce GHG emissions.	<ul style="list-style-type: none"> Calculate scope 1+2 emissions for locations outside Finland. Calculate scope 3 emissions for the entire organisation. Prepare an SBTi application. An energy audit of the Halli location. Energy-saving measures based on the audit. Short-term targets for GHG emissions.

RESPONSIBILITY

**PATRIA'S CORPORATE
RESPONSIBILITY**

YEAR 2020

RESPONSIBILITY PROGRAMME AND
OBJECTIVES

» **STAKEHOLDER COLLABORATION**

PATRIA AS PART OF SOCIETY

RESPONSIBLE EXPORTS

ETHICAL CONDUCT

DEVELOPING SUPPLY CHAINS

SECURITY OF OPERATIONS

FINANCIAL RESPONSIBILITY AND TAX
FOOTPRINT

A RESPONSIBLE EMPLOYER

ENVIRONMENTAL RESPONSIBILITY

GRI INDEX

**STAKEHOLDER
COLLABORATION**

Close and long-term cooperation

Patria works in close, long-term cooperation with many stakeholders and manages its stakeholder relations professionally, confidentially and honestly.

Patria cooperates with national and international stakeholders (such as private companies, state-owned companies, governments, officials and agencies) at many levels and in many ways (for example, as a corporate citizen, taxpayer, supplier, business partner and employer). Business and cooperates with all of these stakeholders requires high ethical standards, integrity and transparency. This collaboration is also subject to strict anti-bribery and anti-corruption regulations, and strict requirements relating to procurement prac-



tices, lobbying, sponsorship, representation, conflicts of interest, gifts and hospitality.

Patria's directors, board members, officers, employees and business partners are required to conduct business with high integrity and ethical standards and in a transparent manner when collaborating and interacting with any and all of the referenced stakeholders and to strictly comply with Patria Ethical Code of Conduct and related guidelines and policies as well as any and all applicable laws and regulations.

Patria works in close, long-term cooperation with its stakeholders. Patria understands good partnership as professional, reliable, open and transparent collaboration that all parties can accept without reservation. Patria manages its stakeholder relations honestly, ethically, fairly and confidentially. Patria does not accept

any kind of deviation from high standards of integrity, transparency, ethical conduct and compliance.

Excellent examples of such partnership can be found in its various partnership agreements, such as the strategic partnership between Patria and the Finnish Defence Forces covering life cycle support services for military aviation systems, and the extended partnership agreement between Millog and the Finnish Defence Forces.

A key stakeholder can be defined as follows:

- A key stakeholder has a significant impact on the organisation's result.
- Patria's business units and/or support functions are aware of what they want or need from the stakeholder.

RESPONSIBILITY

PATRIA'S CORPORATE
RESPONSIBILITY

YEAR 2020

RESPONSIBILITY PROGRAMME AND
OBJECTIVES

» STAKEHOLDER COLLABORATION

PATRIA AS PART OF SOCIETY

RESPONSIBLE EXPORTS

ETHICAL CONDUCT

DEVELOPING SUPPLY CHAINS

SECURITY OF OPERATIONS

FINANCIAL RESPONSIBILITY AND TAX
FOOTPRINT

A RESPONSIBLE EMPLOYER

ENVIRONMENTAL RESPONSIBILITY

GRI INDEX

- Patria wants to maintain and enhance its relationship with this stakeholder.
- Replacement would be difficult.

Key stakeholders

Patria's key stakeholders are its owners, personnel, customers and suppliers, authorities and agencies, a variety of trade and industry organisations, NGOs, various educational establishments and their students, and the media.

Every unit and project also define which stakeholders will play a key role in the success of each project. This is necessary in order to analyse their influence and significance. It is therefore important to obtain a clear understanding of the nature and role of each stakeholder, and the impact and requirements of key stakeholders are analysed at the end of each project to develop the relationship.

Stakeholder interaction

Patria interacts with key stakeholders in a variety of different ways. Patria's stakeholder interaction is based on regular, transparent and open dialogue.

Patria has drawn up a plan for lobbying on the basis of a stakeholder analysis. The main goals are to be transparent about Patria's activities and objectives, and to take even better account of stakeholders' needs. On the basis of this plan, Patria has been engaging in continual dialogue with key stakeholders during 2020.

In October 2020, Patria conducted a Group-level stakeholder survey in which stakeholders assessed the Group's operating methods, reliability and corporate image, as well as various aspects of its corporate social responsibility. The survey was available on Patria's website and intranet. It was also emailed to a wide range of stakeholders. Patria's corporate image was assessed on a scale of one to five, with five being the best. The overall

result was 3.83. When Patria's corporate image was last surveyed in 2017, the overall result was 3.73. According to external stakeholders, Patria had improved its operations in several areas or remained unchanged, which indicates that Patria's measures have been taking the company in the right direction.

The best assessments were given in the following areas:

- Patria represents specialist expertise
- Patria keeps its promises
- Patria is taking on a larger role and its tasks are getting more demanding
- Patria is international
- Patria is customer-oriented

Cost-effectiveness was one area for development that was identified by external stakeholders.

Stakeholder-specific financial capital flows (financial cash flows for stakeholders)

Direct economic value, EUR million			2020	2019	2018	2017
		Consolidated net sales	534.1	507.5	476.1	467.2
		Other operating income	38.4	18.0	17.7	21.2
		Financial income	0.5	0.4	0.4	0.1
Customers	Sales	Income, total	573.0	525.9	494.2	488.5
Suppliers	Goods, materials and services	Operating costs excluding depreciation and personnel expenses	308.0	305.2	274.3	266.1
Personnel	Wages, salaries and fees	Personnel expenses	194.7	186.8	171.1	171.2
Public sector	Taxes	Payments to government (taxes)	3.6	0.2	7.3	9.5
Non-profit foundations	Support and donations	Donations and other charitable payments	0.1	0.1	0	0
		Payments made to shareholders and loan providers				
Shareholders	Dividends	Dividends	13.9	13.9	16.7	31.2
Investors	Financial costs	Interest and other financial expenses	4.1	4.3	2.6	2.7
	Expenses	Distributed, total	524.5	510.5	472.0	480.7
	Sales - expenses = added value	Economic value retained for operational development	48.5	15.4	22.2	7.9
		Investments in tangible and intangible assets as well as acquisitions	15.2	34.6	7.3	19.6
Investments						

RESPONSIBILITY

**PATRIA'S CORPORATE
RESPONSIBILITY**

YEAR 2020

RESPONSIBILITY PROGRAMME AND
OBJECTIVES

» [STAKEHOLDER COLLABORATION](#)

PATRIA AS PART OF SOCIETY

RESPONSIBLE EXPORTS

ETHICAL CONDUCT

DEVELOPING SUPPLY CHAINS

SECURITY OF OPERATIONS

FINANCIAL RESPONSIBILITY AND TAX
FOOTPRINT

A RESPONSIBLE EMPLOYER

ENVIRONMENTAL RESPONSIBILITY

GRI INDEX

Patria's key stakeholders

STAKEHOLDER	INTERACTION	ASSESSMENT
Owners	Board work, General Meetings, management meetings and interaction with the owners, the Patria Magazine, briefings, press releases, annual reports, financial reviews, website	Feedback from the Board of Directors and the owners, feedback from the Audit Committee of the Board of Directors
Consultative Committee	Open and continuous communications, meetings, visits, bulletins, reviews, website	Feedback from the Consultative Committee
Finnish Parliament	For example, a variety of committee hearings, bulletins, website	Feedback
Personnel	Open and continuous communication, Group meetings, annual development conversations, personnel briefings and internal communication, intranet, Patria Day, online magazine, training, occupational safety, initiatives and continuous improvement	Personnel satisfaction questionnaires, satisfaction and follow-up questionnaires of different business units, intranet questionnaires, internal feedback and discussion channels
Customers	Regular customer contact, life-cycle customer support for products, customer events and seminars, customer magazines, website, conferences and fairs, product documentation, customer feedback system, customer satisfaction surveys	Customer questionnaires, feedback, QA system, audits
Suppliers	Open and active interaction between the purchasing organisation and the suppliers, the ERP system, supplier days	Suppliers evaluations, audits
Authorities	Cooperation and reporting with the authorities regarding, e.g. the environment, occupational safety and security, CSR reports, company presentations, communication and website	Stakeholder questionnaires, feedback
Industry and business organisations	Membership in and active involvement with industry organisations (such as AFDA, NORDEFCO, ASD, ELDIG, Federation of Finnish Technology Industries)	Interaction, meetings, stakeholder feedback, visibility
Non-governmental and other organisations	Open cooperation and meetings with non-governmental organisations, memberships, support (such as Transparency UK, the UN Global Compact, FIBS, various civic organisations in Finland), CSR reporting, other reports, sponsorships, donations (such as funding for Christmas presents for a variety of organisations in the areas in which Patria operates)	Stakeholder feedback, quantity of communication and meetings, visibility
Educational establishments, students	Offering training and working opportunities, research and development projects, guest lectures, recruitment events, general presentations, visits, seminars, supporting student activities, website, the social media, campaigns and open-door events	Employer image surveys, stakeholder feedback, number of recruitment event participants and questionnaires, feedback received
Media	National and international publications, magazines, online media, fairs and events, interviews, bulletins, the Patria Magazine, online magazine, website, material bank, social media, meetings, visits, tours	Surveys, interaction, feedback, media follow-up, the reach and accuracy of messages, the tone of messages in the media, industry follow-up, social media activity and number of clicks on posts

RESPONSIBILITY

**PATRIA'S CORPORATE
RESPONSIBILITY**

YEAR 2020

RESPONSIBILITY PROGRAMME AND
OBJECTIVES

» **STAKEHOLDER COLLABORATION**

PATRIA AS PART OF SOCIETY

RESPONSIBLE EXPORTS

ETHICAL CONDUCT

DEVELOPING SUPPLY CHAINS

SECURITY OF OPERATIONS

FINANCIAL RESPONSIBILITY AND TAX
FOOTPRINT

A RESPONSIBLE EMPLOYER

ENVIRONMENTAL RESPONSIBILITY

GRI INDEX

The next corporate image survey will be conducted at the end of 2021. In addition to this extensive survey, business units also conduct project-specific assessments throughout the year.

Patria's website has several feedback channels for stakeholders, one of which is anonymous. This ensures that Patria takes all its stakeholders' interests into consideration.

Other major events in 2020

Transparency International Defence & Security updates the Defence Companies Anti-Corruption Index – a survey of more than a hundred companies in the international defence industry – at approximately three-year intervals. Patria was also invited to respond to the survey, whose results were published in February 2021. The survey assesses a wide range of anti-corruption related topics on the basis of externally available information. Patria was placed in the second-highest category (Category B), which was also the target set by the company. The scale runs from A to F, with A being the best. This result shows that Patria is on the right track as a responsible operator in the defence sector. Various areas of corporate social responsibility have been systematically developed with the main focus on promoting ethical practices and anti-corruption activities.

During 2020, Patria and Kongsberg continued Trade Compliance – a joint project that seeks to promote business compliance. The project aims to develop operating models for the companies' export control by sharing best practices, and to improve both companies' ability to conduct international business.

Patria People survey was conducted in October–November 2020. 83.4 per cent of the personnel responded to the survey, which tells about a genuine desire to develop the Group as a whole, as well as own working environment. The goal of the survey was to identify the strengths of our organization and areas of development, as well as to develop the working culture. According to the survey, clear strengths at the Group level were commitment, team spirit and motivation for your own work. Same things were the strengths also in the survey in 2018. Issues to be developed according to the survey were: access to information relevant to your own work, decision culture, and implementation of changes.

Key topics in public during the year have been especially the 6x6 vehicle project. Patria uses a media monitoring tool for identifying topics to analyse themes, content and sources of news on a daily basis. Patria openly communicates about all current issues in order to further develop transparency of the company's operations. All the company's news releases are published in the news section of Patria's website.

Responsible collaboration in society

Patria and Tampere University of Technology (TUT) have a cooperation agreement on aviation technology. Patria provides TUT with considerable financial support for ten years. This agreement seeks to ensure the continued availability of top aviation technology expertise in Finland, and to support and bolster research in the field.

Patria continued its cooperation with the Finnish Aviation Museum Society, the Aviation Museum of Central Finland and the Finnish Aviation Museum, as the main sponsor for the restoration project of the VL



***Patria was ranked to the
second-highest category in
Transparency International
UK's Defence Companies Anti-
Corruption Index.***

RESPONSIBILITY

**PATRIA'S CORPORATE
RESPONSIBILITY**

YEAR 2020

RESPONSIBILITY PROGRAMME AND
OBJECTIVES

» **STAKEHOLDER COLLABORATION**

PATRIA AS PART OF SOCIETY

RESPONSIBLE EXPORTS

ETHICAL CONDUCT

DEVELOPING SUPPLY CHAINS

SECURITY OF OPERATIONS

FINANCIAL RESPONSIBILITY AND TAX
FOOTPRINT

A RESPONSIBLE EMPLOYER

ENVIRONMENTAL RESPONSIBILITY

GRI INDEX

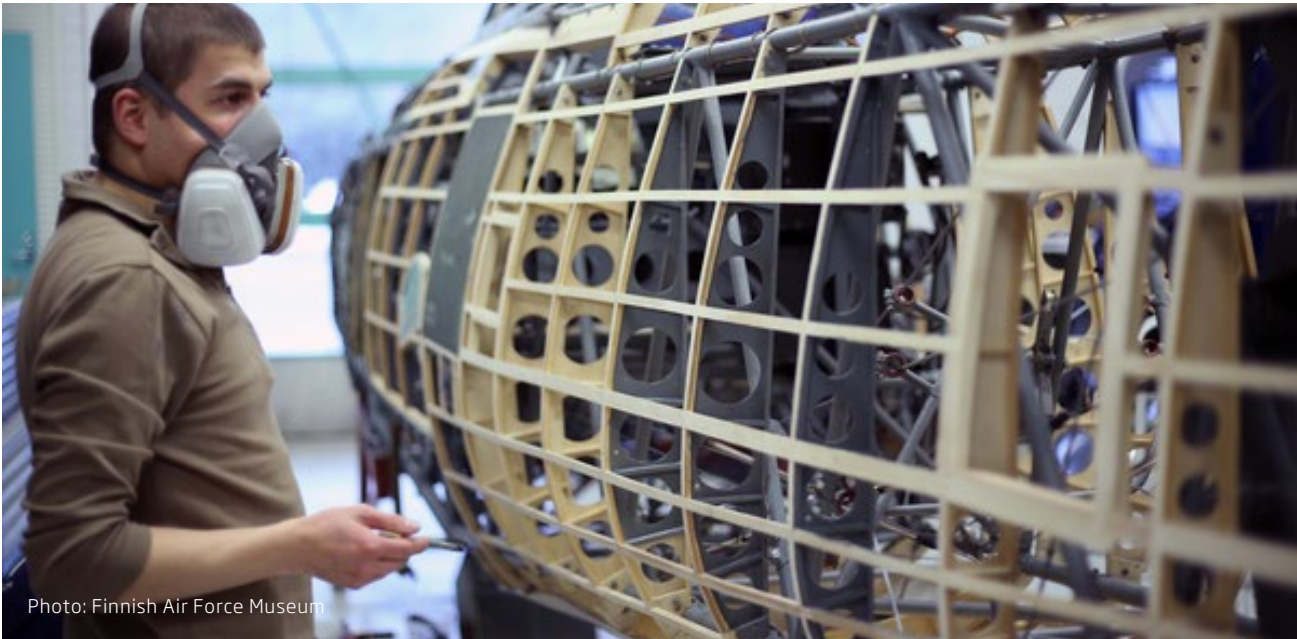


Photo: Finnish Air Force Museum

Myrsky ('Storm') fighter plane. Young people studying at a number of technical colleges and youth workshops, in locations such as Jyväskylä and Vantaa, are also involved in the restoration project. Read more about this project at www.vlmyrsky.fi/.

Patria also continued its long-term cooperation with the Finnish Military Sport Federation. This involves promoting a sports-oriented lifestyle among young people that will continue even after their military service. Patria has supported the Finnish National Biathlon Team since 2011 and continued to do so during the 2019-2020 and 2020-2021 seasons.

Patria organised a virtual morning event for representatives of Finnish NGOs, continuing an established tradition of discussion.

Patria's Christmas donation was distributed to several organisations to promote the welfare of young people and children.

Memberships

Patria is a member of the Association of Finnish Defence and Aerospace Industries (AFDA), and Patria's President and CEO Esa Rautalinko currently chairs this association. AFDA covers almost all defence-related industries and

***Patria is a member in
various networks and
supports the United
Nations Global Compact
with an annual donation.***

has more than 120 member companies in Finland. AFDA also maintains a close relationship with the Ministry of Defence and Finnish Defence Forces. AFDA is also a member of the AeroSpace and Defence Industries Association of Europe (ASD).

In 2020, Patria joined ASD as a direct company member after previously being involved through AFDA. Direct membership in ASD is the best way to promote Patria's interests in dialogue with EU governing bodies and other stakeholders, in order to formulate effective policies and legislation that will promote the sector's common positions both in Europe and globally. ASD is the voice of European Aeronautics, Space, Defence and Security industries, representing more than 3,000 companies and actively supporting the competitive development of the sector both in Europe and worldwide. It includes direct members (including 18 major European companies) and 23 national associations operating in 18 countries.

Patria supports the United Nations Global Compact with an annual voluntary donation. Patria is also a member of the Global Compact Finland network and the Finnish corporate responsibility network FIBS.

Patria is involved in the industry's interest groups and is a member of AmCham Finland and the Helsinki Region Chamber of Commerce.

RESPONSIBILITY

**PATRIA'S CORPORATE
RESPONSIBILITY**

YEAR 2020

RESPONSIBILITY PROGRAMME AND
OBJECTIVES

STAKEHOLDER COLLABORATION

» **PATRIA AS PART OF SOCIETY**

RESPONSIBLE EXPORTS

ETHICAL CONDUCT

DEVELOPING SUPPLY CHAINS

SECURITY OF OPERATIONS

FINANCIAL RESPONSIBILITY AND TAX
FOOTPRINT

A RESPONSIBLE EMPLOYER

ENVIRONMENTAL RESPONSIBILITY

GRI INDEX

PATRIA AS PART OF SOCIETY

Ensuring security in all conditions

**Security of supply and ensuring
secure future are the cornerstones
of Patria's operation.**

A secure future is founded on a country's autonomy, that is, the ability of its parliamentary machinery to make independent decisions about its affairs. This calls for a credible military defence capability, which in turn requires sound security of supply. Security of supply comes from reliable technology and engineering expertise – and this is what Patria provides.

In order to ensure a secure future, Patria must have the ability to perform its duties in the spheres of maintenance and servicing, security of supply, manufacture and crisis preparedness, both in Finland and in other countries where the company has public-sector customers.

In addition to the security aspect, Patria is a significant and responsible employer and taxpayer that pays dividends to its owners.

Human rights

Patria respects and promotes the universal human rights defined in the UN's Universal Declaration of Human Rights, and operates in accordance with the national legislation based upon this declaration. Patria views the freedom of thought, opinion, speech, religion and peaceful assembly as universal fundamental rights, along with freedom from discrimination by race, age, nationality, gender or sexual orientation. Neither does Patria approve the use of forced labour, child labour or human trafficking. The human rights of Patria's personnel are those of the International Labour Organisation (ILO) as specified in national legislation.

The sale of defence materiel is strictly regulated and Patria operates in compliance with both national legislation and international commitments in the way they are nationally applied in the Group's business countries. When Patria's operating countries are subject to international restrictions, Patria's units will engage



in discussion with the relevant governing bodies. Patria is involved in various initiatives in the sector, including dialogue with EU actors such as the Council Working Party on Conventional Arms Exports (COARM).

RESPONSIBILITY

**PATRIA'S CORPORATE
RESPONSIBILITY**

YEAR 2020

RESPONSIBILITY PROGRAMME AND
OBJECTIVES

STAKEHOLDER COLLABORATION

PATRIA AS PART OF SOCIETY

» **RESPONSIBLE EXPORTS**

ETHICAL CONDUCT

DEVELOPING SUPPLY CHAINS

SECURITY OF OPERATIONS

FINANCIAL RESPONSIBILITY AND TAX
FOOTPRINT

A RESPONSIBLE EMPLOYER

ENVIRONMENTAL RESPONSIBILITY

GRI INDEX

RESPONSIBLE EXPORT

Regulated

international

operation

Patria complies with all official export legislation, regulations and practices. The export control system is open and transparent, and every export licence is considered separately in accordance with the criteria of the EU Common Position.

Finland's Ministry for Foreign Affairs is responsible for the country's foreign and security policy, and administers the EU's export control system on behalf of Finland. Examples of absolute barriers to exports (and where applicable also to other transactions) include UN and EU arms embargoes.

Patria is committed to shared ethical standards, such as those issued by the Aerospace and Defence Industries Association of Europe (ASD).



The export, import and transfer of defence industry products is wholly and without exception subject to a licence. In Finland, the Ministry of Defence, Ministry for Foreign Affairs and, if necessary, the Government decide on whether to grant the appropriate export licences. A licence will not be granted if the proposed export project would present a risk to Finnish security or be in conflict with Finland's foreign policy. The Finnish authorities and ministries, in particular the Ministry for Foreign Affairs and its embassy network, have the best capacity for evaluating the situation in each country. For this reason, Patria continuously discusses its projects and the situation in destination countries with the ministries. Export licences are conditional upon providing a reliable account of the end user of the goods.

The development and manufacture of defence materiel is a normal and accepted business, and military

security of supply requires Finnish expertise in the field. The defence industry and its competencies cannot be sustained solely by the domestic customer's needs and volumes. For this reason, Patria has been operating on the international market for decades.

Defence materiel procurement projects usually last several years. If an agreement is made now, it will normally take 2-3 years for the products to be manufactured. Depending on the overall scope of the project, it may take up to ten years before the customer has the product in full service with all of the appropriate training. Many procurement projects also involve lifecycle support functions and maintenance services that require a variety of different export licences for the materiel in question.

RESPONSIBILITY

PATRIA'S CORPORATE RESPONSIBILITY

YEAR 2020

RESPONSIBILITY PROGRAMME AND OBJECTIVES

STAKEHOLDER COLLABORATION

PATRIA AS PART OF SOCIETY

RESPONSIBLE EXPORTS

» **ETHICAL CONDUCT**

DEVELOPING SUPPLY CHAINS

SECURITY OF OPERATIONS

FINANCIAL RESPONSIBILITY AND TAX FOOTPRINT

A RESPONSIBLE EMPLOYER

ENVIRONMENTAL RESPONSIBILITY

GRI INDEX

ETHICAL CONDUCT

Group-wide attitude of responsibility

Patria's ethical conduct is based on a group-wide attitude of responsibility. Patria's ethical way of operation is described in Patria's Ethical Code of Conduct, which forms the basis for all operations. The Ethical Code of Conduct is supplemented by other detailed guidelines.

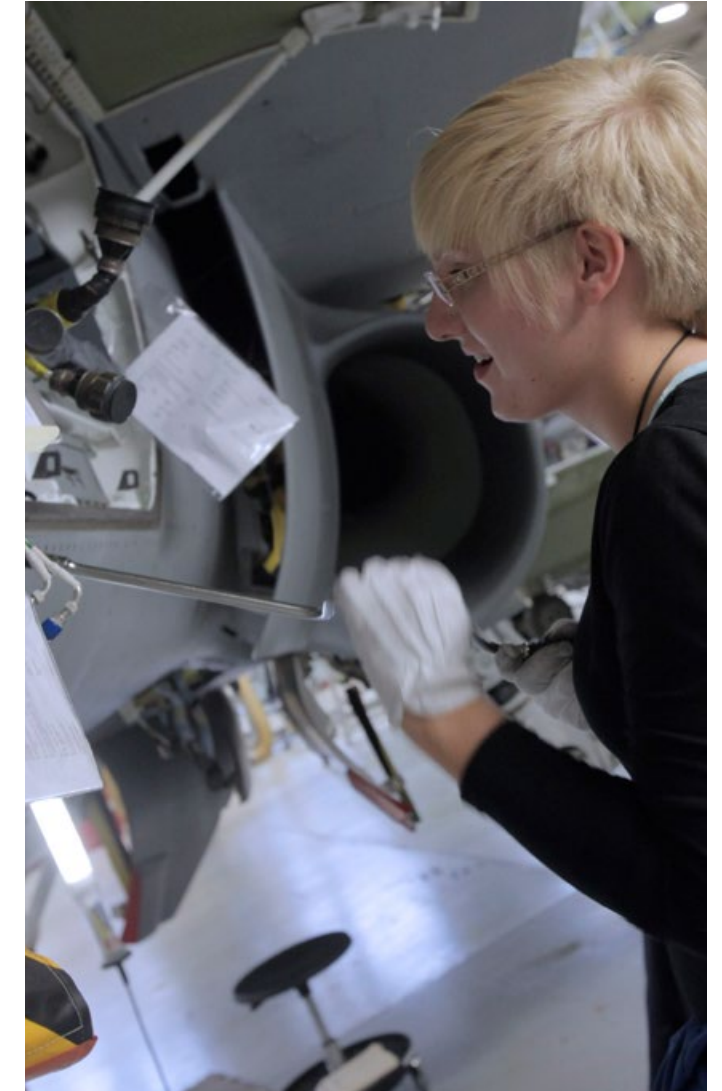
Patria operates responsibly and expects the same from both its existing and future partners. This is why Patria has a clear process for selecting business partners, and why suppliers are required to commit to its Supplier Code of Conduct.

In 2020, Patria continued its Trade Compliance project in collaboration with Kongsberg. SpeakUp,

a new channel for reporting unethical conduct, was introduced throughout the Group. Patria also launched development work to ensure ethical conduct from suppliers.

Ethical training

Annual ethical training for all personnel was launched in 2013 and will now be conducted every other year with the approval of the Audit Committee. From now on, this training will have two levels: a basic training section plus a more demanding section for selected groups. Topics include issues such as anti-corruption, gifts and hospitality, conflicts of interest, data protection and security, and harassment in the workplace. Training will be held throughout the Group in 2021. New Patria employees will take the training when



RESPONSIBILITY

**PATRIA'S CORPORATE
RESPONSIBILITY**

YEAR 2020

RESPONSIBILITY PROGRAMME AND
OBJECTIVES

STAKEHOLDER COLLABORATION

PATRIA AS PART OF SOCIETY

RESPONSIBLE EXPORTS

» **ETHICAL CONDUCT**

DEVELOPING SUPPLY CHAINS

SECURITY OF OPERATIONS

FINANCIAL RESPONSIBILITY AND TAX
FOOTPRINT

A RESPONSIBLE EMPLOYER

ENVIRONMENTAL RESPONSIBILITY

GRI INDEX

they start work. Classroom sessions on topical issues will be arranged as necessary.

Every two years, Patria measures personnel's views on serious misconduct and other unethical conduct with the aid of an anonymous survey (the Survey on the potential for serious misconduct at Patria). This survey is sent to senior management, middle management and other randomly selected employees equating to 10 per cent of all Group personnel. The next survey will be conducted in 2021.

Reporting on misconduct

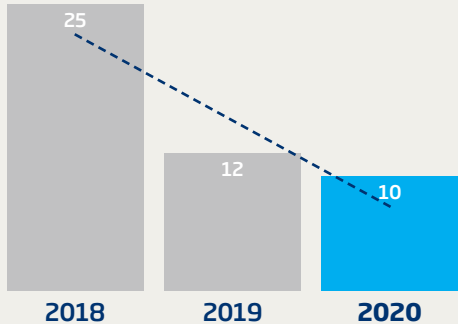
Any actions that violate Patria's Ethical Code of Conduct – even if those actions were made in good faith – can cause significant long-term damage to Patria's reputation and may even lead to legal proceedings against the company and its personnel. Every employee who acts in contravention of the code will be subject to penalty measures that, when necessary, may mean termination of their employment contract. It is impossible for the Ethical Code of Conduct and other guidelines to cover every single situation that personnel may encounter in Patria's complex operating environment. If in doubt, Patria employees are encouraged to discuss the issue with their closest supervisor or HR specialist, or contact the company's legal department for advice. All personnel are obliged to report any concerns or suspected violations of the code to their closest supervisor or the Legal Counsel. The following reporting channels can be used:

- a general email address that will send reports to the General Counsel & Chief Compliance Officer, or
- SpeakUp, a channel for anonymous reporting and anonymous dialogue, either online or by phone.
- external stakeholders can also make reports through the feedback channel on website.

The rights and privacy of both the whistle-blower and the suspect will be protected under all circumstances. A person reporting suspected misconduct may not be subjected to any negative measures or penalties relating to their employment contract. If a person who has reported their bona fide concerns is penalised, this will have severe consequences. When necessary, a person who has penalised a whistle-blower may have their employment contract terminated.

Two reports were made via the new SpeakUp reporting channel in 2020, both via the internet. In both reports, the whistle-blower had checked the response. Eight reports were made via the old reporting channel, four of which were made anonymously. All of the reports received through the various channels are investigated in accordance with the process described in the Integrated Management System. Information about reports and any resulting measures is regularly presented to the Audit Committee.

Reports received via various channels



No reports of serious misconduct were made in 2020. The reports mainly concerned issues related to HR and corporate management, such as supervisory tasks and inappropriate behaviour. There were also one report of concern relating to the supplier selection process (potential conflict of interest) and two reports of concern relating to safety issues.

RESPONSIBILITY

**PATRIA'S CORPORATE
RESPONSIBILITY**

YEAR 2020

RESPONSIBILITY PROGRAMME AND
OBJECTIVES

STAKEHOLDER COLLABORATION

PATRIA AS PART OF SOCIETY

RESPONSIBLE EXPORTS

ETHICAL CONDUCT

» **DEVELOPING SUPPLY CHAINS**

SECURITY OF OPERATIONS

FINANCIAL RESPONSIBILITY AND TAX
FOOTPRINT

A RESPONSIBLE EMPLOYER

ENVIRONMENTAL RESPONSIBILITY

GRI INDEX

DEVELOPING SUPPLY CHAINS

Reliable and mutually beneficial relationships

Patria seeks to build reliable, fair and mutually beneficial relationships with its suppliers. The choice of suppliers is based on open and honest competition and transparent selection criteria, which include objective factors such as quality, reliability, delivery times and prices. Personal reasons have no influence on such choices. Patria requires its suppliers to abide by the ethical principles contained in its guidelines and the national legislation of the countries in which they operate.

Acquisition responsibility in Patria is divided into business and group acquisition, as well as those responsible (indirect acquisitions) of group operations. On a group-level, common vendor selection matters are instructed, and business units integrate them in their own guidelines. Compliance, quality, ethics and cost-effectiveness are taken into account in the supplier selection. Patria requires its suppliers to comply with the principles set out in their Supplier Code of Conduct as well as the national law of their countries of operation.

During 2020, the joint guidance for vendor selection and evaluation has been refined and integrated.

Patria's Supplier Code of Conduct is available at www.patriagroup.com/about-us/supplier-chain-management/supplier-code-of-conduct



RESPONSIBILITY

**PATRIA'S CORPORATE
RESPONSIBILITY**

YEAR 2020

RESPONSIBILITY PROGRAMME AND
OBJECTIVES

STAKEHOLDER COLLABORATION

PATRIA AS PART OF SOCIETY

RESPONSIBLE EXPORTS

ETHICAL CONDUCT

DEVELOPING SUPPLY CHAINS

» **SECURITY OF OPERATIONS**

FINANCIAL RESPONSIBILITY AND TAX
FOOTPRINT

A RESPONSIBLE EMPLOYER

ENVIRONMENTAL RESPONSIBILITY

GRI INDEX

SECURITY OF OPERATIONS

Ensuring undisrupted operations all the way

Security of operations in Patria covers comprehensive management of corporate security and related competency development. Security and data protection reliability are especially important in critical projects.

In defence industry, corporate security plays a central role in ensuring undisrupted operations. The purpose of Patria's Corporate Security is

- to enable Patria to conduct business in its sector with regard to its various areas of responsibility;
- to promote and ensure the attainment of Patria's business objectives by maintaining and developing security;
- to safeguard business continuity during various disturbances and exceptional circumstances by ensuring that Patria has prepared for them in advance;

- to ensure Patria's reliability as a partner to its customers, the authorities and other stakeholders;
- to maintain a level of security that ensures the protection of customers', other stakeholders' and its own information and material.

Primary responsibility for corporate security lies with Patria's business units and Group functions, which each take responsibility for matters related to their operations. Patria's corporate security division provides business units and support functions with services in the various fields of corporate security. It steers, develops and monitors the comprehensive management of corporate security, and also maintains and develops the related competencies within Patria.



RESPONSIBILITY

**PATRIA'S CORPORATE
RESPONSIBILITY**

YEAR 2020

RESPONSIBILITY PROGRAMME AND
OBJECTIVES

STAKEHOLDER COLLABORATION

PATRIA AS PART OF SOCIETY

RESPONSIBLE EXPORTS

ETHICAL CONDUCT

DEVELOPING SUPPLY CHAINS

» **SECURITY OF OPERATIONS**

FINANCIAL RESPONSIBILITY AND TAX
FOOTPRINT

A RESPONSIBLE EMPLOYER

ENVIRONMENTAL RESPONSIBILITY

GRI INDEX



Corporate security is divided into: production security, rescue safety, preparedness and crisis management, facility security, management of misuses and non-conformities, information security, and personnel security.

Patria has been granted national Facility Security Clearance. The designated national security authorities (DSA and NCSA) regularly audit Patria's level of corporate security.

Data security and protection

Patria maintains an adequate level of data security to ensure the confidentiality, integrity and usability of data

concerning its business partners, customers and other stakeholders. Patria also guarantees data security and protection when working on critical projects for partners and authorities. Patria protects trade secrets and privacy in a way that ensures business continuity even in the event of exceptional circumstances and other disruptions. Patria ensures that every employee has access to the information they require for their work. Patria respects the privacy of its staff, business partners and customers, and requires strict adherence to all applicable personal data legislation and regulations.

Patria protects trade secrets and privacy in a way that ensures business continuity even in the event of exceptional circumstances and other disruptions.

The most significant event of 2020 was the completion of a data protection project at Patria's Estonian subsidiary Milworks. Regular data security and data protection processes were also continued, such as the development of security procedures and technical measures; the processing of security threats and reports; inventories of personal data and processing purposes; and the updating of privacy policies. Privacy policies that must be made available to Patria's stakeholders and website users have been updated and added to Patria's external websites.

It is already standard practice to take data protection into consideration in agreements, and a significant number of data protection appendices were drawn up for new service and procurement contracts. Patria ensures that the required data protection is implemented not only through contractual means, but also using a variety of guidelines and procedures. All personnel receive training on Patria's data protection procedures. It is also essential for Patria to have adequate physical security on its premises, and particular attention is paid to the level of information security. Patria's data security is continually monitored and developed.

RESPONSIBILITY

PATRIA'S CORPORATE
RESPONSIBILITY

YEAR 2020

RESPONSIBILITY PROGRAMME AND
OBJECTIVES

STAKEHOLDER COLLABORATION

PATRIA AS PART OF SOCIETY

RESPONSIBLE EXPORTS

ETHICAL CONDUCT

DEVELOPING SUPPLY CHAINS

SECURITY OF OPERATIONS

» FINANCIAL RESPONSIBILITY AND TAX
FOOTPRINT

A RESPONSIBLE EMPLOYER

ENVIRONMENTAL RESPONSIBILITY

GRI INDEX

FINANCIAL RESPONSIBILITY AND TAX FOOTPRINT

Business in a long-term and responsible manner

Patria enhances and develops its business in a long-term and responsible manner. In its financial reporting, Patria complies with all applicable rules of accounting and financial reporting.

Patria complies with all applicable rules on accounting and financial reporting. Patria's financial reporting is

based on IFRS. Under no circumstances will Patria falsify or forge financial or other documents or give misleading information.

Patria promotes fair competition in all markets in which it operates, and complies with all applicable competition law and anti-cartel legislation. Patria neither engages in nor accepts any agreements or other arrangements with competitors that would restrict competition. Patria will not exploit a dominant market position, and

will always obtain the necessary permits for mergers or acquisitions.

Tax footprint

Patria Group complies with the tax laws and regulations of each country in which it operates. If tax legislation does not provide clear instructions on a particular issue, the guiding principles are prudence, a conservative approach and transparency.

2020	Finland	Sweden	Poland	Total
Direct taxes payable for the financial year, EUR million				
(taxes and tax-like charges paid directly by the company)				
Income taxes (business income taxes)	4.1			5.2
Employer contributions (employer's pension and social security contributions, etc.)	1.9	1.8		6.0
Property taxes	0.3	0.0		0.5
Indirect taxes payable for the financial year, EUR million				
(taxes paid by the company as part of the price of the service/product and recognised as expenses.)				
Other taxes	0.0			0.0
Taxes to be remitted for the financial year, EUR million				
(taxes that the company collects from its customers or employees which it remits to the tax authorities)				
Wage taxes (withholding, employee social security contributions, etc.)	36.8	1.8		39.1
Tax-at-source	0.1			1.8
VAT, sales	95.0	7.4	0.4	104.5
VAT, procurements	-56.1	-4.3	-0.2	-61.8

RESPONSIBILITY

**PATRIA'S CORPORATE
RESPONSIBILITY**

YEAR 2020

RESPONSIBILITY PROGRAMME AND
OBJECTIVES

STAKEHOLDER COLLABORATION

PATRIA AS PART OF SOCIETY

RESPONSIBLE EXPORTS

ETHICAL CONDUCT

DEVELOPING SUPPLY CHAINS

SECURITY OF OPERATIONS

FINANCIAL RESPONSIBILITY AND TAX
FOOTPRINT

» **A RESPONSIBLE EMPLOYER**

ENVIRONMENTAL RESPONSIBILITY

GRI INDEX

A RESPONSIBLE EMPLOYER

Building a shared sense of security

The goal is to provide a safe, productive, equal and healthy working environment in which every person and every team has the opportunity to perform at their best as part of a well-run organisation. Amid the exceptional circumstances of 2020, Patria completed several development projects to support HR management.

HR management is guided by Patria's group-wide HR policy and, in practical work, also by shared principles and high-level processes. These are applied by business units and countries to supervisory work, resource management, ending internal transfers and employment



contracts, remuneration and engagement, learning, and health and wellbeing. Annual targets and indicators have been set for all sub-areas.

Effects of the pandemic

The coronavirus pandemic also impacted Patria's HR work and HR management in 2020. Thanks to rapid responses from the group-wide coronavirus team and clearly communicated common operating methods, Patria was highly successful in ensuring health security and effectively prevented the virus from spreading at its workplaces. One major change has been a widespread shift to remote working, which has required particular attention to be paid to supervisory work, personnel's ability to cope, and finding new ways of cooperating in a digital environment.

The impact of the pandemic on commercial aviation in 2020 also led to employee cooperation negotiations covering all personnel in the metal and composites unit of the Aerostructures business unit and in the Pilot Training unit. These negotiations resulted in full- or part-time layoffs and 12 redundancies. The adjustments were made in 2020 and early 2021.

Patria employs over 3 000 professionals in Finland and internationally. The percentage of the personnel in Finland is approximately 90%. Average personnel turnover at locations in Finland was 6.5 per cent in 2020, compared to 7.9 per cent in the previous year. Outgoing turnover saw a year-on-year fall from 6.4 to 6.1 per cent. During the year, Patria companies in Finland hired 143 new employees on permanent contracts.

RESPONSIBILITY

PATRIA'S CORPORATE RESPONSIBILITY

YEAR 2020

RESPONSIBILITY PROGRAMME AND OBJECTIVES

STAKEHOLDER COLLABORATION

PATRIA AS PART OF SOCIETY

RESPONSIBLE EXPORTS

ETHICAL CONDUCT

DEVELOPING SUPPLY CHAINS

SECURITY OF OPERATIONS

FINANCIAL RESPONSIBILITY AND TAX FOOTPRINT

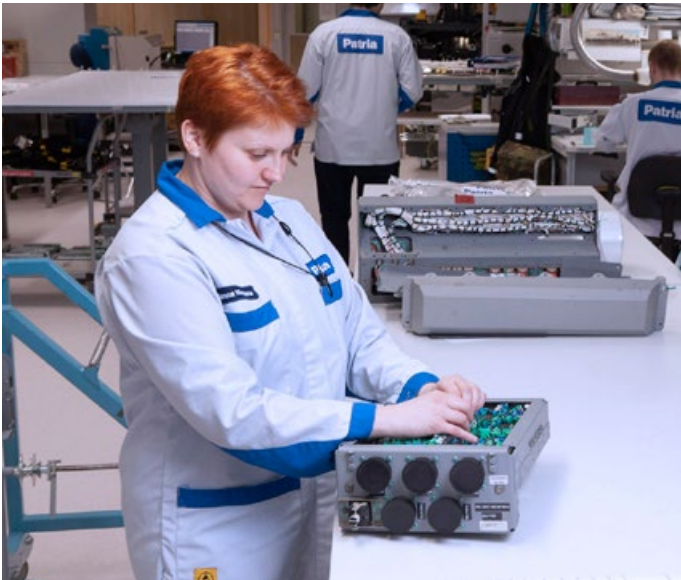
» A RESPONSIBLE EMPLOYER

ENVIRONMENTAL RESPONSIBILITY

GRI INDEX

A BOOST for work development

In spite of the exceptional circumstances, Patria made progress on several HR-related development projects during 2020. Planning in line with the company's new Horizon 2025 strategy was started in late 2020. The realisation of this strategy will bring not only new opportunities for developing work tasks and expertise, but also new networks and working methods in international operating environments. In line with its employer promise - *a workplace where you make the difference* - Patria continued to promote a participatory approach to work development to ensure that personnel can have their



say. This is part of a broader change in Patria's corporate culture, which is seeking closer dialogue and cooperation with personnel. BOOST is an internal operating method that creates a framework for how people act, work and solve problems at Patria.

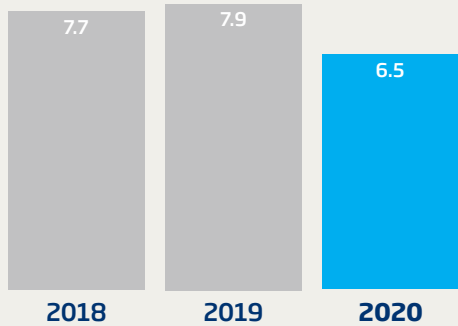
As part of this project, BOOSTing My Team coaching was arranged for more than 200 Patria supervisors as a distance learning programme in autumn 2020. The programme focuses on an interactive, participatory and coaching leadership style, and it has replaced Patria's annual STEP programme for new supervisors. Based on an impact study, the coaching received excellent scores from participants, who appreciated the chance to develop professionally and exchange ideas.

In late 2020, Patria also launched its annual group-level LEAP leadership training and the Pro Point development programme for experts. Due to the exceptional circumstances, the Pro Point programme could not be completed within the planned timeframe and will therefore continue in 2021. 25 people took part in the LEAP programme for future leaders, and about 15 experts took part in the Pro Point coaching, which focused on strengthening competence levels. Last year, it was the turn of production employees to receive expert training.

A change in development discussions

Patria's performance management model was completely revised during 2020. The MyPower approach emphasises each person's own ability and responsibility to take

Personnel turnover in Finland, %



Calculation method has been changed from the previous years. Figures are updated accordingly.

on a larger role in managing their own performance. In the new process, employees make a detailed review of their own role with support from their supervisors, with respect to areas such as target attainment, developing personal resources and assessing performance. A new feedback tool was also introduced to support this.

As part of the general development of performance management, a new HR system called MyPeople was introduced in December 2020. This global system will enable more effective management of HR and employment data, and a target setting module will also be added in 2021 to record common objectives for development

RESPONSIBILITY

PATRIA'S CORPORATE
RESPONSIBILITY

YEAR 2020

RESPONSIBILITY PROGRAMME AND
OBJECTIVES

STAKEHOLDER COLLABORATION

PATRIA AS PART OF SOCIETY

RESPONSIBLE EXPORTS

ETHICAL CONDUCT

DEVELOPING SUPPLY CHAINS

SECURITY OF OPERATIONS

FINANCIAL RESPONSIBILITY AND TAX
FOOTPRINT

» A RESPONSIBLE EMPLOYER

ENVIRONMENTAL RESPONSIBILITY

GRI INDEX

According to the Patria People survey conducted in 2020, commitment, team spirit, and motivation for own work are strengths at Group level.

discussions. As part of the MyPower project, development and performance discussions will be revised in early 2021, so that several guided follow-up discussions will now be held instead of one annual discussion. Development and performance discussions were conducted according to the old model in 2020, with a documented attendance rate of 75.5%. The actual attendance rate is higher, as the change in management systems after the turn of the year led to inadequate documentation on the conclusion of discussions.

Paying attention to wellbeing and working capacity

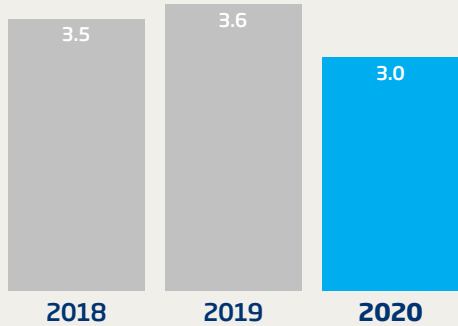
Wellbeing at work is one of the most important themes in Patria's responsibility programme, and its realisation is measured using the sickness absence percentage and the results of the job satisfaction survey. Sickness absences fell slightly in Finland in 2020, standing at an average of 3.0% compared to 3.6% in the previous year. The figures correspond to the industry average. The most common causes of sick leave at Patria are musculoskel-

etal disorders resulting from physical work. Preventive measures such as good ergonomics and, when necessary, professional rehabilitation are employed to ensure that personnel retain their working capacity all the way up until retirement.

In 2020, the accident frequency in Finland remained the same as in the previous year - 4.1 - which is good in comparison to the industry average. Patria's calculation includes all accidents at work that led to a minimum of four days' absence. Patria personnel actively participate in developing occupational safety by, for example, reporting safety observations.

A new model for supporting work capacity was introduced at the beginning of 2020. Its main objectives are to promote productivity and wellbeing at work, support personnel's working and functional capacity, and to manage sickness absences. Patria engaged in closer cooperation with various service providers, and new tools to support working capacity were introduced when a new partner took over as the company's occupational healthcare provider. This new partner centrally coordinates healthcare for all Patria locations in Finland. Existing support models for early intervention, working capacity management and returning to work have been supplemented with new tools, such as the Supervisor Compass. This tool automatically alerts supervisors when the limit for early intervention or continuous sick leave is met. Occupational healthcare also uses the Working Capacity Radar to preemptively record

Sick leave trend at Patria Group in Finland



potential risks to working capacity, so that problems can be addressed as early on as possible.

According to the Patria People survey conducted in 2020, commitment, team spirit, and motivation for own work are clear strengths at Group level. Areas for development related to decision-making culture, change implementation and accessing information from the perspective of a person's own work. The MyPower project and BOOST way of working both seek to respond to these challenges in their own way, with each playing an active role in decision-making and forging a culture of open discussion. From the beginning of 2021, each business unit will be responsible for listing and

RESPONSIBILITY

**PATRIA'S CORPORATE
RESPONSIBILITY**

YEAR 2020

RESPONSIBILITY PROGRAMME AND
OBJECTIVES

STAKEHOLDER COLLABORATION

PATRIA AS PART OF SOCIETY

RESPONSIBLE EXPORTS

ETHICAL CONDUCT

DEVELOPING SUPPLY CHAINS

SECURITY OF OPERATIONS

FINANCIAL RESPONSIBILITY AND TAX
FOOTPRINT

» **A RESPONSIBLE EMPLOYER**

ENVIRONMENTAL RESPONSIBILITY

GRI INDEX

promoting concrete measures to improve work within their units.

**Performance bonus and profit-sharing
scheme revised**

Patria applies Technology Industries of Finland's collective agreements in Finland, and the employment contracts of 96.3 per cent of personnel fall within the scope of these agreements. The compensation paid to salaried and waged employees is determined by collective agreements. The compensation paid to senior salaried employees is agreed on individually, and job evaluation is performed using the International Position Evaluation (IPE) system. Successes and good performance are also rewarded through the performance bonus and profit-sharing scheme.

Patria is committed to respecting collective agreements and helping its employees to participate in planning and decision-making related to their own work and working environments. Thanks to this collaborative system, all disputes relating to collective agreements and employment legislation can be resolved in a controlled manner. Making local agreements has become an established practice at Patria.

As part of the MyPower project, a revision of the performance bonus and profit-sharing scheme was launched in 2020 and is scheduled for completion in early 2021. The new system covers all Patria personnel. The rewards paid to most employees via the performance bonus and profit-sharing scheme total 15 per cent of their annual earnings. Patria has a compensation fund pursuant to the Act on Personnel Funds in place, and approximately



20 per cent of Patria personnel have invested their bonuses and profit shares in the fund since 2015.

In addition to monetary compensation, Patria also offers opportunities for career development and growth through, for example, various educational opportunities. All personnel also have flexible working hours and the opportunity to do part-time work and take alternation or study leave.

Promoting equality and diversity

Patria strives to create a working environment that supports and values diversity, and is marked by a sense of trust and respect. All supervisors must actively and

systematically promote a leadership culture that is in line with Patria's values and Ethical Code. Personnel are treated and assessed in terms of the skills required by their work. As an employer, Patria is committed to treating all personnel equally and impartially. No form of harassment or discrimination is allowed.

As a baseline, every Patria employee should promote equality in their behaviour and actions. Everyone has the right and responsibility to intervene if any grievances are observed. Patria encourages personnel to report any suspected misconduct and offers a variety of channels for doing so. These reporting methods include an anonymous whistleblowing channel for Patria personnel.

RESPONSIBILITY

**PATRIA'S CORPORATE
RESPONSIBILITY**

YEAR 2020

RESPONSIBILITY PROGRAMME AND
OBJECTIVES

STAKEHOLDER COLLABORATION

PATRIA AS PART OF SOCIETY

RESPONSIBLE EXPORTS

ETHICAL CONDUCT

DEVELOPING SUPPLY CHAINS

SECURITY OF OPERATIONS

FINANCIAL RESPONSIBILITY AND TAX
FOOTPRINT

» **A RESPONSIBLE EMPLOYER**

ENVIRONMENTAL RESPONSIBILITY

GRI INDEX

Personnel figures 2020

	2018	2019	2020
Personnel			
Personnel average	2,791	2,988	2,973
Finland	2,626	2,757	2,746
Sweden		109	111
Belgium ¹⁾		77	87
Estonia		38	35
Others			4
Blue-collar %		43	41
Blue-collars in Finland %	41	41	41
White-collars %		57	59
Salaried in Finland %	19	18	18
Senior salaried in Finland %	40	41	41
Proportion of women %		16	16
Proportion of women in Finland %	15	16	16
Proportion of women in the Board	2/8	2/7	2/8
Proportion of women in Group Management Team	3/9	3/10	2/10
Education in Finland²⁾			
Doctoral degree %			2
University degree %	17	18	19
College degree %	30	29	22
Vocational/upper secondary school %	51	51	55
Basic education %	2	2	2
Employment			
Average age		45.2	45.3
Average age in Finland	45.7	45.5	45.5

	2018	2019	2020
Average length of service, yrs		13	13.1
Average length of service in Finland, yrs	14.7	13.8	13.9
Personnel turnover in Finland, average turnover % ³⁾			
Finland	7.7	7.9	6.5
Sweden		24.7	26.6
Belgium		6.6	15.4
Estonia		31.6	14.3
Personnel turnover in Finland, leavers %			
Finland	8.9	6.4	6.1
Sweden		23.3	39.1
Belgium		5.5	6.2
Estonia		26.4	20.0
Permanent employees		95	94.3
Permanent employees in Finland %	95.3	94.8	94.6
Part-time employees %		2.5	5.5
Part-time employees in Finland %	2.2	3.4	5.4
Health and safety			
Absenteeism attributable to sickness %			
Finland	3.5	3.6	3.0
Sweden		3.6	3.4
Belgium		5.1	5.6
Estonia ⁴⁾		4.5	5.2
Frequency of accidents			
Finland ⁵⁾	15	4.1	4.1
Sweden			0.0
Belgium			0.0
Estonia			14.2

¹⁾ 2019 figure is not year average as Belgium became part of the Group in June/2019.

²⁾ Figures from international units not available. As of 2020 educational information have been available in the global HR system and divided in a different way.

³⁾ Calculation formula has been changed since 2019: ((started + terminated permanent employments)/2) / personnel in average

⁴⁾ 2019 figure covers period 1 June-12 December 2019.

⁵⁾ Calculation formula has been changed in 2019: now included all accidents causing absenteeism at least four days.

RESPONSIBILITY

**PATRIA'S CORPORATE
RESPONSIBILITY**

YEAR 2020

RESPONSIBILITY PROGRAMME AND
OBJECTIVES

STAKEHOLDER COLLABORATION

PATRIA AS PART OF SOCIETY

RESPONSIBLE EXPORTS

ETHICAL CONDUCT

DEVELOPING SUPPLY CHAINS

SECURITY OF OPERATIONS

FINANCIAL RESPONSIBILITY AND TAX
FOOTPRINT

A RESPONSIBLE EMPLOYER

» **ENVIRONMENTAL RESPONSIBILITY**

GRI INDEX

**ENVIRONMENTAL
RESPONSIBILITY**

Developing environmental reporting is a priority

Patria's environmental responsibility is guided by the Group's environmental policy, environmental legislation, and the international principles and customer requirements for environmental responsibility to which the company is committed. According to the latest stakeholder survey, the key aspects of Patria's environmental responsibility are compliance with chemicals and environmental legislation, waste recycling and water environmental protection.



Patria has committed to take concrete actions to promote sustainable development. We seek to make energy and water consumption more efficient, and to have a positive impact on the recycling and responsible disposal of waste. In 2019, we invested heavily in enhancing the reporting process to ensure that the information is as accurate as possible and is not based on estimates. Patria's sustainability reporting has also been developed to better meet Global Reporting Initiative Standards (GRI). This work has continued through 2020.

The Environmental Work Group is in charge of Patria's environmental responsibility development. This group is tasked with furthering collaboration, sharing information

and experiences between various business areas, and planning and reporting on the Patria Group's environmental responsibility. An external expert organisation (Ecobio Ltd.) is responsible for the development and coordination of the Environmental Work Group and is seeking to enhance its reporting practices.

Patria reports environmental indicators for nine facilities in Finland (Tampere, Espoo, Helsinki, Hämeenlinna, Halli, Linnavuori, Pirkkala, Tikkakoski and Utti). The environmental indicators are collated using figures from the following business units: Aviation, Land, Systems and Aerostructures. In 2019, some of Aviation's operations were transferred from Pirkkala to Córdoba, Spain. The previous year's reporting took into account the fuel

RESPONSIBILITY

**PATRIA'S CORPORATE
RESPONSIBILITY**

YEAR 2020

RESPONSIBILITY PROGRAMME AND
OBJECTIVES

STAKEHOLDER COLLABORATION

PATRIA AS PART OF SOCIETY

RESPONSIBLE EXPORTS

ETHICAL CONDUCT

DEVELOPING SUPPLY CHAINS

SECURITY OF OPERATIONS

FINANCIAL RESPONSIBILITY AND TAX
FOOTPRINT

A RESPONSIBLE EMPLOYER

» **ENVIRONMENTAL RESPONSIBILITY**

GRI INDEX



***Patria has defined targets for
reducing its carbon footprint,
and planned measures to
reach these targets.***

consumption of pilot training in Córdoba but this year other variables were considered, as well.

Compared to previous years, the biggest change in 2020 is that International Support Partnership (ISP) units in Belgium, Sweden, and Estonia were added to the reporting scope and combined with Patria's numbers for Finland. The report also presents environmental data for Patria's partially-owned subsidiary Millog, which operates in dozens of locations and garrisons around Finland.

Data from the previous years is not yet available for the new ISP business units. In the future, information from previous years will be added to the environmental reporting to better indicate the real changes.

Patria has also calculated its carbon footprint for 2020. The calculation criteria and results are presented in the

annual report. During 2020, Patria has defined targets for reducing its carbon footprint, and planned measures to reach these targets. In 2021, Patria will also calculate the greenhouse gas emissions of its value chain (scope 3) for 2020.

Patria's business units have objectives that are specific to each unit and site and that consider the special characteristics of their operations and environmental impact. The Patria Group also sets joint environmental objectives that are created together with the various business areas. The principles of environmental protection defined in Patria's environmental policy emphasise the identification and management of the environmental impact of products and services, and considers a life-cycle perspective whenever possible.

Environmental systems

Patria Group's most significant production facilities feature certified environmental systems that comply with the latest ISO 14 001:2015 standard. With the aid of the environmental management system, Patria is improving the management of the environmental impact and the level of environmental protection within the Patria Group. The partly-owned subsidiary Millog has certified environmental systems for all of its operations at each of its locations. Millog's operations were recertified in autumn 2019 and the renewed certificate will be valid until 2022.

RESPONSIBILITY

PATRIA'S CORPORATE RESPONSIBILITY

YEAR 2020

RESPONSIBILITY PROGRAMME AND OBJECTIVES

STAKEHOLDER COLLABORATION

PATRIA AS PART OF SOCIETY

RESPONSIBLE EXPORTS

ETHICAL CONDUCT

DEVELOPING SUPPLY CHAINS

SECURITY OF OPERATIONS

FINANCIAL RESPONSIBILITY AND TAX FOOTPRINT

A RESPONSIBLE EMPLOYER

» ENVIRONMENTAL RESPONSIBILITY

GRI INDEX

Carbon footprint

Patria Group has conducted its carbon footprint calculation according to the standards and guidance described in the GHG protocol (version 2004, amendment 2013).

Patria Group has set the organisational boundaries under the control approach, and therefore accounts for 100 per cent of the GHG emissions from operations over which it has control. In addition, the operations of Millog and Estonia were included in the carbon footprint calculation. The calculation concerns operations in Finland, Sweden, Estonia, Belgium, and Spain.

Patria Group has set the operational boundaries to include scope 1 and scope 2 in the calculation but to exclude scope 3 for the time being. Scope 1 consists of direct GHG emissions that occur from sources that are owned or controlled by the company, such as company owned vehicles. Scope 2 accounts for GHG emissions from the generation of purchased electricity and heat consumed by the company. The indirect emissions from the value chain (scope 3) will be included later in 2021 to complete Patria's carbon footprint calculation. Calculations concern years 2018, 2019 and 2020. However, currently only the GHG emission calculation of 2020 covers all the Patria's locations and operations (ISP units included). For now, the calculations for years 2018 and 2019 only concern operations in Finland.

The Patria Group's carbon footprint for all the locations in 2020 was 20,001.9 tonnes of carbon dioxide equivalent (t CO₂e). The carbon footprint for operations in Finland was 18,762.4 t CO₂e in 2020, and in comparison to previous year's carbon footprint (21,271.12 t CO₂e), Patria generated 2,508.72 tonnes less greenhouse gas emissions than in previous year, if only operations in Finland are considered.

Scope 1 emissions are from fuel consumption. They covered approximately 16.1% of all Patria Group's emissions and amounted to 3,229.6t CO₂e. The majority of emissions (83.9%), 16,772.3 t CO₂e, came from purchased energy (scope 2), especially heat consumption.

Energy consumption

Patria Group's indirect energy consumption consists of electricity and thermal energy consumption, with direct primary energy consumption deriving from fuel consumption by aircraft, vehicles, gas turbines and diesel engines.

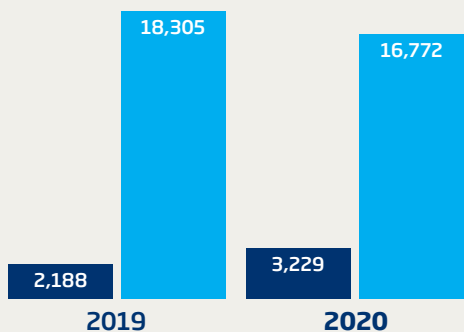
Thermal energy and electricity consumption

The weather-normalised thermal energy consumption of properties managed by Patria and Millog decreased by 5% in 2020. The thermal energy consumption of Patria's own operations decreased by 6% compared to previous years. Specific heat consumption, which defines energy

consumption in proportion to the number of heated building cubic metres, decreased in Patria's own operations by 8.7%.

In 2020, Patria and Millog's electricity consumption increased by about 3.7% compared to 2019. Electricity consumption of Patria's own operations rose by 9.8% which is mostly due to the ISP units' electricity consumption that is not included in previous years' calculations.

Patria's GHG emissions by scope 2019-2020 (t CO₂e)



■ Scope 1 total emissions
■ Scope 2 total emissions

All locations included in 2020 figures. Year 2019 figures include locations in Finland.

RESPONSIBILITY

PATRIA'S CORPORATE RESPONSIBILITY

YEAR 2020

RESPONSIBILITY PROGRAMME AND OBJECTIVES

STAKEHOLDER COLLABORATION

PATRIA AS PART OF SOCIETY

RESPONSIBLE EXPORTS

ETHICAL CONDUCT

DEVELOPING SUPPLY CHAINS

SECURITY OF OPERATIONS

FINANCIAL RESPONSIBILITY AND TAX FOOTPRINT

A RESPONSIBLE EMPLOYER

» ENVIRONMENTAL RESPONSIBILITY

GRI INDEX

Specific electric energy consumption, which defines energy consumption in proportion to the number of electrified building cubic metres, decreased by 5.2% in Patria's own operations. Number for Millog could not be calculated as cubic meters in Millog's buildings was not known.

Fuel consumption

In 2020, Patria and Millog's total fuel consumption increased by 34.4% compared to the previous year. Patria's consumption of light fuel oils rose by 43.2% but Millog's consumption fell by 34 per cent. Patria and Millog's consumption of motor gasoline decreased

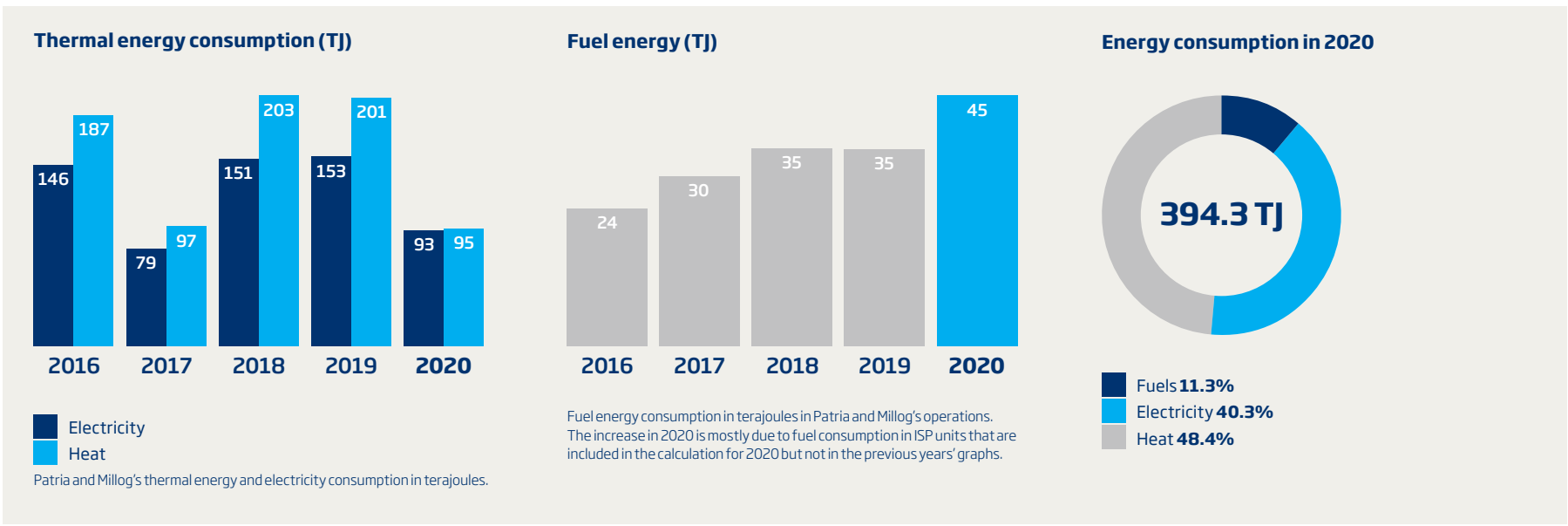
by 48.2%, while the consumption of diesel increased by 58.4%. Jet fuel consumption rose by 18.5% but aviation gasoline consumption fell by 97.1%. Fuel energy consumption in terajoules rose from 35 terajoules to 46.2 terajoules mainly because of ISP units' fuel consumption that was included in Patria's numbers for the first time. The fuel consumption for the year 2018 is updated as the fuel consumption unit concerning light fuel oil use in Linnavuori was corrected.

Estonia and Belgium use natural gas to produce heat. However, natural gas for heating is included in fuels as exact gas usage is known and calculating the amount of heat produced by the amount of gas would be an

estimation only. Gas usage is included in scope 1 in carbon footprint calculation.

The Finnish Defence Forces are responsible for monitoring the consumption of aviation gasoline and jet fuel used by their aircraft in military flight training and maintenance test flights. The fuel that has been consumed in Millog's maintenance runs is included in Patria's report. Millog's fuel consumption has been reported from 2018 onwards.

Patria's various operations consumed a total of about 394.3 terajoules of energy in 2020. Total energy consumption rose by 1.3% compared to the previous year.



RESPONSIBILITY

PATRIA'S CORPORATE RESPONSIBILITY

YEAR 2020

RESPONSIBILITY PROGRAMME AND OBJECTIVES

STAKEHOLDER COLLABORATION

PATRIA AS PART OF SOCIETY

RESPONSIBLE EXPORTS

ETHICAL CONDUCT

DEVELOPING SUPPLY CHAINS

SECURITY OF OPERATIONS

FINANCIAL RESPONSIBILITY AND TAX FOOTPRINT

A RESPONSIBLE EMPLOYER

» ENVIRONMENTAL RESPONSIBILITY

GRI INDEX

Total water consumption

Patria Group's total water consumption (household water and lake water) increased by 96.1% in 2020 compared to 2019. This is mostly due to the large amount of lake water used in Linnavuori, but also because of the inclusion of domestic water consumption of ISP units in Belgium, Sweden and Estonia (total 5,922 m³) in the report. In Belgium, rainwater is also used for sanitation and washing, but as collecting rainwater does not affect

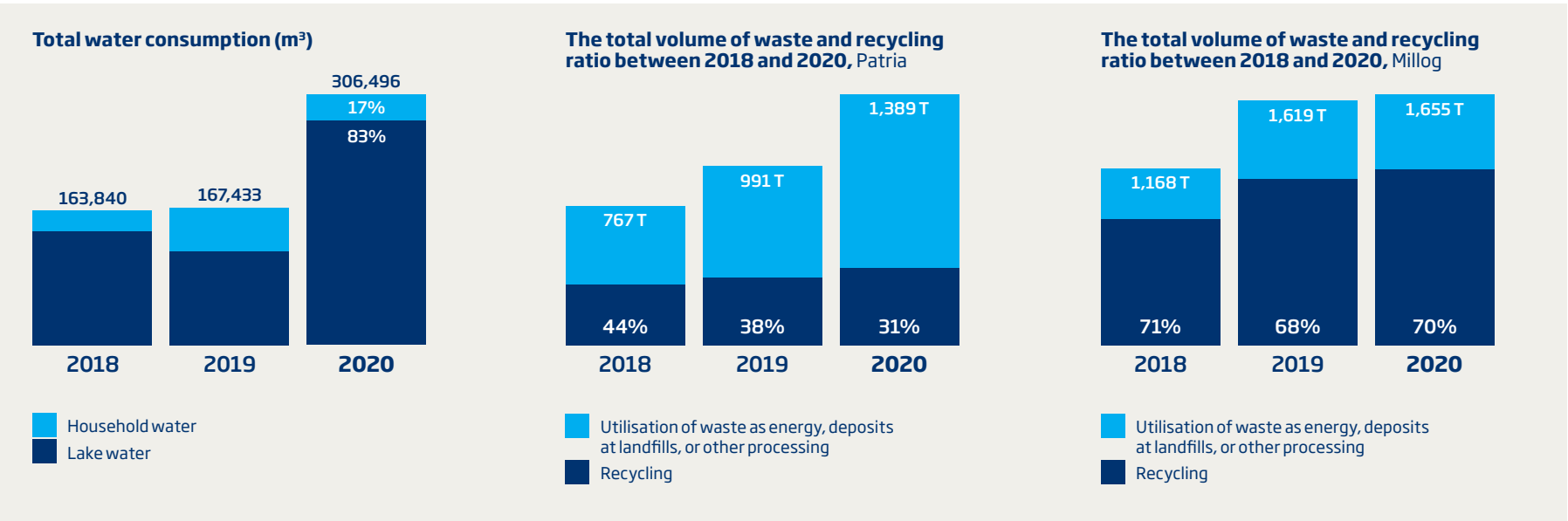
water reserves, it was excluded from the reporting.

The consumption of lake water in Linnavuori increased by 140%. Consumption always varies, depending on the number and types of engines being overhauled in different years. At the Linnavuori site, lake water is used to cool engines during test runs and to dry ovens and vacuum furnaces. The used cooling water is fed back into Lake Jokinen. Lake water accounted for 83% of total water consumption in 2020.

Waste

The Group's operations primarily generate common municipal waste, scrap metal, hazardous waste, and construction and industrial waste.

The total volume of waste generated by Patria in 2020 was approximately 1,389.1 tonnes, which represents a rise of about 40.2% compared to 2019. Patria's 2020 recycling ratio was 31% of its total waste volume, compared to 38% in the previous year. Waste generated



RESPONSIBILITY

PATRIA'S CORPORATE RESPONSIBILITY

YEAR 2020

RESPONSIBILITY PROGRAMME AND OBJECTIVES

STAKEHOLDER COLLABORATION

PATRIA AS PART OF SOCIETY

RESPONSIBLE EXPORTS

ETHICAL CONDUCT

DEVELOPING SUPPLY CHAINS

SECURITY OF OPERATIONS

FINANCIAL RESPONSIBILITY AND TAX FOOTPRINT

A RESPONSIBLE EMPLOYER

» ENVIRONMENTAL RESPONSIBILITY

GRI INDEX

in ISP units' operations accounted for 389.4 tonnes, and as ISP units' waste is not included in previous years' numbers, waste from Patria's Finnish units increased only slightly compared to 2019.

Waste generated by Millog totalled 1,655.3 tonnes, which represents a rise of 2.2% compared to the previous year. For the year 2019, some updates were made, and the waste amounts increased by 13.4 tonnes for 2019. The total amount of waste remained about the same as in 2019. Millog's recycling rate rose slightly, from 68% in 2019 to 70% in 2020.

49% of Patria's waste consisted of common waste, that is, municipal waste, construction waste and scrap metal (total 681 tonnes). 51% of the waste was hazardous

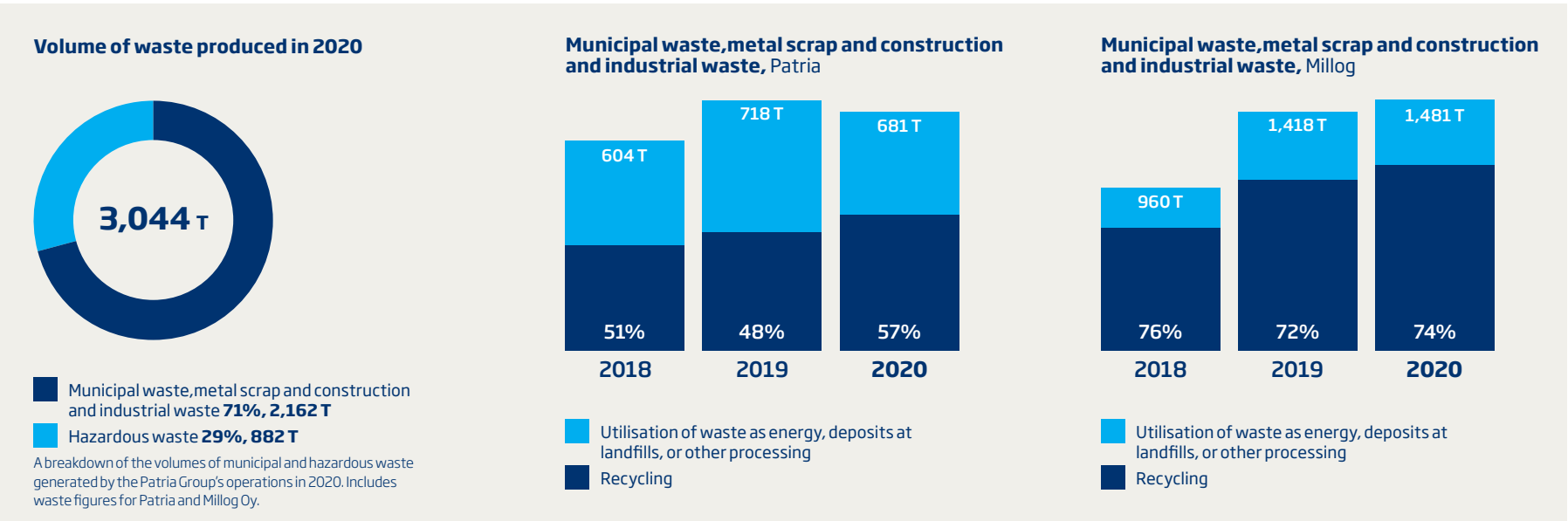
(708 t). Waste amounts have increased by 40.2% due to ISP units being included in the reporting for the first time. Common waste generated by ISP units was 41.3 tonnes, and hazardous waste 348 tonnes. Common waste includes energy waste, unsorted waste, paper, cardboard, sludge, waste wood, organic waste, common electrical and electronics scrap, construction waste, glass, plastic, brick and concrete waste, steel and aluminium scrap, and packaging metal. Hazardous waste principally consists of oily waste, wash water, sediment and other waste classified as hazardous.

Millog's common waste accounted for 89.5% (1,481 t) of Millog's total waste volume, and only 10.5% of it was hazardous waste (174 t). Common waste increased by

4.4% compared to 2019, but hazardous waste amounts decreased by 13.4%.

The Patria Group's waste volume totalled about 3,044 tonnes, including waste figures for Patria and Millog.

The Group seeks to raise awareness of waste utilisation and processing methods, and to promote waste recycling. In 2016, Patria began the systematic gathering of information on the utilisation and processing of waste. Information for 2014 and 2015 has also been gathered retroactively. Data collection methods were also revised during 2019. Waste data from Espoo (1-2 tonnes per annum) was retroactively added to reporting for the years 2016-2018.



RESPONSIBILITY

PATRIA'S CORPORATE RESPONSIBILITY

YEAR 2020

RESPONSIBILITY PROGRAMME AND OBJECTIVES

STAKEHOLDER COLLABORATION

PATRIA AS PART OF SOCIETY

RESPONSIBLE EXPORTS

ETHICAL CONDUCT

DEVELOPING SUPPLY CHAINS

SECURITY OF OPERATIONS

FINANCIAL RESPONSIBILITY AND TAX FOOTPRINT

A RESPONSIBLE EMPLOYER

» ENVIRONMENTAL RESPONSIBILITY

GRI INDEX

In February 2020, Linnavuori unit switched to carbon neutral waste management in terms of its community waste. The company behind community waste management (Lassila & Tikanoja Oyj) calculates its carbon footprint that is generated in waste management process and the calculated greenhouse gas emissions are compensated in Gold Standard certificated forestation projects. Only the emissions that cannot be avoided by optimizing energy and fuel use, for example, are compensated, and the company strives for low emissions during the whole waste management process.

The waste usage rate (treatment methods other than landfill) was about 75% and the recycling rate about 52% for Patria and Millog. Approximately 57% of Patria's own municipal waste was recycled, constituting an increase of nine percentage points compared to 2019. The recycling rate for Millog's municipal waste increased by two percentage points, from 72% in 2019 to 74% in 2020. Municipal waste volumes decreased in Patria's operations even though ISP units were added to the calculations. Millog's municipal waste volume increased slightly.

Approximately 13% of Patria Group's hazardous waste was recycled, constituting a decrease of 10 percentage points compared to 2019. Patria's hazardous waste volumes rose noticeably compared to the previous year (+ 408 tonnes) and the recycling rate fell by five percentage points. This is mostly due to large amounts of hazardous waste in ISP Belgium. Hazardous waste produced by Millog decreased 27 tonnes compared to 2019 and the recycling rate stayed the same as in 2019.



RESPONSIBILITY

**PATRIA'S CORPORATE
RESPONSIBILITY**

YEAR 2020

RESPONSIBILITY PROGRAMME AND
OBJECTIVES

STAKEHOLDER COLLABORATION

PATRIA AS PART OF SOCIETY

RESPONSIBLE EXPORTS

ETHICAL CONDUCT

DEVELOPING SUPPLY CHAINS

SECURITY OF OPERATIONS

FINANCIAL RESPONSIBILITY AND TAX
FOOTPRINT

A RESPONSIBLE EMPLOYER

ENVIRONMENTAL RESPONSIBILITY

» **GRI INDEX**

GRI index

Patria's report is based on the Global Reporting Initiative's GRI Standards for sustainability reporting, the Core option. The reporting period is the calendar year, 1 January–31 December 2020, and the report is published annually.

This report provides information on the most material sustainability topics for Patria. The report takes into consideration the stakeholder views and operations' impact on the society. Our corporate responsibility report has not been externally verified.

GRI STANDARD NUMBERS	GRI DISCLOSURE	PAGE NUMBER	ADDITIONAL INFORMATION
General disclosures			
102-1-102-7	Basic information about the company	Annual Review p 3, 7 Finance and governance p 10	
102-8	Information on employees and other workers	Responsibility p 27	
102-9	Supply chain	Responsibility p 19	
102-10	Significant changes to the organization and its supply chain	Annual Review p 8-9	
102-11	Precautionary Principle or approach	Finance and Governance p 41-42	
102-12	External initiatives	Responsibility p 3	
102-13	Membership of associations	Responsibility p 3	
102-14	Statement from senior decision-maker	Responsibility p 3	
102-15	Key impacts, risks, and opportunities	Annual review p 11-12, p 14-15 Sustainability p 4-9 Finance and governance p 41-42	
102-16	Values, principles, standards, and norms of behavior	Annual review p 4, p 10, p 15-17	
102-17	Mechanisms for advice and concerns about ethics	Responsibility p 18	
102-18	Governance structure	Finance and governance p 37-39	
102-19	Delegating authority	Finance and governance p 37-39, p 43-45	
102-20; 102-32	Executive-level responsibility for economic, environmental, and social topics, Highest governance body's role in sustainability reporting	Finance and governance p 39 Responsibility p 4-5	
102-24	Nominating and selecting the highest governance body	Finance and governance p 37-39	
102-26	Role of highest governance body in setting purpose, values, and strategy	Finance and governance p 37-39	
102-40-102-44	Stakeholder engagement	Responsibility p 10-14, 26	
102-46	Defining report content and topic Boundaries		Report content covers entire Group unless otherwise advised
102-47	List of material topics	Responsibility p 8-9	
102-48-102-49	Restatements of information, Changes in reporting		
102-50-102-53	Reporting period, cycle, contact point	Finance and Governance p 46	1.1.-31.12.2020
102-55	GRI-index	Responsibility p 36-37	
102-56	External assurance		The report has not been externally assured

RESPONSIBILITY

**PATRIA'S CORPORATE
RESPONSIBILITY**

YEAR 2020

RESPONSIBILITY PROGRAMME AND
OBJECTIVES

STAKEHOLDER COLLABORATION

PATRIA AS PART OF SOCIETY

RESPONSIBLE EXPORTS

ETHICAL CONDUCT

DEVELOPING SUPPLY CHAINS

SECURITY OF OPERATIONS

FINANCIAL RESPONSIBILITY AND TAX
FOOTPRINT

A RESPONSIBLE EMPLOYER

ENVIRONMENTAL RESPONSIBILITY

» **GRI INDEX**

GRI STANDARD NUMBERS	GRI DISCLOSURE	PAGE NUMBER	ADDITIONAL INFORMATION
Economic			
201-1	Direct economic value generated and distributed	Annual review p 7 Finance and governance p 2	
201-3	Defined benefit plan obligations and other retirement plans	Responsibility p 26 Finance and governance p 18-19	
205-1	Operations assessed for risks related to corruption	Finance and governance p 41-42	
205-2	Communication and training about anti-corruption policies and procedures	Responsibility 17-18	
205-3	Confirmed incidents of corruption and actions taken	Responsibility p 4, 10, 13, 17-18	
207-1-207-2, 207-4	Tax reporting	Responsibility p 22	
Environmental			
302-1	Energy consumption within the organization	Responsibility p 30-31	
302-4	Reduction of energy consumption	Responsibility p 30-31	
303-3	Water withdrawal by source	Responsibility p 32	
305-1	Direct (Scope 1) GHG emissions	Responsibility p 30	
305-2	Energy indirect (Scope 2) GHG emissions	Responsibility p 30	
305-3	Other indirect (Scope 3) GHG emissions		Not reported, will be calculated in 2021
306-2	Waste by type and disposal method	Responsibility p 32-34	
Social			
401-1	New employee hires and employee turnover	Responsibility p 23-24	
403-4	Worker participation, consultation, and communication on occupational health and safety	Responsibility p 24	
403-9	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Responsibility p 25, 27	
403-10	Work-related ill health	Responsibility p 25, 27	
404-2	Programs for upgrading employee skills and transition assistance programs	Responsibility p 26	
405-1	Diversity of governance bodies and employees	Responsibility p 27	
406-1	Incidents of discrimination and corrective actions taken	Responsibility p 17-18	Process of ethical conduct defined.
412-2	Employee training on human rights policies or procedures	Responsibility p 15	
415-1	Political contributions		See Code of Conduct.

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