

UN Global Compact Communication on Progress (COP)

30.6.2021



Statement by the President and CEO of Ahlström Capital

Ahlström Capital Group is a family-owned investment company that focuses its investment activity on industrial companies, real estate and forest. Ahlström Capital is one of the largest investment companies in Finland with a history of 170 years.

I am pleased to confirm that Ahlström Capital reaffirms its support for the Ten Principles of the United Nation's Global Compact in the areas of Human Rights, Labour, Environment, and Anti-Corruption. The Communication on Progress report describes our policies concerning the Global Compact's Ten Principles and how we implement and monitor them in practice. We continually aim to improve the integration of the Global Compact and its principles into our ownership model, culture, and daily operations. We have also made a commitment to share this information with our stakeholders.

The report covers Ahlström Capital Group including Ahlström Capital Oy, Ahlström Capital BV and A. Ahlström Real Estate Ltd (in this report presented as real estate and forest business), Destia Group Oyj and Enics AG. Ahlström Capital's associated company holdings are excluded from this report. Information in this report covers the calendar year 2020 from January 1 to December 31.

Yours sincerely,

Lasse Heinonen
President and CEO



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1 Business Model

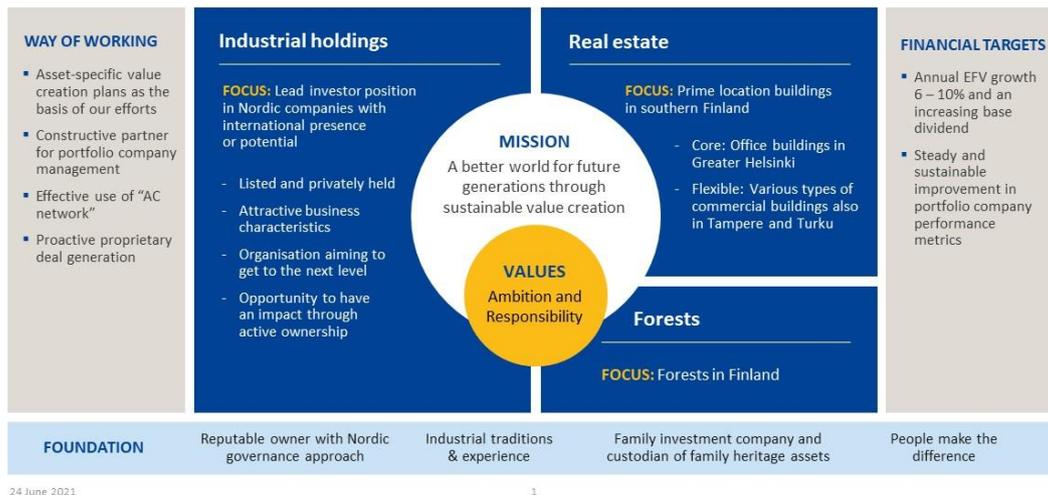
Business model descriptions are grouped according to three different businesses:

- Ahlström Capital (including Ahlström Capital Oy, Ahlström Capital BV and A. Ahlström Real Estate Ltd)
- Destia Group Oyj
- Enics AG

1.1 Ahlström Capital

Ahlström Capital focuses its investment activity on industrial companies, real estate and forest. Ahlström Capital creates long-term shareholder value by actively developing its portfolio. The company's external fair value on December 31, 2020, was EUR 1,056 million with a revenue of EUR 1,085 million.

AC strategy – We develop leading businesses



The industrial investments include substantial holdings in listed companies and direct investments in non-listed companies. Our fully owned non-listed companies, Destia and Enics, are included in this report.

Ahlström Capital's real estate portfolio includes prime location buildings in Southern Finland with approximately 65,600 m² of real estate area altogether. The portfolio includes heritage assets in Noormarkku, Pori. The forest assets are mainly located in Western Finland in the Satakunta region, and in Central and Eastern Finland. The forests area is approximately 34,000 ha. The real estate and forest businesses are managed by A. Ahlström Real Estate Ltd.

Ahlström Capital Oy is the parent company of Ahlström Capital Group. The company headquarters is located in Helsinki, Finland. Ahlström Capital BV is the investment company.

Ahlström Capital believes that sustainability is a prerequisite for creating long-term value. Ahlström Capital is committed to promoting responsible business practices in the portfolio companies and to conducting sustainable asset management of the real estate and forest investments. As a responsible investor, Ahlström Capital continuously improves its environmental, social and governance (ESG) impact and performance in its own operations and investments. As an owner, Ahlström Capital can contribute most to a sustainable ecology and the development of society through the capital it provides, the engaged ownership role it takes and through the employment, innovations, products and services that its portfolio companies provide.

In 2020, a Sustainability Policy, defining the framework for Ahlström Capital's sustainability work and the ambition as an owner, was approved by the Board. Key Performance Indicators (KPIs) to measure the development of ESG focus areas were defined, and in 2020 the portfolio companies started to report these KPIs to Ahlström Capital at least once a year.

Ahlström Capital integrates sustainability in its role as an owner and a company by taking a broad business approach and by targeting three focus areas: Business Ethics & Nordic Governance model, Climate & Resource Efficiency and Employee Well-being. As an owner, Ahlström Capital primarily influences through board representation. Sustainability is integrated in the value creation plans developed for each portfolio company. Ahlström Capital's material ESG topics are incorporated in the screening processes and business development work of our portfolio companies. In addition to the ESG topics followed by Ahlström Capital, the portfolio companies have their own industry specific ESG topics.

1.2 Destia Group Oyj

Destia is the biggest service company in the infrastructure sector in Finland. It provides services to cover the entire infrastructure life cycle from design to construction and maintenance. The company builds and maintains roads, streets, bridges and railway tracks. Its service portfolio also covers underground and urban construction, and services for the construction of energy grids and substations. Destia seeks growth especially in urban projects, railway construction and renewable energy.

In 2020, Destia's revenue was EUR 563.8 million, and the company employed 1,626 people. The company has operations mainly in Finland, but also some operations in Sweden and projects in a few other countries. Destia is headquartered in Vantaa, Finland.

Destia is a significant national player and employs infrastructure experts in various locations in Finland, also in rural areas. Destia has a large network of suppliers including material and service suppliers. The majority of the company's materials and services are purchased in Finland.

1.3 Enics AG

Enics AG is a group of electronics manufacturing services (EMS) companies providing comprehensive life-cycle service solutions in the field of professional industrial electronics. The group has performance centres in China, Estonia, Finland, Malaysia, Slovakia, Sweden, and Switzerland. The parent company Enics AG is a limited liability company incorporated in Switzerland in April 2004.

In 2020, Enics' revenue was EUR 503 million and at the end of 2020, Enics employed 3000 persons. Of these employees 31% are in Asia, and 69% in Enics' European locations. Of all employees, 49% are female and 51% male, and 74% of all employees are in blue-collar (manufacturing) and 26% in white-collar positions.

In 2020, Enics had 1,414 suppliers, but the most important 91 suppliers cover 80% of material purchases.

Enics has been a member of United Nation's Global Compact since 2012, and the company has produced Communication on Progress reports as its own entity. Since 2019, Enics' progress is reported as a part of Ahlström Capital Group Communication on Progress report.

2 Human and Labour Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

In Ahlström Capital Group human rights and labour principles based on accepted international laws and practices, such as those of United Nation's Universal Declaration of Human Rights, International Labor Organization and the United Nation's Global Compact (UNGC) principles, are fundamental and universal in all business activities. Freedom to associate, collective bargain or form employees' responsible bodies are recognised and supported by Ahlström Capital Group. The companies in Ahlström Capital Group have never intentionally used and will not knowingly use compulsory or child labour, contradicting with international laws or local labour legislation.

2.1 Assessment, policies and targets

In the Sustainability Policy implemented in 2020, Ahlström Capital emphasises good leadership and strives to create an environment with a focus on health and safety as well as on the personal development of employees. Ahlström Capital requests that all employees in the portfolio companies are treated equally, fairly and with respect, regardless of ethnicity, nationality, gender, sexual orientation, faith, religion, age or any other characteristics protected by law. All companies in Ahlström Capital Group respect the rights of all employees to form and join trade unions and to bargain collectively. The well-being of the employee is the key to new innovations and successful business and therefore also for developing leading businesses. We believe that focusing on and improving employee satisfaction increases employee commitment and motivation as well as quality and customer satisfaction.

Ahlström Capital has defined KPIs to follow up the social impact of the portfolio companies. These indicators are employee satisfaction, employee turnover and accident frequency rate. In addition

to these KPIs, the portfolio companies may have their own KPIs to measure their impact, such as safety observations and audits.

We have also defined KPIs to follow up the governance impact of the portfolio companies. With some of these indicators we want to ensure that human and labour rights are respected in the companies, such as Code of Conduct trainings (both new employees and existing employees), Supplier Code of Conduct coverage rate (both new suppliers and existing suppliers) and having an established whistleblowing channel.

Basic principles regarding Human and Labour Rights are included in each companies Code of Conduct. Some companies have also separate policies for e.g. equality related issues.

Policy/certificates	Ahlström Capital	A. Ahlström Real Estate	Destia	Enics
Code of Conduct	x	x	x	x
Policies for suppliers		x (PEFC certification in forest)	x	x
Occupational Health and Safety Policy			x	x
ISO 45001				x
Sustainability Policy	x	x		
Equality Policy			x	
Conflict Minerals Statement	n/a	n/a	n/a	x

Ahlström Capital and A. Ahlström Real estate (real estate and forest business) are committed to Ahlström Capital's Code of Conduct and due diligence process follows this policy. The forest business is also committed to PEFC forest certification system concerning Human Rights and Labour Rights.

Destia's Occupational Health and Safety Policy focuses on educating both Destia's own employees as well as the subcontractors and partners on health and safety issues. Destia has a process for auditing subcontractors to ensure an efficient and reliable network of partners. One of the topics handled in the audits is Health & Safety.

The fair and non-discriminatory treatment is ensured in the Equality Policy and Destia has a guideline for dealing with harassment and inappropriate behavior. As part of the commitment to non-discrimination and equality, Destia participates in the Work Does Not Discriminate campaign of the Confederation of Finnish Industries. The focus areas of social responsibility are health and safety, continuous learning and diversity.

At Enics, management co-operates with employee unions in all countries in order to secure flexible workforce solutions, reasonable salary development and peaceful and steady working environment. Each of Enics Performance Centers have an established Employee union or worker councils and are having one meeting a year between local Management and Employee Representative Teams or Employee Union.



Fair and non-discriminatory treatment of employees and potential employees of Enics is ensured by Enics Personnel Policy. All Enics employees, regardless of their position, are provided the needed tools and guidance to perform their work. Enics develops possibilities for life-long learning and development at work.

In all Enics Performance Centers, Employees Grievances Handling Process is implemented to ensure employees have equal possibility to report any violation of their rights and fair hearing. Harassment Dealing Guidelines are implemented to ensure that employees and managers recognize harassment and know how to deal with possible cases. Enics' common competence evaluation and salary review processes cover all employees and ensure fair possibilities for development and fair pay. Enics New Governance Model was introduced in early 2020 including a revision of all roles and grading of positions, to ensure the grading of positions and roles is uniform in all Enics locations. Enics has established ISO 45001 requirements in all its units and conducts work environment measurement regularly. A health and safety committee has been established in all Enics units, and a global Occupational Health and Safety Team analyses and develops company-wide actions for employee safety and well-being.

Enics conducts an assessment of suppliers on a regular basis using Supplier Self-Assessment and Supplier Assessment and Evaluation tools. In 2020, Enics prepared a wide Supplier Audit to map the suppliers' commitment to responsible employment, manufacturing and business. In the current market situation employee availability is challenging in certain Enics locations and Enics has continuous discussion on Human Rights-related matters with manpower companies it is using or considers using. Enics has created the Conflict Minerals Statement to support the Enics initiative to support Human Rights in the war zone.

Targets 2021:

A new e-training program for Code of Conduct is planned for Ahlström Capital and A. Ahlström Real Estate. A. Ahlström Real Estate is also planning to implement a new Supplier Code of Conduct.

Destia's goal is to have zero-accident sites. In 2021, Destia will adopt the ISO 45001 standard for two of its business divisions and in 2022 for the rest of its functions.

Enics will conduct the wide Supplier audit in 2021. Improving safety at work is also in focus with e.g. new Occupational Health and Safety training for white-collar employees and publication of new Occupational health and Safety Policy in all Enics locations' languages. Target is to decrease accident frequency rate to 1. Other targets: decreased sick-leave days by 10%, increasing employee satisfaction score to 3,8 and reducing employee turnover rate to 15%.

2.2 Actions and outcomes in 2020

KPIs related to human and labour rights (the same KPIs in 2019):

KPIs 2020	Ahlström Capital	A. Ahlström Real Estate	Destia	Enics
Occupational accidents' frequency	n/a	Each project separately	13,1 accidents/mH (5.6), no fatal	1,8 accidents/mH (1,1)
Near miss incidents & safety observations	n/a	Each project separately	8,657 (5,079)	
Whistleblowing channel	No reported cases (0)	No reported cases (0)	7 received, 1 suspected fraud (0)	No reported cases (0)
Code of Conduct trainings	All personnel (-)	All personnel (-)	69% completion rate (-)	86% all staff (93), 94% newcomers (75)
Employee satisfaction surveys	Short survey	Short survey (76)	69.8 (n.a)	3.6 (3.7)
Employee turnover rate *)	17%	2%	8%	17%

*) New KPI

In real estate business, the Ahlström Capital Code of Conduct was implemented. The occupational safety observations and accident frequency are regularly reported in every construction and renovation project by the service provider. The report includes description of the incident, as well as the corrective actions on how the incident could have been avoided. In 2020, site safety was actively instructed and followed in the Cramo-construction project, in Savoy and FOK (Farmasian oppimiskeskus) renovation projects and in smaller construction projects in Eteläesplanadi 14, Helsinki. During the Covid-19 pandemic real estate organisation has informed tenants how to prevent the spreading of COVID-19 at the properties and shares best practices for maintaining a safe and healthy environment. The employees in the Hospitality Business were given the possibility to work with other tasks within the company instead of layoffs during the COVID-19 pandemic.

In the forest business, a notification of forest use in accordance with the Forest Act is done before loggings start. The Forest Centre monitors the loggings. The subcontractors are required to follow the human and labour rights. In 2020 all personnel and subcontractors participated in work safety education and had an exam. Site specific instructions are shared. All contracts are in written format and sub-contractors are audited annually. (PEFC Criterion 1, 21, 22, 23)

At Destia, planned foreign supplier audits were postponed due to COVID-19. Destia strives to guarantee safe and healthy working conditions for all its employees and the subcontractors who work on Destia sites. The safety of those who move in the vicinity of its sites is also ensured. Destia's occupational safety includes systematic promotion of safe practices at work, promotion of safety guidelines via online training, safety visits on sites and monthly company-wide online safety info sessions, as well as on-site safety talks to site employees and subcontractors. In 2020, more than 200 safety talks were held at site. Work-related health and safety risks are addressed through training, analysis, assessments, and consequence management with particular focus on road safety, work at height and electrical work.

At Enics, the occupational Health and Safety policy trainings were postponed to 2021 due to the COVID-19 pandemic. The number of employee surveys increased and the practice of involving employees at all levels in dialogue and interactions with company management was strengthened,

13 dialogue sessions were held in 2020. The amount and quality of digital learning materials increased by 73%, enabling self-development opportunities also in harmonised onboarding experience. The Enics Bonus model was implemented in 2020 to promote equality.

Progress of actions and implementation of global principles in all entities of Ahlström Capital Group are being reported to Ahlström Capital Oy once a year.

3 Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges

Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility

Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies

As an investor, Ahlström Capital acknowledges its role in accelerating the transition to a sustainable low-carbon economy. Ahlström Capital believes that increasing resource efficiency and investing in new technologies are key for its portfolio companies to remain as leading companies. The built environment and the total amount of carbon stored in tree trunks have a significant role in decreasing our carbon footprint. Ahlström Capital also integrates climate and resource efficiency considerations in its investment process. It also strives to reduce its indirect negative environmental impact linked to the portfolio companies and increases their positive impact.

Ahlström Capital targets climate neutrality, meaning the balance between emissions and carbon sinks. We have defined KPIs to follow up the Environmental impact of the portfolio companies. These indicators are energy intensity, share of renewable energy and CO² emissions (both direct and indirect). In addition to these KPIs, the portfolio companies may have their own KPIs to measure their impact, such as carbon sink, water consumption and the recycling of waste.

3.1 Assessment, policies and targets

Policies and certificates related to environment rights:

Policy/certificate	Ahlström Capital	A. Ahlström Real Estate	Destia	Enics
Environmental Policy	incl. in the Sustainability Policy	incl. in the Sustainability Policy	x	incl. in the Quality Policy
ISO 14001			x	x
Code of Conduct	x	x	x	x
Policies for suppliers			x	x
PEFC	n/a	100% of forest	n/a	n/a
BREEAM	In use in all investments	n/a	n/a	n/a

A. Ahlström Real Estate Ltd applies for energy certificates, such as BREEAM, for all significant investments. The largest percentage of carbon emissions associated with a building's life cycle occurs within its operational phase. A building and its occupants will consume energy, water and materials; and produce waste and emissions. During its life, these operational activities place pressure on resources, and impact the local and wider environment. BREEAM In-Use provides with

a consistent and credible means of determining the impact and performance of their buildings and determining areas for improvement. The carbon footprint is calculated during the building process.

The forest business is committed to PEFC forest certification system concerning protection of environment and maintaining biodiversity.

Destia's focus areas of the environmental efficiency are material efficiency, energy efficiency and biodiversity. Destia promotes circular economy and uses the best possible technology and competence to ensure environmental protection. Biodiversity is taken into consideration in operations throughout the service life cycle. Destia aims at preventing environmental damage and minimising the impacts of its operations in its planning, construction and maintenance. Where possible, the company also strives to improve the condition of natural environments. Destia's operating principles, practices and goals apply to its partners and subcontractors. The performance is monitored from the projects to the corporate level. Destia strives to continue to improve its energy intensity. Other key performance indicators are: zero serious environmental deviations and one environmental observation made per quarter per project (average 1,7/quarter/project).

Enics Quality Policy covers also environmental matters and it is location-based; each Enics manufacturing site has its own Quality Policy that complies with the environmental ISO14001 standard. The highest quality process requirements have been confirmed in multiple business units, with the continued implementation of IATF16949 (automotive industry quality management certification), IRIS (railway industry certification), ISO13485 (medical industry certification), and other relevant industry standards to ensure Enics' capabilities are continuously improved to exceed set requirements. In 2020, Enics started to monitor carbon footprint to track and improve the areas that have the biggest impact. Enics continuously strives to reduce landfill waste and considering environmental aspects in its supply chains and investments. Additionally, Enics is working closely with customers to fulfill their stringent environmental requirements, requirements beyond regulatory and legal requirements. Environmental risks are evaluated in Enics annual risk assessment and managed accordingly. Risks related to environmental contamination are managed with dedicated areas to manage potentially harmful chemicals to prevent leaking to the ground.

Towards suppliers, Enics promotes its principles about the environment and technology through the Enics Code of Conduct, Supplier Manual, Supplier Self Evaluation, and Questionnaire and Supplier Assessment Process. Enics aims to shorten the supply chain by moving closer to the source in its material purchases, and to promote regional-specific production to reduce the material transportation-related emissions. The main portfolio of products Enics produces has the purpose of improving Energy Efficiency. Enics focuses on attracting business that supports the company's strategy of making a positive impact to the environment. Enics' own products; the testers and power products are built to serve multiple needs, are repairable, and last even 20 up to 30 years. Enics chooses long lasting, reusable materials for its ODM products.

Targets 2021:

The real estate business will apply for certificates for its new projects and is targeting to certify 100% of new buildings. The project in Tampere (Ratapihankatu) is aiming for LEED Platinum and Well certificate. The project for building an innovation hub in Espoo (Suomenoja) is also applying for a certificate and the carbon footprint is calculated from the beginning of the construction. The

project in Vantaa (Cramo) is finalised and a BREEAM in Use- certificate will be applied for in 2022-2023. In the existing industrial, commercial and residential properties the real estate business is targeting continuous improvement in energy and resource efficiency.

The forest business is targeting more growth than loggings every year and an increase in the amount of carbon dioxide captured in trees in forest holdings. Maintaining the biodiversity in the forest is also in focus.

Destia is implementing responsibility as part of its strategy and include sustainability KPIs in the strategy process. Carbon neutrality is one of the topics addressed in Destia's strategy.

Enics' targets are to reduce carbon footprint and environmental impact by reducing annual electricity consumption (changing to LED lights and updating machinery) and to increase share of renewable energy to 26% (18% in 2020). The company also targets to reduce carbon dioxide emissions by 10% in 2021 by reducing transportation-related emissions (moving closer to material source), logistics-related emissions and increasing reusable packaging in product shipping. Enics is also targeting to reduce waste produced and to increase waste recycling to 60% (51% in 2020).

3.2 Actions and outcomes in 2020

KPIs related to environment (the same KPIs in 2019):

KPIs 2019	A. Ahlström Real Estate	Destia	Enics
CO ² emissions	3,209 tonnes (3,689)	13,656 tonnes (14,895)	14,107 tonnes (13,837)
Carbon stored in tree trunks	1,13 million tons	n/a	n/a
Energy efficiency/intensity	1,084 kWh/kEUR (1,298)	335 GJ/M€ (364)	74,9 kWh/kEUR (79,5)
Recycling of waste			51% (23%)
PEFC forests	100%	n/a	n/a
BREEAM	100% of new projects	n/a	n/a

In the real estate investments, a BREEAM certificate was received to the Eteläesplanadi property. Green electricity was bought and energy saving investments with annual saving potential of 15% were finalised (incl. smart control systems, new energy efficient ventilation systems and installed solar panels). New solar panels were installed also to Hankasuontie property.

In the forest business all loggings are notified to the Forest Center and audited. The training of personnel and contractors includes environmental matters, law regulations and certification criterions. Guidelines are given to every contractor (available on every site), and they include directions and instructions for work, environment, safety and governing. Habitats of high conservation value have been researched and are marked on the forest data system. In 2020, 2,800 hectares of forest were updated, and 40 high conservation areas were marked. Actions to increase diversity of forest nature were completed. Nature monitoring project, started in 2019, was continued. In the project, sites with nature value are identified in the company's forests. These sites are important to the biodiversity and are mainly excluded from forestry activities or managed in a way where the special features of the sites are maintained. Biodiversity of forest fauna is also

upheld. Feeding of game animals in the wintertime is intensive. Breeding of fallow deer was protected in a 20-hectare area, which is surrounded by fence. Drainage of natural bogs is no longer performed, and the peatland forest has been transferred under the uneven-aged forest management. Protection strips are left along watercourses and groundwater areas are marked in the forest system to be considered in forest management. (Actions done according to PEFC 3, 9, 10, 11, 12, 14, 17, 19). Training was arranged to both own personnel and contractors doing cuttings and silvicultural work.

Destia continued its sustainability strategy development, with environmental responsibility being one focus area. Environmental responsibility is divided into three sub-projects: low carbon, circular economy and biodiversity. Destia defined key performance indicators. Carbon neutrality is an important theme in mitigating climate change and Destia continues to review how to address it as part of the sustainability strategy. Mitigating climate change will also safeguard biodiversity, which Destia supports by continuing to identify and remove invasive species and protect native species. Destia is well positioned to do this as it, for example, maintains approximately 45 000 kilometers of roads and roadsides in Finland.

Enics entered the Ecovadis audit system in 2020 - the rating will be available in 2021. ISO 14001-driven KPI setting, and performance follow-up was set up in 2020. Local improvement projects will be developed and accomplished and monthly follow-up practice in place. Employee training on Environmental awareness have been held in 2020 and will continue in 2021. The European Conflict Minerals Regulation 2017/821 coming into the force in January 2021, and the implementation of this regulation was under focus in 2020.

Progress of actions and implementation of global principles in all entities of Ahlström Capital Group are being reported to Ahlström Capital Oy once a year.

4 Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery

Ahlström Capital Group is committed to conduct its business in a responsible and sustainable way. All businesses respect and follow local legislation and internationally recognised principles for combating corruption and bribery. Ahlström Capital is committed to conduct its business in a fair and ethical manner. The company avoids unfair restrictive trade practices, such as exchanging unlawful price or market information or concluding unlawful agreements with competitors. Ahlström Capital's employees, either directly or indirectly, must not offer nor accept bribes or kickbacks. Anti-corruption is addressed in Ahlström Capital's Code of Conduct (guiding also A. Ahlström Real Estate), as well as in Destia's and Enics' Code of Conducts, respectively. Ahlström Capital and its direct holdings aim to prevent violations against company values of each business and ethical principles set in the Code of Conduct by providing policies and instructions to follow. Ahlström Capital and its direct holdings expect their employees to avoid any conflict of interest and strongly oppose all forms of corruption.

Suppliers form an important and integral part of the total supply chain for Ahlström Capital. They are expected to conduct their business in compliance with the same high legal and ethical standards that Ahlström Capital and its direct holding themselves adhere to.



In the new Sustainability Policy business ethics and governance constitute the foundation for Ahlström Capital's ownership model with clear roles and responsibilities. Ahlström Capital supports universally recognised human rights and assumes long-term accountability for ethical standards. Ahlström Capital Group strives to comply with laws, rules, and ethical principles. Ahlström Capital's Sustainability guidelines define the expectations applicable to Ahlström Capital and all of its portfolio companies to conduct their operations in a responsible manner.

Ahlström Capital has defined KPIs to follow up the governance impact of the portfolio companies. These indicators are ESG management maturity, Code of Conduct training, Supplier Code of Conduct coverage rate and an established whistleblowing channel.

4.1 Assessment, policies and targets

In Ahlström Capital Group companies' policies related to anti-corruption are included in the Code of Conduct. Some companies have also implemented separate policies for anti-corruption.

Policy/certificate	Ahlström Capital	A. Ahlström Real Estate	Destia	Enics
Code of Conduct	x	x (also PEFC 24)	x	x
Anti-corruption Policy				x
Policies for suppliers			x	x
Whistleblowing channel	x	x	x	x

The real estate business invested in a new company, Avain Yhtiöt, and in the Due Diligence ("DD") a special integrity DD was done and there were no findings.

In the forest business the contractors are qualified and anti-corruption is applied in contractor selections.

Destia's Supplier Code of Conduct is designated to ensure that Destia's contract partners comply with the law, avoid conflicts of interests and have effective measures to prevent corruption, bribery and money laundering. Together the Ethical Guidelines and Supplier Code of Conduct label Destia's strong commitment to compliance with ethical principles including anti-corruption, anti-bribery, compliance of competition legislation, as well as fair and equal employee conditions throughout its supply chain.

If anyone in Destia's personnel observes potential violations of the company values or ethical principles, the person has a duty to report the matter to their supervisor, Destia's internal audit or leave a notification via Destia's whistleblowing channel. Destia's customers and other stakeholders may also report potential violations of the Ethical Guidelines via the whistleblowing channel. The compliance with these principles starts from the induction of new employees and continues during the performance management. Every employee must annually take e-learning on Code of Conducts, which deals with compliance matters in general and Destia's Ethical Guidelines. In addition, Destia's personnel must complete e-learning concerning competition law.



Enics' suppliers are expected to conduct their business in compliance with the same high legal and ethical standards that Enics itself adheres to. Enics has implemented both a Code of Conduct and an Anti-Corruption Policy. In line with Enics' Non-Compliance Procedure ("Procedure"), employees can report any suspected or witnessed non-compliance or violation of Code of Conduct. The Procedure is mandatory to follow for all Enics' employees and representatives.

As for the supply chain responsibility, Enics conducts assessments of its' suppliers regularly by using supplier self-assessment and supplier assessment and evaluation tools (Supplier Manual, Supplier Self Evaluation and Questionnaire, and Supplier Assessment Process). A majority of Enics' preferred suppliers have committed to Supplier Commitment to Ethical Conduct of Business and Enics Code of Conduct agreements. For new suppliers, supplier assessments are conducted, and labor principles and other compliance requirements are reviewed. In 2020, 90% of the 1,414 suppliers have committed to Enics Code of Conduct or their own, corresponding Code of Conduct. Enics has a preferred supplier program that has 33 suppliers, covering 55% of material purchases in 2020 (53% in 2019). The criteria for choosing the preferred suppliers include, to mention a few, commitment to Enics Code of Conduct, reliability of their supply chain as well as business value.

Enics' operations are certified according to the requirements of the International Organization for Standardization (ISO) and are regularly audited.

Targets 2021:

In A. Ahlström Real Estate a Supplier Code of Conduct will be implemented in 2021.

Destia's target is to have no incidents of corruption.

Enics is targeting two training sessions on compliance and ethics (held both to targeted functions/teams and as part of Leadership development programmes). Enics targets that 80% of white-collar employees and manager position holder's complete anti-corruption e-training in 2021. Evaluation of the need of local translations of the training material, the need of an external whistleblowing channel and the state of compliance will be made. Enics' target is to issue a Questionnaire (Supplier Audit) to all suppliers for an update on compliance conformance throughout their supply chain with measurable sustainable targets, create a supplier scorecard to monitor suppliers' compliance status and to update the Supplier manual. Enics also aims to increase the share of material purchases from suppliers in the Preferred Suppliers programme (55% of material purchases in 2020) by targeting 60% of material purchases from Preferred Suppliers.

4.2 Actions and outcomes in 2020

KPIs related to anti-corruption rights (the same KPIs for 2019):

KPIs 2019	Ahlström Capital	A. Ahlström Real Estate	Destia	Enics
Number of confirmed incidents in whistleblowing channel	No reported incidents (0)	No reported incidents (0)	1 (0)	No reported incidents (0)
Training of CoC	All personnel (-)	All personnel (-)	69% (-)	86% (83)
Supplier assessments/audits			not implemented due to COVID-19 (-)	not implemented due to COVID-19 (90)
Internal audits			x	x
Compliance related trainings			x	x
Anti-corruption policy e-learning				67% of personnel (70)

Destia's internal audit completes several regular audits and annual reviews to its units. Auditing procedure covers project audits, integrated management system audits and internal inspections. In addition, Internal Audit Fraud Audit projects are conducted based on the whistleblowing channel notifications. Destia received 7 anonymous notifications through the whistleblowing channel and 1 incident notification via other channels. Total of 3 fraud audits were conducted. In one fraud audit a suspected fraud was discovered. The suspected persons are no longer working for the company.

In 2019, two cases of misconduct connected to Destia's construction projects were revealed during Destia's own internal audit and was reported in the Communication on Progress report last year. The suspected persons were Destia's employees and are no longer working for the company. The case is still awaiting trial.

Destia's goal is to constantly improve its supply chain, support transparent and fair competition, and prevent grey economy in the construction industry. Destia requires that all its partners obey legislations of the Finnish law, and will be committed to Destia's values, operating models and ethical guidelines. Due to the COVID-19 pandemic, Destia did not perform audits of the suppliers. Destia plans to expand audits from foreign also to domestic suppliers in the third quarter of 2021. The audits are divided into three different parts (introduction, audit questions and site or production visit), and will be performed in one day. The topics to be handled are the following: Company profile, Environment, Health & Safety, Quality, Productivity (or Production) and Ethical. A responsible supply chain means traceability, knowledge and management of material, information and cash flows. It ensures competitiveness and operational flexibility, as well as the realisation of various sustainability objectives. The project started in 2021 and the target is to ensure that the mentioned operational objectives shall be met in Destia supply chain by 2025. Project focus is on supply chain management (SCM) and supplier relationship management (SRM). Supplier audits are one functional part of the supplier relationship management. Supplier audits will ensure capable suppliers are used while increasing Destia's awareness of the supply chain.



Enics focused on raising the awareness and importance of anti-corruption as well as on increasing the local compliance footprint during 2020 by updating Enics Code of Conduct, training to selected Performance Centers, online learning focusing on anti-corruption issues (mandatory for all white-collar employees and other manager position holders), a Compliance Ambassador program and continuing promotion of compliance awareness (e.g. Compliance Blog). A supplier audit to map the material suppliers' commitment to compliance and responsible employment, manufacturing and business was prepared and will be completed in 2021.

Progress of actions and implementation of global principles in all entities of Ahlström Capital Group are being reported to Ahlström Capital Oy once a year.