



# Patria

Annual Review  
2013











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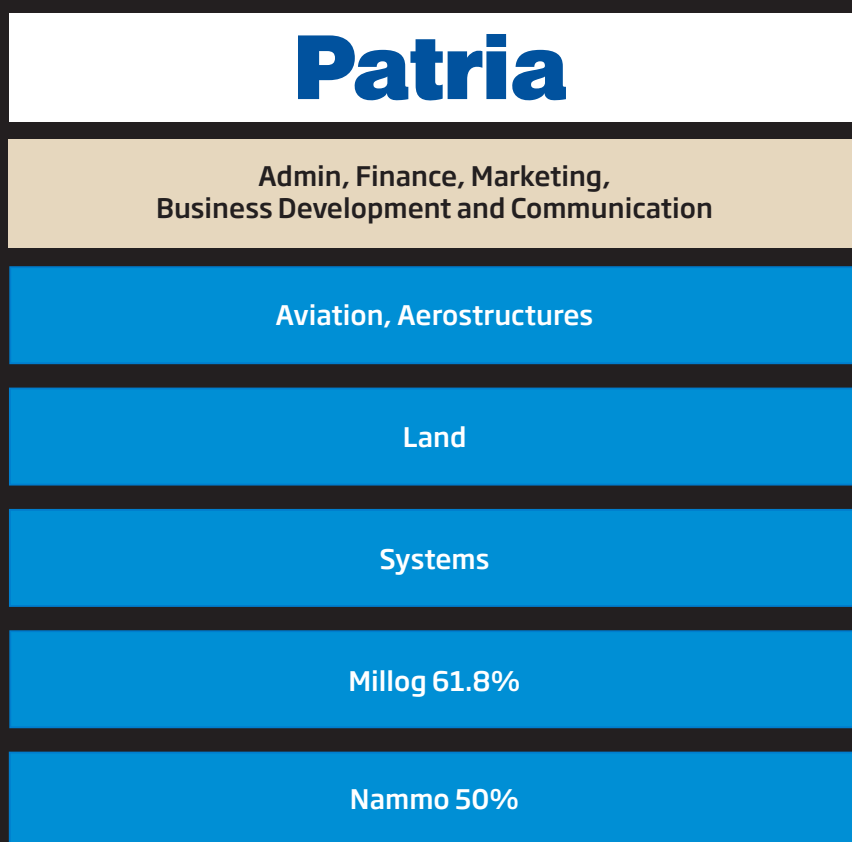
Patria's Annual Review consists of the Annual Report which includes the Corporate Responsibility Progress Report and a separate Financial Statements Report. These parts complement each other. Further information can be found at Patria's web page [www.patria.fi](http://www.patria.fi). The Annual Review can also be viewed with smartphones and tablet computers by reading the attached QR code. The Annual Review 2013 will be Patria's last annual review published in a printed form. In future Patria's Annual Review will be published only at the company's web site.



# Patria briefly

Patria is a trusted provider of defence, security and aviation life-cycle support services and technology solutions. Patria is owned by the state of Finland (73.2%) and EADS European Aeronautic Defence and Space Company N.V. (Airbus Group) (26.8%).

## Corporate structure



## Values

WE WANT TO SUCCEED

OUR OPERATIONS ARE CUSTOMER ORIENTED

TOGETHER WE CREATE SUCCESS

## Net sales as a share of Group net sales

 **Aviation and Aerostructures**  
**14%**

Extensive life cycle support for aircraft and helicopter fleet management including pilot training. The design and manufacture of composite structures for aircraft and spacecraft.

 **Land**  
**34%**

Armoured wheeled vehicles, mortar systems, ammunition, and life-cycle support services for these products.

 **Systems**  
**10%**

Systems for situational awareness and applications and services supporting critical infrastructure.

 **Millog**  
**14%**

Patria's subsidiary (61.8%) Millog produces life cycle support services for the Finnish Army material.

 **Nammo**  
**28%**

Patria's 50% owned Nammo AS focuses on development and provision of ammunition systems, missile and space propulsion products as well as environmentally friendly demilitarisation services.



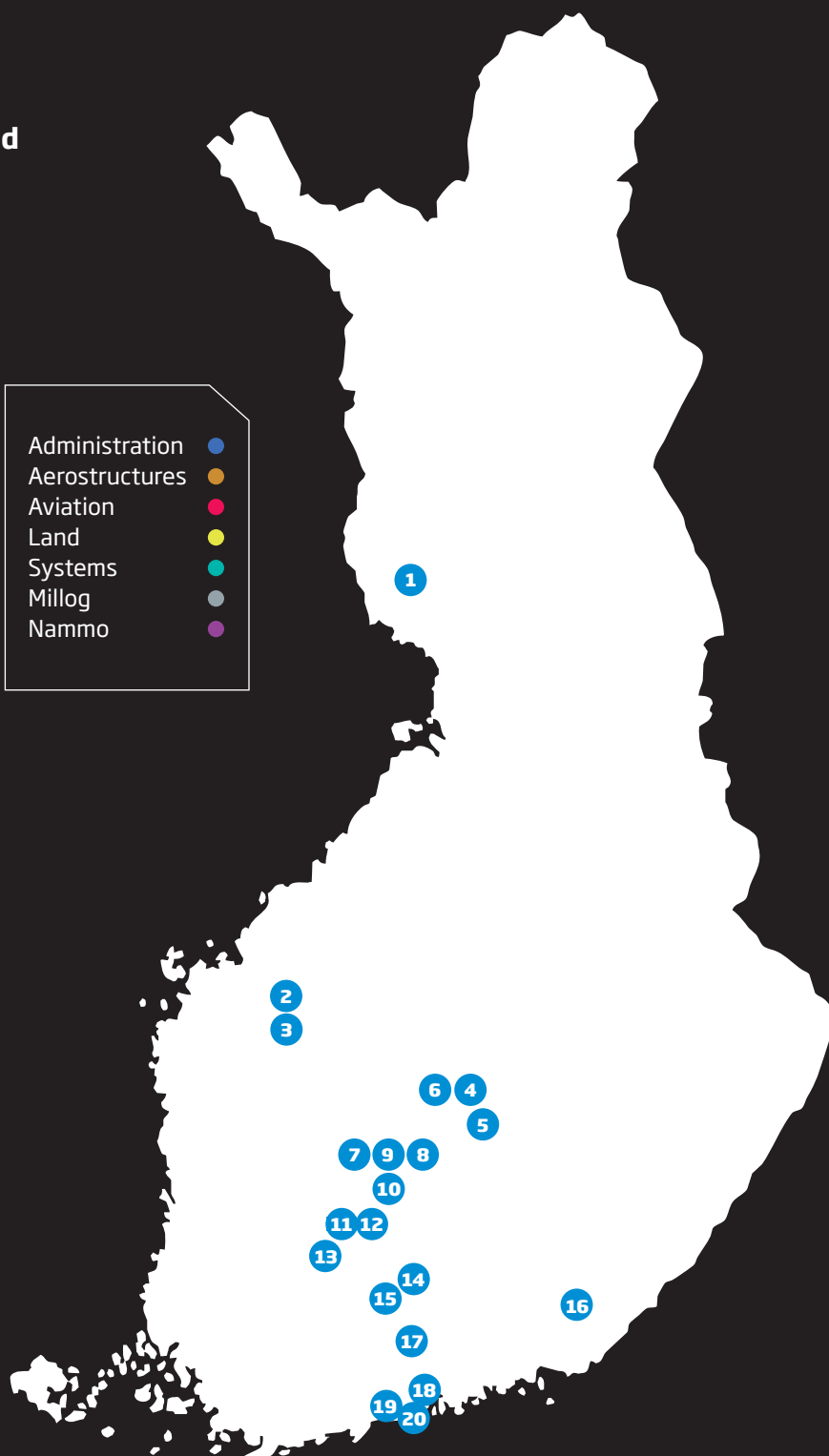
## Patria internationally

Patria operates internationally and the company has operations and projects in countries such as Finland, Sweden, Norway, Estonia, Poland, Croatia, United Arab Emirates, Saudi Arabia, USA and South Africa

## Patria's operational sites in Finland

1. Tervola
2. Kauhava
3. Lapua
4. Vihtavuori
5. Lievestuore
6. Tikkakoski
7. Jämkipohja
8. Halli
9. Lyly
10. Orivesi
11. Linnavuori
12. Tampere
13. Sastamala
14. Parolannummi
15. Hämeenlinna
16. Utti
17. Riihimäki
18. Malmi
19. Espoo
20. Helsinki

Administration	●
Aerostructures	●
Aviation	●
Land	●
Systems	●
Millog	●
Nammo	●

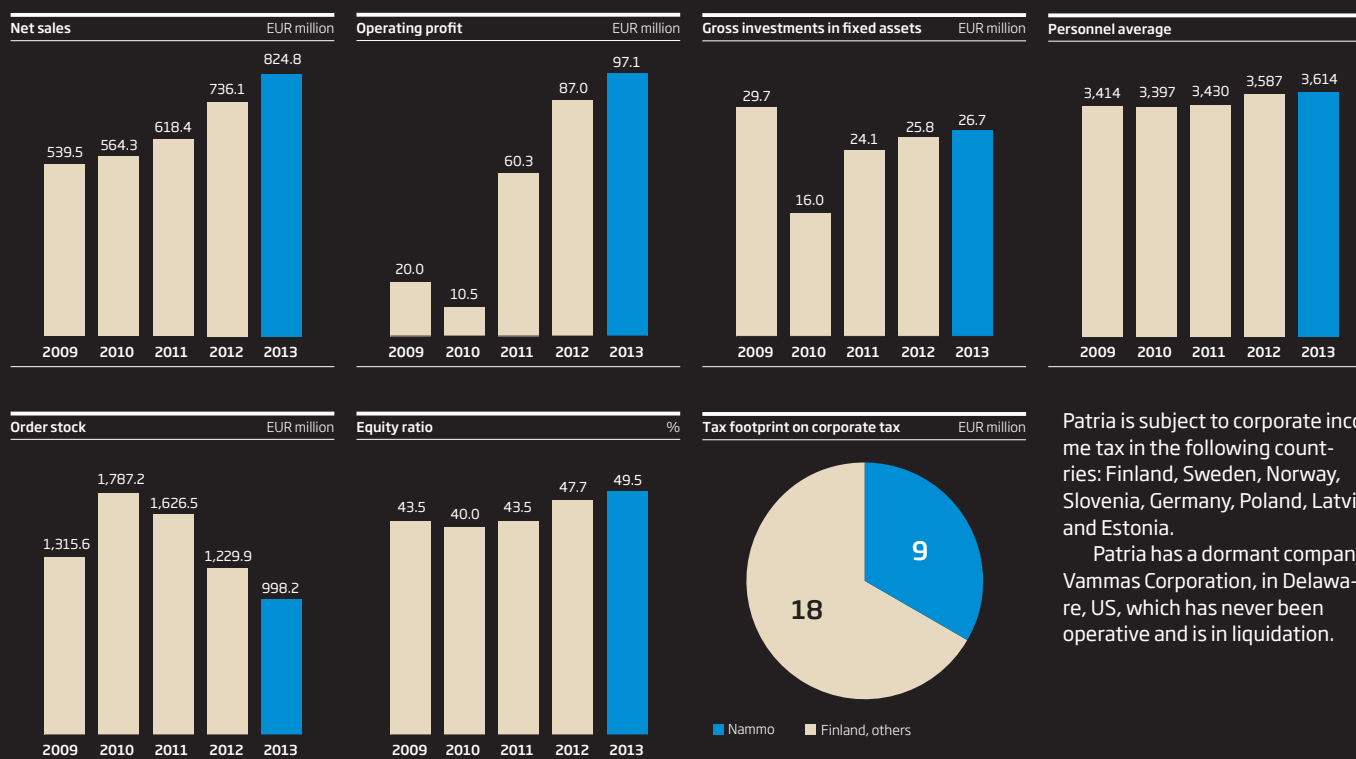


View the GRI table  
on pages 42-43



# Key figures

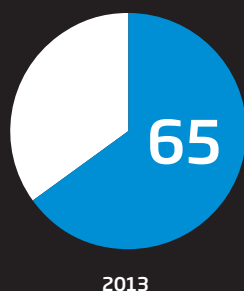
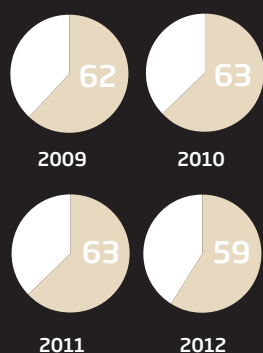
For Patria, 2013 was a year of growth. There was clear growth in net sales and profitability remained at the previous year's good level. The growth of the order stock has slowed down and its development will depend on whether export projects now in the tendering stage are launched on the international markets.



Patria is subject to corporate income tax in the following countries: Finland, Sweden, Norway, Slovenia, Germany, Poland, Latvia and Estonia.

Patria has a dormant company, Vammas Corporation, in Delaware, US, which has never been operative and is in liquidation.

## Net sales outside Finland %



## NET SALES

EUR 824.8 million

## OPERATING PROFIT

EUR 97.1 million

## PERSONNEL AVERAGE

3,614



## Personnel statistics

Proportion of women		2010	2011	2012	2013
Board of Directors		2/6	2/6	1/5	1/5
Board of Management		0/7	0/7	1/8	1/8
All personnel, %		17	17	17	17
Personnel figures					
Personnel, on average		3,397	3,430	3,587	3,614
Personnel in Finland		2,414	2,474	2,567	2,592
Blue collar, %		42	41	41	41
Salaried, %		20	21	22	22
Senior salaried, %		38	38	37	37
Education level					
University, %		18	18	17	17
University of applied sciences, %		33	33	34	33
Vocational/upper secondary school, %		47	46	46	47
Basic education, %		2	3	3	3
Employment					
Average age		42.9	43.4	43.7	43.8
Length of services, yrs		13.7	13.8	13.9	13.9
Permanent employees, %		95	94	95	92
Part-time employees, %		2.6	2.2	2.2	2.6
Accidents at work					
Accident at work, qty		28	38	21	29
New permanent disability pensions granted, % of those insured		0.31	0.47	0.38	0.08
Employer image					
Technology students, Unversum		14	20	25	31
Working people (technical education) Unversum		13	15	29	52

The figures cover Patria and the employees of companies of which Patria owns more than 50%.

## Stakeholders-specific capital flows (MEUR)

Direct economic value, EUR million			2010	2011	2012	2013
		Consolidated net sales	564.3	618.4	736.1	824.8
		Other operating income	6.4	5.0	7.9	5.5
		Financial income	1.1	1.3	1.3	0.8
<b>Customers</b>	Sales	<b>Income, total</b>	571.8	624.7	745.3	831.1
<b>Suppliers</b>	Goods, materials, and services	Operating costs excluding depreciation and personnel expenses	384.0	338.2	411.0	481.5
<b>Personnel</b>	Wages, salaries, and fees	Personnel expenses	190.8	203.4	224.7	226.3
<b>Public sector</b>	Taxes	Payments to government (taxes)	3.7	6.5	6.1	14.8
<b>Not-for-profit organisations</b>	Support and donations	Donations and other charitable payments	0.0	0.1	0.0	0.0
		Payments made to shareholders and loan providers				
<b>Shareholders</b>	Dividends	Dividends	0.0	0.0	10.3	19.0
<b>Investors</b>	Financial costs	Interest and other financial expenses	4.4	4.0	3.7	4.3
	Expenses	Distributed, total	546.9	552.2	655.8	745.9
	Sales-expenses = added value	Economic value retained for operational development	24.9	72.5	89.5	85.2
<b>Investments</b>	Acquisitions	Investments in tangible and intangible assets as well as acquisitions	17.0	28.9	31.4	36.3

In the beginning of 2014, Nammo Group will be reclassified as joint venture and consolidated using the equity method instead of the proportionate method. This will have a material impact on the illustration of the Group's consolidated net sales. The Consolidated Financial Statements of Patria have been prepared in accordance with International Financial Reporting Standards (IFRS).



# A year of strong growth

For Patria, 2013 was a year of growth. There was clear growth in net sales and profitability remained at the previous year's good level. However, overall growth in orders remained subdued. Naturally, this will affect our development over the next few years. In our home and other important markets, defence budget cuts are driving the defence industry into a transition in which solutions that are more cost effective are being sought on the basis of decreased resources. In addition, procurements already prepared and decided on are being postponed and reduced in size, which is also affecting the order book.

## PROJECTS PROGRESSED AS PLANNED

From our point of view, it was positive that several projects under way progressed well and in line with our plans during 2013. As part of the agreement signed in 2010, Patria delivered the first of 113 Patria AMV armoured vehicles to the Swedish Defence Materiel Administration (FMV), in early 2013. The value of this project is around EUR 250 million. The project is progressing in line with its tight schedule. In the summer, Patria and Polish state-owned company Wojskowe Zakłady Mechaniczne S.A. (WZM) signed a new manufacturing licence agreement for Rosomak armoured vehicles. In the autumn, Patria introduced its new vehicle concept to the international markets at the DSEI exhibition in London. This new concept's architecture benefits from and develops the successful Patria AMV solution, based on experience gathered in true battlefield conditions. In November, Denel Land Systems and Patria signed a long-term agreement for the production and delivery of Patria AMV 8x8 armoured wheeled vehicles to the South African National Defence Force. In December, the Finnish De-

fence Forces signed an agreement for life cycle upgrades of XA-180 personnel carriers, also known as 'Pasis', with Patria; this modernisation project will secure the vehicle's life cycle and usability long into the future. The project will have a major employment effect on both companies. At the year end, we also completed the Rauma Class Fast Attack Craft life-cycle upgrade project. This was an important project for Patria, in which it demonstrated its ability also to succeed in a Navy project demanding integration expertise of a very high order.

Other noteworthy events included the contract signed with the Finnish Defence Forces on a research project related to the protection of data networks. This project is one of the Defence Forces' technology programmes. Another major event was the Memorandum of Understanding signed by Patria Pilot Training with the Kazakhstan Civil Aviation Academy on professional pilot training cooperation. Furthermore, Patria and NH Industries agreed on the role of the Nordic Service Center, as part of the life-span support services provide for NH90 helicopters assembled by Patria in Halli, Jämsä. In the autumn, Patria and Insta DefSec Oy agreed on the acquisition by Patria of Insta DefSec's waveform business.

## JUDICIAL PROCEEDINGS PROGRESSED

In February, the Helsinki District Court dismissed all charges related to a training aircraft accident that occurred in 2008. At the end of June, the Court of Appeal of Turku confirmed the previous dismissal of all bribery charges by the lower court, related to the Egyptian artillery export project (1998-2004). During the summer, the Finnish Prosecution Service completed its consideration of charges in relation to Patria's Croatian vehicle project, related to

the overall investigation initiated by Finland's National Bureau of Investigation in 2008. The matter will proceed in the manner and according to the schedule decreed by the court. In the autumn, legal proceedings at the Kanta-Häme District Court in relation to the Slovenian vehicle project ended in the dismissal of all bribery charges, after the period under review, in a decision published in January 2014.

## ETHICAL AND RESPONSIBLE PRACTICES

Continuous development of ethical practices is particularly important to companies like ours, which operate in the defence materiel industry. During the year gone by, we at Patria again invested in ethical practices, highlighting the importance of responsibility and increasing the transparency of our operations. For example, online training on ethical practices was organised for all staff in Patria, and a range of targeted info sessions were held. We updated our code of ethics material and distributed it to all Patria locations. In addition, we created a whistleblower channel, through which employees can, where necessary, anonymously inform the company of any suspected cases of malpractice.

Patria signed the UN's Global Compact Initiative through which, within their own spheres of influence, companies commit themselves to adopting, supporting and implementing the basic values related to human rights, working life principles, the environment and the fight against corruption. Patria also belongs to the Global Compact Nordic Network and, naturally, abides by the ethical standards (Common Industry Standards, CIS) of ASD (Aerospace and Defence Industries Association of Europe). During the year, Patria also actively engaged in discussions

with e.g. Transparency International and participated in its events. Patria is a member of the corporate responsibility network FIBS.

The three-year Get Moving project supported by Patria ended with excellent results. This project achieved major progress in promoting the participation of conscripts in leisure-time sports clubs during their military service. During the project, the amount of exercise done by conscripts outside their service period grew by over 25 percent.

#### A GLANCE AT THE FUTURE

We are already aware that 2014 will be a less favourable year than its predecessors. It is clear that our net sales will fall, particularly following the exclusion from the financial results of the figures for Nammo, which Patria 50% co-owns with the Norwegian state (50% line-by-line consolidation), in line with a change to the IFRS standards. Although defence force procurements will decrease, several equipment life cycle management projects already under way, and which are progressing as planned, will provide us with operational stability. In terms of orders, the situation will depend on whether export projects now in the tendering stage are launched on the international markets. Within Patria, we will increase the cost-effectiveness and flexibility of our operations, in order to prepare our organisation thoroughly for changes in the business environment.

I would like to thank all of our customers, owners, partners and other stakeholders and all of our employees for a good year and excellent cooperation.

**Heikki Allonen**  
President and CEO



# Keeping a close eye on the markets

The creation of an open defence materiel market has intensified competition within the industry in Europe, at the same time as financial resources set aside for defence procurement have been cut. In the prevailing business environment, defence industry companies must be alert and able to identify growing business activities within a changing market.

The effects of the world-wide recession sparked off in 2008 can still be felt to-day. Within the defence industry, the after-tremors rumble on in the form of states cutting their defence budgets alongside other expenditure, and postponing defence procurements.

Defence expenditure has been cut in Finland too, in addition to which savings are being sought through the 2012–2014 reform of the Finnish Defence Forces. The goal is to render the defence forces more cost-effective and employ fewer personnel, while maintaining the defence forces' effectiveness with respect to the security environment.

In the Government report on the Finnish Security and Defence Policy, published in 2012, the Finnish Defence Forces' current tasks, the defence of all Finnish territory and general conscription were set as the basis of Finland's military defence. However, it was believed that additional funding would be required to realise these prerequisites, with the related financial evaluations being left to the next government.

In the national defence of the future, defence sector players that can produce solutions, products and services cost-effectively will be in a key position. Patria subsidiary Millog is a prime example of just such a player; founded in 2009, this strategic partner of the Finnish Army produces life-cycle support services for army systems in several fields of operation.

## COOPERATION AND COST-EFFECTIVENESS

Several EU countries have cut back on their defence resources, while solutions have been sought to common problems, for example by stepping up levels of cooperation and bolstering the competitiveness of the European defence industry.

Joint use of military capabilities and the Pool & Sharing initiative on sharing, aimed at achieving a range of joint benefits, have also come to the fore in European defence cooperation. Close attention will be paid to the progress of this timely venture, and work on the issue will continue. The equivalent initiative within NATO is known as Smart Defence.

Major procurements have been postponed in the current market situation, making the procurement and modernisation of spare defence materiel a timely option. From the perspective of the defence industry, this could lead to new business based on various upgrade and maintenance projects, as a substitute for the dwindling production of new materiel.

Growth is also evident in the civil aviation sector. Air traffic has continued on its long-term growth trajectory, despite the fluctuations in the world economy over past decades and the currently fierce competitive situation. This has led to growth in the aviation industry. Orders placed with major airliner manufacturers currently amount to as much as eight years or so of production.

## NATO – A SOURCE OF STANDARDS

In Europe NATO is a key player whose influence extends beyond the alliance's member states, to operating models and equipment standards. Patria's products and systems are NATO-compatible, which is an important issue both within Finland and internationally. Of the EU's 27 member states, 21 are NATO members, with some non-NATO countries, such as Finland, participating as active partners in NATO operations.

## EU DIRECTIVES HAVE AN EFFECT ON THE MARKETS

The European markets are closely monitoring the effects of EU directives intended to open up defence materiel markets. Change was sparked off by the EU Defence and Security Procurement Directive of 2009 (2009/81/EC), which was integrated into the national legislation of member states. In Finland, national legislation (1531/2011) putting the directive into effect was enacted at the beginning of 2012. The directive opened up a considerable share of formerly national defence materiel procurement to international competitive bidding.

The aim of the directive is to open up markets and increase competition. However, in the worst case scenario, it is thought that the new legislation and the time required to form the related practices could lead to processes which delay procurements.

In changing markets, the success of the defence industry cannot rest on domes-





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In the national defence of the future, defence sector players that can produce solutions, products and services cost-efficiently will be in a key position. Patria subsidiary Millog is a prime example of just such a player.

tic customers alone. This makes internationalisation a critical issue for companies, particularly in the development of new joint defence systems.

#### **A FINNISH PERSPECTIVE ON NORDIC COOPERATION**

Nordic defence forces and administrations are seeking joint benefits for all participants from defence cooperation covering areas such as joint training, exercises, information sharing and material procurement. The membership of NORDEFCO, which promotes defence cooperation, includes Iceland, Norway, Sweden, Finland and Denmark.

Such cooperation will probably only produce concrete results at some point in the future. Within the industry, valuable ex-

perience of Nordic cooperation has already been accumulating for a number of years. Nammo, which is 50 % owned by Patria, is a good example of this.

Finland held the chairmanship of NORDEFCO in 2013. Three themes were emphasised during this period: the streamlining of activities already under way, the long-term objectives of Nordic defence cooperation and bringing the Nordic perspective into topical discussions of security and defence policy.

#### **RESPONSIBLE OPERATION TAKES CENTRE STAGE**

The nature of the defence industry tends to emphasise the role of social responsibility and ethical conduct. The European defence industry is strongly championing the adop-

tion of common international practices within the sector.

In April 2013, the United Nations General Assembly approved an arms trade treaty, the first ever to regulate global trade in conventional arms. The International Arms Trade Treaty (ATT) agreement includes provisions on issues such as small arms, ammunition, helicopters, missiles and armoured vehicles, as well as their parts and components. Patria supports the work of the ATT and was a member of Finland's delegation.

Patria signed the UN's Global Compact Initiative through which, within their own spheres of influence, companies commit to adopt, support and implement the basic values related to human rights, working life principles, the environment and the fight against corruption.

# The year 2013 at a glance

The Finnish Defence Forces and Patria signed a contract on the lifecycle update of XA-180 personnel carriers, Pasi armoured vehicles. This modernisation project will secure the vehicles' lifecycles and usability way into the future.



- Denel Land Systems and Patria signed an agreement regarding Patria AMV 8x8 armoured wheeled vehicle serial production and delivery to South Africa. The agreement includes 238 vehicles, out of which 5 pre-series vehicles have already been delivered during the development phase. The first 16 serial vehicles will be assembled by Patria. Thereafter the assembly will be migrated to South Africa to Denel Land Systems.
- Patria signed United Nations' Global Compact initiative, in which companies embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment and anti-corruption.



The court proceedings of the Slovenian export project were completed during the financial period in the District Court of Kantta-Häme which dismissed all bribery charges in January 2014. The state prosecutor has appealed.

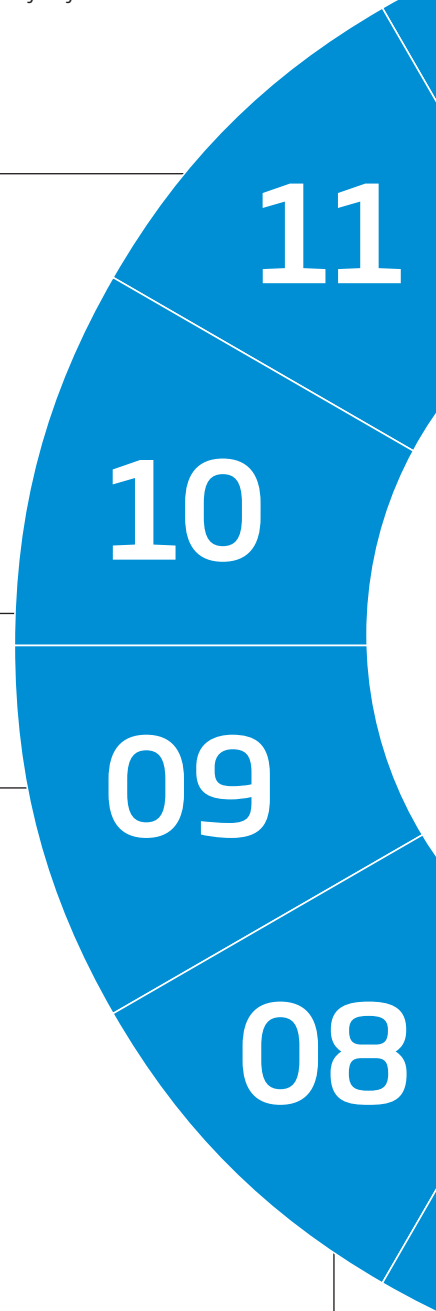


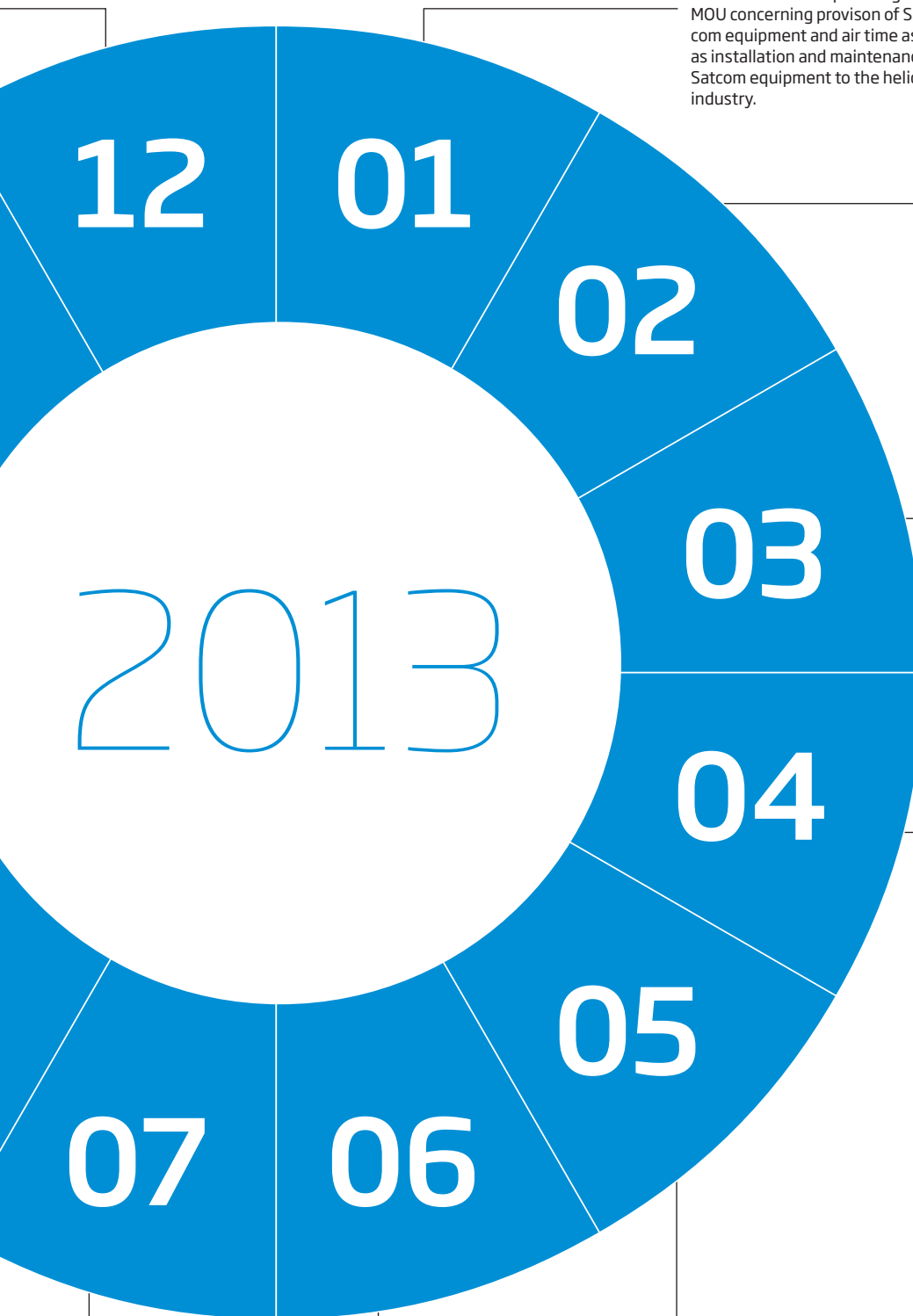
- Patria introduced its new armoured wheeled vehicle concept at the DSEI 2013 exhibition in London. The new concept is built on the success of the market leader Patria AMV, but takes the overall performance of the modern 8x8 armoured wheeled vehicle platform to a new level fulfilling the customer needs of tomorrow.
- Patria and NH Industries (NHI) signed a NH90 Service Center Agreement enhancing their co-operation in the helicopter life-cycle support services for the Nordic customers. Through this agreement, Patria got an official status to act as NHI authorized Nordic NH90 Service Center in Finland, Sweden and Norway in the agreed perimeter of activities.
- Patria and Insta DefSec Oy agreed on the acquisition by Patria of Insta DefSec's waveform business.



Patria and Wojskowe Zakłady Mechaniczne S.A. (WZM) owned by the Ministry of Defence of Poland signed a new licence agreement on manufacturing for Rosomak armoured vehicles. The agreement enables parties to take the good cooperation started already in 2003 even further.

The Finnish Prosecution Service completed its consideration of charges in relation to Patria's Croatian vehicle project, based on the pre-trial investigations initiated by Finland's National Bureau of Investigation in 2008. The case will proceed within the timeframe and in the manner ordered by the court.





Patria and IDG Europe AB signed a MOU concerning provision of Satcom equipment and air time as well as installation and maintenance of Satcom equipment to the helicopter industry.



Patria showcased its essential export products, armoured wheeled vehicle Patria AMV and Patria Nemo mortar system at IDEX 2013 in Abu Dhabi.



Patria delivered the first Patria AMV armoured wheeled vehicles to the Swedish Defence Materiel Administration (FMV). This was the first delivery of altogether 113 Patria AMV armoured wheeled vehicles to the Swedish Defence Forces, based on the agreement signed with FMV in 2010. The total value of the contract is approximately EUR 250 millions.



The Kazakhstan Civil Aviation Academy and Patria Pilot Training have signed a Memorandum of Understanding regarding professional pilot training cooperation. The signing of the MoU is of great importance to Patria's intentions to expand pilot training services.

Patria signed an agreement with the Finnish Defence Forces regarding a research project related to network protection. The aim of the project is to improve the ability to detect and prevent cyber threats.

The Court of Appeal of Turku confirmed the decision given by the Pirkanmaa District Court related to the Egyptian export deal (1998-2004). Under the Court of Appeal's decision, all bribery charges were dismissed.



# Multi-skilled aviation expert

Patria made major deliveries in its key aviation projects during 2013. Additionally, the company strengthened its position as a provider of life-cycle support services, with an agreement for a Nordic NH90 Service Center.

Patria's aviation competence comprises assembly, parts manufacture, maintenance, and modifications of aircraft and helicopters, as well as flight training. The company's experience of over 90 years in the sector guarantees solid know-how and commitment to developing the aviation industry.

## CONTROLLED ADJUSTMENT TO THE FINNISH DEFENCE FORCES REFORM

The Finnish Defence Forces Reform brought changes also to the Air Force. Patria responds to the new cost-saving pressures by creating cost-effective solutions that help the Air Force maintain its performance level with fewer financial resources.

During 2013, Patria made preparations to expand and reorganise its operations in response to the Finnish Defence Forces Reform. The aim is to safeguard the availability, quality, and cost-efficiency of Patria's life-cycle support services. Besides improving Patria's own operations, the plans are aimed at strengthening the Aircraft unit's existing functions at the Tikkakoski and Pirkkala locations, to correspond to the customer's functions, so that maintenance work is conducted not only at the Halli site but, increasingly, near the customer's facilities.

As a part of the reform, the Air Force's Flight Test Centre was moved from Halli in Jämsä to Pirkkala, and the Technical School moved to Tikkakoski. The test flight operations required by Patria's activities remain in Halli.

## PROGRESS OF PROJECT DELIVERIES

The Hawk trainer aircraft upgrade project was nearly completed during the year, and the final deliveries to the customer were

made in early 2014. The second life-cycle upgrade (MLU2) of Hornet fighters is under way, and the first eleven upgraded aircraft were delivered to the customer during 2013. Patria reached a good level of delivery reliability in its Hawk and Hornet maintenance activity. Operations related to the maintenance of Vinka training aircraft and transport aircraft progressed according to plan.

## GOOD PROGRESS IN NH90 PROJECT

In July, Patria and NH Industries (NHI) signed a NH90 Service Center Agreement enhancing their co-operation in the helicopter life-cycle support services for the Nordic customers. Through this agreement, Patria gets an official status to act as NHI authorized Nordic NH90 Service Center in Finland, Sweden and Norway in the agreed perimeter of activities.

The agreement strengthens the two companies' partnership in relation to helicopter life-cycle support services offered to Nordic customers.

Assembly of Swedish and Finnish NH90 transport helicopters continued, and by the end of 2013, 22 of the rotorcraft had been delivered to the customer. In the latter half of 2013, Patria started preparing for a modification project related to the Finnish helicopters, according to which the technical specifications of the first 15 helicopters that were delivered will be upgraded to the level of the final ones that are to be delivered. Where possible, the changes will be carried out in Halli, in conjunction with maintenance operations scheduled according to flight hours, and they will be completed by the end of 2018. An agreement covering the Finnish NH90 retrofits was signed between Eurocopter and Patria in December.

## Aviation

The Aviation and Aerostructures business units offer life-cycle support services for aircraft and helicopters, primarily to the authorities and military clients in Northern Europe. Life-cycle support services cover fuselage, engine, and equipment repair; maintenance and modification; and pilot training. Additionally, Patria offers design and manufacture of composite structures.

### Personnel

**1,016**

### Net sales as a share of group net sales

**14%**

### Personnel as a share of group personnel

**28%**



The proximity of Patria's Utti site to the customer has proven to be a significant advantage. The partnership between Patria and the Defence Forces' Helicopter Battalion has been smooth and uncomplicated from the start.

#### **DIVERSIFIED FLIGHT TRAINING**

The status of military pilot training is good and the training has continued in line with

established procedures. The number of flight and theory training hours in civil aviation training fell slightly compared to the previous year. In April, the Kazakhstan Civil Aviation Academy and Patria signed a memorandum of understanding regarding professional pilot training cooperation. In December, Patria made an agreement with the Finnish Aviation Academy in relation to training for the SIO23 course.

The Multi-Crew Pilot Licence (MPL) programme developed in co-operation with the Finnair Flight Academy has progressed according to plan. Patria contributes its strong basic flight training competence and modern flight training equipment to the Multifly product. Finnair's excellent reputation as an airline, type training organisation, and Airbus operator provides a strong foundation for cooperation for the clientele.

# High-tech exports

Deliveries associated with the Land business unit's vehicle and mortar system projects proceeded as planned. The year's highlights included the début of the new vehicle concept, designed to meet the developing future needs of customers. In order to maintain and enhance Patria's strong market position, sales and marketing efforts were continued in several current and potential projects.

The armoured wheeled vehicles and mortar systems developed by Patria represent the latest technology in the industry. Patria's expertise is based on decades of experience and major investment in product development. Patria works in close cooperation with its customers and its extensive network of international industrial partners. Patria's products and services are NATO-compatible and are customised on an individual, customer-by-customer basis.

## MAJOR PROJECTS

Patria AMV, the market leader among 8x8 armoured wheeled vehicles, is Patria's key export product. Patria has contracts for nearly 1400 vehicles. AMV products are under continuous development and are fitted with the latest technology. Patria AMV's structural solutions enable high payload capacity, high level of protection and integration of heavy weapon systems. Patria AMV has received excellent feedback from customers for its performance in crisis management operations in Afghanistan and Chad.

At the DSEI 2013 exhibition organised in London, Patria introduced its new armoured wheeled vehicle concept, which takes performance to a new level. This concept complements Patria's range of armoured vehicles and provides the best solutions to match the customer needs of tomorrow.

The project for the delivery of 113 armoured wheeled vehicles to the Swedish Armed Forces proceeded to the delivery phase, with Patria delivering the first Patria

AMV armoured wheeled vehicles to the Swedish Defence Materiel Administration (FMV) in March. The agreement also includes an option for 113 vehicles and the related life cycle support services. The value of the project is approximately EUR 250 million.

In addition, deliveries under the agreement signed with Poland in 2003 progressed as planned. Patria's contribution to the initial 690 vehicle project to be implemented alongside Polish partner Wojskowe Zakłady Mechaniczne S.A. (WZM) was completed. The Polish Army has been delighted with the capabilities of these vehicles, for example in crisis management operations in Afghanistan.

In August, Patria signed a new manufacturing licence agreement for Patria AMV vehicles with WZM, a Polish state-owned company. This will enable further sales by WZM in Poland. The agreement will provide WZM with a vehicle manufacturing licence until 2023, as well as the right until 2052 to provide overhaul and maintenance services for the vehicles it delivers. Patria owns the product rights to the vehicle and will continue to deliver critical components to WZM. In Poland, Patria AMV is known as Rosomak (the Wolverine in Polish).

The project involving the delivery of 126 Patria AMVs to the Croatian Armed Forces was completed on schedule and concluded in the spring. This highly successful project was implemented alongside the Croatian company ĐURO ĐAKOVIĆ.

In November, Denel Land Systems and Patria signed a contract for the serial production and delivery of Patria AMVs to the South

## Land

Patria's key competence areas include cutting-edge armoured wheeled vehicles, mortar systems and related life cycle support services. Patria AMV product family and Patria Nemo mortar system are the highest-profile products in this range. Both AMV and Nemo are market leaders in their product segments.

### Personnel

# 499

Net sales as a share of group net sales

# 34%

Personnel as a share of group personnel

# 14%





African National Defence Force. The contract includes 238 vehicles; of which five prototype series vehicles were already delivered during the development phase of the project. Patria will handle production of the first 16 vehicles. Thereafter, serial production will be moved to South Africa, with Denel Land Systems being responsible for the production and final integration of the vehicles. In South Africa, Patria AMV is known as Badger.

In December, the Finnish Defence Forces and Patria signed a contract for mid-life upgrade of XA-180 personnel carriers, also well known as 'Pasi'. According to this contract, the first vehicle will be modernised and tested during 2014, and a series of 70 vehicles will undergo the same process during 2015–2017. The contract also includes an option, whose implementation would extend to 2021, for the modernisation of additional 210 vehicles.

#### MARKET LEADER IN TURRETED MORTAR SYSTEMS

Patria's turreted mortar systems are among the most advanced indirect fire systems on

the market. Key products include single and twin-barrelled 120 mm mortar systems, in which Patria is an international market leader.

Delivery of the first four Patria Nemo systems got under way at the end of the year, as part of the US government's Foreign Military Sales project. These systems were installed on General Dynamics LAV II platforms in Canada and were approved by the US government.

The first three Patria Nemo Navy systems were delivered to the United Arab Emirates Navy, following their successfully accomplished installation on Ghannatha vessels, test firings and handover to the customer.

By the end of 2013, eight of the AMOS mortar systems ordered by the Finnish Defence Forces were delivered. The remaining deliveries are scheduled for 2014.

In 2013, Patria performed export project-related test firings in locations such as Reila and Lohtaja, where around 10 days of test firings were carried out last year. In both normal and crisis situations, Patria, the

strategic partner of the Finnish Defence Forces, participates in implementation and support activities related to tasks assigned to the latter. In addition, Patria is responsible for a major share of material maintenance for the army and air force; this also entails product development and testing, including test firing. Finnish Defence Force firing ranges are used for the testing of weapons systems, ensuring the development of such systems within Finland.

#### A GLANCE TO THE FUTURE

In addition to contracts already signed, Patria has armoured wheeled vehicle and mortar system marketing and sales projects in the pipeline for several existing and new customers. Patria is also involved in a major armoured wheeled vehicle bidding competition in the United Arab Emirates. A purchase decision is expected in 2014.

Based on these projects, we expect the successful continuation of the internationalisation of Patria's product and service businesses over the next decade.

# System integrations and secure data transfer

The highly successful completion of the Rauma Class Fast Attack Craft upgrade project was the key event of 2013. Patria also strengthened its expertise in secure data transfer. The company is involved in several system projects of various sizes, related to areas such as network defence, system integration and space technology.

Patria is a system integration expert, whose strength lies in decades of experience of both national and international projects and technologies. As an integrator, Patria ensures both the performance of overall systems assembled from sub-systems, as well as the life-cycle management of systems and software. Cooperation with partners and supply chain management are emphasised by the fact that sub-systems can be based on several technologies from a range of suppliers.

Data transfer and its reliability form an important part of defence systems. Patria has solid expertise in secure wireless data transfer solutions. The operating environment of modern defence systems is no longer limited to land, sea and air – cyber threats must also be taken into account. This serves to enhance the importance of information system and network protection. Patria has actively strengthened its expertise and service and product range in these areas.

## MAJOR PROJECTS

Patria has acted as the main supplier in the major upgrade project for Rauma Class Fast Attack Craft, which involves securing a lifespan for this class of vessel lasting into the 2020s and upgrading the related combat system to meet modern requirements. All four vessels in this class had been modernised for the Finnish Navy's use by the end of 2013.

In May, Patria signed an agreement with the Finnish Defence Forces regarding a research project related to network protection. This project is a part of the Finnish Defence Forces' technology programmes. The research focuses on network defence, and the

aim of the project is to improve the ability to detect and prevent cyber threats. The key objective is to evaluate the possibilities for successful distributed network protection.

## INVESTMENT IN WIRELESS COMMUNICATIONS EXPERTISE

In September, Patria and Insta DefSec Oy agreed on the acquisition by Patria of Insta DefSec's waveform business; the two companies have been engaged in long-term cooperation on data links. Waveform development has been a key element in this. The business transaction strengthened data link development in Finland and the related international competitiveness, by combining mutually complementary development teams into a single whole. The business acquisition has no effect on other operations within the companies.

## UNMANNED SYSTEMS AS AN OPPORTUNITY

Unmanned systems are proliferating; in 2013, several plans were unveiled around the world for improving the regulations enabling operation of such systems. The nature of unmanned systems operations makes reliable data transfer a critical element.

Patria is actively involved in international cooperation on unmanned systems, with new application areas in prospect for the MPNDL (Multi-Purpose Networking Data Link) system, which had its maiden flight in the summer of 2012. Patria's waveform business acquisition will improve the company's possibilities of developing new business operations in unmanned systems.

## Systems

Systems makes comprehensive system and equipment deliveries to defence forces and security authorities. Areas of special expertise are intelligence, surveillance and command and control systems, as well as their integration, software and life-cycle support.

## Personnel

**281**

Net sales as a share of group net sales

**10%**

Personnel as a share of group personnel

**8%**







# Millog - a partner in cost-effective maintenance

Millog is an expert in cost-effective maintenance services, providing services for the Finnish Defence Forces as their strategic partner. Millog's positive development continued in its fifth year in business.

The company specialises in life cycle support services, which it produces close to the customer by participating in life cycle cost planning and the management of materiel and equipment. Millog is an expert in the special requirements of systems, from product information management to practical repair and maintenance. The company is also a provider of cost-effective maintenance.

Millog is a strategic partner of the Finnish Defence Forces, offering the life-cycle services required by the Defence Forces' systems in all readiness conditions. Its service range includes life cycle, configuration management and product information services, as well as maintenance and modification work, for equipment and the related systems whose maintenance lies under the Finnish Army's responsibility. The company also aims to make its services available to other customers.

In September, Raskone Oy, which specialises in repair and maintenance services for commercial vehicles, sold its 8% share of Millog Oy to the company's current owners Patria Oyj and Insta Group Oy, in proportion to their ownership (Patria 55% and Insta 34%). This transaction means that Patria now owns 61.8% of Millog.

## HIGHLY APPRECIATED COOPERATION

In 2013, Millog's successfully commissioned new SAP ERP system received major recognition, by being placed first in the medium to large implementation category of the SAP Quality Award for the Nordic Region. Millog's transfer to a SAP system is related to its partnership with the Finnish Defence Forces.

The modernisation project for the Finnish Army's heavy rocket launchers progressed as planned and will be completed in early 2014. This project will strengthen Millog's expertise and create domestic capabilities in system maintenance.

Millog's subsidiary, Oricopa, delivered a prototype for the BMP-2 infantry fighting vehicle modernisation project.

As a result of a quality audit performed in the autumn, Inspecta extended the validity of the ISO 9001 certificate previously awarded to Millog, to cover the period 2014-2016. Millog's operations were first certified, in line with the requirements of the partnership agreement made with the Finnish Defence Forces, in late 2010.

Millog participated in the UN's UNIFIL peacekeeping mission in Lebanon through a repair shop located in the country. Finland's need for maintenance and servicing increased upon its becoming a Lead Nation in the peacekeeping mission in November.

## HIGH VISIBILITY

Millog has invested in optronics by creating a major centre of expertise in Finland and investing in product development. The company is the biggest Nordic producer of night vision systems, managing the entire production chain from design to final testing.

Based on a contract signed in April, Millog will provide the Finnish Defence Forces with night vision systems from 2013 to 2016. This deal is worth EUR 14.8 million and will have an overall employment effect for Millog and its subcontractors of around 56 person years.

## Millog

Millog is a strategic partner of the Finnish Defence Forces and provides defence materiel life-cycle support to the Finnish Army. This includes maintenance and materiel services for platforms and systems related to non-armoured and armoured vehicles, electronic systems, as well as modifications and installations for all systems. Millog participates in the Finnish Army's materiel projects, based on the company's expertise in land forces.

## Personnel

# 702

Net sales as a share of group net sales

# 14%

Personnel as a share of group personnel

# 19%



In September, Millog introduced LISA, a monocular thermal imager intended for target acquisition, to the markets. This product was well received at the DSEI event in London. The product is thought to have good prospects in the export markets.

#### A GLANCE AT THE FUTURE

In December 2013, Defence Command Finland presented the Ministry of Defence with a

proposal related to the further consideration of extending its partnership with Millog into the area of materiel maintenance. The ministry is considering the issue alongside Defence Command Finland and will reach a decision during the spring of 2014. If a positive decision is made, the broader partnership will take effect from the beginning of 2015.

As part of the reform of the Finnish Defence Forces, the Forces' new logistics establishment will begin operating in early 2015.

Planning for the creation of this establishment progressed well in 2013, with Millog participating in operational planning. Millog is preparing for this change by reinforcing its organisation.

A decision is expected on the next stage (100 vehicles) of the modernisation project for the BMP-2 infantry fighting vehicle in autumn 2014. In addition, Oricopa will participate as a Patria subcontractor in the upgrading of the XA vehicle fleet. Both projects are important to job and skill retention.

# Nammo - a strong international player

Nammo is a defence industry group, jointly and equally owned by Patria and the state of Norway, which develops and produces high-technology ammunition for military and civilian use. Other core products of the group include shoulder-launched munitions systems and rocket motors for military and space applications. Nammo is the world-leading provider of environmentally sound demilitarisation services.

Nammo's operations have a significant international focus, with over 70% of its net sales coming from outside the Nordic market.

Defence budget cuts have introduced challenges for Nammo, but the company's aim is to maintain and enhance its leading position. In 2013, Nammo's growth was furthered by rocket motor and ammunition products, energy solutions, and demilitarisation services. Profitability continued to be good, as in previous years, with Patria's share of Nammo's net sales totalling EUR 235,3 million in 2013.

The competitive advantages of the Nammo Group include high-tech products and an extensive product selection, as well as its foothold in international markets. Two of the group's major market areas, besides the

Nordic region, are North America and continental Europe. Most of Nammo's ammunition supplies can be used in several weapons systems that are currently in military use in various countries.

The breadth of the group's product range and the size of the global clientele help to even out the impact of economic fluctuations on the group's results. Depending on market performance, the business focus in Nammo's five segments can shift from one year to the next, with the segments balancing each other out, as required by economic cycles. The Nammo Group seeks growth in its current markets, both organically and through acquisitions.

Nammo AS publishes its own annual report at [www.nammo.com](http://www.nammo.com).

## Nammo

Nammo AS focuses on developing and producing ammunition and missile products, as well as environmentally sound demilitarisation services. Nammo has subsidiaries in Australia, Canada, Finland, Germany, Norway, Sweden, Switzerland and the USA. Nammo is owned jointly by Patria and the state of Norway, on a 50/50 basis.

**Net sales as a share of group net sales**

**28%**

**Personnel as a share of group personnel**

**29%**





# Corporate responsibility as the basis of profitable operations

Responsible action and its continuous development are important in all business operations. This is particularly marked in the defence materiel industry, where procurements are public. Responsible operations are a competitive advantage in all sectors, both domestically and internationally.

Patria's profitable operations are based on good partnerships. The group aims to be a good partner by being a good employer and an ethical player in its sector.

Good partner	
Good employer	Ethical industry player
Profitable operations form the basis of business continuity	

For Patria, good partnership means that:

- collaboration benefits and satisfies both parties;
- collaboration with customers, subcontractors, suppliers, and other stakeholders is close and planned for the long term;
- Patria provides, requires, and develops cost-effective operations together with its partners;
- Patria operates in a professional, reliable, open, and transparent manner, and expects its partners to do the same.

Ethical conduct is a prerequisite for success. At Patria, this means that:

- a clear ethical code of conduct is provided and compliance with it is monitored;
- ethics are embedded in everyday work, begin with the individual, and apply to everyone;

- ethical conduct goes beyond compliance with laws and encompasses the prevention, detection and inspection of identifiable industry risks;
- ethical conduct has been adopted throughout the organisation;
- indicators of ethical conduct are regularly monitored by the top management and affect the company's conscious decisions.

For Patria, being a good employer means that the Group:

- respects cooperation with employees and engages in transparent practices in this respect;
- takes care of employee well-being;
- values and systematically develops competence and experience;
- treats all employees fairly and equally.



Responsible operations are a competitive advantage in all sectors, both domestically and internationally.



## Corporate responsibility goals for 2015

	2013	Focus areas in 2014	Goal for 2015
<b>Partnership</b>			
<b>Internal operational development</b>	Determining key performance indicators	Operational actions based on KPIs	Cost-effective and competitive operations
<b>Cooperation with the Finnish Defence Forces</b>	Planning transfer of functions	Transferring functions	Adaptation of operations to changes caused by the reform of the Finnish Defence Forces
<b>Cooperation with stakeholders</b>	Participating in meetings with various NGOs Analysing supply chain management	Taking an active role in partnerships Supplier cooperation	Increasing transparency of operations
<b>Ethical conduct</b>			
<b>Anti-corruption activities</b>	Determining resources 18-month rolling plan Updating guidelines Analysing feedback and regular reporting Extranet Attending TI event Taking an active role within the industry Setting ethical criteria for choice of suppliers	Increasing and improving public information Training strategic partners Training suppliers	Category C in Transparency International's Anti-Corruption Index
<b>Training on ethical conduct</b>	Online training for all personnel (91.8%) Additional face-to-face training for chosen groups	Online training: Millog and Arlanda New training in the autumn	Process in place for annually training all personnel
<b>Good employer</b>			
<b>External image as employer</b>	31st place (25th, 2012)	Review of causes of worsened ranking and corrective actions	Ideal Employer (Universum, technology students) ranking above 20th place
<b>Occupational well-being (sickness absences)</b>	3.9%	Personnel job satisfaction survey	Sickness absence rate below the Confederation of Finnish Industries average, which is 5%
<b>Performance appraisals</b>	88%	Focus on quality of performance appraisals (management training)	All personnel are covered by regular, satisfactory performance appraisals
<b>Turnover</b>	2.9%		Turnover 3%

Good results were achieved in 2013 in the development of internal operations, according to the ALERT programme, and in enhancing ethical conduct. Challenges remain in the area of being a good employer.



# Ethical operator

Patria has chosen business ethics as a central focal point of its corporate responsibility. Its actions in this respect are preventive, focusing on developing internal training, instructions and processes. The company also makes efforts in identifying, investigating and reporting unethical operations, and improving interaction with external stakeholders.

Business ethics is developed and enhanced in accordance with an 18-month rolling action plan adopted in 2013. Patria's partially owned subsidiary Nammo AS is in charge of its own corporate responsibility. Through its Board participation, Patria supervises Nammo's operations to ensure a sufficient level is met. The majority-owned subsidiary Millog has group-level guidelines for ethical business operations, as well as a whistleblowing channel for reporting unethical activity.

## TRANSMITTING THE MANAGEMENT MESSAGE

During 2013, Patria's management clearly indicated a policy of zero tolerance towards corruption and all other unethical activity. A letter from the President and CEO was published on the company's website, on the intranet, and in the personnel magazine. Additionally, a video message by the Chairman of the Board was published on the intranet and the website.

## PREVENTIVE ACTION

Internal training applicable to all personnel was conducted online for the first time, in addition to which classroom training was offered to specified groups such as marketing, sales, procurement, and the ones facing customers and stakeholders. The online training was completed by 92% of personnel working in Finland, including 100% of managers. Ethics training was included in the Manager's Passport training given to new managers, as well as in the orientation events arranged three times a year for new employees. All new Patria employees learn about ethical operations during their orientation period.

The Ethical Code of Conduct as well as guidelines for stakeholder relations, sponsorship, and donations, were updated, and new Guidelines on Related Parties' Transactions were adopted.

The content of internal audit reports was revised with the business units and a separate system was implemented for monitoring the activities required by the reports. The system will be implemented during internal audits. The outcomes of internal audits are reported to the Audit Committee of the Board of Directors. For more information on internal audits and control, see p. 34.

Concerning procurement chain management, operating models were examined and a plan was drawn up for further development of ethical operation. Efforts continued in 2013 to ensure the ethical nature of suppliers' and subcontractors' operations. As a part of this, Patria worked on an extended and specified due diligence process, which involves, among other things, checking the activities of potential new partners, for example in relation to ethics.

## CHANNELS FOR IDENTIFYING UNETHICAL OPERATIONS

Feedback coming in through diverse channels was analysed and reported to the Audit Committee of the Board. Feedback was received both via reporting channels and directly by the General Counsel. Patria has a direct email address for this purpose, as well as a whistleblowing channel for reporting unethical activity – anonymously if the reporter so chooses. No serious misconduct was reported in the feedback. Most questions concerned the giving or receiving of birthday and other gifts, participation in events, and inappropriate conduct.

## COLLABORATION WITH STAKEHOLDERS

Constructive dialogue was conducted with non-governmental organisations, and Patria gave presentations on anti-corruption activities as part of commercial training sessions and in its work with NGOs (PIA).

Patria attended Transparency International's Raising the Bar event and a discussion event on export control held by the Peace Union of Finland. In Sweden, Patria attended an event related to anti-corruption efforts in defence industry companies, held by Folk och Försvar (Society and Defence).

Patria signed the United Nations Global Compact Initiative, through which, within their own spheres of influence, companies commit to adopting, supporting, and implementing the basic values related to human rights, working life principles, the environment, and the fight against corruption. At the start of 2014, Patria joined the Global Compact's Nordic network and the FIBS Corporate Responsibility Network in Finland.

## LEGAL PROCEEDINGS

The Helsinki District Court dismissed all charges related to a training aircraft accident that occurred in 2008.

In June, the Court of Appeal of Turku confirmed the dismissal of bribery charges by the Pirkanmaa District Court, related to the Egyptian export project concluded during 1998–2004 by a former Patria Group company then known as Patria Vammas Oy. All charges of bribery were dismissed in the judgement, and the State was obligated to compensate Patria for the legal costs incurred in the District Court and Court of Appeal. Three former employees of Patria were convicted of accounting offences or of abetting such offences. In



the case of one person, charges of abetting accounting offences were dismissed and the State was obligated to compensate the accused for the legal costs incurred in the District Court and Court of Appeal. Because the Supreme Court did not grant leave to appeal, the decision of the Court of Appeal was final.

In June, the Finnish Prosecution Service concluded its consideration of charges in relation to Patria's Croatian vehicle project, based on the pre-trial investigations initiated by Finland's National Bureau of Investigation in 2008. According to the Finnish Prosecution Service, three former Patria employees will face charges of aggravated bribery, suspected to have taken place in 2005–2008. In addition, the prosecution has demanded that a corporate fine be imposed on Patria Land Services Oy. In the course of the pre-trial investigation, all suspects denied the accusations made against them. Furthermore, a decision not to prosecute was taken in the case of a former President and CEO of Patria.

In the autumn, legal proceedings at the

Kanta-Häme District Court in relation to the Slovenian vehicle project ended in the dismissal of all bribery charges, in a decision published in January 2014. During the proceedings, the State Prosecutor withdrew the charge of industrial espionage. The State Prosecutor has appealed against the decision of the District Court and consideration of the case will continue in the Court of Appeal of Turku.

#### FOCUS AREAS IN 2014

- Communications on ethical conduct will continue internally and externally. The personnel of Arlanda and Millog will receive training in early 2014.
- Taking an active part in the FIBS network and the Global Compact Nordic Network.
- An active collaboration with NGOs related to the industry.
- Corporate social responsibility reporting, as well as Global Compact Communication on Progress.

- Taking part in Transparency International's Defence Companies Anti-Corruption Index.
- Development of supplier chain management and training of strategic partners will continue.
- A risk assessment concerning serious misconduct.

#### Further information

[www.patria.fi/EN/](http://www.patria.fi/EN/) > [About Patria](#) > [Corporate responsibility](#) > [Ethical conduct](#)

- ▶ Patria's certifications
- ▶ Export licence procedure from the defence industry's perspective



# Good employer

Patria is a major employer in Finland and its personnel has grown steadily. During 2013, Patria recruited 90 new employees. Additionally, the company employed 165 interns, summer trainees, and thesis researchers. Patria is a reliable partner for its personnel, and bears daily responsibility for its employees' occupational well-being.

During the year, Patria took part in a personnel management comparison in which some aspects of personnel management at Patria were compared with Finnish industry in general. The comparison showed that Patria's strengths include well-defined management systems and HR processes, a good level of first-line management, salaries and remuneration, personnel and competence development, and a high education index. Most of these areas were ones to which Patria has paid particular attention in recent years.

According to the comparison, Patria has room for improvement in the quality and quantity of performance appraisals, reducing sickness absences, recruitment efficiency, age structure, training expenditure, and monitoring the impact of training.

## EMPLOYER IMAGE

The development of Patria's image as an employer has not been optimal. Among technology students, Patria's ranking in terms of employer image fell from 25th place to 31st during 2013. Similarly, among those employed in the technology sector, it fell from 29th to 52nd place.

## SICKNESS ABSENCES

The amount of sickness absences is a good indicator of the work ability and occupational well-being of the personnel. The number of absences stayed on the same level as the previous year 3.9%. The health-care insurance and early intervention model adopted in late 2012 are not expected to have an impact until the longer term. The health-care insurance may even raise the level on the first years. There were significant differences between business units, and that is why actions to enhance work ability are being considered on a unit-by-unit basis.

## PERFORMANCE APPRAISALS

Performance appraisal discussions apply to all personnel, but attendance was below 90%. There is also room for improvement in the quality of the discussions.

## PERSONNEL TURNOVER

Personnel turnover fell to 2.9%. The target level is a turnover of 3%, which enables an

optimal level of renewal in the organisation. The earlier higher figures are considered to be a consequence of reorganisations and geographical moves of functions taking place at the time. 2013 was a time of stabilisation, and there was no need for personnel adjustments. The number of employees has been growing slowly for years.

Due to the defence reform, some aircraft maintenance functions will be moved to Pirkkala and Tikkakoski. This reorganisation was planned together with the personnel, and a mutually satisfactory solution was achieved.

## FUTURE TALENT

A new initiative was a long-term programme intended to identify and nurture future talent to take on business unit and group-level management tasks. A total of 120 applicants showed an interest in the development programme, and 16 of them were chosen for the development group. The group's progress will be supported through actions such as intensified training and internal career mobility. The search will be repeated every two years.



"The thesis provides a wonderful opportunity to claim a place in the work community and to find one's way to permanent employment."

**JYRI HALONEN**  
Project Engineer, Aviation





## EQUALITY

Each business unit's equality plan was updated in 2013, and based on these, action plans were drawn up for 2014-2016.

## FOCUS AREAS IN 2014

- In performance management, the emphasis will be on coaching first-line managers to ensure that daily operations are managed as effectively as possible, according to targets, and that personnel are involved in defining tasks. Particular attention will be paid to target discussions in groups, which precede individual per-

formance appraisals. Leadership training programmes will be revised.

- In relation to sick leave, a working group was set up in early 2014 to consider the reasons behind the high level of absences, and to plan corrective measures, for example within health management.
- Patria Day (a training day for all Finnish personnel) will be held in November, with the theme of occupational well-being.
- Occupational well-being and Patria's image as an employer among the personnel will be analysed with the help of a survey.

## Further information

[www.patria.fi/EN/](http://www.patria.fi/EN/) > About Patria > Corporate responsibility > Good employer

- ▶ Competence development and training
- ▶ Bonus and profit-sharing scheme



# Good partner

Patria is a trusted partner for its customers, personnel, subcontractors, suppliers, and other stakeholders. Patria operates in a professional, reliable, cost-efficient, and transparent manner, and expects its partners to do the same.

Patria is a major employer in Finland, particularly in certain geographical areas. With its operations, the company generates direct and indirect tax revenue for the government, including through the tax paid by its employees. Additionally, Patria generates dividends for its shareholders. Patria's performance bonus and profit-sharing scheme covers all of its personnel.

For more information on the figures for 2013 and on Patria's tax footprint, see the Financial Statements for 2013 and visit [www.patria.fi](http://www.patria.fi).

## RELIABLE

Patria Land Systems Oy and Patria Land Services Oy are the first defence industry companies to be certified according to the new Act on the Export and Transit of Defence Materiel by the Ministry of Defence. This certificate simplifies the licensing procedures for the transfer of defence-related products within the EU and makes it easier for the certified company to obtain materiel. Patria reports biannually to the Ministry of Defence on the transfer of products within the EU. For additional information, please visit: [www.certider.com](http://www.certider.com)

## COST-EFFECTIVE

In order to be as cost-effective and competitive a partner as possible, Patria develops its operations in line with an internal development programme called ALERT. In connection of the programme operational key performance indicators, including capacity utilisation rate and value addition were defined. The KPIs are used as monitoring tools by the Group management, the Board of Management, and the management of the business units.

## CLOSE TO THE CUSTOMER

Work continued to deepen the maintenance partnerships between the Defence Forces and Millog. Possibilities for partnering with the Navy were investigated, and Patria also looked at new forms of Nordic solutions for defence logistics.

With regard to Air Force equipment, the defence reform had an impact on Patria's operations in Halli, Kauhava, Tikkakoski, and Pirkkala. Actions related to the reform will continue in 2014.

Smooth collaboration related to the upgrade of the Rauma Class Fast Attack Craft continued with Nordic partners, including Saab and Kongsberg. Cooperation with

Denel in relation to the South African vehicle project deepened with a new vehicle order. Similarly, the long partnership with the Polish operator WZM was extended with a new licence agreement.

## CAREFULLY CHOSEN SUPPLIERS

Patria continued centralising its procurement. A new management model was adopted for indirect purchases. Patria has worked to reduce the number of suppliers in order to improve its supply chain management. In 2013, the number of suppliers was reduced by over 10%, through centralisation and group-level agreements.

Property maintenance subcontracting was opened to tender, in collaboration with Patria's property maintenance partner YIT, and business-unit-level agreements were replaced by group-level ones.

## CUSTOMER SATISFACTION

As in previous years, customer satisfaction was measured at various levels and by business units. Constructive, mostly positive feedback was also received in the follow-up meetings for various projects.



"We are enhancing the efficiency of our operations to be a competitive partner."

**PAULA ROSSI**  
LEAN-manager, Aerostructures





## INFLUENCING THE DEFENCE MATERIEL INDUSTRY

The President and CEO of Patria continued in his role as Chairman of the Finnish Defence and Aviation Industry Association (PIA ry). Several Patria representatives are also active in the association's subgroups. Patria assumes a significant role in PIA in order, among other things, to communicate the importance of ethical practices to all the member companies.

Patria is also involved in the Aerospace and Defence Industries Association of Europe (ASD) and, through it, works persistently to bring shared international practices into the sector.

Through PIA, Patria takes an active part in NORDEFCO, which improves Nordic defence cooperation. In 2013, PIA chaired the collaboration between defence industry associations.

## CONTACTS WITH NGOS

Meetings with non-governmental organisations mostly took place as needed, but always with the aim of forming a practice of regular meetings. Patria attended Transparency International's Raising the Bar event in London, which discussed anti-corruption activities. Constructive dialogue was carried out with Saferglobe Fin-

land concerning the content of an arms export report that was in progress. The report was later considered at an export control event organised by the Peace Union of Finland. In Sweden, Patria attended an event related to anti-corruption efforts in defence industry companies, held by Folk och Försvar (Society and Defence).

## SPONSORSHIP AND DONATIONS

In 2013, Patria directed its Christmas gift funds towards a donation to the SOS Children's Village Association. The charity was chosen by the Patria Consultative Committee.

Patria takes part in the United Nations Global Compact and supports its operations through voluntary donations.

A three-year project period with the Finnish Military Sport Federation ended in 2013. The project supported leisure-time fitness activities among conscripts, in order to uphold their physical and psychological well-being.

Patria's sponsorship of the Finnish Biathlon Association was extended for the period 2013–2014. Patria's CEO is the Deputy Chairman of the Biathlon Association and has excluded himself from any decision-making concerning the sponsorship.

## FOCUS AREAS IN 2014

- Development of internal operations according to the ALERT programme will continue, in order to enhance competitiveness and efficiency.
- Development of procurement chain management will continue, in order to ensure the ethical nature of supplier operations, among other things.
- In interaction with NGOs, the aim is to create a practice of regular meetings.
- The openness of corporate communications and stakeholder dialogue will be enhanced.

## Further information

[www.patria.fi/EN/](http://www.patria.fi/EN/) > About Patria > Corporate responsibility





# Environment

Patria abides by the environmental legislation and regulations related to its operations, and reports on these to the appropriate parties. The main environmental challenges related to Patria's operations concern energy consumption in its facilities, waste management, and the use of certain dangerous chemicals.

Patria has local environmental organisations that work actively to identify and reduce environmental risks. Good results were achieved in the main focus areas in 2013.

## ENERGY EFFICIENCY

Patria outsourced the servicing and maintenance of its production facilities to YIT Kiinteistötekniikka Oy at the end of 2012. YIT is responsible for maintaining and improving the energy-efficiency of 175,000 square metres of property. In 2013, investments aimed at energy savings were carried out in Halli, Hämeenlinna, Tikkakoski, Linnavuori, and Utti. The total cost of the projects was around EUR 100,000, and they related to adjustments to building automation, including revisions of air-conditioning operation times, sensor additions, and upgrades of some AC machines to include heat recovery.

In early 2013, most operations from the Sastamala site were moved to the Tampere Naulakatu and Hämeenlinna sites. Some buildings were left empty in Sastamala, and their energy consumption was reduced by turning down the heating and air conditioning.

## REDUCTION OF CARBON DIOXIDE EMISSIONS

Patria now has 16 meeting rooms with videoconferencing equipment, and Millog is in the process of adopting a similar system, having already created one videoconferencing room. The use of videoconferences saves both working hours and the environment. The CO<sub>2</sub> saving made in 2013, thanks to the reduction in driving time, was around 110,000 kg.

The possible effects on CO<sub>2</sub> and fine particle emissions of installing exhaust filters in vehicles in conjunction with engine maintenance are being examined.

## WASTE MANAGEMENT

Waste-related instructions and procedures were specified at the Hämeenlinna and Sastamala sites.

## CHEMICALS

A possible replacement has been found for the trichloroethylene used in aircraft maintenance. The review of its possibilities continues in the form of cost and other calculations.

The Sastamala ammunition-painting

facility adopted the use of nickel-free phosphate chemicals in order to reduce nickel and zinc content in waste water.

## EXPLOSION PROTECTION DOCUMENTS

The explosion protection documents of Patria's Halli, Linnavuori, Hämeenlinna, and Sastamala sites were updated.

## FIRING TEST EXERCISES

Patria conducted firing exercises under its own name in Reila and Vattajaniemi (Lohtaja). The exercises in Reila will conclude at the end of 2014. The Lohtaja firing range has been in use by the Army for decades, and no environmental ill-effects from the firing have been detected. In its tests, Patria directs the firing sectors in a way that minimises noise pollution. The safety zones are clearly larger than required to maximise safety. Firing is mostly done outside holiday periods, and using blind shells of the smallest possible size. Firing is only done on weekdays and mostly between 9 am and 4 pm. The cartridges are made of steel and aluminium and contain no hazardous materials. A preliminary duration of 12 weeks is



The ecological strain of test shootings is minimized.



estimated for firing exercises in 2014.

Millog carries out field artillery tests on its own site in Lievestuore.

#### FOCUS AREAS IN 2014

- The emergency rescue plans for the Hämeenlinna and Sastamala sites will be updated during the year. Efforts will continue in Sastamala's ammunition-painting facility to develop operations according to the environmental permit.
- At the Halli site, monitoring of the condition of groundwater areas will continue in

collaboration with the Defence Forces and Finavia. Changes caused by the defence reform will be discussed between the parties towards the beginning of the year.

- Similarly, monitoring of waste water released into sewers will continue.
- The Linnavuori site will make an application for a review of environmental permit requirements by the end of 2014.
- The assessment of the environmental risks and impacts related to the operational changes caused by the defence reform will continue, as Patria's operations are expanded in Tikkakoski and initiated in Pirkkala.

#### Further information

[www.patria.fi/EN/](http://www.patria.fi/EN/) > About Patria >

Corporate responsibility >

Environmental responsibility

▶ Environmental statistics

▶ Patria AMV eco balance



# Risk management and internal control

Risk management and internal control are an important part of Patria's management system and control system. Risk management and internal control also help to ensure that operational and profitability targets can be achieved and loss of resources prevented. Furthermore, risk management and internal control help to ensure appropriate reporting, compliance with laws and regulations, as well as avoid damage to Patria's reputation.

Patria has a Risk management and internal control policy, approved by the Board of Directors, that specifies the tasks, objectives, components, responsibilities and authorities.

The primary responsibility for risk management and internal control lies with the business units and support functions performing the day-to-day control. Patria's support functions provide guidelines for risk management and internal control, and perform monitoring on different levels. The Internal Audit Function and the Auditors, security and quality auditors, as well as customers, monitor and evaluate the effectiveness of risk management and internal control.

The Board provides the ultimate oversight and direction for risk management and internal control. The Audit Committee of the Board monitors the effectiveness of risk management and internal control. The CEO is responsible for the proper functioning and monitoring of the Group's risk management and internal control. Patria also has a risk management steering group that supports the Group and business unit management in the planning, development, and implemen-

tation of risk management processes.

Risks are classified into strategic, operations, and financial risks, caused either by external conditions and events or activities within the Group. Risk identification and assessment, as well as the planning and monitoring of risk treatment activities, are part of Patria's annual business operations planning and an integral part of the daily operations of the business units and support functions.

Twice a year, Patria's business units and support functions report their major risks and the related treatment actions to Group management. New, significant risks are reported to Group management without delay, immediately after they have been identified. The most significant risks faced by the Group, together with the related risk treatment activities, are reported to the Board of Directors and the Audit Committee.

Due to the nature of Patria's business operations, individual sales agreements can be very large in relation to the Group's annual turnover. They may include product development, require extensive subcontracting and other co-operation with third parties, and result in deliveries that take place over

several years. Moreover, the contents of deliveries and the forms of industrial co-operation implemented together with partners can be complex in nature. The risks and uncertainties involved in such agreements and projects are typically versatile and significant, requiring thorough assessment and management.

The effects and control of risks related to Patria's major projects are assessed with regularity by the Risk and Revenue Recognition Board and the Board of Management, and thereafter reported to the Board of Directors.

Patria's values and the Code of Conduct accepted by the Board, policies and guidelines accepted by the Board and management, as well as the completing guidance given by the Group or Business Units provide the basis for internal control. Internal control includes also the organization structure of the Group and the authorities and responsibilities. Internal control is part of everyday work and the tasks of internal control are implemented in the business processes. Internal control activities are carried out at all levels and functions of the Group.





# Corporate governance

## APPLICABLE LEGAL PROVISIONS

Administration of Patria is subject to the provisions of the Finnish Companies Act and other legislation relevant to its operations. In addition, Patria follows other guidelines and recommendations as applicable to the handling of good corporate governance in companies in which the Finnish state is the majority shareholder. The shareholders of the Patria Group – the Finnish state and Airbus Group – have also signed a shareholders' agreement that contains provisions applicable to the administration of the company.

## GROUP ORGANISATION AND ADMINISTRATIVE SYSTEM

Patria is operationally divided into business units. Patria Group consists of the parent company, Patria Oyj, and its wholly owned subsidiaries. In addition to wholly owned subsidiaries, Patria owns 61.8% of Millog Oy and 50% of Nammo AS, a Norwegian company.

The statutory organs of Patria Oyj – the General Meeting of Shareholders, the Board of Directors, and the President and CEO – are responsible for the company's administration and operations. The Group's operating activities are managed by the President and CEO, assisted by the Board of Management. Each business unit has a management group of its own. The statutory boards of wholly owned Group companies other than the parent company are only responsible for the statutory minimum duties specified in the relevant legislation. The Consultative Committee of Patria Oyj is an advisory organ serving the Board of Directors and does not have statutory duties.

## CONSULTATIVE COMMITTEE

According to the Articles of Association, Patria Oyj must have a Consultative Committee appointed by the General Meeting of Shareholders. The Articles of Association further state that the Board of Directors shall consult the Consultative Committee on matters that concern any marked curtailment or expansion of operations or any vital changes to the company's organisation, or which are otherwise of great importance to the industry that the com-

pany is engaged in, either in Finland or internationally. The Consultative Committee consists of a chairman, a vice-chairman, and a maximum of ten other members. During the financial period under review, the committee had 11 members. As a general rule, the Consultative Committee has convened four times a year. In 2013, the Consultative Committee convened three times. The average attendance of the members of the Consultative Committee was 91%.

## COMPOSITION OF THE BOARD OF DIRECTORS AND THE ELECTION PROCEDURE

According to the Articles of Association as currently in force, the Board of Directors of Patria Oyj consists of a chairman, a vice-chairman, and a minimum of three and a maximum of seven other members. In the financial period under review, the Board had six members. The General Meeting of Shareholders elects the chairman, the vice-chairman, and other Board members, and decides on their remuneration. The Board members are elected for one year at a time, their terms of office ending at the close of the first Annual General Meeting held subsequent to their election. The Board of Directors meets at least eight times a year.

The Board convened nine times in 2013. The average attendance of Board members was 98%.

## PRINCIPAL DUTIES OF THE BOARD OF DIRECTORS AND DISTRIBUTION OF TASKS

The Board of Directors is responsible for the management of Patria and the appropriate organisation of its operations, in accordance with legislation, the Articles of Association and any instructions issued by the General Meeting of Shareholders. In addition to its statutory duties, the Board's principal duty is to make decisions on the Group's strategic policy, as well as to monitor and control the Group's business operations, to ensure that the Group follows the legal provisions relevant to its operation in a commercially appropriate manner, providing added value to its owners. The Board also makes decisions on the Group's key operating principles, approving annually the Group's financial targets and operational objectives, as well as its finan-

cial statement and any interim reports. Furthermore, the Board decides on major investments and confirms the ethical values and operational principles of the Group, as well as monitoring adherence to these values. The Board also approves the broad outline of the Group's organisational and functional structure. The Board of Directors has set up an Appointment and Compensation Committee as well as an Audit Committee. The Appointment and Compensation Committee consists of three members. It prepares the Group's and the management's payroll structures, as well as any bonus and incentive systems. It also approves key appointments. The Audit Committee also consists of three members. Its task is to follow and monitor, among other operations, the implementation of the Group's internal control, risk management and financial reporting and compliance and ethics. No other particular distribution of tasks has been agreed upon among Board members.

## THE COMPANY'S PRESIDENT AND CEO AND THE GROUP MANAGEMENT

Patria Oyj's president and CEO is responsible for managing the company's and the Patria Group's business activities and administration, in accordance with the provisions of the Companies Act and any guidelines or rules issued by the Board of Directors. The President and CEO is assisted in Group management by the Board of Management, which convenes monthly. In addition, the Group management meets as and when necessary for management purposes.

Patria has an Administrative Management Group chaired by the Chief Administration Officer. The purpose of the Administrative Management Group is to develop and rationalize Patria's administration and to ensure the quality and efficiency of administrative services required by Patria's business operations. The Administrative Management Group members are heads of Patria's HR, Finance, ICT, Procurement, Legal, Compliance and Ethics, and Risk Management as well as Communications functions.

In Patria corporate responsibility working and reporting is steered by Patria's Corporate Responsibility Steering Group. The Steering Group is chaired by Patria's General Counsel and the



## Developers of responsible operations at Patria



The Audit Committee is responsible for monitoring of ethics and compliance matters, which are followed and reported regularly.

Chief Compliance Officer. Patria's Ethics Officer participates in the steering groups meetings and supports the work of the Steering Group. General counsel in the capacity of the Chief Compliance Officer reports to the audit committee.

### COMPENSATION

The information of the compensation system is available in the attachment of the Financial Statement, see chapter 7. Personnel expenses.

### SYSTEM OF SUPERVISION

In accordance with the Companies Act, the Board of Directors must ensure that the supervision of accounts and financial management has been organised appropriately. The president and CEO shall ensure that the company's accounting complies with legislation and that the financial administration is reliably organised.

Patria's management is responsible for ensuring that the Group's day-to-day operations comply with all of the relevant legal provisions and Board resolutions, and that Group risk management has been organised in an appropriate manner.

The Group's division into business units makes management work more effective and well defined, and facilitates the organisation of effective supervision. An operational reporting system has been set up for the Group's financial supervision. It produces versatile information on the Group's financial standing and development on a monthly basis. The Group has a clearly defined decision-making hierarchy for investments.

Patria has an independent outsourced Internal Audit function, which evaluates and provides assurance on the effectiveness and efficiency of risk management and internal control, the reliability of the financial reporting and the compliance of the operations, and reports to the Audit Committee. The internal audit is executed by an independent outside actor, who complies with the International Standards for the Professional Practice of Internal Auditing. Internal Audit reports on its activities and findings to the Audit Committee and Patria's management. The Audit Committee confirms the auditing plans annually.

The company's auditors report their observations at least once a year to the relevant business units and to the Group's financial management, as well as to the Board of Directors and the Audit Committee. The auditors also submit a statutory auditors' report to the company's shareholders.



# Group management

Patria Group's president and CEO is assisted in Group management by the Board of Management, which convenes monthly. Operational transparency and responsible operations form part of the management system and provide the basis for the strategic planning of operations from the outset.



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**Heikki Allonen**  
**b. 1954**

President and CEO  
Master of Science (Eng.)  
Employed by Patria since 2008

**Jukka Holkeri**  
**b. 1962**

Chief Strategy Officer  
Deputy to the President  
and CEO  
Master of Science (Eng.)  
Employed by Patria since 1988

**Sirpa-Helena Sormunen**  
**b. 1959**

General Counsel  
Chief Compliance Officer  
Master of Laws  
Employed by Patria since 2012

**Ville Jaakonsalo**  
**b. 1971**

Chief Administration Officer  
(CAO)  
LL.M./MBA  
Employed by Patria since 2010



**Pasi Niinikoski**  
**b. 1961**

President, Systems  
Doctor of Science (Techn.)  
Employed by Patria since 2006

**Lassi Matikainen**  
**b. 1961**

President, Aviation  
Master of Science (Eng.)  
Employed by Patria since 2008

**Seppo Seppälä**  
**b. 1950**

President, Land  
Master of Science (Eng.)  
Joined Patria in 2000  
Retired at the end of 2013

**Mika Kari**  
**b. 1969**

President, Land  
Master of Science (Eng.)  
Employed by Patria as of  
1 November 2013  
Juridical and business  
responsibilities were  
transferred to Mika Kari  
on 1 January 2014.

# Board of Directors

The Board of Directors is responsible for the management of Patria Group and the appropriate organisation of its operations, in accordance with legislation, the Articles of Association and any instructions issued by the General Meeting of Shareholders. The Board's principal duty is to make decisions on the Group's strategic policy, as well as to guide and monitor the Group's business operations. During the 2013 accounting period, the Board met 9 times.



**Christer Granskog**  
Chairman  
Master of Science (Eng.)  
Board member since 2010



**Kirsi Komi**  
Vice Chairman  
Master of Laws  
Board member since 2011  
Chairman of the Audit Committee



**Maximilian Thomasius**  
Head of Participation Management  
Cassidian, EADS  
Board Member since 2013



**Arto Honkaniemi**  
Senior Financial Counsellor  
Prime Minister's Office, Ownership Steering Department  
Board member since 2009



**Kari Rimpi**  
Lieutenant General (Ret.)  
Board member since 2012



**Jussi Itävuori**  
Senior Partner  
RJI Partners Limited  
Board Member since 2003



# Consultative committee

Patria Holding Oyj has a Consultative Committee, annually appointed by the General Meeting of Shareholders, to which, in addition to employee representatives, representatives of Parliament, Ministry of Employment and Economy and the Finnish Defence Forces are appointed. Among other matters, the Board of Directors consults the Consultative Committee on matters that concern any marked curtailment or expansion of operations or any vital changes to the company's organisation, or which are otherwise of major importance to the industry in which the company is engaged, either in Finland or internationally. The Consultative Committee does not have statutory duties. It consists of a chairman, a vice-chairman, and a maximum of ten other members. During the period under review, the Consultative Committee had 11 members. As a general rule, the Consultative Committee convenes four times a year.



The Board of Directors is responsible for the management of Patria Group and the appropriate organisation of its operations and consults the Consultative Committee as required.

## Consultative committee

### **Raimo Vistbacka**

#### **Chairman**

Master of Laws  
Member since 2012

### **Thomas Blomqvist**

#### **Vice Chairman**

Member of Parliament  
Member since 2012

### **Ilkka Jokioja**

Laboratory Chief Engineer, Patria  
Member since 2012

### **Jussi Karimäki**

Equipment Assembler, Patria  
Member since 2009

### **Juha Kuusi**

System Specialist, Patria  
Member since 2011

### **Seppo Kääriäinen**

Member of Parliament  
Member since 2012

### **Petri Peltonen**

Director General, Department of  
Enterprise and Innovation, Ministry of  
Employment and Economy  
Member since 2012

### **Tuula Peltonen**

Member of Parliament  
Member since 2012

### **Petri Pitkänen**

Workshop Manager, Patria  
Member since 2013

### **Juha Rannikko**

Vice Admiral, Chief of  
Defence Command Finland  
Member since 2011

### **Kari Tolvanen**

Member of Parliament  
Member since 2012

# GRI Index

## REPORTING AND CALCULATION PRINCIPLES

This is Patria's third Corporate Responsibility Report. This report covers the progress during the period from 1 January to 31 December 2013. The report covers all subsidiaries of which Patria owns more than 50%. These are described in the Annual Report. Nammo (50% ownership) publishes its own reports. The financial statement figures and the total number of employees include 50% of Nammo's figures.

The data for the report was gathered from Patria Group's internal data systems. Financial figures were aggregated using the Hyperion system, after first acquiring each business unit's figures from their own ERP systems. Personnel figures were obtained from the Group's ARC HR information system. Accident statistics came from insurance company Pohjo-la's data system and pension-related figures from pension insurance company Ilmarinen's system. Environmental figures were acquired from location-specific environmental reports.



## Section of the GRI guidelines

## Notes/comments

Standard disclosures				
<b>1.</b>	<b>Strategy and analysis</b>			
1.1	Review by the President and CEO	Reported	8-9	
1.2	Description of essential impacts, risks, and possibilities	Reported	8-9, 24-25	
<b>2.</b>	<b>Organisation profile</b>			
2.1-2.10	Basic information on Patria	Reported	4-7	
<b>3.</b>	<b>Report parameters</b>			
3.1-3.4	Report profile	Reported	3, 44	
3.5-3.11	Report scope and boundary	Reported	42	<a href="http://www.patria.fi/EN/">www.patria.fi/EN/</a> > About Patria > Corporate responsibility > Essentiality chart
3.12	GRI content index	Reported	42-43	
3.13	Assurance	Reported		Quality and accuracy of the data is internally monitored. Data is not externally verified.
<b>4.</b>	<b>Governance, commitments, and engagement</b>			
	<b>Governance</b>			
4.1-4.10	Governance	Reported	36-37	Board of Directors' Report
	<b>Commitments to external initiatives</b>			
4.11	Precautionary principle	Reported	34	
4.12	External principles or initiatives Patria endorses	Reported	8-9, 11	
4.13	Membership in associations and organisations	Reported	8-9, 26-27	
	<b>Stakeholder engagement</b>			
4.14-4.17	Stakeholder groups engaged by Patria	Reported	26, 30-31	

Section of the  
GRI guidelines

## Notes/comments

Performance  
indicators

## Economic responsibility

	Disclosure on the management approach	Reported	36-37	
EC1	Direct economic value generated and distributed	Reported	7	
EC3	Retirement obligations	Reported		Note to the Consolidated Financial Statements 7. Personnel expenses

## Environmental responsibility

	Disclosure on the management approach	Reported	32-33	
EN4	Indirect energy consumption	Reported		<a href="http://www.patria.fi/EN/">www.patria.fi/EN/</a> > About Patria > Corporate responsibility > Environmental responsibility > Statistics
EN7	Initiatives to reduce indirect energy consumption	Reported		<a href="http://www.patria.fi/EN/">www.patria.fi/EN/</a> > About Patria > Corporate responsibility > Environmental responsibility > Statistics
EN18	Initiatives to reduce greenhouse gas emissions	Reported	32	<a href="http://www.patria.fi/EN/">www.patria.fi/EN/</a> > About Patria > Corporate responsibility > Environmental responsibility > Statistics
EN20	Other significant air emissions	Reported		<a href="http://www.patria.fi/EN/">www.patria.fi/EN/</a> > About Patria > Corporate responsibility > Environmental responsibility > Statistics
EN21	Total water discharge	Reported		<a href="http://www.patria.fi/EN/">www.patria.fi/EN/</a> > About Patria > Corporate responsibility > Environmental responsibility > Statistics
EN22	Waste	Reported		<a href="http://www.patria.fi/EN/">www.patria.fi/EN/</a> > About Patria > Corporate responsibility > Environmental responsibility > Statistics

## Social responsibility

	Disclosure on the management approach	Reported	24-29	
<b>Practices applying to personnel and working conditions</b>				
LA1	Personnel by employment type, contract type, and gender	Reported	7	
LA2	Personnel turnover	Reported	28	
LA4	Percentage of employees covered by collective bargaining agreements	Reported		All except the top management and certain expert positions
LA7	Injuries and absenteeism	Reported	7,28	
LA11	Programmes for skills management and lifelong learning	Reported		<a href="http://www.patria.fi/EN/">www.patria.fi/EN/</a> > About Patria > Corporate responsibility > Good employer > Competence development and training
LA12	Performance reviews	Reported	28	
LA13	Composition and diversity of governance bodies and employee categories	Reported	7	
<b>Human rights</b>				
HR3	Human-rights training given to employees	Reported	25-26	Training in Ethical Code of Conduct
<b>Social impacts</b>				
S02	Corruption risk assessment	Reported	26-27	
S03	Training in anti-corruption policies	Reported	25-26	Training in Ethical Code of Conduct
S04	Actions taken in response to incidents of corruption	Reported	8, 26-27	Board of Directors' Report
S05	Participation in public policy and lobbying	Reported	10-11,31	
S06	Contributions to political parties	Reported		According to its Ethical Code of Conduct Patria does not give gifts or make donations to political parties, nor does it participate in party-political activities.
S08	Sanctions for non-compliance with law and regulations	Reported	26-27	None in 2013
<b>Product responsibility</b>				
PR5	Customer satisfaction	Reported	30	



# Patria

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### Editing and layout

Miltton Oy

### Print

Libris Oy

### Paper

cover Galerie Art Silk 200 g, inside pages Galerie Art Silk 150 g

### Photos

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