

Nov 26, 2019

Communication on Progress at Ahlstrom-Munksjö Oyj

Ahlstrom-Munksjö has a firm commitment to sustainability. We know that the people and communities who make our work possible, the environment and resources we all share, and our fiber innovation capabilities are critical to our long-term business success.

At Ahlstrom-Munksjö, we are always looking for that next idea. We secure growth and competitiveness by improving existing products, designing new ones and exploring emerging technologies to understand how they can deliver the products of tomorrow and contribute to a more sustainable everyday life.

Sustainable practices are important throughout the value chain. They are embedded in our R&D work, procurement, and production. In close cooperation with our customers, we collaboratively innovate products that provide high performance and sustainability benefits for customers and end-users alike. We also seek to ensure that fibers, chemicals, and other inputs come from responsible partners. In our own operations, we strive to create a safe and healthy environment where our employees can thrive, effectively manage resources, and engage our host communities as long-term partners.

We are convinced that a strong social, environmental, and economic performance will help us manage risks, achieve cost savings through resource efficiencies, strengthen our brand and reputation, and identify product and process innovation opportunities that can drive growth. To track and improve Ahlstrom-Munksjö's sustainability performance over time, we have identified nine material sustainability topics within the three sustainability areas; people, planet and prosperity.

We are committed to continuing our work to uphold the principles on respecting human rights, responsible labor practices, environmental quality, and anti-corruption practices. For Ahlstrom-Munksjö, these principles are essential in ensuring full compliance with all applicable laws and regulations, managing risks in procurement and operations, building a trusted brand and reputation, and identifying opportunities to contribute further to social and environmental outcomes.



Human Rights

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

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

Compliance with laws and regulations, and adherence to our Code of Conduct, is necessary for Ahlstrom-Munksjö to conduct its business in lawful and successful manner. Not only because it's the right thing to do, also because misbehavior in this area can and will have serious negative human and commercial effects. In general, there is an increasing focus on compliance topics (including business ethics, human rights, environmental, social etc.) in society as a whole and in the business community. For Ahlstrom-Munksjö, this is noticed by an increased demand for actions, transparency and communication from our various stakeholders, including investors, financing institutions, media, customers, suppliers, employees, local communities and others. As a large cap listed company, Ahlstrom-Munksjö is subject to a heightened degree of scrutiny in this area. Therefore, we have focused our efforts and formalized our approach in a compliance framework that is both general and group-wide, and specific and targeted with respect to certain areas of compliance

We have renewed the UK Modern Slavery Act statement in coordination with Legal and Sustainability. Under the Sustainability Policy we indicate the Human Rights and Respect to fundamental human rights throughout the value chain as our material topic.

Measures

Ahlstrom-Munksjö publishes a sustainability report within its Annual Report. The Sustainability report contains Key Performance Indicators, metrics and targets with respect to, inter alia, business ethics and human rights. The 2018 Annual Report contains the following with respect to business ethics and human rights.

Human Rights as a Key Performance Indicator and the Metrics:

- 1) Percentage of employees who confirm Code of Conduct awareness
 - Code of Conduct completed by 91% of our employees YTD
- 2) Development of group-wide Code of Conduct training program
 - E-learning created and launched
- 3) Percentage of chemical and fiber suppliers that have signed the Supplier Code of Conduct or are considered compliant
 - 89% of chemical suppliers and 96% of fiber suppliers signed the Supplier Code of Conduct (or were considered compliant)



Labor

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

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

Principle 5: the effective abolition of child labour; and

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

People are central to every aspect of sustainability at Ahlstrom-Munksjö. We strive to respect the highest standards of human rights in our operations and supply chains, build close, long-term relationships with the communities that host our production sites, and provide safe and healthy work environments free from discrimination and full of opportunity for our team. Ahlstrom-Munksjö's continued progress in these areas is essential to our long-term success. When our people thrive, we thrive.

At Ahlstrom-Munksjö, we are strongly committed to respecting fundamental human rights in our operational activities and expecting the same from our suppliers. In addition to preventing discrimination based on gender in accordance with our Human Rights activities, Ahlstrom-Munksjö is working on Gender Equality to proactively ensure we are providing equal opportunities and drawing on talent across the population.

Ahlstrom-Munksjö is committed to continuously developing our employees based on individual aspirations, company values, and business needs. We provide on-the-job training as well as development programs within leadership and other strategic competence areas. Our people are our greatest asset, and investing in their growth will help us meet evolving challenges and take advantage of new opportunities in a dynamic operating context.

Safety is our mindset throughout our operations at Ahlstrom-Munksjö. We work towards a zero accident workplace by setting ambitious targets for continuous improvement, developing consistent safety practices and competencies at every level, and creating a culture of responsibility and accountability for all employees, contractors, and visitors at our production sites.

The company has issued Occupational Health & Safety Policy, HR Policy and Human Capital Policy, as well as Code of Conduct and Supplier Code of Conduct, that integrates commitments, qualitative and quantitative objectives on labor or human rights issues in the company's operations. Occupational Health & Safety Policy also covers subcontractors working on the company premises. Transition from OHSAS18001 management system to ISO45000 has started in 2019, the plants already certified are listed in <https://www.ahlstrom-munksjo.com/sustainability/certifications/>



Measures

The company has formalized reporting KPIs on Labor Practices, Employee Well-being and Community engagement. The progress and compliance is reviewed periodically in internal Sustainable Business Council meeting.

- 1) We believe zero accidents is possible and we are committed to pursuing a TRI rate of zero and Near Miss Rate (NMR) higher than 2.9
 - YTD result TRI 1,7
 - YTD result NMR 4,9
- 2) On average, at least 15 hours of tailored safety training per employee each year
 - Execution ongoing, expected to be achieved
- 3) All employees have had an annual performance and development discussion with their manager by end of year 2020
 - Execution ongoing, expected to be achieved
- 4) Employee Engagement Index and Leadership Index baseline defined through a common Employee Engagement Survey
 - Culture survey conducted globally for baseline. Based on the survey culture cornerstones defined and key development areas identified
- 5) Diversity and inclusion plan in place to create awareness and ensure diversity where possible (e.g. leadership programs), follow-up monthly in each Business Area reviews.
 - 48 nationalities YTD
 - Currently 18% of employees are women (Manufacturing Industry)
- 6) Community Engagement: All production sites have an annually updated community engagement plan that considers how plant activities can improve company image, attract potential employees, and contribute to healthier living
 - YTD 81% of sites had an updated community engagement plan
 - 100,000€ donated to 10 community projects proposed by local staff in 2019

There has been on site audits related to CSR issues performed by independent 3rd party (Due Diligence), and we have the CodeViolation and SpeakUp - channels for reporting any misbehavior as whistleblower means.



Environment

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

Principle 8: undertake initiatives to promote greater environmental responsibility; and

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

Ahlstrom-Munksjö has worked on the sustainability strategy on a global presence with diverse product portfolio, that provides sustainable fiber-based solutions to different end-uses. Our environmental priority is to design products and manufacturing processes that use energy, water, and raw materials more efficiently to minimize waste and emissions to water, air, and soil.

Our company-wide environmental work is focused on three areas that are most relevant to our business and stakeholders:

- 1) the environmental impacts of our sourcing practices:
- 2) efficiencies and innovations in our energy use, water use and emissions, and waste reduction, and
- 3) serious contributions to the global challenge of climate change through carbon dioxide emissions reductions.

These topics are our strategic priority areas of focus for accurate data collection, management for performance, and transparent reporting on progress towards targets. Our stewardship of the natural world and our resources is part of not only company success, but our legacy for future generations.

Measures:

On the Innovation (P&D, R&D) side, we have established a qualitative sustainability and innovation evaluation system that can demonstrate company progress in the features of new products. It has been developed in-house along the available industry standards and there are clear rules for how to apply the assessment.

- 1) EcoDesign tool implemented in the organization – well adopted and EcoDesign portal created
- 2) New product in development are assessed with the tool
 - YTD assessments 66% (target 100% until end of 2020), execution ongoing

Solar panel implementation in one of our converting units in US has been completed and the in-house technology solution for glassfiber recovery and reuse is ongoing. Several energy saving investments and BAT approaches have been completed during the year. Capital Investments are a mean to enforce the performance at our sites. The results of the energy efficiency, water efficiency and CO2 reductions will be completed by the end of 2019 and published in the Annual Report 2019.



Anti-Corruption

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

Within the legal framework of anti-bribery Ahlstrom-Munksjö has established an Anti-Bribery Policy to clarify the rules we follow and to emphasize our zero-tolerance to bribery and other corrupt practices. Ahlstrom-Munksjö is committed to conduct all of its business in an honest and ethical manner. Thus, it is our firm Group-wide policy that Ahlstrom-Munksjö Group and its Business Partners are strictly forbidden to engage in, participate in, or encourage any form of bribery in order to obtain business, to secure favorable treatment or for any other corrupt purpose. This includes, among others, offering, giving, requesting and accepting bribes either directly or indirectly. It is Ahlstrom-Munksjö's policy that offering or making facilitation payments is prohibited in all circumstances. The payments of secret rebates or kickbacks are strictly prohibited. The policy does not prohibit giving and receiving reasonable gifts and hospitality in good faith and in the ordinary course of business provided that the rules set forth in this Section 5 are complied with. It should be noted that in certain circumstances even minor gifts and hospitality may give rise to suspicions of impropriety and constitute bribery and thus be prohibited.

The Anti-Bribery Policy contains an obligation to report (including both CodeViolation and SpeakUp) and there are set disciplinary sanctions to deal with policy violations. Ahlstrom-Munksjö's Legal department receives the emails and responses to CodeViolation and SpeakUp, to which the necessary actions are then taken.

A group-wide anti-bribery risk assessment will be started still this year 2019, including a general country and industry related risk assessment and a business and process related risk assessment. Awareness training performed to prevent corruption and bribery, organized as F2F/video training by Legal for targeted audiences.

Performance is evaluated in the Compliance Committee to review the current status, actions taken and next steps to improve the process/feedback/actions and results and to mitigate any risks related to any topic. Results of the Compliance Committee activities are reported also to the Sustainable Business Council.