

UN Global Compact Communication on Progress (COP)

30.6.2020

Statement by the President and CEO of Ahlström Capital

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

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

The report covers Ahlström Capital Group including Ahlström Capital Oy, A. Ahlström Real Estate Ltd (in this report presented as real estate and forest business), Destia Group Oyj and Enics AG. Ahlström Capital's associated company holdings are excluded from this report. Information in this report covers the calendar year 2019 from January 1 to December 31.

Yours sincerely,

Lasse Heinonen
President and CEO

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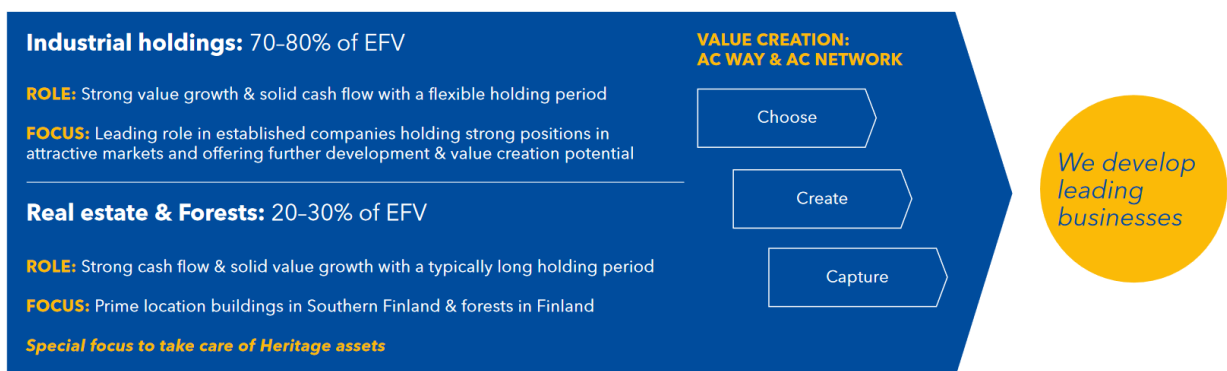
1 Business Model

Business model descriptions are grouped according to three different businesses:

- Ahlström Capital (including A. Ahlström Real Estate)
- Destia Group Oyj
- Enics AG

1.1 Ahlström Capital (including A. Ahlström Real Estate)

Ahlström Capital focuses its investment activity on industrial companies, real estate and forest. Ahlström Capital creates long-term shareholder value by actively developing its portfolio. The company's external fair value on December 31, 2019 was EUR 965 million with a revenue of EUR 1,173 million.



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

Ahlström Capital's real estate portfolio includes prime location buildings in Southern Finland with ca. 67,700 m² of real estate area altogether. The portfolio includes heritage assets in Noormarkku and Kauttua. The forest assets are mainly located in Western Finland in the Satakunta region, and in Central and Eastern Finland. The total area of forests is ca. 34,000 ha. The real estate and forest businesses are managed by A. Ahlström Real Estate Ltd.

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

Ahlström Capital believes that sustainability is a prerequisite for creating long-term value. Ahlström Capital is committed to promoting responsible business practices in the portfolio companies and to conducting sustainable asset management of the real estate and forest investments. As a responsible investor, Ahlström Capital continuously improves its environmental, social and governance (ESG) impact and performance in its own operations and investments. Ahlström Capital has identified material ESG topics, and they have been incorporated into the screening processes and business development work of our portfolio companies.

In 2020, a Sustainability Policy, defining the framework for Ahlström Capital's sustainability work and the ambition as an owner, was approved by the Board. Key Performance Indicators (KPIs) to

measure the development of ESG focus areas were defined, and the portfolio companies will be reporting these KPIs to Ahlström Capital at least once a year (starting from 2020). The Communication on Progress report for 2020 will include more information about this policy and the KPIs.

1.2 Destia Group Oyj

Destia is the biggest infrastructure company in Finland. Destia's operations cover the entire life cycle of infrastructure that includes design, construction and maintenance. The competence covers subterranean construction, extensive building and construction operations such as bridges and dams, a wide range of demanding foundation engineering projects to energy and engineer construction, as well as urban development projects. In 2019, Destia's revenue was EUR 570 million, and the company employed 1,651 people. All employees and operations are in Finland, but the company is investigating business opportunities in Northern Sweden and Northern Norway. Destia Group's headquarters is located in Vantaa, Finland.

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

1.3 Enics AG

Enics is a group of electronics manufacturing services (EMS) companies providing comprehensive life-cycle service solutions in the field of professional industrial electronics. The Group has Performance Centers in China, Estonia, Finland, Slovakia, Sweden, and Switzerland. The parent company Enics AG is a limited liability company incorporated in Switzerland since April 2004. In 2019, Enics' revenue was EUR 583 million and at the end of the year, Enics employed 3,558 people. Most of the employees, 35%, work in China, and the rest, 65%, in Enics' European locations. Of all employees, 75% were in blue-collar and 25% in white-collar positions.

In 2019, Enics had 1,451 suppliers, but the most important 91 suppliers cover 80% of material purchases.

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

2 Human and Labour Rights

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

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

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

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

Principle 5: the effective abolition of child labour; and

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

2.1 Assessment, policies and targets

In Ahlström Capital Group human rights and labour principles based on accepted international laws and practices, such as those of United Nation’s Universal Declaration of Human Rights, International Labor Organization and the United Nation’s Global Compact (UNGC) principles, are fundamental and universal in all business activities. Freedom to associate, collective bargain or form employees’ responsible bodies are recognised and supported by Ahlström Capital Group.

The companies in Ahlström Capital Group have never intentionally used and will not knowingly use compulsory or child labour, contradicting with international laws or local labour legislation.

Policies related to human and labour rights:

Policy/certificates	Ahlström Capital	A. Ahlström Real Estate	Destia	Enics
Code of Conduct	x	x	x	x
Policies for suppliers		x (forest)	x	x
Occupational Health and Safety Policy			x	x
ISO 45001			x (OHSAS 18001)	x
PEFC (forest certification system)		x		

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

Destia has several policies in connection to human and labour rights and the topics are covered in the education plans. The fair and non-discriminatory treatment is ensured in the Equality Policy and Destia has a guideline for dealing with harassment and inappropriate behavior. As part of the commitment to non-discrimination and equality, Destia joined the Work Does Not Discriminate campaign of the Confederation of Finnish Industries.

Enics has several processes to mitigate risks concerning human and labour rights. Fair and non-discriminatory treatment of employees is ensured by Enics’ Personnel Policy and Employees Grievances Handling Process. Harassment Dealing Guidelines are implemented in all Enics Performance Centers to ensure that employees have equal possibilities to report any violation of their rights, and that employees and managers recognise harassment. A health and safety committee is established in all Enics’ units.

Enics has created a Supplier Manual giving preconditions to suppliers, ensuring that the Human rights and labour principles are being followed. Enics conducts an assessment of suppliers on a regular basis using Supplier Self-Assessment and Supplier Assessment and Evaluation tools.

Employee availability is challenging in certain Enics' locations and third-party service providers are used for hiring employees. A due diligence check is done on the background and compliance with the Enics Code of Conduct is required. In 2019, Enics reduced the number of temporary employees hired through manpower companies.

Enics' manufacturing sites are also regularly audited by customers to meet their sustainability requirements. Enics has received high ratings in the customer audits.

Targets:

In 2020, Ahlström Capital will implement a Sustainability Policy including a number of ESG KPIs. The KPIs that the portfolio companies need to report in the human and labour rights area are employee satisfaction, employee turnover and accidents' frequency rates. Also, some of the KPIs in the Governance area such as Code of Conduct trainings and Supplier Code of Conducts show how the companies are implementing human and labour rights.

In 2020, Destia is including sustainability mapping and sustainability KPIs in the strategy work. This work will also include targets on the social impact. Destia hires temporary workforce from third-party service providers (about 100 persons/year) and the company is planning audits to these third-party service providers in 2020.

At Enics, planning and implementation of activities for promoting gender equality will continue in 2020 in accordance with renewed recruitment process implementation. Targets for training of the new Occupational Health and Policy and digital learning materials have been set up. Also targets to increase number of employee surveys, sessions to involve employees at all levels and harmonising onboarding experience have been set.

2.2 Actions and outcomes in 2019

KPIs related to human and labour rights (the same KPIs in 2018):

KPIs 2019	Ahlström Capital	A. Ahlström Real Estate	Destia	Enics
Occupational accidents' frequency	n/a	Each project separately	5.6 accidents/mH (5.8)	<1/month
Near miss incidents & safety observations	n/a	Each project separately	5,097 (2,019)	
Whistleblowing channel	No reported cases	No reported cases	No reported cases	No reported cases
Code of Conduct trainings	All personnel	All personnel	All personnel	Selected Performance Centers
Employee satisfaction surveys	Annually	Annually	Annually	Annually
Supplier/sub-contractor audits		In forest business	Foreign subcontractors	New subcontractors
Safety talks at site			>200	

At Ahlström Capital and A. Ahlström Real Estate a new Code of Conduct and a whistleblowing channel was launched.

In the real estate business, the occupational safety observations and accident frequency are regularly reported in every construction and renovation project by the service provider. The report includes description of the incident, as well as the corrective actions on how the incident could have been avoided. In 2019, site safety was actively instructed and followed also in the bigger renovation projects in Eteläesplanadi 14, Helsinki.

In the forest business, a notification of forest use in accordance with the Forest Act is done before loggings start. The Forest Centre monitors the loggings. The subcontractors are required to follow the human and labour rights and they are trained annually to update their knowledge and skills related to certificates and quality standards. Site specific instructions are shared. All contracts are in written format and sub-contractors are audited annually. Forest business' own employees have regular safety trainings.

Destia aims to guarantee safe and healthy working conditions for all of its employees and the subcontractors who work at Destia's sites. Destia also ensures the safety of those who move in the vicinity of its sites. Destia's preventive safety work includes systematic safety promoting practical work and introduction of the safety guidelines and safety talks on sites to all workers and sub-contractors. Safety work also includes fall protection courses on sites, promoting the fall protection safety and development project of fall protection on bridge scaffolds, development project of optical height warning system for heavy transport on bridge sites and promoting the use of lorry mounted crash cushion at all slow-moving work on highways (in collaboration with the Finnish Transport Infrastructure Agency). During 2019, two accidents claiming the life of a subcontractor happened at Destia's sites. The cases have been thoroughly investigated and causes identified. One of the cases was a traffic accident.

Enics co-operates with employee unions to guarantee flexible workforce solutions, reasonable salary development and peaceful and steady working environment. Employee union or workers' council is established in each of Enics Performance Centers. There is a yearly meeting between local Management and Employee Representative Teams or Employee Union representatives in all of the business units.

So far approx. 75% of Enics' most important suppliers have signed Enics' Commitment to Ethical Conduct of Business and Enics' Code of Conduct. The process of auditing all new potential suppliers from the Human Rights perspective in place in 2019 is to be continued in 2020. Enics has created the Conflict Minerals Statement to support the Enics' initiative to support Human Rights in the war zone.

In recruitment practices Enics is promoting equal opportunities and diversity. In 2019, Enics implemented a recruiting system globally, enabling the tracking of the applicant data. Of all job applicants in 2019, 60% were male and 40% female.

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

3 Environment

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

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

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

3.1 Assessment, policies and targets

Ahlström Capital has environmental impacts through its infrastructure and building construction, real estate, forests and electronics manufacturing businesses. Conserving natural resources and supporting their sustainable use are therefore relevant for Ahlström Capital. Ahlström Capital does not have a group level policy for environmental management due to the varying nature of its holdings. The Sustainability Policy launched in 2020 is including Environmental focus areas and KPIs.

Policies and certificates related to environment rights:

Policy/certificate	Ahlström Capital	A. Ahlström Real Estate	Destia	Enics
Environmental Policy			x	
ISO 14001			x	x
Code of Conduct	x	x	x	x
Policies for suppliers			x	x
PEFC		x		
BREEAM		x		

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

A. Ahlström Real Estate Ltd promotes ecologically and economically sustainable forestry and takes into account multipurpose use of forests.

Destia's aim is to build environmentally efficient infrastructure which also serves the needs of citizens and businesses as well as possible. Destia engages in systematic efforts to improve eco-efficiency and minimise the environmental impacts of its operations. Focus areas of environmental efficiency are material efficiency, energy efficiency and biodiversity.

Destia promotes circular economy and uses the best possible technology and competence in order to ensure environmental safety. Biodiversity is considered in Destia's operations throughout the

service life cycle. All of Destia's actions related to nature are aimed at preventing environmental damage and minimising the impacts of Destia's operations. Where possible, the company also strives to improve the condition of natural environments. Destia's operating principles, practices and goals also apply to all of the company's partners and subcontractors. Destia monitors its performance at the project level as part of its work with customers.

Enics Performance Centers have committed to the highest ISO9001 quality process requirements. In addition, the continuous implementation of IATF16949, IRIS, ISO13485, and other relevant industry standards in several Performance Centers ensure Enics' capabilities are continuously improved to exceed the set requirements. Enics' focus on environmental development is on energy consumption, recycling rate and efficiency improvement. All related actions will reduce Enics' environmental footprint and reduce non-recyclable landfill waste. Enics is continuing to invest in more environment-friendly equipment and is working closely with customers to fulfill their environmental requirements. In its investment programs, Enics targets for the most modern available technology i.e reflow ovens using less energy and changing factory lightning to LED. The company aims to minimise the internal logistics of material and shop floor usage with the help of LEAN planning.

Environmental risks such as carbon footprint, hazardous waste management and water pollution are evaluated in Enics' annual risk assessment and managed accordingly. Risks related to environmental contamination are managed with dedicated areas to manage potentially harmful chemicals to prevent leaking to the ground.

The main portfolio of products Enics produces has the purpose of improving energy efficiency, covering about 80% of Enics' revenue. This level has been stable for the last years, and an increase in products in this area is visible.

Towards its suppliers, Enics promotes its principles on the environment and technology through the Enics Code of Conduct, Supplier Manual, Supplier Self Evaluation, and Questionnaire and Supplier Assessment Process.

Targets:

In 2020, Ahlström Capital will implement the Sustainability Policy including ESG KPIs. The KPIs that Ahlström Capital wants to follow in the environmental area are energy intensity, share of renewable energy used and GHG emissions. The portfolio companies have also other KPIs relevant to the business carbon sink, water consumption and the recycling rate of waste.

The real estate business aims for continuous improvement in energy efficiency of the properties. All new properties and at least one of the existing properties should have an environmental certificate (LEED, BREEAM). Real estate business has also set a target to utilise 100% of all the waste in Eteläesplanadi and Hankasuontie properties.

Forest business aims for 100% certified forests, and at the moment all forests have PEFC sustainable forest management certification.

Destia's aim is to improve its energy intensity and customer rating of environmental issues management. In 2020, Destia will implement a responsibility strategy and include sustainability KPIs in the strategy process. Carbon neutrality is one of the issues in the strategy.

Enics will harmonise the environmental responsibility actions by having common KPIs with targets set for the corporate level (driven by ISO 14001). The global KPIs are including energy, recycling and efficiency improvement. Also, Performance Center specific KPIs will be defined. The target is

an overall improvement among all KPIs of >25% in 2020. Enics is planning to execute ECOVADIs in 2020 and develop local improvement projects in the environmental area.

3.2 Actions and outcomes in 2019

KPIs related to environment (the same KPIs in 2018):

KPIs 2019	A. Ahlström Real Estate	Destia	Enics
CO2 emissions	Increase/remain carbon storage in forests	14,895 tonnes (Scope 1) (14,427)	
Carbon stored in tree trunks	1,35 million tons		
Energy efficiency/intensity	Continuous improvement	364 GJ (360)	Electricity-saving projects
Customer rating of environmental issues management (scale 1-5)		4.0 (4.2)	
Waste reduction			Projects at Performance Centers
PEFC forests	100%		
BREEAM	100% of new projects		

In the real estate investments, a BREEAM certificate was received to the Hankasuontie property and to this property new solar power is planned. In the Eteläesplanadi property, green electricity was bought and energy saving investments were initialised. The energy saving program includes smart control systems for the building, and a part of old ventilation machinery will be replaced with new and energy efficient systems. The annual energy saving potential is about 15%. In the renovation project LED lighting for indoor and outdoor use, smart control of electric heating and need-based lighting control have been taken into use. Water tubs have been changed to water-saving models.

In the forest business all loggings are notified to the Forest Center and audited. The training of personnel and contractors include environmental matters, law regulations and certification criterions. Guidelines are given to every contractor (available on every site), and they include directions and instructions for work, environment, safety and governing. Habitats of high conservation value have been researched and are marked on the forest data system. In 2019, 11,000 hectares of forest were updated, and 180 high conservation areas were marked. Actions to increase diversity of forest nature were done. In 2019, three hectares of controlled burning was carried out to produce habitats for insects and plants (need burned wood and vegetation). Drainage of natural bogs is no longer performed, and the peatland forest has been transferred under the uneven-aged forest management. Protection strips are left along watercourses and groundwater areas are marked in the forest system to be considered in forest management. (Actions done according to PEFC 9, 10, 11, 12, 14, 17, 19).

Destia carries out all projects in compliance with detailed safety, quality and environmental standards.

Enics is setting up an initial Green Program handled with ISO 14001. Enics has been focusing on site specific environmental improvement projects i.e reducing electricity consumption of lighting per unit of production in Slovakia (plan is to reduce by min. 30% per unit of production compared to 2019). Waste reduction includes using incoming packaging material and EUR-pallets for packing outgoing goods. The environmental aspects are evaluated on a yearly basis, and the resulting actions are creating visible changes. The European Conflict Minerals Regulation 2017/821 is coming into the force in January 2021, and the implementation of this regulation is under focus in 2020.

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

4 Anti-Corruption

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

4.1 Assessment, policies and targets

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

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

Policies related to anti-corruption rights:

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

In 2019, Destia published new Supplier Code of Conduct guidelines that all our suppliers and subcontractors shall follow. Destia’s commitment to compliance and ethical principles includes anti-corruption, anti-bribery, compliance of competition legislation, as well as fair employee

conditions throughout our supplier chain. Every supervisor must ensure that their employees and partners are familiar with the content of the ethical guidelines and requirements. The compliance with these principles starts from the introduction of new employees and continues during the performance management. Every employee must participate in the compliance e-learning annually.

At Enics, the Code of Conduct online training is mandatory for all personnel. The management teams of Enics Performance Centers as well as members of Enics Management Conference have been trained on the Code of Conduct and related topics. In line with Enics Non-Compliance Procedure (“Procedure”), employees have the possibility to report any suspected or witnessed non-compliance or violation of Code of Conduct. As for supply chain responsibility, Enics conducts assessments of its suppliers regularly by using supplier self-assessment and supplier assessment and evaluation tools (Supplier Manual, Supplier Self Evaluation and Questionnaire, and Supplier Assessment Process). A majority of Enics' preferred suppliers have signed Supplier Commitment to Ethical Conduct of Business and Enics' Code of Conduct agreements. For new suppliers, supplier assessments are conducted, and labour principles and other compliance requirements are reviewed.

Targets:

In 2020, Ahlström Capital will implement a Sustainability Policy including ESG KPIs. The KPIs that Ahlström Capital wants to follow in the governance area are ESG maturity, trainings in Code of Conduct, coverage of Supplier Code of Conduct and whistleblowing channel.

In 2020, Destia is including sustainability mapping and sustainability KPIs in the strategy work. This work will also include targets on the governance area. Destia will be auditing foreign and from Q3 also domestic sub-contractors and material suppliers.

In 2020, Enics will update the Code of Conduct and create a new anti-corruption e-learning (mandatory for white-collar workers). Training sessions in compliance with focus on Anti-Corruption will be held. A map of the current state of compliance was done through questionnaires in 2019 and steps to raise local awareness will be taken in 2020.

4.2 Actions and outcomes in 2019

KPIs related to anti-corruption rights (the same KPIs for 2018):

KPIs 2019	Ahlström Capital	A. Ahlström Real Estate	Destia	Enics
Number of confirmed incidents in whistleblowing channel	No reported incidents	No reported incidents	No reported incidents	No reported incidents
Training of CoC	All personnel	All personnel	All personnel	All personnel
Supplier assessments/audits			x	x
Internal audits			x	x
Compliance related trainings			x	x
Anti-corruption policy e-learning				70% of personnel

Ahlström Capital and A. Ahlström Real Estate launched a whistleblowing channel in 2019, managed by an external third-party service provider. The company ran Code of Conduct trainings to all employees.

Destia's internal audit completes several regular audits and annual reviews to its units. Auditing procedure covers project audits, integrated management system audits and internal inspections. In 2019, two cases of misconduct (both in the same construction project) connected to Destia's construction projects were revealed during Destia's own internal audit. The suspected persons were Destia's employees and are no longer working for the company. Destia has submitted a request for investigation to the police, and the investigations are still ongoing.

In 2019, Destia built new processes and tools for auditing our subcontractors and material suppliers to ensure an efficient and reliable network of partners. In the first stage, the focus has been on new foreign companies. The audits are divided into three (3) different parts (introduction, audit questions and site or production visit), and will be performed in one day. The topics to be handled are the following: *Company profile, Environment, Health & Safety, Quality, Productivity (or Production) and Ethical*. In 2019, 27 audits were performed in European and Asian countries.

In 2019, Enics had a lot of local activities, internal campaigns and training sessions, to raise the awareness of compliance and anti-corruption. Update of Enics' Code of Conduct has been postponed to 2020. A compliance screening tool has been implemented in February 2019. To map the current state of compliance and to understand the compliance culture, Enics conducted two questionnaires in 2019: one detailed questionnaire to Enics' Management members and other anonymous questionnaire to a group of Enics' employees from different Performance Centers and functions.

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