The following pages contain the detailed scoring for this company based on publicly available information.

The table below shows a summary of the company’s scores per section:

<table>
<thead>
<tr>
<th>Section</th>
<th>Number of Questions*</th>
<th>Score Based on Publicly Available Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Leadership and Organisational Culture</td>
<td>4</td>
<td>8/8</td>
</tr>
<tr>
<td>2. Internal Controls</td>
<td>6</td>
<td>8/12</td>
</tr>
<tr>
<td>3. Support to Employees</td>
<td>7</td>
<td>10/14</td>
</tr>
<tr>
<td>4. Conflict of Interest</td>
<td>4</td>
<td>4/8</td>
</tr>
<tr>
<td>5. Customer Engagement</td>
<td>6</td>
<td>9/12</td>
</tr>
<tr>
<td>6. Supply Chain Management</td>
<td>5</td>
<td>7/10</td>
</tr>
<tr>
<td>7. Agents, Intermediaries and Joint Ventures</td>
<td>10</td>
<td>15/20</td>
</tr>
<tr>
<td>8. Offsets</td>
<td>4</td>
<td>2/8</td>
</tr>
<tr>
<td>10. State-Owned Enterprises</td>
<td>5</td>
<td>10/10</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>77</strong></td>
<td><strong>77/110</strong></td>
</tr>
</tbody>
</table>

**BAND**

B

*This column represents the number of questions on which the company was eligible to receive a score; i.e. where the company did not receive a score of N/A.
1. Leadership and Organisational Culture

<table>
<thead>
<tr>
<th>Question</th>
<th>1.1. Does the company have a publicly stated anti-bribery and corruption commitment, which is authorised by its leadership?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Score</td>
<td>2.00</td>
</tr>
<tr>
<td>Comments</td>
<td>There is evidence that the company has a publicly stated anti-bribery and corruption commitment, which details the company's stance against any form of bribery or corruption within the organisation. There is evidence that this commitment is authorised and endorsed by the company's leadership.</td>
</tr>
</tbody>
</table>

**Evidence**

[1] Ethical Code of Conduct (Document)
Accessed 04/09/2019

Evidence

Patria’s Ethical Code of Conduct

Ethical conduct and its continuous development are important in all national and international business activities but their significance is particularly emphasised in the defence industry.

The Patria Group’s reputation and long term reliability as a partner – in Finland and on the international markets – are the foundation of profitable business operations, and have a major impact on the net worth of the Group.

Our practices are based on universal principles of integrity, transparency, accountability and sustainable development. They are in line with Patria’s values. Like our export licensing practices, and our cooperation and other agreements, they also guide Patria’s conduct.

We are committed to complying with the laws and regulations of the countries in which we operate. We respect the following international rules, among others: The United Nations (UN) Declaration of Human Rights, the UN Global Compact initiative and the ILO conventions.

Patria has zero tolerance for corruption and bribery. We do not accept unethical or corrupt conduct by our employees or business associates, and actively seek to prevent it.

As a way of ensuring responsible practices, our ethical code of conduct defines our way of working in various situations. This guideline is complemented by more detailed policies and guidelines. It is the duty of all employees and temporary workers to read the complementary guidelines and policies when necessary. Patria undertakes to provide its staff with training and information and to engage in ongoing dialogue with external business partners, to ensure that all stakeholders are aware of its code of conduct.

We will strive to ensure that our actual practices fall in line with this code, by organising and developing the appropriate inspection, monitoring and reporting procedures.

Olli Isotalo
President and CEO

Accessed 04/09/2019
[https://patria.materialbank.net/NiboWEB/patria/getPublicFile.do?uuid=6272273&inline=false&ticket=900e128ee3a2f b1c7ba538e2499856db6&type=original](https://patria.materialbank.net/NiboWEB/patria/getPublicFile.do?uuid=6272273&inline=false&ticket=900e128ee3a2f b1c7ba538e2499856db6&type=original)

Evidence

[p.9] REVIEW BY THE PRESIDENT AND CEO:

[p.11] We have zero tolerance for all forms of unethical activity, including bribery and corruption. We do not accept any form of unethical or corrupt conduct from our employees or business associates, and actively seek to prevent it.
[...] 

Ville Jaakonsalo
President and CEO, act.

[2] Active in anti-corruption (Webpage)
Accessed 04/09/2019
Active in anti-corruption

[...]

Commitment to anti-bribery and anti-corruption with Patria is authorized and endorsed by the Patria Board of Directors and the President & CEO as well as other senior leadership. This commitment is communicated both internally and externally by the Board, President & CEO and other senior leadership.
Question

1.2. Does the company have a comprehensive anti-bribery and corruption policy that explicitly applies to both of the following categories:

a) All employees, including staff and leadership of subsidiaries and other controlled entities;

b) All board members, including non-executive directors.

Score

2

Comments

The company publishes an explicit anti-bribery and corruption policy, the Ethical Code of Conduct, which makes specific reference to the prohibition of bribery, payments to public officials, commercial bribery and facilitation payments. There is evidence that this policy applies to all employees and board members as described in (a) and (b) in the question.

Evidence

[1] Ethical Code of Conduct (Document)
Accessed 04/09/2019
https://www.patria.fi/en/patria/ethical-code-conduct


The Code is applicable to all Patria personnel, including directors, managers, employees and agency workers ("Personnel"), including those of Patria’s subsidiaries.

It is a non-negotiable requirement that all Personnel follow this Code without exception and do their best to ensure full compliance with this Code. Each member of the Personnel shall obtain an understanding of laws and regulations relevant to their work and take appropriate measures to ensure compliance with those laws and regulations.

Patria commits its best efforts to implement the Code (or ensure adoption of a similar set of policies) in companies in which Patria has invested but does not own a majority of shares or exercise effective control. In addition, Patria expects and uses its best efforts to ensure that suppliers, subcontractors and other business partners (companies and individuals) acting in any capacity for or on behalf of Patria commit to Patria’s Code or have similar policies ensuring ethical conduct.

[p.18] Acting Against Corruption, Illegal Payments and Facilitation Payments

Patria maintains zero tolerance towards corruption and bribery. Patria does not tolerate unethical or corrupt behaviour by its Personnel or business partners and acts actively against it. Decisions based on corruption are immoral, distort competition, harm the company’s assets and reputation and go against the common good. Patria pays special attention to ethical behaviour in contact with political parties, public authorities and their officials in all countries where we conduct business.

Patria Personnel, Patria’s representatives and business partners may not, directly or indirectly, offer, promise or give bribes to agents, customers, suppliers or other business partners or public officials, or request or accept bribes anywhere in the world.

It is prohibited to make or allow payment of any illegal payments or facilitation payments. Such payments may include, but are not restricted to, small sums of money intended to facilitate or expedite the performance of routine functions, such as issuing permits or licenses or processing government documents. In any unclear situation, the respective manager or the Legal Department must be consulted.

Only in exceptional cases, when personal life or health is at risk, can facilitation payments be made. Such payments must always be accepted by the General Counsel.
Applicability of the Code

The Code is applicable to Patria companies’ board members as well as directors, personnel, including managers, officers, employees and agency workers (“Personnel”), including those of Patria’s subsidiaries. It is a non-negotiable requirement that all Personnel follow this Code without exception and do their best to ensure full compliance with this Code. Each member of the Personnel shall obtain an understanding of laws and regulations relevant to their work and take appropriate measures to ensure compliance with those laws and regulations.

Patria commits its best efforts to implement the Code (or ensure adoption of a similar set of policies) in companies in which Patria has invested but does not own a majority of shares or exercise effective control. In addition, Patria expects and uses its best efforts to ensure that suppliers, subcontractors and other business partners (companies and individuals) acting in any capacity for or on behalf of Patria commit to Patria’s Code or have similar policies ensuring ethical conduct.

Responsibility, integrity and ethical business conduct - fundamentals for business operations - Tone of the Top

As one way of ensuring responsible and ethical decision making and business practices, our Ethical Code of Conduct (and related guidelines and policies) defines our way of working in various situations. The Code applies to all Patria directors, board members, officers, employees and temporary workers, and is complemented by more detailed policies and guidelines. It is furthermore the duty of all directors, officers, employees and temporary workers to acquaint themselves with the complementary guidelines and policies as necessary. Patria provides these stakeholders training and information to ensure that these parties are aware of the ethical business conduct requirements of Patria.

Active in anti-corruption

Patria Group’s objective is to be recognized as an ethical operator in the industry, which requires the following:

- Patria’s principles regarding ethical business conduct and anti-corruption and anti-bribery measures it takes have permeated the company’s stakeholders, with Patria being viewed as a company with a high integrity, transparency and ethical standards
- Patria’s business partners conduct business based on a level corresponding, at minimum, to the principles and requirements that are specified in Patria Ethical Code of Conduct
- Patria’s board members, directors, officers, personnel and temporary workers are aware of the Patria Ethical Code of Conduct and Patria’s requirements for ethical business

Patria requires zero tolerance towards corruption and bribery. Patria does not tolerate unethical or corrupt conduct by its board, directors, officers, personnel, temporary workers or business partners and acts actively against it. Patria pays special attention to integrity and strict ethical standards in business conduct with private companies, political parties, public authorities and agencies and their officials in all countries where we conduct business. Patria expects similar ethics and integrity standards from its business partners.

Patria’s anti-bribery and anti-corruption policy is expressly stated in the Patria Ethical Code of Conduct which is publicly available. Patria Ethical Code of Conduct is applicable to Patria board, directors, officers, managers, personnel and temporary and agency workers in all Patria companies. In addition to the Code of Conduct Patria has several guidelines for more detailed instructions, such being Public Relations (with e.g. monetary values for gifts and hospitality), Sponsoring, Lobbying, etc.
**Question**

1.3. Does the board or a dedicated board committee provide oversight of the company's anti-bribery and corruption programme?

**Score**

2

**Comments**

Based on publicly available information, there is evidence that a designated board committee, the Audit Committee, is ultimately responsible for the oversight of the company's ethics and compliance programme. There is evidence that this includes reviewing reports from management on the programme’s performance.

**Evidence**

Accessed 04/09/2019

Management

Patria has a Corporate Responsibility Team which includes the Chief Communications Officer (leading the Team and responsible for corporate responsibility except for ethics and compliance), the General Counsel & Chief Compliance Officer and the Human Resources Officer. Together with the Group’s financial, HR and environmental experts and representatives of the business units, these persons form the entire Corporate Responsibility Team. The General Counsel & Chief Compliance Officer is responsible for matters involving ethics and compliance (incl. anti-corruption) in the Corporate Responsibility Team. Matters related to these areas are reviewed by Patria’s Board of Management, and the General Counsel & Chief Compliance Officer reports regularly on them to the Board of Directors and the Audit Committee. Approval of the ethics and compliance program of Patria is the responsibility of the Patria Oyj Board of Directors. Specific responsibility for the supervision of matters related to ethics and compliance rests with the Audit Committee appointed by the Board and as per the Audit Committee Charter approved by the Patria Board of Directors.

Accessed 04/09/2019
https://patria.materialbank.net/NiboWEB/patria/getPublicFile.do?uuid=6272273&inline=false&ticket=900e128ee3a2f
b1c7ba538e249985db6&type=original

[p.80] CORPORATE SOCIAL RESPONSIBILITY
In Patria, Board of Management is responsible for steering of the activities concerning Company Social Responsibility, and this increases transparency and dialogue within the group. Steering and monitoring of ethics and compliance related matters is clearly specified in the Board of Director's Audit Committee's charter. In 2018 the Board of Directors, the Audit Committee and the Board of Management received regular reports on activities and issues relating to Corporate Social Responsibility. Cooperation concerning ethics and compliance related issues as well as best practices between Patria and Kongsberg continued.

[5] CHARTER OF PATRIA OYJ’S AUDIT COMMITTEE (Document)
Accessed 04/09/2019

[p.1] 1. Introduction

The Audit Committee (the "Committee") is established by the Board of Directors (the "Board") to assist the Board primarily in supervising the accounting and financial reporting processes and in monitoring the efficiency of the Company’s internal control, internal audit, risk management systems, ethics, compliance and anti-bribery/anti-corruption related program and processes, as well as in monitoring the statutory audits of the financial statements of Patria Group. The Charter of the Committee is approved by the Board.

[p.2] 3. Duties of the Committee

The Committee shall have, inter alia, the following duties:

Risk management

- To monitor the efficiency of Patria’s internal control, internal audit, if applicable, and risk management systems
- Assess principles related to internal controls and risk management of the Company’s financial reporting processes
- To review the status of legal disputes and proceedings against or raised by Patria
- To monitor main processes and risks relating to IT (once a year as a special theme)

Auditors and audit

To communicate with the external auditor and review the plans and reports that the auditor prepares for the Committee

- To evaluate the independence of the statutory auditor or audit firm, particularly the provision of related services to the Company
- Review the auditor’s compensation and remuneration principles
- To prepare the proposal for resolution on the election of the auditor
- Holding private meetings with the external and internal auditors

[p.3]

- Reviewing reports of the internal audit
- Assess the scope and quality of internal audit and approve the internal audit plan and review its implementation

Ethics and Compliance

- Monitor and guide the Ethics and Compliance operations, with special focus on anti-corruption and anti-bribery related processes and policies
- To review the Ethics and Compliance reports, including the anti-corruption agenda
- To review the whistleblowing reporting related statistics

The foregoing list of duties is not exhaustive and the Committee may perform, in addition, such other functions which may be necessary for the performance of its oversight and control duties or as otherwise instructed by the Board.

Question
1.4. Is responsibility for implementing and managing the company’s anti-bribery and corruption programme ultimately assigned to a senior executive, and does he or she have a direct reporting line to the board or board committee providing oversight of the company’s programme?

| Score | 2 |

**Comments**

Based on publicly available information, there is evidence that a designated senior executive – the General Counsel and Chief Compliance Officer – has ultimate responsibility for implementing and managing the company’s ethics and compliance programme. There is evidence that this person has a direct reporting line to the board and the Audit Committee and there is evidence of reporting between this person and the board and Audit Committee as part of the company’s reporting structure.

**Evidence**

Accessed 04/09/2019
https://patria.materialbank.net/NiboWEB/patria/getPublicFile.do?uuid=6272273&inline=false&ticket=900e128ee3afb1c7ba538e249985db6&type=original

[p.46] MANAGEMENT AND MONITORING

[...] The General Counsel and Chief Compliance Officer is responsible for matters involving ethics and compliance (including anti-corruption). Matters related to ethics and compliance are reviewed by Patria’s Board of Management, and the General Counsel and Chief Compliance Officer reports regularly to the Board of Directors and the Audit Committee on these topics.

[p.122] Hanna Kyrki
b. 1962
General Counsel, Chief Compliance Officer
Master of Laws, EMBA
Since 2014
2. Internal Controls

<table>
<thead>
<tr>
<th>Question</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1. Is the design and implementation of the anti-bribery and corruption programme tailored to the company based on an assessment of the corruption and bribery risks it faces?</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>Score</th>
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<tbody>
<tr>
<td>1</td>
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<table>
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<tr>
<th>Comments</th>
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<tbody>
<tr>
<td>Based on publicly available information, there is some evidence that the company has a formal risk assessment procedure which covers the ethical, bribery and corruption risks facing the company’s operations. There is evidence that the results of these assessments are reviewed at board level, with responsibility assigned to the Audit Committee. The company receives a score of ‘1’, however, because there is no clear evidence that the results of risk assessments are used to update the company’s anti-bribery and corruption programme.</td>
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<thead>
<tr>
<th>Evidence</th>
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<tbody>
<tr>
<td>Accessed 04/09/2019</td>
</tr>
<tr>
<td>Risk management and internal control</td>
</tr>
<tr>
<td>Risk management and internal control are an important part of Patria’s management and control systems. Risk management and internal control do regular assessments to ensure appropriate reporting, risk management, integrity, ethical business conduct and compliance with laws and regulations as well as Patria guidelines and processes. Through integrity, compliance and high ethical standards of business conduct Patria reputation and value of its assets are also ensured.</td>
</tr>
<tr>
<td>Risk management framework</td>
</tr>
<tr>
<td>Patria has a risk management and internal control policy, approved by the Board of Directors, which specifies the related tasks, objectives, components, responsibilities and authorities. The Board provides the ultimate oversight and direction for risk management and internal control and has allocated main responsibility for these actions to the Audit Committee appointed by the Board.</td>
</tr>
<tr>
<td>The Audit Committee consists of board members that have specific understanding of the various topics that are in the scope of the Audit Committee responsibilities as per the Audit Committee Charter. Specific focus is on monitoring ethical and compliant business practices and ensuring that the ethics and compliance program of Patria is in accordance with industry’s best practices especially concerning anti-bribery and anti-corruption.</td>
</tr>
<tr>
<td>The primary responsibility for risk management and internal control lies with the business units and Patria Group functions in their area of responsibility. The President &amp; CEO of Patria is responsible for the proper functioning and monitoring of risk management and internal control.</td>
</tr>
<tr>
<td>Patria’s Group functions provide guidelines for risk management and internal control and perform monitoring on different levels in their respective organizations. An internal audit function and the internal and external auditors and security and quality auditors evaluate the effectiveness of risk management and internal control. In addition, Patria customers execute different audits and perform different control activities to ensure compliance by Patria with the customer requirements.</td>
</tr>
<tr>
<td>Risk is understood as the effect of uncertainty, negative or positive, on objectives of Patria’s operations, profitability and other areas. Risk management is a process which ensures that the risks and opportunities are identified, assessed and treated in an appropriate way and extensively enough. Risk management helps to ensure achievement of the objectives and avoidance of losses to the resources.</td>
</tr>
</tbody>
</table>
Risks are categorized as strategic and business risks, operational risks, financial risks and safety, security and hazard risks. Risk management in Patria is based on the COSO ERM framework, ISO 31000:2009 standard and industry specific standards and requirements.

Accessed 04/09/2019
https://patria.materialbank.net/NiboWEB/patria/getPublicFile.do?uuid=6272273&inline=false&ticket=900e128ee3a2f0bf17ba538e249985db6&type=original
[p.117] Risk Management

Risk management and internal control are an important part of Patria’s management and control systems. Risk management and internal control also help to ensure that operational and profitability targets can be achieved. Furthermore, risk management and internal control contribute to ensuring appropriate reporting, compliance with laws and regulations and to protecting Patria’s reputation.

Risk management and internal control do regular assessments to ensure appropriate reporting, risk management, integrity, ethical business conduct and compliance with laws and regulations as well as Patria guidelines and processes. Through integrity, compliance and high ethical standards of business conduct Patria reputation and value of its assets are also ensured.

RISK MANAGEMENT FRAMEWORK

Patria has a risk management and internal control policy, approved by the Board of Directors, which specifies the related tasks, objectives, components, responsibilities and authorities. The Board provides the ultimate oversight and direction for risk management and internal control and has allocated main responsibility for these actions to the Audit Committee appointed by the Board. The Audit Committee consists of board members that have specific understanding of the various topics that are in the scope of the Audit Committee responsibilities as per the Audit Committee Charter. Specific focus is on ensuring ethical and compliant business practices and conduct.

The primary responsibility for risk management and internal control lies with the business units and Patria Group functions in their area of responsibility. The President & CEO of Patria is responsible for the proper functioning and monitoring of risk management and internal control.

Patria’s Group functions provide guidelines for risk management and internal control and perform monitoring on different levels. An internal audit function and the internal and external auditors, security and quality auditors, evaluate the effectiveness of risk management and internal control. In addition, Patria customers execute different audits and perform different control activities to ensure compliance by Patria with the customer requirements.

Risk is understood as the effect of uncertainty, negative or positive, on objectives of Patria’s operations, profitability and other areas. Risk management is a process which ensures that the risks and opportunities are identified, assessed and treated in an appropriate way and extensively enough. Risk management helps to ensure achievement of the objectives and avoidance of losses to the resources. Risk management in Patria is based on the COSO ERM framework, ISO 31000:2009 standard and industry specific standards and requirements.
Question

2.2. Is the company’s anti-bribery and corruption programme subject to regular internal or external audit, and are policies and procedures updated according to audit recommendations?

Score

2

Comments

Based on publicly available information, there is evidence that the company’s entire anti-bribery and corruption programme is subject to a regular audit process to ensure the programme is consistent with best practice and the business risks facing the company. There is evidence that this explicitly includes provisions for continuous improvement, supplemented by an internal and external audit every year. There is also evidence that high-level audit findings are presented to the board, with clear ownership assigned to the Audit Committee for planned updates and improvements to the anti-bribery and corruption programme.

Evidence

[7] Risk management and internal control (Document)
Accessed 04/09/2019

Internal audit and external audit

Patria has an Internal Audit function, outsourced to an independent operator, that evaluates and contributes to ensuring the efficiency and feasibility of risk management and internal controls, the reliability of financial reporting, ethical and compliant business conduct, and compliance with the applicable legislation, regulations and guidelines. The Internal Audit function reports regularly to the Audit Committee nominated by the Board of Directors. The Audit Committee and Board approve an annual internal audit plan and issue further instructions for the Internal Audit to perform specific audits or other control actions. The findings of the Internal Audit are regularly reported to the Board’s Audit Committee as well as Patria Board of Management. Patria management is responsible for implementing the corrective actions and development items instructed by the Audit Committee. Due to the risks involved in the defence industry sector, specifically, special focus is on assuring ethical business conduct, anti-corruption and anti-bribery in business operations.

Both the internal auditors as well as the external auditors comply with the International Standards for the Professional Practices regarding Auditing. Internal Audit reports on its activities and findings to the Audit Committee and Patria’s management. The Audit Committee confirms the internal audit plans and the external audit plans annually.

The company’s external auditors report their observations and findings 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 external auditors also submit a statutory auditors’ report to the company’s shareholders.

Internal Audit focus areas in practice and recently conducted internal audits

The focus areas for Internal Audit are annually decided upon by the Audit Committee and the Board of Directors. Internal audits are conducted regularly so that all main areas of operations are covered during the different years and follow up audits are conducted after a reasonable time period from the initial audit. The internal audit plan is a “rotating” plan to make sure that no operational areas are left out from internal auditing for unreasonably long periods.

As per the annual internal audit Plan of Patria, special internal audits were conducted during 2018 in the areas of sales and marketing processes (including engaging and using of third party sales and marketing representatives), corporate governance and Business Partner Selection process which regulates engaging of third party agents, consultants and market representatives. The findings were not of serious nature but mainly recommendations for further development and corrections, and the findings were reported to the Audit Committee and Board. A follow up audit of implementation of the agreed process development actions will be conducted during second half of 2019. In addition to the formal internal audits, there is special attention around and focus on such business operations that introduce higher corruption and bribery risks (such as use of third party agents for sales and marketing) also in the regular daily operations and in meetings of the Board of Management, Board of Directors, Audit Committee, as is feasible and as/when necessary.
Patria has an independent, outsourced Internal Audit function, which evaluates and contributes to ensuring the efficiency and feasibility of risk management and internal controls, the reliability of financial reporting, accounting and administration and the compliance of the operations. The Internal Auditors comply 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 internal audit plans annually.

The company’s external Auditor (elected by the general meeting) reports their observations at least once a year to the Board of Directors, the Audit Committee and the Group’s management. The auditors also submit a statutory auditors’ report to the company’s shareholders. Patria Oyj’s auditor is an approved auditor within the meaning of the Auditing Act.

The Audit Committee consists of three (3) members, all of whom are non-company and non-executive directors. The members have experience and skills in the areas of knowledge that fall within the scope of the Audit Committee duties as per the Charter of the Audit Committee. Its responsibility is to monitor e.g. implementation of the Group’s internal controls, risk management, financial reporting and it is responsible for supervising the Group’s ethics and compliance (including specifically anti-corruption and anti-bribery related actions) program and activities.

[...]
<table>
<thead>
<tr>
<th>Question</th>
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<tbody>
<tr>
<td>2.3. Does the company have a system for tracking, investigating and responding to bribery and corruption allegations or incidents, including those reported through whistleblowing channels?</td>
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<th>Score</th>
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<table>
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<tr>
<th>Comments</th>
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<tbody>
<tr>
<td>Based on publicly available information, there is evidence that the company commits to investigating incidents, and that serious investigations are handled by external professionals to ensure independence. There is also evidence that information on each investigation is properly recorded. However, there is no evidence that the company publishes information covering the whole investigative process, from receipt to final outcome, nor is there evidence of a public commitment to providing whistleblowers with updates on the outcome of investigations. Although there is evidence that the Audit Committee is informed of serious cases immediately, publicly available information indicates that it receives information on other investigations biannually.</td>
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<table>
<thead>
<tr>
<th>Evidence</th>
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</thead>
<tbody>
<tr>
<td>[2] Active in anti-corruption (Webpage) Accessed 04/09/2019 <a href="https://www.patria.fi/en/corporate-responsibility/management-organisation-and-objectives/active-anti-corruption">https://www.patria.fi/en/corporate-responsibility/management-organisation-and-objectives/active-anti-corruption</a> Management and reporting to the Board and Audit Committee [...] Investigations and corrective actions – investigating all reported concerns and taking appropriate corrective action when case of corruption or other unethical conduct is discovered or suspected. All reports on alleged misconducts are investigated in accordance with the Patria investigation process. First the Chief Compliance Officer evaluates the nature and gravity of the reported alleged or suspected unethical conduct. Depending on the case appropriate resources (such as field experts and/or HR specialists and/or an internal or external auditor) are engaged in the investigation. In serious cases appropriate external professionals or authorities are contacted to guarantee the independency and quality of investigation. All the reports, the steps taken to investigate, and the outcome of the investigations are recorded in a special report log. All reported concerns and unethical conduct incidents are reported to the Audit Committee. Serious cases are reported immediately and the investigations and corrective actions are followed up on by the Committee more frequently and as is appropriate depending on the nature of the case. Other (non-serious) concerns/incidents are reported to the Audit Committee regularly twice a year in a manner that the privacy regulations are met. There has not been reported serious cases (and therefore no investigations) concerning Patria personnel, suppliers, business partners or stakeholders. In case of serious incidents involving third parties (such as agents or intermediaries) the proceedings would in most cases be public, however taking into account requirements of the GDPR and any other confidentiality obligations.</td>
</tr>
</tbody>
</table>
2.4. Does the company have appropriate arrangements in place to ensure the quality of investigations?

Score

1

Comments

Based on publicly available information, there is evidence that the company assures itself of the quality of its internal investigations including incident investigations and whistleblowing cases. There is some evidence that staff conducting investigations are properly trained/qualified.

However, the company receives a score of ‘1’ because there is no evidence that it has a procedure in place to handle complaints about the investigation process. Furthermore, while there is evidence that the company has revised its investigations process recently, there is no evidence that the company systematically reviews its investigations procedure at least every three years or in response to any changes in the regulatory environment.

Evidence

[2] Active in anti-corruption (Webpage)
Accessed 04/09/2019
Management and reporting to the Board and Audit Committee

[...] Investigations and corrective actions – investigating all reported concerns and taking appropriate corrective action when case of corruption or other unethical conduct is discovered or suspected

All reports on alleged misconducts are investigated in accordance with the Patria investigation process. First the Chief Compliance Officer evaluates the nature and gravity of the reported alleged or suspected unethical conduct. Depending on the case appropriate resources (such as field experts and/or HR specialists and/or an internal or external auditor) are engaged in the investigation. In serious cases appropriate external professionals or authorities are contacted to guarantee the independency and quality of investigation.

Accessed 04/09/2019
https://patria.materialbank.net/NiboWEB/patria/getPublicFile.do?uuid=6272273:inline=false&ticket=900e128ee3a2f1bc7ba538e249985db6&type=original
[p.61]

WHISTLEBLOWING REPORTS

Reports on alleged misconduct show an upward trend. With no serious misconducts reported, more reports is seen as an indicator for growing trust in the system. The number of reports in proportion to the headcount is at a standard level, which, according to some sources, is around 1-1.4% of the number of employees.

No serious incidents were reported in 2018. Reports concerned issues falling within the responsibility of HR and management, such as managerial duties, recruitment, and inappropriate behaviour.

Accessed 24/09/2019
[same graphic as above]
<table>
<thead>
<tr>
<th>Question</th>
<th>2.5. Does the company’s investigative procedure include a commitment to report material findings of bribery and corruption to the board and any criminal conduct to the relevant authorities?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Score</td>
<td>1</td>
</tr>
</tbody>
</table>
| Comments | Based on publicly available information, there is evidence that the company commits to report material findings of bribery and corruption from investigations to the board.  
However, there is no evidence that an appropriate senior individual is responsible for ensuring that the disclosure of criminal offences to relevant authorities is evaluated and acted upon if necessary. |

| Evidence | [2] Active in anti-corruption (Webpage)  
Accessed 04/09/2019  
Management and reporting to the Board and Audit Committee  
[...]  
All reports on alleged misconducts are investigated in accordance with the Patria investigation process. First the Chief Compliance Officer evaluates the nature and gravity of the reported alleged or suspected unethical conduct. Depending on the case appropriate resources (such as field experts and/or HR specialists and/or an internal or external auditor) are engaged in the investigation. In serious cases appropriate external professionals or authorities are contacted to guarantee the independency and quality of investigation. All the reports, the steps taken to investigate, and the outcome of the investigations are recorded in a special report log.  
All reported concerns and unethical conduct incidents are reported to the Audit Committee. Serious cases are reported immediately and the investigations and corrective actions are followed up on by the Committee more frequently and as is appropriate depending on the nature of the case. Other (non-serious) concerns/incidents are reported to the Audit Committee regularly twice a year in a manner that the privacy regulations are met. |
<table>
<thead>
<tr>
<th>Question</th>
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</thead>
<tbody>
<tr>
<td>2.6. Does the company publish high-level results from incident investigations and disciplinary actions against its employees?</td>
</tr>
<tr>
<td>Score</td>
</tr>
<tr>
<td>2</td>
</tr>
<tr>
<td>Comments</td>
</tr>
<tr>
<td>The company makes a public statement that there were no reports, investigations or disciplinary actions relating to employees during the most recent reporting year. There is evidence that the company publishes and updated this information on an annual basis.</td>
</tr>
</tbody>
</table>

**Evidence**

[2] Active in anti-corruption (Webpage)
Accessed 04/09/2019
Management and reporting to the Board and Audit Committee

[...]

There has not been reported serious cases (and therefore no investigations) concerning Patria personnel, suppliers, business partners or stakeholders. In case of serious incidents involving third parties (such as agents or intermediaries) the proceedings would in most cases be public, however taking into account requirements of the GDPR and any other confidentiality obligations.

[26] Active in Anti-Corruption – Updated Page (Webpage)
Accessed 06/05/2020
Investigations and corrective actions

[...]

All reported concerns and unethical conduct incidents are reported to the Audit Committee. Serious cases are reported immediately and the investigations and corrective actions are followed up on by the Committee more frequently and as is appropriate depending on the nature of the case. Other (non-serious) concerns/incidents are reported to the Audit Committee regularly twice a year in a manner that the privacy regulations are met.

There has not been any serious reported cases in 2018 (and therefore no investigations) concerning Patria personnel, suppliers, business partners or stakeholders. In case of serious incidents involving third parties (such as agents or intermediaries), the proceedings would in most cases be public, further taking into account requirements of the GDPR and any other confidentiality obligations. Patria reports the results of the proceedings if they are public annually in its Annual Report.

Accessed 04/09/2019
[https://patria.materialbank.net/NiboWEB/patria/getPublicFile.do?uuid=6272273&inline=false&ticket=900e128ee3a2f1bc7ba538e249985db6&type=original](https://patria.materialbank.net/NiboWEB/patria/getPublicFile.do?uuid=6272273&inline=false&ticket=900e128ee3a2f1bc7ba538e249985db6&type=original)
[p.61]
In addition to the other channels there is a channel for reporting unethical conduct. A significant proportion of the reports received via this channel concerned HR issues, mainly suspected cases of inappropriate conduct in the workplace. All reports were investigated and appropriate actions were taken.

Accessed 24/09/2019
[Same graphic as above]
### 3. Support to Employees

#### Question

3.1. Does the company provide training on its anti-bribery and corruption programme to all employees across all divisions and geographies, and in all appropriate languages?

#### Score

2

#### Comments

Based on publicly available information, there is evidence that the company provides training for its employees on the principles of its Ethical Code of Conduct, which contains its anti-bribery policy and covers the whistleblowing options available. There is evidence that the company provides this training to all employees across all divisions, all countries of operation and in all appropriate languages. The company states that employees are required to undertake this training annually.

#### Evidence

[8] Ethical Training (Webpage)
Accessed 04/09/2019

Ethical Training

All Patria employees take annually a mandatory online training course on ethical business conduct, which is based on the Patria Ethical Code of Conduct and related guidelines and policies.

The training materials cover and include practical cases on ethical decision making, ethical business conduct, working with third parties, conflict of interest situations, gifts and benefits, and other topics focusing specifically on anti-corruption and anti-bribery.

The goal of the training is to ensure that all Patria employees have the knowledge that is required to conduct business in an ethical and compliant manner and through that contribute to Patria overall goal of actively fighting corruption. The training is available in several languages corresponding to Patria's operation in different countries. The training furthermore informs about the channels available for reporting concerns.

![Ethical Training](image)

New Patria employees get acquainted with the Patria ethical business conduct requirements and the Patria Ethical Code of Conduct (and related guidelines and policies) in a general introduction training soon after their employment has commenced.
The annual ethical training offered for all Patria personnel was conducted in Q4 in all locations in all related languages. The rate of attendance was good; 98.4% but did not meet the objective of 100%.

**ETHICAL TRAINING**

All Patria employees complete a mandatory online training course annually on ethical business conduct, which is based on the Patria Ethical Code of Conduct and related guidelines and policies. The training materials cover and include practical cases on ethical decision making, ethical business conduct, working with third parties, conflict of interest situations, gifts and benefits, and other topics focusing specifically on anti-corruption and anti-bribery. The goal of the training is to ensure that all Patria employees have the knowledge that is required to conduct business in an ethical and compliant manner and through that contribute to Patria's overall goal of actively fighting corruption. The training is available in several languages corresponding to Patria's operation in different countries. Furthermore, the training informs about the channels available for reporting concerns.

As one way of ensuring responsible and ethical decision making and business practices, our Ethical Code of Conduct (and related guidelines and policies) defines our way of working in various situations. The Code applies to all Patria directors, board members, officers, employees and temporary workers, and is complemented by more detailed policies and guidelines. It is furthermore the duty of all directors, officers, employees and temporary workers to acquaint themselves with the complementary guidelines and policies as necessary. Patria provides these stakeholders training and information to ensure that these parties are aware of the ethical business conduct requirements of Patria.
### Question

3.2. Does the company provide tailored training on its anti-bribery and corruption programme for at least the following categories of employees:
- a) Employees in high risk positions,
- b) Middle management,
- c) Board members.

### Score

2

### Comments

Based on publicly available information, there is evidence that the company tailors its ethical training programme to the different levels of risk faced by employees in different roles, with specific reference to the categories of employee referred to in the question. There is evidence indicating that employees working in high risk positions, such as those in sales and procurement, are required to refresh their training on at least an annual basis.

### Evidence

[8] Ethical Training (Webpage)  
Accessed 04/09/2019  
Ethical Training  

[...]

All Patria employees take annually a mandatory online training course on ethical business conduct, which is based on the Patria Ethical Code of Conduct and related guidelines and policies.

The training materials cover and include practical cases on ethical decision making, ethical business conduct, working with third parties, conflict of interest situations, gifts and benefits, and other topics focusing specifically on anti-corruption and anti-bribery.

The goal of the training is to ensure that all Patria employees have the knowledge that is required to conduct business in an ethical and compliant manner and through that contribute to Patria overall goal of actively fighting corruption. The training is available in several languages corresponding to Patria’s operation in different countries. The training furthermore informs about the channels available for reporting concerns.

[...]

In addition, especially for employees working closely with different stakeholders, such as personnel in sales and marketing, procurement, finance and project management, a mandatory tailored in-depth ethical class-room training is provided. The training material cover themes such as anti-corruption, anti-bribery, gifts and hospitality, conflict of interest situations, sponsoring, lobbying, business partner selection and working with third parties, money laundering, etc. Some 250 Patria professionals took part in the training in 2019. Board Members will also participate in an updated, tailored training in 2019.

New Patria employees get acquainted with the Patria ethical business conduct requirements and the Patria Ethical Code of Conduct (and related guidelines and policies) in a general introduction training soon after their employment has commenced. New Patria supervisors take ethical business conduct training in connection with Superior Passport Training as one part of that overall course.

Accessed 04/09/2019  
[https://patria.materialbank.net/NiboWEB/patria/getPublicFile.do?uuid=6272273&inline=false&ticket=900e128ee3a2f1b1c7ba538e249985db6&type=original](https://patria.materialbank.net/NiboWEB/patria/getPublicFile.do?uuid=6272273&inline=false&ticket=900e128ee3a2f1b1c7ba538e249985db6&type=original)  
[p.48] Responsible defence export practices

In-depth class-room ethics and compliance training for top/middle management, marketing and sales, procurement, offset and finance teams was prepared, and Patria Board of Management was trained.
[p.60] ETHICAL TRAINING

[...]

In addition, especially for employees working closely with different stakeholders, such as personnel in sales and marketing, procurement, finance and project management, mandatory tailored class-room training is provided. The training material cover themes such as anti-corruption, anti-bribery, gifts and hospitality, conflict of interest situations, sponsoring, lobbying, business partner selection and working with third parties, money laundering, etc.

New Patria employees get acquainted with Patria’s ethical business conduct requirements and Patria’s Ethical Code of Conduct (and related guidelines and policies) in a general introduction training soon after their employment has commenced. New Patria supervisors take ethical business conduct training in connection with Superior Passport Training as one part of that overall course.
Question

3.3. Does the company measure and review the effectiveness of its anti-bribery and corruption communications and training programme?

Score

1

Comments

Based on publicly available information, there is evidence that the company reviews its ethical communications and training programme, and that the results of such reviews are used to update specific parts of the programme, as demonstrated by its personnel surveys.

However, the company states that personnel surveys are undertaken every two or three years. Therefore, there is no clear evidence that the company assures itself of the quality of its training programme on at least an annual basis.

Evidence

[8] Ethical Training (Webpage)
Accessed 04/09/2019
Measuring the effectiveness

Patria measures the effectiveness and quality of the trainings with an anti-corruption pulse survey taken every two or three years. Specific questions concerning the possibility of corruption or other serious misconduct is asked from all the professionals in positions of sales and marketing, finance, purchasing, etc. Also, some 10% of the rest of the personnel, randomly selected, are invited to take part in the survey. The survey has been conducted June 2019. Quality and effectiveness were then assessed to be 4.0 with a scale 1-5 (1=weak and 5 excellent).

Related questions are even included in the regular general personnel surveys, the latest taken place in 2018.

[1] Ethical Code of Conduct (Document)
Accessed 04/09/2019
https://www.patria.fi/en/patria/ethical-code-conduct

[p.22] Communication

Patria’s communication is based on the Group’s strategy and values, code of conduct and operational guidelines. Our communication task is to distribute relevant, up-to-date, accurate and truthful information to all stakeholders of Patria while managing and reinforcing Patria’s image and brand.

Further guidelines: Patria Group’s Communication Policy
The annual ethical training offered for all Patria personnel was conducted in Q4 in all locations in all related languages. The rate of attendance was good; 98.4% but did not meet the objective of 100%.

Patria measures the “Pulse” of the personnel related to serious misconducts and other unethical activity every two years by conducting an anonymous survey on “Possibility of serious misconduct in Patria”. The survey is sent to all senior and middle management as well as 10% of randomly picked other personnel all over the Patria group of companies.

The latest survey was conducted in 2019. The questionnaire was sent to 400 Patria employees (including management level) and the answering rate was 67%. The questionnaire includes questions such as

- Do you think there is corruption in Patria? If yes, what kind of corruption and on which organization level it occurs.
- Do you think there is other serious misconduct, such as fraud, embezzlement, etc. in Patria? If yes, what kind.
- Do you know how to act in case you recognize unethical activity?
- Do you trust that it is safe to report unethical activity in Patria?
- Do you think that the investigations are conducted thoroughly and with integrity?
- Please assess the effectiveness and quality of the related trainings?

Main findings of the surveys were that the results were on the same good level as in the previous years. The results are presented to the Board of management as well as to the Audit Committee and corrective actions are suggested. In 2019 corrective measures include more communication about the safety of reporting and investigation process related to reporting concerns and alleged misconduct.
### Question

3.4. Does the company ensure that its employee incentive schemes are designed in such a way that they promote ethical behaviour and discourage corrupt practices?

### Score

1

### Comments

Based on publicly available information, there is evidence that the company’s incentive schemes incorporate ethical and anti-bribery and corruption principles. There is evidence that the company’s incentives are designed to reward behaviour in line with the company’s ethical values as identified through performance appraisals, and that the company offers non-monetary rewards such as remote working and job rotation.

However, there is no evidence in publicly available information that the company tailors its approach for employees in high-risk positions, such as those in sales roles. There is also no clear evidence that financial rewards must be proportionate to employees’ salaries in the case of high-risk employees.

### Evidence

**[10] Compensation and remuneration (Webpage)**

Accessed 04/09/2019


Compensation and remuneration

The compensation of blue-collar and white-collar workers is determined by the pay systems of collective agreements. The compensation of senior salaried employees is agreed individually and job evaluation is performed using the IPE system (International Position Evaluation).

Patria’s compensation models are reviewed against company’s anti-bribery and corruption policies and values. Performance appraisals are carried out annually and focus is on equal treatment of all personnel reinforcing to ethical behavior.

Successes and good performance are rewarded through the performance bonus and profit-sharing scheme, which applies to all Patria personnel. Financial targets (profit-based cash bonus targets) are set annually by Board of Directors and individual/team targets (performance bonus targets) between line manager and employee. High ethical standards are to be followed in all target setting and each line manager has the responsibility to ensure targets are specific, measurable, accurate, timebound and realistically achievable by the individual/team. Most staff members can receive a maximum annual bonus and profit share equaling 15% of employee’s annual salary. The average realisation of the performance bonus and profit sharing has been roughly 50%.

Patria has a compensation fund pursuant to the Act on Personnel Funds in place, and approximately 20% of Patria personnel have invested their bonuses and profit shares in the fund since 2015.

In addition to monetary rewarding Patria offers possibilities for career development and growth via different training programs. Patria has also other means of non-monetary rewarding. Patria offers flextime to entire personnel and there are also remote working, part-time work, job rotation and study leave opportunities.


Accessed 04/09/2019

https://patria.materialbank.net/NiboWEB/patria/getPublicFile.do?uuid=6272273&inline=false&ticket=900e128ee3a2fb1c7ba538e249985db6&type=original

[p.85] COMPENSATION

Compensation for both blue-collar and white-collar employees is determined by collective agreements. Individual agreements are made with senior salaried employees, using the International Position Evaluation (IPE) system for competence classification.

Successes and good performance are also rewarded through the performance bonus and profit-sharing scheme, which applies to all Patria personnel. Most staff members can receive a maximum annual bonus and profit share equivalent to 1.8 times their monthly salary. This system is described in more detail at https://www.patria/en/corporate-responsibility/good-employer/compensation-and-remuneration.
[22] Bonus and profit-sharing scheme (Webpage)
Accessed 09/09/2019

The performance bonus and profit-sharing scheme of the personnel

Common structure

Blue collar\(^1\) | White collar\(^2\) | Management\(^3\)
---|---|---
20% | 25% | 30%
20% | 25% | 30%
60% | 50% | 40%

A) Profit-based cash bonus
- Consolidated profit (everyone)
  - ebitda 60%
  - onwc 40%
- Consolidated profit (Patria Oy/Patricia Finance Oy)
  - ebitda 60%
  - onwc 40%

B) Performance bonus
- Productivity, quality, customer satisfaction, etc.

\(^1\) For a justified reason, may also include white-collar workers, if approved by the President of the business unit
\(^2\) For a justified reason, may also include blue-collar workers or specialists, if approved by the President of the business unit
\(^3\) Board of Management, management groups of business units, management of Group Services, and others by the decision of the CEO

Profit-based cash bonus (min. 40%)

- E.g. EBIT, EBITDA, ROCE, ONWC, capital turnover rate.
- The minimum share of the profit-based cash bonus must be 40% for everyone, of which consolidated profit must account for at least 20%.
- The profit-based cash bonus is paid once a year after the approval of the consolidated financial statements.
- The profit-based cash bonus is not paid if EBIT is negative. In exceptional cases, the bonus can be paid by the decision of the CEO, if performance has improved markedly.

Complementary performance bonus (min. 40%)

- E.g. productivity, delivery reliability, quality, utilisation rate, customer satisfaction, lead time, innovations.
- The minimum share of development metrics must be 40% for everyone.
- Everyone must have at least one joint metric with their own group or the next level.
- Development metrics must be measurable and their number must be limited (max. 5).
- If a goal is achieved, the employee is paid 70% of the maximum bonus. Receiving the maximum bonus requires outstanding performance.
- The performance bonus is paid once a year after the approval of the consolidated financial statements.
- The introduction of a collective performance bonus is agreed separately for each business unit/location with the main representatives of personnel groups, and written agreements are concluded for their introduction.
3.5. Does the company commit to and assure itself that it will support and protect employees who refuse to act unethically, even when it might result in a loss of business?

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<thead>
<tr>
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**Comments**

There is no publicly available evidence that the company clearly commits to support or protect employees who refuse to act unethically in the workplace.

**Evidence**

No evidence found.
### Question

3.6. Does the company have a clear policy of non-retaliation against whistleblowers and employees who report bribery and corruption incidents?

### Score

2

### Comments

Based on publicly available information, there is evidence that the company has a policy of non-retaliation against both whistleblowers and employees who report bribery and corruption incidents. The company’s whistleblowing line is open to external stakeholders and there is evidence indicating that the company extends its policy on non-retaliation to these parties. There is also evidence that the company assures itself of its employees’ confidence in this commitment through employee surveys.

### Evidence

1. **Ethical Code of Conduct (Document)**
   - Accessed 05/09/2019

   The Code is applicable to all Patria personnel, including directors, managers, employees and agency workers (“Personnel”), including those of Patria’s subsidiaries.

   [p.7] In all instances, the rights and privacy of both the reporting person(s) and the one(s) accused of violations are adequately protected and assured. Patria will not tolerate any adverse employment action or retaliation against a person who raises a compliance concern. Any person who retaliates against another for raising a compliance concern in good faith will be subject to strict discipline, up to and including termination of employment.

2. **Raising concerns (Webpage)**
   - Accessed 05/09/2019

   **Raising concerns**

   […]

   Channels for reporting are available in the company's official languages, English and Finnish and they are

   - an email address leading to the Chief Compliance Officer and
   - Patria's internal channel, enabling anonymous reporting.
   - External stakeholders can contact Patria via the feedback link, also enabling anonymous reports.

   In all instances, the rights and privacy of both the reporting person(s) and the one(s) accused of violations are adequately protected and assured. Patria will not tolerate any adverse employment action or retaliation against a person who raises a compliance concern. Any person who retaliates against another for raising a compliance concern in good faith will be subject to strict discipline, up to and including termination of employment.

3. **Measuring Personnel's Pulse on Possible Misconduct (Webpage)**
   - Accessed 05/05/2020

   Patria measures the “Pulse” of the personnel related to serious misconducts and other unethical activity every two years by conducting an anonymous survey on “Possibility of serious misconduct in Patria”. The survey is sent to all senior and middle management as well as 10% of randomly picked other personnel all over the Patria group of companies.

   The latest survey was conducted in 2019. The questionnaire was sent to 400 Patria employees (including management level) and the answering rate was 67%. The questionnaire includes questions such as
Do you think there is corruption in Patria? If yes, what kind of corruption and on which organization level it occurs.

Do you think there is other serious misconduct, such as fraud, embezzlement, etc. in Patria? If yes, what kind.

Do you know how to act in case you recognize unethical activity?

Do you trust that it is safe to report unethical activity in Patria?

Do you think that the investigations are conducted thoroughly and with integrity?

Please assess the effectiveness and quality of the related trainings?

Main findings of the surveys were that the results were on the same good level as in the previous years. The results are presented to the Board of management as well as to the Audit Committee and corrective actions are suggested. In 2019 corrective measures include more communication about the safety of reporting and investigation process related to reporting concerns and alleged misconduct.
**Question**

3.7. Does the company provide multiple whistleblowing and advice channels for use by all (e.g. employees and external parties), and do they allow for confidential and, wherever possible, anonymous reporting?

**Score**

2

**Comments**

Based on publicly available information, there is evidence that the company has multiple channels to report instances of suspected corrupt activity and seek advice on the company's ethical and compliance programme. There is evidence that the company's channels are sufficiently varied to allow the employee to raise concerns across the management chain and to an external body outside the organisation. These channels allow for anonymous reporting and are available to all employees in all jurisdictions where the company operates, including those employed by external stakeholders.

**Evidence**

Accessed 05/09/2019

Raising concerns
Acts in violation of Patria's Code of Conduct, even when done with the best of intentions, may cause significant long-term damage to Patria's reputation and may lead to legal actions against the company and its Personnel. Patria is committed to support and protect employees who refuse to act unethically. Any member of Patria Personnel who violates the Code is subject to strict discipline, up to and including termination of employment or contract.

The Code (or materials related to the Code) cannot possibly address every specific situation that Personnel will face in the complex business environment. In case of uncertainty, Patria Personnel are advised to discuss the matter with the nearest superior, the Human Resources Department, or to seek advice from the Patria Legal Department. Furthermore, all Personnel members are obligated to diligently report any compliance concerns or potential or suspected violations of this Code to their own superior or to the General Counsel. Channels for reporting are available in the company's official languages, English and Finnish and they are

- an email address leading to the Chief Compliance Officer and
- Patria's internal channel, enabling anonymous reporting.
- External stakeholders can contact Patria via the feedback link, also enabling anonymous reports.

[12] Feedback link (Webpage)
Accessed 05/09/2019
http://response.questback.com/isa/qqv.dll/ShowQuest?QuestID=5210229&sid=bfJCZPIMYw

Feedback or questions to Patria

- Hide my identity

When hidden identity is used in surveys, no identifiable information, such as browser type and version, internet IP address, operating system, or e-mail address, will be stored with the answer. This is to protect the respondent's identity.

* Your feedback or question is about

- Cooperation
- Ethical conduct
- Purchasing
- Finance
- Something else
Accessed 05/09/2019
https://www.patria.fi/en/patria/ethical-code-conduct

Applicability of the Code
The Code is applicable to Patria companies’ board members as well as directors, personnel, including managers, officers, employees and agency workers (“Personnel”), including those of Patria’s subsidiaries.

Implementation of the Code and Raising Concerns
Acts in violation of this Code, even when done with the best of intentions, may cause significant long-term damage to Patria’s reputation and may lead to legal actions against the company and its Personnel. Any member of Patria Personnel who violates this Code is subject to strict discipline, up to and including termination of employment or contract.

The Code (or materials available in the IMS related to the Code) cannot possibly address every specific situation that Personnel will face in the complex business environment. In case of uncertainty, Patria Personnel are advised to discuss the matter with the nearest superior, the Human Resources Department, or to seek advice from the Patria Legal Department.

Furthermore, all Personnel members are obligated to diligently report any compliance concerns or potential or suspected violations of this Code to their own superior or to the General Counsel. Channels for reporting are an email address leading to the Chief Compliance Officer and Patria’s internal channel, also enabling anonymous reporting.

[2] Active in anti-corruption (Webpage)
Accessed 04/09/2019

Process elements

Detection – encouraging people to report any concerns or suspected cases of unethical conduct and offering tools to identify potential issues

- Possibility of Serious Misconduct Survey conducted every other year among the selected members of the personnel.
- Selected stakeholders’ survey with explicit questions on possible corruptive activities or other unethical conduct. Part of the general personnel engagement surveys, the latest in 2018
- Stakeholder feedback channel including anonymous reporting possibility via Patria website
-Whistle blowing channel for the personnel including anonymous reporting possibility, read more about raising concerns

Accessed 05/09/2019
https://patria.materialbank.net/NiboWEB/patria/getPublicFile.do?uuid=6272273&inline=false&ticket=900e128ee3a2fb1c7ba538e249985db6&type=original
[p.80] CORPORATE SOCIAL RESPONSIBILITY

[...]

Patria offers internal and external whistleblowing channels enabling also anonymous reporting. All the reports from those channels have been investigated according to the updated processes. Statistics and nature of issues concerning the reports received via these reporting channels were regularly reported to the Audit Committee.
## 4. Conflict of Interest

<table>
<thead>
<tr>
<th>Question</th>
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<tbody>
<tr>
<td>4.1. Does the company have a policy defining conflicts of interest – actual, potential and perceived – that applies to all employees and board members?</td>
</tr>
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<th>Comments</th>
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<tbody>
<tr>
<td>Based on publicly available information, there is evidence that the company has a policy for conflicts of interest covering both actual and potential conflicts. There is evidence indicating that the policy covers employee relationships and financial interests, and there is evidence that the policy applies to all employees and board members including those at subsidiaries.</td>
</tr>
<tr>
<td>However, there is no evidence that the company’s policy addresses perceived conflicts. There is also no clear evidence that its policy covers possible conflicts arising from government relationships and other employment.</td>
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### Evidence

**[3] Ethical Code of Conduct (Webpage)**

Accessed 05/09/2019

https://www.patria.fi/en/patria/ethical-code-conduct

**Applicability of the Code**

The Code is applicable to Patria companies’ board members as well as directors, personnel, including managers, officers, employees and agency workers (“Personnel”), including those of Patria’s subsidiaries.

[…]

Avoiding Conflicts of Interest / Related Party Transactions

Patria employees, managers and directors are expected to promote the interest of Patria and, while doing so, to act responsibly and avoid any activity which may lead to a conflict of interest. Personal and private financial, political or other personal interests are not allowed to influence business decisions, since they may conflict with the interests of Patria or our business partners. Decisions by or for Patria shall never be influenced by personal preferences or relationships.

**[1] Ethical Code of Conduct (Document)**

Accessed 04/09/2019

https://www.patria.fi/en/patria/ethical-code-conduct

[p.10] Avoiding Conflicts of Interest / Related Party Transactions

Patria employees, managers and directors are expected to promote the interest of Patria and, while doing so, to act responsibly and avoid any activity which may lead to a conflict of interest. Personal and private financial, political or other personal interests are not allowed to influence business decisions, since they may conflict with the interests of Patria or our business partners. Decisions by or for Patria shall never be influenced by personal preferences or relationships.

[…]

Decision-Makers and Personnel participating in the preparation of business transactions must personally and actively evaluate whether a business transaction conducted or to be concluded by Patria may put Patria’s interests at risk due to a potential or actual conflict of interest.
### Question

**4.2. Are there procedures in place to identify, declare and manage conflicts of interest, which are overseen by a body or individual ultimately accountable for the appropriate management and handling of conflict of interest cases?**

<table>
<thead>
<tr>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
</tr>
</tbody>
</table>

### Comments

Based on publicly available information, there is evidence that the company has procedures to identify, declare and manage conflicts of interest, including actual and potential conflicts. The company indicates that its General Counsel oversees the handling of cases and that disciplinary measures apply if the policy is breached.

However, there is no evidence that the policy mentions examples of criteria for recusal. In addition, although the company states that it maintains a register of related parties, there is no clear evidence that all employee and board member conflict declarations are held in a dedicated register or central depository that is accessible to those responsible for oversight of the process.

### Evidence

**[3] Ethical Code of Conduct (Webpage)**
Accessed 05/09/2019
https://www.patria.fi/en/patria/ethical-code-conduct

**Applicability of the Code**

The Code is applicable to Patria companies’ board members as well as directors, personnel, including managers, officers, employees and agency workers (“Personnel”), including those of Patria’s subsidiaries.

…

Any member of Patria Personnel who violates this Code is subject to strict discipline, up to and including termination of employment or contract.

…

**Avoiding Conflicts of Interest / Related Party Transactions**

… In the event that a conflict of interest arises or is likely to arise, it is to be disclosed and a solution is to be sought with the respective manager in order to avoid any negative impact on the interests of Patria.

Decision-Makers and Personnel participating in the preparation of business transactions must personally and actively evaluate whether a business transaction conducted or to be concluded by Patria may put Patria’s interests at risk due to a potential or actual conflict of interest. When a Decision-Maker becomes aware of a business transaction planned by Patria that is connected to a party related to the Decision-Maker, he or she must immediately report the matter in writing (email) to his or her superior and the party responsible for preparation of the transaction. Decision-Makers are also obligated to assess the situation regarding business transactions in which they participate on behalf of related parties. If such business transactions have a connection to Patria, or the related person has a different connection to Patria, such as through a valid or potential contractual relationship, the Decision-Maker must actively raise the issue within the related corporation.

The General Counsel of the Group administration or a designated person arranges the registration of parties that belong to the company's Related Parties by specifying such parties by means of a Group and organization diagram. The register of related parties is not a public document. Information contained in the register of related parties must be processed in the manner laid down in the Personal Data Act.

**[1] Ethical Code of Conduct (Document)**
Accessed 04/09/2019
https://www.patria.fi/en/patria/ethical-code-conduct

Same evidence as above
<table>
<thead>
<tr>
<th>Question</th>
<th>Score</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.3. Does the company have a policy and procedure regulating the appointment of directors, employees or consultants from the public sector?</td>
<td>0</td>
<td>There is no publicly available evidence that the company has a policy regulating the employment of current or former public officials.</td>
</tr>
<tr>
<td>Evidence</td>
<td></td>
<td>No evidence found.</td>
</tr>
</tbody>
</table>
4.4. Does the company report details of the contracted services of serving politicians to the company?

Score

2

Comments

There is evidence that the company publicly reports details of the contracted and retained services of serving politicians, including the name and position of the individual, the services for which they have been retained and fees paid to each individual. There is evidence that this list is updated on an annual basis.

Evidence

Accessed 05/09/2019
https://patria.materialbank.net/NiboWEB/patria/getPublicFile.do?uuid=6272273&inline=false&ticket=900e128ee3a2f
b1c7ba538e249985db6&type=original

[p.79] Sinuhe Wallinheimo, Member of Parliament, continued as the Chairman of Patria Oyj’s Consultative Committee and Markus Mustajärvi, Member of Parliament was appointed as the Vice Chairman. Mika Kari, Member of Parliament; Lieutenant General Timo Kivinen, Chief of Defence Command, Mikko Savola, Member of Parliament; Petri Peltonen, Under-Secretary of State at Ministry of Economic Affairs and Employment; Raimo Vistbacka, Master of Laws; Jussi Karimäki, Equipment Assembler, Patria; Juha Kuusi, System Specialist, Patria; Petri Pitkänen, Logistics Manager Patria; and Tomi Virtanen, Production Planner, Patria were appointed as members of the Consultative Committee.

[p.95]  

<table>
<thead>
<tr>
<th>Compensation to Consultative Committee and Attendance at Meetings</th>
<th>2017</th>
<th>Attendance at Meetings</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Consultative Committee members 1</strong></td>
<td><strong>1.000 EUR</strong></td>
<td><strong>2017</strong></td>
</tr>
<tr>
<td>Sinuhe Wallinheimo, Chairman</td>
<td>4</td>
<td>5/5</td>
</tr>
<tr>
<td>Kalle Hyötynen, Vice Chairman</td>
<td>2</td>
<td>4/5</td>
</tr>
<tr>
<td>Mika Kari</td>
<td>2</td>
<td>3/5</td>
</tr>
<tr>
<td>Timo Kivinen</td>
<td>1</td>
<td>2/4</td>
</tr>
<tr>
<td>Petri Peltonen</td>
<td>1</td>
<td>2/5</td>
</tr>
<tr>
<td>Mikko Savola</td>
<td>3</td>
<td>5/5</td>
</tr>
<tr>
<td>Kari Takanen</td>
<td>1</td>
<td>1/1</td>
</tr>
<tr>
<td>Raimo Vistbacka</td>
<td>3</td>
<td>5/5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>15</strong></td>
<td></td>
</tr>
</tbody>
</table>

1) Starting 5 June 2017
2) Until 4 June 2017

Personnel representatives attendance at meetings: Eero Järvinen (1/1), Jussi Karimäki (5/5), Juha Kuusi (5/5), Petri Pitkänen (5/5) and Ossi Ritala (3/4). Separate meeting fees were not paid for their participation.

*Starting 8 May 2017 Ossi Ritala replaced Eero Järvinen as a member of the Consultative Committee.

Compensation to the Consultative Committee includes following meeting fees: Chairman EUR 800, Vice Chairman EUR 600 and members EUR 500 paid for each meeting attended.
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 major decrease or increase of operational activities, material changes in the company’s organization, and on issues which are otherwise of material importance to the industry that the company is engaged in, either in Finland or internationally.

Sinuhe Wallinheimo  
Chairman  
Member of Parliament Since 2015

Markus Mustajärvi  
Vice Chairman Member of Parliament Since March 2018

Mika Kari  
Member  
Member of Parliament Since 2015

Jussi Karimäki  
Member  
Equipment Assembler, Patria Since 2009

Timo Kivinen  
Member  
Lieutenant General, Chief of Defence Command, Finland  
Since 2017

Juha Kuusi  
Member  
System Specialist, Patria Since 2011

Petri Peltonen  
Member  
Under-Secretary of State at the Ministry of Employment and the Economy  
Since 2012

Petri Pitkänen  
Member  
Logistics Manager, Patria Since 2013

Mikko Savola  
Member  
Member of Parliament Since 2015

Tomi Virtanen  
Member  
Production Planner, Patria Since March 2018

Raimo Vistbacka  
Member Master of Laws Since 2012
5. Customer Engagement

5.1 Contributions, Donations and Sponsorships

<table>
<thead>
<tr>
<th>Question</th>
<th>5.1.1. Does the company have a clearly defined policy and/or procedure covering political contributions?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Score</td>
<td>2</td>
</tr>
<tr>
<td>Comments</td>
<td>There is evidence that the company prohibits corporate political contributions or any other monetary benefit to political parties, candidates or individuals holding office. There is evidence to indicate that this policy applies across the organisation.</td>
</tr>
</tbody>
</table>

Evidence

Accessed 05/09/2019
https://www.patria.fi/en/patria/ethical-code-conduct
BUSINESS CONDUCT
Engaging with Society, Sponsorship, Lobbying and Donations

Patria does not contribute donations, sponsorship or other monetary benefits to political parties, candidates or individuals holding public office or support private individuals in pursuing their political aims. Patria may, however, participate in public debate when it is of commercial significance or strategic importance to the enterprise.

[12] Sponsorship (Webpage)
Accessed 05/09/2019
https://www.patria.fi/en/patria/sponsorship
Patria does not support political or religious activity.
<table>
<thead>
<tr>
<th>Question</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.1.2. Does the company publish details of all political contributions made by the company and its subsidiaries, or a statement that it has made no such contribution?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>N/A</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>The company states that it makes no political contributions and is therefore exempt from scoring on this question.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Evidence</th>
</tr>
</thead>
</table>
**Question**

5.1.3. Does the company have a clearly defined policy and/or procedure covering charitable donations and sponsorships, whether made directly or indirectly, and does it publish details of all such donations made by the company and its subsidiaries?

**Score**

1

**Comments**

Based on publicly available information, there is evidence that the company has a policy and procedure covering both charitable donations and sponsorships. There is evidence that the company specifies criteria for donations. There is also evidence that the company publishes information on its major charitable donations and sponsorships for 2018; however, it is not clear whether this represents all of the company's donations nor whether this list is updated on an annual basis.

**Evidence**

Accessed 05/09/2019
https://www.patria.fi/en/patria/ethical-code-conduct

**BUSINESS CONDUCT**
**Engaging with Society, Sponsorship, Lobbying and Donations**

[…]

Donations and sponsorship activities shall be carried out with strict adherence to transparency. Patria donates on a voluntary basis without demanding anything in return and adheres to applicable laws and local regulations. Sponsorship is used to affect Patria’s reputation and public perception in a positive manner. Sponsorship and donation targets are to be handled in a centralized manner by the Corporate Communication team and must comply with Patria-level policies.

[12] Sponsorship (Webpage)
Accessed 05/09/2019
https://www.patria.fi/en/patria/sponsorship

Patria sponsors though careful selection the international, national and its business locations’ targets. The aim is to co-operate with the goal of contributing to the parties’ own activities. The key criteria for choosing a partner are compatibility with Patria's values and ethical guidelines. Patria does not support political or religious activity. Sponsorship agreements are always made in written.

**Targets for sponsorship**

Each year, Patria selects specific not-for-profit organisations as its partners in accordance with its Ethical Code of Conduct. In previous years, donations have been given to the Veterans Association of the States and the Red Cross Disaster Fund. Since then, Patria has supported the work on the prevention of social exclusion of young people from different locations in Patria for several years.

Support has been received by the Legionnaires Theater in Tampere, the Aseman Lapset association in Helsinki, the Young Services Service in Jämä, the Detective Youth Work project in Hameenlinna. In addition, Patria has supported the activities of the Save the Children Finland and SOS Children's Villages Association and the protection of the Baltic Sea.

Patria is supporting the Finnish Military Sports Federation aiming to promote a sports-oriented lifestyle among conscripts and thus improve their quality of life.

Patria has been sponsoring the Finnish Biathlon Association in 2011 and continues the cooperation in 2018-2019. Patria, the Aviation Museum Society, Finland, the Finnish Air Force Museum and the Finnish Aviation Museum have agreed on the restoration of one VL Myrsky aircraft. Patria is the main sponsor of the project. Young people studying in a number of technical institutions, as well as youth workshops form locations such as are also strongly involved in the restoration project.
Patria's sponsorship is managed centrally, with Group Communication being the responsible organisation. All sponsorship requests and applications are handled in line with common criteria. For further information, please contact: communications@patria.fi

The major sponsorships and donations 2018 by Patria Oyj

<table>
<thead>
<tr>
<th>Sponsorship or donation</th>
<th>Recipient</th>
<th>Grounds</th>
<th>Country</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collaboration agreement</td>
<td>Tampere University of Technology</td>
<td>To ensure the continuous availability of high-quality aeronautical engineering expertise in Finland</td>
<td>Finland</td>
<td>80,000</td>
</tr>
<tr>
<td>Collaboration agreement</td>
<td>The Finnish Aviation Museum Society, the Aviation Museum of Central Finland and the Finnish Aviation Museum</td>
<td>The restoration project of the VL Myrsky (“Storm”) Fighter plane</td>
<td>Finland</td>
<td>10,000</td>
</tr>
<tr>
<td>Sponsorship</td>
<td>The Finnish Biathlon Federation</td>
<td>To support the Finnish biathlon team</td>
<td>Finland</td>
<td>55,000</td>
</tr>
<tr>
<td>Sponsorship</td>
<td>The Finnish Military Sports Federation</td>
<td>To promote a sports-oriented lifestyle among young people, including after their conscription period</td>
<td>Finland</td>
<td>5,000</td>
</tr>
<tr>
<td>Donation</td>
<td>The Red Cross Emergency Youth Shelters</td>
<td>To offer support for youth and their families when they need outside help</td>
<td>International</td>
<td>8,000</td>
</tr>
<tr>
<td>Voluntary contribution</td>
<td>Global Compact</td>
<td>To promote responsible and transparent operations</td>
<td>International</td>
<td>5,000</td>
</tr>
<tr>
<td>Membership</td>
<td>FIBS</td>
<td>To promote responsible and transparent operations</td>
<td>Finland</td>
<td>3,500</td>
</tr>
</tbody>
</table>

Accessed 05/09/2019
https://patria.materialbank.net/NiboWEB/patria/getPublicFile.do?uuid=6272273&inline=false&ticket=900e128ee3a2fb1c7ba538e249985db6&type=original

[p.50] POLICIES

Patria has a corporate responsibility policy that determines the framework, outlines, and responsibilities of corporate responsibility, and which is based on the basic ethical guidelines defined in the Code of Conduct. In addition to these, there are several more detailed policies such as

[...]

- Sponsorship and Donations

[25] Guideline on Sponsorship and Donations (Webpage)
Accessed 06/05/2020
https://www.patriagroup.com/newsroom/sponsorship/patria-guideline-on-sponsorship-and-donations

Patria guideline on sponsorship and donations

Sponsorship
Sponsorship is a form of marketing communications. Its aim is to support the goals of both parties involved. Patria sponsors carefully selected local, national and international targets, with the aim of strengthening its customer and partner relationships. For a company, sponsorship is a means of communicating its values and operating methods to various stakeholders, and of building a positive corporate image. Sponsored targets are selected that can easily be associated with Patria's operations and its values, and that are in line with the Patria Ethical Code of Conduct. Decisions concerning sponsorship

All requests for national sponsorship are handled by group communications in a centralised manner. This ensures consistent group policies and prevents overlaps. Group communications may decide on sponsorship targets up to 5,000 euros. In connection of international sponsorships group communications and business units must select a sponsorship target together. The sponsorship target should be a significant player in the local market, must accord with Patria’s group-level policies and should be supportive of them.

Instructions for sponsorship requests are available on Patria’s intranet and website. All requests are to be made in written and sent to communications@patria.fi
Sponsorship targets
A person, matter or party may not be selected as a sponsorship target if they are connected to Patria's business in a way which may raise doubts of corruption. Together with our partners, we wish to develop and maintain Patria's positive corporate image and reputation, both in Finland and abroad. We want to work with partners who understand the value of expertise. We take responsibility for the surrounding community by means of collaboration with municipalities, scientific and educational institutes, sports, culture and charity organisations, by offering various forms of support. Sponsorships related to group recruitment activities are targeted at leisure and student activities related to the sector in which Patria operates, and to Patria's visibility in the areas in which Patria's facilities are located. Patria's recruitment marketing plan defines the company's annual student activity sponsorship targets. Each year, Patria sponsors a few main targets in Finland. These must also be of international interest, and the collaboration must support Patria's cooperation with stakeholders and increase its media visibility.

Sponsoring of Patria events
In general, Patria does not request for sponsorship from external stakeholders for its own events. In case of events organized together with cooperation partners, related costs will be dealt as mutually agreed on case-by-case and ensuring openness and transparency. In case of Patria supported free-time activities or competitions arranged by Patria's personnel, no sponsoring or prizes are to be requested or accepted from the local entrepreneurs, any suppliers or cooperation partners, as it may create uncertainty of whether reciprocity is expected from the receiver. Funds that Patria directs to the free-time activities are in general meant to be used for organising of the activities, not for prizes. In case of Group-level events (such as Golf and Ice Fishing events) some funds may be directed also to prizes. Even then the prizes should not be of remarkable value and should not exceed the value set by the tax authority on fringe benefits. These are to be discussed on a case-by-case basis. Business gifts that have not been appropriate to accept as personal gifts but that have been accepted as received for the company can be used as prizes in Patria events. Even then they are not to exceed the value of 50 € per piece.

Donations
Donations are one-time in nature. No reward or other valuable compensation is expected for them. They are made to companies or organisations. Reasonable birthday gifts for private individuals constitute an exception to this rule. These must be approved by a superior. Patria does not present gifts, sponsorships or donations to political parties, nor does it participate in party-political matters. Furthermore, Patria does not support private individuals in pursuing their political aims.

Decisions concerning donations
Patria Board of Management makes decisions on donations. Additionally, Patria Oyj Board of Directors has right to decide annually on donations of 20 000 euros of total amount. Donations are to be related to the sector in which Patria operates, supporting nonprofit organisations, other field-specific projects or charity in general.

Donation targets
Patria may support science, the arts, culture, sport or other non-profit activities, through donations. For example, each year Patria donates the sum reserved for Christmas greetings to a separately determined non-profit charity. For additional information, please contact: Chief Communications Officer, Communications management and external communications.
## 5.2 Lobbying

<table>
<thead>
<tr>
<th>Question</th>
<th>5.2.1 Does the company have a policy and/or procedure covering responsible lobbying?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Score</td>
<td>1</td>
</tr>
<tr>
<td>Comments</td>
<td>Based on publicly available information, there is evidence that the company has a policy and procedure on lobbying, which includes guidelines for responsible lobbying behaviour and outlines standards of conduct. There is evidence that the policy applies to all employees and board members. However, there is no evidence that the policy mentions specific oversight mechanisms that apply to all types of lobbyists. There is evidence that the company has a document entitled “Instructions on Lobbying and Opinion Forming” which may contain further information on its policy, but this document does not appear to be publicly available.</td>
</tr>
</tbody>
</table>

### Evidence

**[14] Lobbying and Opinion Forming (Webpage)**

Accessed 05/09/2019


Lobbying and opinion forming

Patria Group has guidelines on the subject of lobbying and opinion forming. They are based on Patria’s values and Ethical Code of Conduct.

General information

Lobbying forms part of decision-making in society and the influencing of such decision-making. Decision-making requires accurate information on the stakeholders involved. Those preparing for and making decisions must understand the viewpoints of the various parties. From the company’s viewpoint, the issue about which it is lobbying is often of wider societal importance and the company wants to present the matter as openly as possible and discuss it with the relevant groups. Such groups include political decision-makers and government officials, non-governmental organisations and media representatives. Through lobbying, the company seeks to strengthen its business activities and build networks.

Principles

The aim of lobbying is to provide highly concise factual or research-based information which, together with the company’s viewpoint, can be presented for the consideration of a politician or other decision-maker. Such a viewpoint is based on an envisaged future situation in line with the company’s goals and of which it wants to inform decision-makers. At the same time, possible problem areas are pointed out honestly and openly. Both parties benefit from the sharing of information. Such sharing involves respect for the other party and other viewpoints. Patria’s guidelines on public relations apply to hospitality and gifts at lobbying events.

Our basic principles:

- We follow the laws, regulations, taxation practices and norms of the countries in which we operate.
- We act appropriately and give truthful, up-to-date information.
- We act impartially.
- We do not promote our business by resorting to bribery.
- We do not participate, as a company, in party politics nor do we support anyone engaged in such participation.
- We follow sound business practices in all business operations and act in an honest manner. We do not divulge confidential information without the permission of the customer or employer. We do not use confidential information belonging to the employer or customer against their interests.
Means of lobbying

- personal meetings
- using networks
- events, seminars, customer events
- lobbying via the media
- jointly agreed and approved themes and goals
- specification of schedule and roadmap
- mapping and analysis of target groups
- gathering of research information where necessary. It is worth making an effort to follow international discussions in our own sector, since the same issues will arise in Finnish discussions after a delay. Systematic information gathering benefits a range of parties, when such information is shared.
- jointly agreed communications (max. 2-3 messages)
- selection of contacts and various channels
- preparation of material and effective, illustrated communications
- implementation of plan and distribution of material through various channels
- reporting of dialogue and information received
- planning of the following procedures
- continuous contact
- monitoring of social media and media
- monitoring and evaluation of implemented measures
- reporting (parties reached and discussions held)

If the company uses third parties for lobbying, these instructions also apply to them.

Sources:
Lobbauskirja, Jaskari, Hyytiäinen, Lähde, Perttula, 2010
Association of Government Relations Professionals, AGRP, www.grprofessionals/codeofconduct

[...]

No external lobbyists were used and therefore there were no lobbying expenditure to external parties.

[15] Stakeholder collaboration (Webpage)
Accessed 05/09/2019
Stakeholder collaboration

Patria collaborates with national and international stakeholders, such as private operators, state owned enterprises, governments and government officials and agencies on a variety of levels and in numerous ways (e.g. as a corporate citizen, tax payer, supplier, business partner and employer). Collaborating and conducting business with any and all of these stakeholders requires high ethical standards, integrity and transparency. This collaboration is subject to strict requirements concerning anti-corruption and anti-bribery as well as requirements concerning procurement practices, lobbying, sponsoring, representation, conflict of interest situations, gifts and benefits.

[1] Ethical Code of Conduct (Document)
Accessed 04/09/2019
https://www.patria.fi/en/patria/ethical-conduct
[p.14] Engaging with Society, Sponsorship, Lobbying and Donations

Patria engages with international bodies, governments and government officials at multiple levels and in many ways (e.g. as a corporate citizen, tax payer, and employer). When interfacing with governments, agencies and officials, high ethical standards and transparency are to be applied. Special requirements apply to interactions with governments and state-owned enterprises including, for example, procurement, lobbying, entertainment and hospitality. All Personnel shall act honestly, truthfully and accurately when dealing with governments and follow Patria’s policies, guidelines and procedures and any applicable laws in all dealings with government officials.

[...]
Patria may, however, participate in public debate when it is of commercial significance or strategic importance to the enterprise.

[...] Further guidelines: Instructions on Lobbying and Opinion Forming; Sponsorship and Donation Guidelines

[2] Active in anti-corruption (Webpage)
Accessed 04/09/2019

Patria’s anti-bribery and anti-corruption policy is expressly stated in the Patria Ethical Code of Conduct which is publicly available. Patria Ethical Code of Conduct is applicable to Patria board, directors, officers, managers, personnel and temporary and agency workers in all Patria companies. In addition to the Code of Conduct Patria has several guidelines for more detailed instructions, such being Public Relations (with e.g. monetary values for gifts and hospitality), Sponsoring, Lobbying, etc.
Question

5.2.2 Does the company publish details of the aims and topics of its public policy development and lobbying activities it carries out?

Score

2

Comments

There is evidence that the company publishes a list of the topics on which it lobbies, including a description of its core positions, their relevance to the company and stakeholders, and the activities it carries out. There is evidence to indicate that these points represent the aims and topics on which the company conducts lobbying activities across its operations. In addition, there is evidence that this list is updated regularly.

Evidence

[14] Lobbying and Opinion Forming (Webpage)
Accessed 05/09/2019

Key lobbying topics 2018 and 2019

<table>
<thead>
<tr>
<th>Topic</th>
<th>Position and relevance</th>
<th>Stakeholder</th>
<th>Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arms export</td>
<td>It is important for military security of supply that there is national competence in Finland. Therefore, defence industry cannot rely exclusively on the national customer's needs and volumes to maintain its competencies. This is one of the reasons why Patria is active in the international markets – already over the decades. The defence material projects usually take several years. If a contract is signed today, production may take several years, and depending on the scope of the project the customer will have the products in full use, personnel trained, etc. many years from the original contract signature. Often procurement projects also include life cycle support and maintenance services which may require additional export licences.</td>
<td>Media, politicians, NGOs</td>
<td>SuomiAreena panel discussion; media info; general info; meeting with NGOs; news releases;</td>
</tr>
<tr>
<td>HX project and industrial partnership</td>
<td>Industrial participation in HX project will bring significant benefits to the Finnish national economy. Industrial participation creates new expertise in Finland. The industry plays an important role in the security of supply, as part of Finland's defence.</td>
<td>Politicians</td>
<td>Meetings</td>
</tr>
<tr>
<td>Position and role of the defence industry</td>
<td>The defence industry is an integrated part of the Finnish Defence System. Patria as the main defence company in Finland has been chairing the Association of Finnish Defence and Aerospace Industry (AFDA) for many years. AFDA is an important lobbying organisation covering the general themes (level playing field in EU) and more actual topics (European Defence Fund, HX and the themes related parliamentary elections 2019).</td>
<td>Politicians, ministries</td>
<td>Active Patria managers in the Board of AFDA and committees</td>
</tr>
<tr>
<td>European Defence Fund</td>
<td>AFDA is the member of the European organisation Aerospace and Defence Industries (ASD). ASD is active towards the EU organisations (EC, EP) and European Defence Agency (EDA).</td>
<td>Politicians and organisations in EU, EDA</td>
<td>Nordic co-operation between national organisations, taking part in ASD's subgroups</td>
</tr>
<tr>
<td>Implementation of the Defence Fund, and execution of the</td>
<td>Patria has also increased its direct activities towards the EU and other organisations in Europe. The activities have been increased during 2018 mainly because of the more active role of EU towards the</td>
<td>MOD, Finnish representatives in EU and EDA</td>
<td>Meetings; statements; reports</td>
</tr>
</tbody>
</table>
### Question

5.2.3 Does the company publish full details of its global lobbying expenditure?

| Score | 1 |

| Comments |

The company publishes some information on its lobbying expenditure to indicate that it has not engaged any lobbyists in the past two years and therefore it has not made any lobbying expenditure to external parties.

However, the company receives a score of ‘1’ because it does not publish full details of its global lobbying expenditure, for example the amount spent on internal lobbyists and lobbying activities. There is also no evidence that the company publishes its spending on association lobbying, nor a statement that it does not engage in such activities.

### Evidence

[14] Lobbying and Opinion Forming (Webpage)
Accessed 05/09/2019

No external lobbyists were used and therefore there were no lobbying expenditure to external parties.
## 5.3 Gifts and Hospitality

<table>
<thead>
<tr>
<th>Question</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>5.3.1 Does the company have a policy and/or procedure on gifts and hospitality to ensure they are bona fide to prevent undue influence or other corruption?</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Score</th>
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<tbody>
<tr>
<td>2</td>
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</table>

<table>
<thead>
<tr>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Based on publicly available information, there is evidence that the company has a policy and procedure on the giving and receipt of gifts and hospitality. There is evidence that the policy addresses the risks associated with gifts and hospitality given to public officials, and that it establishes financial limits for different types of gifts and hospitality. There is evidence that all gifts and hospitality above a certain threshold are recorded in a dedicated register accessible to those responsible for oversight of the process.</td>
</tr>
</tbody>
</table>

### Evidence

[26] Active in Anti-Corruption – Updated Page (Webpage)
Accessed 06/05/2020

Guidelines on gifts and hospitality

Patria has guidelines on gifts and hospitality which indicate Patria's zero tolerance for corruption and any violation of regulations defining third-party relationships. Patria guidelines cover business-based gifts and hospitality that are offered to or accepted from customers, business partners, suppliers or any other cooperation partners. The main content of the guidelines is described below.

Patria and its employees and managers shall not give, offer or promise any undue benefit, gifts or hospitality which may influence on public official's actions or which could be interpreted as an aim to gain business advantage from the business partners. Correspondingly, undue benefit, gifts and hospitality may not be accepted by Patria's employees or managers. Patria requires that its business partners comply with guidelines similar to Patria's anti-corruption policies.

When determining whether gifts and hospitality are reasonable and appropriate to either receive or to give, offer or promise, the value thereof, the reason why they are offered or given, and the nature of the gift and hospitality must be taken into consideration.

Patria does not give, offer or promise, and Patria employees and managers may not accept, any gifts or hospitality which are not clearly relevant to Patria's business operations, the value of which exceeds the monetary limits set by Patria, which constitute pure entertainment without any significant business-related content, which consist of cash or the equivalent, such as gift cards or vouchers, in any situations in which may appear as an attempt to influence or gain benefits, if they violate local laws, or if they are offered even when it is known that the recipient may not accept such gifts or hospitality.

Euro-denominated maximum limits applied by Patria are 50€ for gifts and 100€ for hospitality. The number of gifts or hospitality repeatedly extended to the same person has been restricted to four times a year. Gifts and hospitality, the value of which exceeds these amounts, are documented in a specific register which is monitored regularly.

Patria's marketing efforts are often targeted at public procurement involved authorities and users who are related to the national defence forces. Patria has a special responsibility to guarantee an appropriate conduct in all its operations and marketing in order to avoid any suspicion of using inappropriate means in its business operations and relationships with public officials. The gifts and hospitality offered to public officials must always be considered with due diligence. The gifts and hospitality that could affect the actions of a public official may not be given, offered or promised.
Responsibility Regarding Gifts, Benefits and Hospitality

Under no conditions does Patria grant payments, favours, benefits, hospitality or monetary contributions to customers, civil servants, public employees or employees of governmental organizations in order to win contracts or gain advantages. In its business dealings, Patria shall always pay special attention to avoiding even the mere appearance of impropriety, such as an attempt to influence our business partners or customers. Patria encourages its Personnel to build their networks on behalf of the company in a responsible manner. Participation in events shall always be discussed with the immediate superior and the professional relevance and content of the event addressed. Personnel may not accept hospitality, gifts or other favour of any value if doing so might compromise, or appear to compromise, our ability to make objective business decisions in the best interests of Patria. Hospitality includes benefits such as entertainment, meals, receptions, tickets and participation in entertainment and sports events, if these are offered or accepted as part of a business relationship.

Further guidelines: Public Relations

BUSINESS CONDUCT

Engaging with Society, Sponsorship, Lobbying and Donations

Patria engages with international bodies, governments and government officials at multiple levels and in many ways (e.g. as a corporate citizen, tax payer, and employer). When interfacing with governments, agencies and officials, high ethical standards and transparency are to be applied. Special requirements apply to interactions with governments and state-owned enterprises including, for example, procurement, lobbying, entertainment and hospitality.

POLICIES

Patria has a corporate responsibility policy that determines the framework, outlines, and responsibilities of corporate responsibility, and which is based on the basic ethical guidelines defined in the Code of Conduct. In addition to these, there are several more detailed policies such as

- Public Relations (Hospitality and Gifts)

STAKEHOLDER COLLABORATION

Patria collaborates with national and international stakeholders, such as private operators, state owned enterprises, governments and government officials, and agencies, on a variety of levels and in numerous ways (e.g. as a corporate citizen, taxpayer, supplier, business partner, and employer). Collaborating and conducting business with any and all these stakeholders requires high ethical standards, integrity, and transparency. This collaboration is subject to strict requirements concerning anti-corruption and anti-bribery, as well as requirements concerning procurement practices, lobbying, sponsorship, representation, conflict of interest situations, gifts, and benefits.

ETHICAL TRAINING

All Patria employees complete a mandatory online training course annually on ethical business conduct, which is based on the Patria Ethical Code of Conduct and related guidelines and policies. The training materials cover and include practical cases on ethical decision making, ethical business conduct, working with third parties, conflict of interest situations, gifts and benefits, and other topics focusing specifically on anti-corruption and anti-bribery.
6. Supply Chain Management

**Question**

6.1. Does the company require the involvement of its procurement department in the establishment of new supplier relationships and in the oversight of its supplier base?

**Score**

1

**Comments**

Based on publicly available information, there is evidence that the company's procurement department is involved, in some capacity, in the establishment of supplier relationships. However, there is no evidence that the involvement of the procurement department is required for establishing all new suppliers. There is no evidence that the company assures itself of the procurement department's involvement at least every three years.

**Evidence**


Accessed 05/09/2019

[https://patria.materialbank.net/NiboWEB/patria/getPublicFile.do?uuid=6272273&inline=false&ticket=900e128ee3a2fb1c7ba538e249985db6&type=original](https://patria.materialbank.net/NiboWEB/patria/getPublicFile.do?uuid=6272273&inline=false&ticket=900e128ee3a2fb1c7ba538e249985db6&type=original)

[p.56] Key stakeholders

Patria's key stakeholders include owners, personnel, customers, suppliers, authorities, and various industry and business organisations, as well as non-governmental organisations, certain educational establishments, and their students and media.

[...]

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Interaction</th>
<th>Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>[...]</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**[16] Transparent Supplier Chain (Webpage)***

Accessed 05/09/2019


Transparent Supplier Chain

Patria and its Business Units control and develop the Group's strategic purchasing and buying, logistics, partnership and subcontractor networks in a manner that produces the most cost-effective value to its customers and owners. Patria supports its Business Units in achieving their goals at the customer interface by providing, developing and coordinating the most competitive purchasing, buying and logistics processes.

[...]

Selection procedure

Due to their different fields of expertise and different business operations and model, Patria's business units have their own processes regarding supplier selection.

[...]

Procurement has access to a due diligence tool to support the assessment.
Question
6.2 Does the company conduct risk-based anti-bribery and corruption due diligence when engaging or re-engaging with its suppliers?

Score
2

Comments
Based on publicly available information, there is evidence that the company has formal procedures to conduct due diligence on all of its suppliers. There is evidence that the due diligence process includes checks on beneficial ownership and that the highest risk suppliers are subject to enhanced due diligence. There is evidence that the company conducts due diligence when engaging or re-engaging with suppliers, and that in instances when red flags highlighted in the due diligence process cannot be mitigated it will not engage with the supplier.

Evidence

[16] Transparent Supplier Chain (Webpage)
Accessed 05/09/2019

Selection procedure
Due to their different fields of expertise and different business operations and model, Patria’s business units have their own processes regarding supplier selection. The selection process includes a due diligence survey determining, among other things, the potential supplier’s risk management as well as the ethics and compliance program with a self-assessment survey. Potential suppliers are also asked to disclose any legal proceedings concerning corruption. Procurement has access to a due diligence tool to support the assessment.

[2] Active in anti-corruption (Webpage)
Accessed 05/09/2019

Ethical and compliance requirements concerning collaboration with third parties
A documented Integrity Due Diligence is conducted when engaging and re-engaging third parties. It focuses on identifying risks not normally revealed through preliminary background screening. Typical areas of analysis include, for example, beneficial owners, questionable business practices, market reputation, negative media coverage, any political associations that may be of concern, regulatory violations and litigation history.

The scope of the Integrity Due Diligence considers the context in which third parties would be engaged, including the type and profile of Business Partner, type of potential cooperation, scale, geography, Transparency International country corruption risk ranking, planned interaction by the third party with public officials, etc. The Due Diligence takes into account Patria’s exposure to legal, corruption, financial and reputational risks. If the potential Business Partner represents an intolerable, uncontrollable and non-remedial risk, any transaction with such Business Partner shall not be executed.

Accessed 05/09/2019
https://patria.materialbank.net/NiboWEB/patria/getPublicFile.do?uuid=6272273&inline=false&ticket=909e128ee3a2f1b7ba538e249985db6&type=original

[p.53] SUPPLIERS AND SUBCONTRACTORS
Patria shall make every effort to only deal with suppliers, subcontractors, consultants and agents who are prepared to work in accordance with the principles presented in Patria’s Code of Conduct. […] Risk evaluation, including ethical risks, is performed regularly.

[p.119] Patria’s business partners and critical suppliers are also subjected to a thorough advance review, and contractual obligations concerning ethical conduct are defined for such parties.
### Question

6.3 Does the company require all of its suppliers to have adequate standards of anti-bribery and corruption policies and procedures in place?

| Score | 1 |

| Comments |

Based on publicly available information, there is some evidence that the company ensures that its suppliers have adequate anti-bribery and corruption policies in place. There is evidence that the company requires its suppliers to sign a declaration at the outset of its relationship stating that they will not engage in bribery and unethical conduct, and there is also evidence that the company expects its suppliers to adhere to its Code of Conduct, which is inclusive of bribery, facilitation payments, conflicts of interest, gifts and hospitality and whistleblowing, or to adopt similar policies. The company states that for critical suppliers it ensures this through contractual terms.

However, the company receives a score of ‘1’ because there is no clear publicly available evidence that the company requires anti-bribery and corruption contractual terms for all of its suppliers, nor that it takes active steps to ensure compliance with these standards in practice.

### Evidence

**[16] Transparent Supplier Chain (Webpage)**

Accessed 05/09/2019


Patria operates only with suppliers and subcontractors who are ready to comply in their work with the principles of Patria’s Code of Conduct. Patria requires that all suppliers and subcontractors abide by local legislation in all countries in which they operate. When competing for new projects, the significance of the added value contributed by suppliers has increased further. Suppliers providing concrete added value can participate in projects at an early stage as risk-sharing partners, active product developers and by providing support in discharging offset obligations. Long-term projects emphasise suppliers’ capability for long-term cooperation on the further maintenance of delivered solutions.


Accessed 05/09/2019

[https://patria.materialbank.net/NiboWEB/patria/getPublicFile.do?uuid=6272273&inline=false&ticket=900e128ee3a2f71c7ba538e249985db6&type=original](https://patria.materialbank.net/NiboWEB/patria/getPublicFile.do?uuid=6272273&inline=false&ticket=900e128ee3a2f71c7ba538e249985db6&type=original)

[p.53] **SUPPLIERS AND SUBCONTRACTORS**

Patria shall make every effort to only deal with suppliers, subcontractors, consultants and agents who are prepared to work in accordance with the principles presented in Patria’s Code of Conduct. Patria requires that suppliers, subcontractors, consultants and agents comply with local legislation in all countries in which they operate. Risk evaluation, including ethical risks, is performed regularly.

[p.119] Patria’s business partners and critical suppliers are also subjected to a thorough advance review, and contractual obligations concerning ethical conduct are defined for such parties.

**[1] Ethical Code of Conduct (Document)**

Accessed 05/09/2019


[p.6] **Applicability of the Code**

[...]

Patria commits its best efforts to implement the Code (or ensure adoption of a similar set of policies) in companies in which Patria has invested but does not own a majority of shares or exercise effective control. In addition, Patria expects and uses its best efforts to ensure that suppliers, subcontractors and other business partners (companies and individuals) acting in any capacity for or on behalf of Patria commit to Patria’s Code or have similar policies ensuring ethical conduct.

[p.7] [...]

Furthermore, all Personnel members are obligated to diligently report any compliance concerns or potential or suspected violations of this Code to their own superior or to the General Counsel. Channels for reporting are: lakia@patria.fi and Patria’s anonymous reporting channel, which is available at Patria intranet.
[p.10] Avoiding Conflicts of Interest / Related Party Transactions

Patria employees, managers and directors are expected to promote the interest of Patria and, while doing so, to act responsibly and avoid any activity which may lead to a conflict of interest. Personal and private financial, political or other personal interests are not allowed to influence business decisions, since they may conflict with the interests of Patria or our business partners. Decisions by or for Patria shall never be influenced by personal preferences or relationships.

[...]

Decision-Makers and Personnel participating in the preparation of business transactions must personally and actively evaluate whether a business transaction conducted or to be concluded by Patria may put Patria’s interests at risk due to a potential or actual conflict of interest.

[p.17] Responsibility Regarding Gifts, Benefits and Hospitality

Under no conditions does Patria grant payments, favours, benefits, hospitality or monetary contributions to customers, civil servants, public employees or employees of governmental organizations in order to win contracts or gain advantages. In its business dealings, Patria shall always pay special attention to avoiding even the mere appearance of impropriety, such as an attempt to influence our business partners or customers. Patria encourages its Personnel to build their networks on behalf of the company in a responsible manner. Participation in events shall always be discussed with the immediate superior and the professional relevance and content of the event addressed. Personnel may not accept hospitality, gifts or other favour of any value if doing so might compromise, or appear to compromise, our ability to make objective business decisions in the best interests of Patria. Hospitality includes benefits such as entertainment, meals, receptions, tickets and participation in entertainment and sports events, if these are offered or accepted as part of a business relationship.

[p.18] Acting Against Corruption, Illegal Payments and Facilitation Payments

Patria maintains zero tolerance towards corruption and bribery. Patria does not tolerate unethical or corrupt behaviour by its Personnel or business partners and acts actively against it. Decisions based on corruption are immoral, distort competition, harm the company’s assets and reputation and go against the common good. Patria pays special attention to ethical behaviour in contact with political parties, public authorities and their officials in all countries where we conduct business.

Patria Personnel, Patria’s representatives and business partners may not, directly or indirectly, offer, promise or give bribes to agents, customers, suppliers or other business partners or public officials, or request or accept bribes anywhere in the world.

It is prohibited to make or allow payment of any illegal payments or facilitation payments. Such payments may include, but are not restricted to, small sums of money intended to facilitate or expedite the performance of routine functions, such as issuing permits or licenses or processing government documents. In any unclear situation, the respective manager or the Legal Department must be consulted.

Only in exceptional cases, when personal life or health is at risk, can facilitation payments be made. Such payments must always be accepted by the General Counsel.

[p.22] Reliability towards Suppliers

Patria strives for reliable, fair and mutually beneficial relations with its suppliers. Supplier selection is based on free and fair competition and transparent supplier selection criteria, including objective factors such as quality, reliability, delivery and price, without preference for personal reasons. Patria expects its suppliers to work in accordance with the principles presented in this Code and to comply with the national laws of the countries in which they operate.

[17] PATRIA’S GENERAL TERMS OF SUPPLY 2018 (Document)
Accessed 05/09/2019
SUPPLIER’S DECLARATION

46. The Supplier agrees to abide by sound business practices and legislation, regulations and other stipulations applicable to the delivery, and to otherwise act in line with acceptable ethical practices. These include antitrust and competition legislation, such as the ban on acquiring confidential information from third parties through inappropriate means and the ban on the illegal use or assignment of third party confidential information, and legislation related to the company's operations, such as legislation related to administration, product security and liability, occupational health and security, labour, environment, human rights, privacy and equal opportunities. The Supplier does not give or receive bribes, nor participate, contribute or accept any activity related to bribes or corruption.

[2] Active in anti-corruption (Webpage)
Accessed 05/09/2019
Ethical and compliance requirements concerning collaboration with third parties
Patria’s Code of Conduct states that in addition to personnel, the agents, consultants, intermediaries, market representatives, service providers and other business partners that Patria engages all represent Patria and act for or on behalf of Patria and they are therefore expected to conduct their business in a way that meets high ethical standards. They are expected to comply with local legislation in all countries in which they operate.

[15] Stakeholder collaboration (Webpage)
Accessed 05/09/2019
Patria collaborates with national and international stakeholders, such as private operators, state owned enterprises, governments and government officials and agencies on a variety of levels and in numerous ways (e.g. as a corporate citizen, tax payer, supplier, business partner and employer). Collaborating and conducting business with any and all of these stakeholders requires high ethical standards, integrity and transparency. This collaboration is subject to strict requirements concerning anti-corruption and anti-bribery as well as requirements concerning procurement practices, lobbying, sponsoring, representation, conflict of interest situations, gifts and benefits.

[9] Responsibility (Webpage)
Accessed 05/09/2019
Responsibility, integrity and ethical business conduct - fundamentals for business operations - Tone of the Top

[…] 

Patria also expects its business partners and suppliers to comply with Patria ethical business conduct requirements, specifically the requirements concerning anti-corruption and anti-bribery.
<table>
<thead>
<tr>
<th>Question</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>6.4 Does the company ensure that its suppliers require all their sub-contractors to have anti-corruption programmes in place that at a minimum adhere to the standards established by the main contractor?</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Score</th>
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<tbody>
<tr>
<td>1</td>
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<table>
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<tr>
<th>Comments</th>
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<tbody>
<tr>
<td>Based on publicly available information, there is some evidence that the company takes steps to ensure that the substance of its ethical and compliance programme is required of sub-contractors throughout the supply chain. However, the company receives a score of ‘1’ because it is not clear how the company does this in practice.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Evidence</th>
</tr>
</thead>
</table>
| **[1] Ethical Code of Conduct (Document)**  
Accessed 05/09/2019  

 [...] |
| **[16] Transparent Supplier Chain (Webpage)**  
Accessed 05/09/2019  
Patria operates only with suppliers and subcontractors who are ready to comply in their work with the principles of Patria’s Code of Conduct. Patria requires that all suppliers and subcontractors abide by local legislation in all countries in which they operate. When competing for new projects, the significance of the added value contributed by suppliers has increased further. Suppliers providing concrete added value can participate in projects at an early stage as risk-sharing partners, active product developers and by providing support in discharging offset obligations. Long-term projects emphasise suppliers’ capability for long-term cooperation on the further maintenance of delivered solutions. |
Accessed 06/09/2019  
[https://patria.materialbank.net/NiboWEB/patria/getPublicFile.do?uuid=6272273&inline=false&ticket=900e128ee3a2f1c7ba538e2499955db6&type=original]  
[p.53] SUPPLIERS AND SUBCONTRACTORS  
Patria shall make every effort to only deal with suppliers, subcontractors, consultants and agents who are prepared to work in accordance with the principles presented in Patria’s Code of Conduct. Patria requires that suppliers, subcontractors, consultants and agents comply with local legislation in all countries in which they operate. Risk evaluation, including ethical risks, is performed regularly. |
<table>
<thead>
<tr>
<th>Question</th>
<th>Score</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.5 Does the company publish high-level results from ethical incident investigations and disciplinary actions against suppliers?</td>
<td>2</td>
<td>The company makes a public statement that there were no reports, investigations or disciplinary actions relating to suppliers during the most recent reporting year.</td>
</tr>
</tbody>
</table>

**Evidence**

**[2] Active in anti-corruption (Webpage)**  
Accessed 05/09/2019  
Management and reporting to the Board and Audit Committee  

[...]

There has not been reported serious cases (and therefore no investigations) concerning Patria personnel, suppliers, business partners or stakeholders. In case of serious incidents involving third parties (such as agents or intermediaries) the proceedings would in most cases be public, however taking into account requirements of the GDPR and any other confidentiality obligations.

Accessed 04/09/2019  
[https://patria.materialbank.net/NiboWEB/patria/getPublicFile.do?uuid=6272273&inline=false&ticket=900e128ee3a2fb1c7ba538e249985db6&type=original](https://patria.materialbank.net/NiboWEB/patria/getPublicFile.do?uuid=6272273&inline=false&ticket=900e128ee3a2fb1c7ba538e249985db6&type=original)  
[p.63] In addition to the other channels there is a channel for reporting unethical conduct. A significant proportion of the reports received via this channel concerned HR issues, mainly suspected cases of inappropriate conduct in the workplace. All reports were investigated and appropriate actions were taken.

**[26] Active in Anti-Corruption – Updated Page (Webpage)**  
Accessed 06/05/2020  
Investigations and corrective actions  

[...]

All reported concerns and unethical conduct incidents are reported to the Audit Committee. Serious cases are reported immediately and the investigations and corrective actions are followed up on by the Committee more frequently and as is appropriate depending on the nature of the case. Other (non-serious) concerns/incidents are reported to the Audit Committee regularly twice a year in a manner that the privacy regulations are met.

There has not been any serious reported cases in 2018 (and therefore no investigations) concerning Patria personnel, suppliers, business partners or stakeholders. In case of serious incidents involving third parties (such as agents or intermediaries), the proceedings would in most cases be public, further taking into account requirements of the GDPR and any other confidentiality obligations. Patria reports the results of the proceedings if they are public annually in its Annual Report.
### 7. Agents, Intermediaries and Joint Ventures

#### 7.1 Agents and Intermediaries

<table>
<thead>
<tr>
<th>Question</th>
<th>Score</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Does the company have a clear policy on the use of agents?</td>
<td>2</td>
<td>Based on publicly available information, there is evidence that the company has a policy covering the use of agents. There is also evidence that the company recognises and accounts for the heightened bribery and corruption risks associated with the use of third party agents by dedicating special attention to this area in its internal audits. There is evidence that the company has specific controls to mitigate the corruption risks associated with using agents, and there is evidence that it establishes that the use of an agent is, in each case, necessary to perform a legitimate business function.</td>
</tr>
</tbody>
</table>

**Evidence**

[27] Summary of Business Partner Guidelines (Webpage)  
Accessed 06/05/2020  

**SUMMARY OF PATRIA GROUP’S BUSINESS PARTNER GUIDELINES**

Use of sales- and marketing-related business partners, such as agents, consultants, distributors, intermediaries, offset service providers, etc. implies a generally recognised corruption risk. Patria is committed to addressing the concerns and risks by having implemented a process described in the Business Partner Guidelines. The Guideline requires conducting certain transparent and well-documented, risk-based due diligence and approval actions related to evaluating and selecting Business Partners and further managing, monitoring and renewing the engagement of such Partner(s).

As stated in Patria Ethical Code of Conduct (under the framework of which also the Business Partner Guidelines falls), Patria is committed to contributing all possible efforts to ensure that Patria conducts its business as required by internationally recognised treaties, standards and principles regarding ethical business conduct, including those set forth, e.g. (without limitation) by Transparency International for State-Owned Enterprises regarding anti-corruption. Patria also expects at least the same level of ethical business conduct from its Business Partners.

**Scope** – when the Business Partner Guidelines apply

The Guidelines apply to evaluation, selection and management of all sales- and marketing-related Business Partners, such as e.g. agents, consultants, teaming partners, distributors, resellers, intermediaries, joint venture collaboration parties, service providers (for specific projects) and to planned engagement of any business partner that may (even if not specifically addressed in the Guideline), for any reason, pose a reputational or other risk to Patria. The Guidelines specify the actions to be taken prior to entering into agreements with Business Partners, monitoring of the Business Partner, following up during the duration of a Business Partner Agreement and payments under such Agreement.

Partner identification, Risk assessment and Integrity Due Diligence

When a Business Unit has identified a justified and valid need to engage a Business Partner for a specific market or business opportunity, to perform a legitimate business function, a team of individuals (including Compliance) participates in the identification, collection of materials, risk assessment and evaluation of potential Business Partner candidate(s). The team also ensures that integrity due diligence and background screening is conducted on the potential Business Partner(s) as part of the general Risk Assessment.

The scope of the Risk Assessment shall consider the context including the type and profile of Business Partner, ultimate beneficial ownership of the Business Partner, governance and compliance of the Business Partner, type of potential cooperation, scale, geography and any interaction with public officials and take into account our exposure...
to legal, financial and reputational risks. The Risk Assessment also considers the compensation model and potential compensation amount (incentives of the Business Partner).

Mandatory partner background screening (for all potential partners) and examination aims for instant recognition of possible integrity risks, such as allegations or incidences of corruption, fraud, money laundering, or other unethical or illegal practices. The screening is performed by gathering independent open source information and includes, but is not limited to, screening various sanctions lists, politically exposed person (PEP) status, potential investigations and media search.

If any potential risk areas or Red Flags are identified during the examination, or if discrepancies are revealed regarding material information provided in the self-assessment documentation, a new Risk Assessment (including the new issues) shall be performed and an increased examination level considered. The issues shall be clearly explained and referred to in the examination documentation.

More detailed, enhanced due diligence and Integrity Due Diligence (IDD) focuses on identifying risks not normally revealed through preliminary mandatory background screening. Typical areas of analysis include, for example, questionable business practices, market reputation, negative media coverage, any political associations that may be of concern, regulatory violations and litigation history. Also, in case any red flags or concerns are raised or discovered during the initial mandatory screening, a follow-up of a more detailed IDD will be conducted. Agents and higher risk intermediaries (including risk based on country, incentives, etc.) are always subject to a more detailed IDD and enhanced due diligence.

Risks discovered in the due diligence are to be mitigated, and if not possible to mitigate to a level that is reasonably acceptable to Patria, such a Business Partner shall not be engaged by Patria. As an example, in case the ultimate beneficial owners of a higher risk Business Partner cannot established, Patria will not engage such a partner. In case of a significant change in the business relationship, a new IDD is to be completed. In addition, some high-risk Business Partners may need continuous follow-up through screening tools available and otherwise.

Concluding the Agreement, follow up and monitoring of Business Partner

The Business Partner Agreement term should be limited to two (2) years and automatic renewal of the Agreement is not permitted. In case of renewal, the due diligence and background screening shall be completed to discover possible changes or new issues.

The Agreement shall include the requirement to comply with Patria Ethical Code of Conduct or apply at least same level of ethics and integrity principles in the conduct of its business. Furthermore, there must be auditing rights for Patria to verify the business conduct and payments under the Agreement. The Agreement must entitle Patria to terminate the agreement in case of any suspected or alleged violation of anti-corruption, anti-bribery or any other ethics and/or compliance requirements that are to be specified in the Agreement.

The Business Partner is required to issue regular reports concerning its activities for which the Agreement specifies any compensation. No payments are to be made to the Business Partner without due reporting justifying the payments for legitimate business activities. In general, the compensation model and incentive level shall always need to be justified by the experience, skills, amount and legitimate nature of services and activities of the Business Partner, and the activities and services to be performed by the Business Partner shall always be duly specified in the Agreement.

Patria specifies the incentive schemes for agents and intermediaries in such a manner that payments are made against legitimate, verified services. Main focus of payments shall be on payments made in arrears, for due performance of services that support successful deliveries of products and services and services that enable successful execution/completion of a project. Arrangements without clearly determined roles and deliverables are against Patria's principles and are not acceptable.

The potential need for renewal of a Business Partner Agreement shall always have to be duly justified in writing by the Business Unit.

If the terms of the Business Partner Agreement remain unchanged, the business relationship remains materially the same, and there are no changes in the ownership or other material information (and no red flags or concerns) of the Business Partner, then the proposed renewal of Agreement is reviewed by the Business Unit together with Compliance (including renewed due diligence and background screening).
SUPPLIERS AND SUBCONTRACTORS

Patria shall make every effort to only deal with suppliers, subcontractors, consultants and agents who are prepared to work in accordance with the principles presented in Patria’s Code of Conduct. Patria requires that suppliers, subcontractors, consultants and agents comply with local legislation in all countries in which they operate. Risk evaluation, including ethical risks, is performed regularly.

[1] Ethical Code of Conduct (Document)
Accessed 05/09/2019
https://www.patria.fi/en/patria/ethical-code-conduct


[...]

In addition, Patria expects and uses its best efforts to ensure that suppliers, subcontractors and other business partners (companies and individuals) acting in any capacity for or on behalf of Patria commit to Patria’s Code or have similar policies ensuring ethical conduct.

[p.22] High Ethical Standards of Third Parties, such as Intermediaries and Market Representatives

In addition to Personnel, the agents, consultants, intermediaries, market representatives, service providers and other business partners that Patria engages all represent Patria and act for or on behalf of Patria. All such third parties are therefore expected to represent Patria and conduct their business in a way that meets high ethical standards and to comply with local legislation in all countries in which they operate. Business partners are to be evaluated and appointed in accordance with the applicable guidelines, including but not limited to the Business Partner Selection process. The evaluation and appointment process is transparent, authentication is consolidated, measured and traceable, and the partners are supervised.

Further guidelines in: Business Partner Selection

[2] Active in anti-corruption (Webpage)
Accessed 05/09/2019

Ethical and compliance requirements concerning collaboration with third parties

Patria’s Code of Conduct states that in addition to personnel, the agents, consultants, intermediaries, market representatives, service providers and other business partners that Patria engages all represent Patria and act for or on behalf of Patria and they are therefore expected to conduct their business in a way that meets high ethical standards. They are expected to comply with local legislation in all countries in which they operate.

In addition to what is stated in the Patria’s Ethical Code of Conduct, Patria has a Business Partner Management Guideline and Process. This Guideline and the process regulate how Business partners are evaluated (incl. financial, ethical, anti-corruption, reputational, compliance evaluation and integrity due diligence screening) and appointed. The evaluation and appointment process is transparent, authentication is consolidated, measured and traceable, and the partners are supervised. In these Guidelines Patria reaffirms its zero tolerance for corruption and bribery. Patria does not accept unethical or corrupt behavior by its directors, managers or employees and expects similar compliance and ethical business conduct from its business partners, such as agents, consultants, intermediaries, service providers and joint venture partners.

[7] Risk management and internal control (Webpage)
Accessed 04/09/2019

Internal Audit focus areas in practice and recently conducted internal audits

[... ] In addition to the formal internal audits, there is special attention around and focus on such business operations that introduce higher corruption and bribery risks (such as use of third party agents for sales and marketing) also in the regular daily operations and in meetings of the Board of Management, Board of Directors, Audit Committee, as is feasible and as/when necessary.

Question
7.1.2 Does the company conduct risk-based anti-bribery and corruption due diligence when engaging or re-engaging its agents and intermediaries?

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**Comments**

Based on publicly available information, there is evidence that the company has formal procedures in place to conduct risk-based anti-bribery and corruption due diligence prior to engaging and re-engaging any agents and intermediaries, at least every two years. There is evidence that all agents and highest risk intermediaries are subject to enhanced due diligence, and that the company commits to not engaging or terminating its engagement with agents or intermediaries where risks identified in the due diligence cannot be mitigated.

**Evidence**

[27] Summary of Business Partner Guidelines (Webpage)
Accessed 06/05/2020
https://www.patriagroup.com/about-us/selecting-business-partners

**SUMMARY OF PATRIA GROUP’S BUSINESS PARTNER GUIDELINES**

Use of sales- and marketing-related business partners, such as agents, consultants, distributors, intermediaries, offset service providers, etc. implies a generally recognised corruption risk. Patria is committed to addressing the concerns and risks by having implemented a process described in the Business Partner Guidelines. The Guideline requires conducting certain transparent and well-documented, risk-based due diligence and approval actions related to evaluating and selecting Business Partners and further managing, monitoring and renewing the engagement of such Partner(s).

As stated in Patria Ethical Code of Conduct (under the framework of which also the Business Partner Guidelines falls), Patria is committed to contributing all possible efforts to ensure that Patria conducts its business as required by internationally recognised treaties, standards and principles regarding ethical business conduct, including those set forth, e.g. (without limitation) by Transparency International for State-Owned Enterprises regarding anti-corruption. Patria also expects at least the same level of ethical business conduct from its Business Partners.

**Scope – when the Business Partner Guidelines apply**

The Guidelines apply to evaluation, selection and management of all sales- and marketing-related Business Partners, such as e.g. agents, consultants, teaming partners, distributors, resellers, intermediaries, joint venture collaboration parties, service providers (for specific projects) and to planned engagement of any business partner that may (even if not specifically addressed in the Guideline), for any reason, pose a reputational or other risk to Patria. The Guidelines specify the actions to be taken prior to entering into agreements with Business Partners, monitoring of the Business Partner, following up during the duration of a Business Partner Agreement and payments under such Agreement.

**Partner identification, Risk assessment and Integrity Due Diligence**

When a Business Unit has identified a justified and valid need to engage a Business Partner for a specific market or business opportunity, to perform a legitimate business function, a team of individuals (including Compliance) participates in the identification, collection of materials, risk assessment and evaluation of potential Business Partner candidate(s). The team also ensures that integrity due diligence and background screening is conducted on the potential Business Partner(s) as part of the general Risk Assessment.

The scope of the Risk Assessment shall consider the context including the type and profile of Business Partner, ultimate beneficial ownership of the Business Partner, governance and compliance of the Business Partner, type of potential cooperation, scale, geography and any interaction with public officials and take into account our exposure to legal, financial and reputational risks. The Risk Assessment also considers the compensation model and potential compensation amount (incentives of the Business Partner).

Mandatory partner background screening (for all potential partners) and examination aims for instant recognition of possible integrity risks, such as allegations or incidences of corruption, fraud, money laundering, or other unethical or illegal practices. The screening is performed by gathering independent open source information and includes, but
is not limited to, screening various sanctions lists, politically exposed person (PEP) status, potential investigations and media search.

If any potential risk areas or Red Flags are identified during the examination, or if discrepancies are revealed regarding material information provided in the self-assessment documentation, a new Risk Assessment (including the new issues) shall be performed and an increased examination level considered. The issues shall be clearly explained and referred to in the examination documentation.

More detailed, enhanced due diligence and Integrity Due Diligence (IDD) focuses on identifying risks not normally revealed through preliminary mandatory background screening. Typical areas of analysis include, for example, questionable business practices, market reputation, negative media coverage, any political associations that may be of concern, regulatory violations and litigation history. Also, in case any red flags or concerns are raised or discovered during the initial mandatory screening, a follow-up of a more detailed IDD will be conducted. Agents and higher risk intermediaries (including risk based on country, incentives, etc.) are always subject to a more detailed IDD and enhanced due diligence.

Risks discovered in the due diligence are to be mitigated, and if not possible to mitigate to a level that is reasonably acceptable to Patria, such a Business Partner shall not be engaged by Patria. As an example, in case the ultimate beneficial owners of a higher risk Business Partner cannot be established, Patria will not engage such a partner.

In case of a significant change in the business relationship, a new IDD is to be completed. In addition, some high-risk Business Partners may need continuous follow-up through screening tools available and otherwise.

Concluding the Agreement, follow up and monitoring of Business Partner

The Business Partner Agreement term should be limited to two (2) years and automatic renewal of the Agreement is not permitted. In case of renewal, the due diligence and background screening shall be completed to discover possible changes or new issues.

[...]

The potential need for renewal of a Business Partner Agreement shall always have to be duly justified in writing by the Business Unit.

If the terms of the Business Partner Agreement remain unchanged, the business relationship remains materially the same, and there are no changes in the ownership or other material information (and no red flags or concerns) of the Business Partner, then the proposed renewal of Agreement is reviewed by the Business Unit together with Compliance (including renewed due diligence and background screening).

[2] Active in anti-corruption (Webpage)
Accessed 05/09/2019

Ethical and compliance requirements concerning collaboration with third parties
Patria’s Code of Conduct states that in addition to personnel, the agents, consultants, intermediaries, market representatives, service providers and other business partners that Patria engages all represent Patria and act for or on behalf of Patria and they are therefore expected to conduct their business in a way that meets high ethical standards. They are expected to comply with local legislation in all countries in which they operate.

[...]

A documented Integrity Due Diligence is conducted when engaging and re-engaging third parties. It focuses on identifying risks not normally revealed through preliminary background screening. Typical areas of analysis include, for example, beneficial owners, questionable business practices, market reputation, negative media coverage, any political associations that may be of concern, regulatory violations and litigation history.

The scope of the Integrity Due Diligence considers the context in which third parties would be engaged, including the type and profile of Business Partner, type of potential cooperation, scale, geography, Transparency International country corruption risk ranking, planned interaction by the third party with public officials, etc. The Due Diligence takes into account Patria’s exposure to legal, corruption, financial and reputational risks. If the potential Business Partner represents an intolerable, uncontrollable and non-remedial risk, any transaction with such Business Partner shall not be executed.
[7] Risk management and internal control (Document)
Accessed 04/09/2019

Internal Audit focus areas in practice and recently conducted internal audits

[...]

As per the annual internal audit Plan of Patria, special internal audits were conducted during 2018 in the areas of sales and marketing processes (including engaging and using of third party sales and marketing representatives), corporate governance and Business Partner Selection process which regulates engaging of third party agents, consultants and market representatives. The findings were not of serious nature but mainly recommendations for further development and corrections, and the findings were reported to the Audit Committee and Board.

In addition to the formal internal audits, there is special attention around and focus on such business operations that introduce higher corruption and bribery risks (such as use of third party agents for sales and marketing) also in the regular daily operations and in meetings of the Board of Management, Board of Directors, Audit Committee, as is feasible and as/when necessary.

[1] Ethical Code of Conduct (Document)
Accessed 05/09/2019
https://www.patria.fi/en/patria/ethical-code-conduct

[p.22] High Ethical Standards of Third Parties, such as Intermediaries and Market Representatives
In addition to Personnel, the agents, consultants, intermediaries, market representatives, service providers and other business partners that Patria engages all represent Patria and act for or on behalf of Patria. All such third parties are therefore expected to represent Patria and conduct their business in a way that meets high ethical standards and to comply with local legislation in all countries in which they operate. Business partners are to be evaluated and appointed in accordance with the applicable guidelines, including but not limited to the Business Partner Selection process. The evaluation and appointment process is transparent, authentication is consolidated, measured and traceable, and the partners are supervised.

Further guidelines in: Business Partner Selection
<table>
<thead>
<tr>
<th>Question</th>
<th>7.1.3 Does the company aim to establish the ultimate beneficial ownership of its agents and intermediaries?</th>
</tr>
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<tbody>
<tr>
<td>Score</td>
<td>1</td>
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<tr>
<td>Comments</td>
<td>Based on publicly available information, there is evidence that the company seeks to establish the ultimate beneficial ownership of agents and intermediaries as part of its due diligence process. There is evidence indicating that this scope of due diligence is repeated at least every two years, and that the company commits to not engaging or terminating an agent relationship if ultimate beneficial ownership cannot be established. However, there is no clear evidence that the company seeks to independently verify the ultimate beneficial ownership of its highest risk agents and intermediaries.</td>
</tr>
</tbody>
</table>

**Evidence**

[27] Summary of Business Partner Guidelines (Webpage)  
Accessed 06/05/2020  
https://www.patriagroup.com/about-us/selecting-business-partners  
Partner identification, Risk assessment and Integrity Due Diligence

When a Business Unit has identified a justified and valid need to engage a Business Partner for a specific market or business opportunity, to perform a legitimate business function, a team of individuals (including Compliance) participates in the identification, collection of materials, risk assessment and evaluation of potential Business Partner candidate(s). The team also ensures that integrity due diligence and background screening is conducted on the potential Business Partner(s) as part of the general Risk Assessment.

The scope of the Risk Assessment shall consider the context including the type and profile of Business Partner, ultimate beneficial ownership of the Business Partner, governance and compliance of the Business Partner, type of potential cooperation, scale, geography and any interaction with public officials and take into account our exposure to legal, financial and reputational risks. The Risk Assessment also considers the compensation model and potential compensation amount (incentives of the Business Partner).

[...]

Risks discovered in the due diligence are to be mitigated, and if not possible to mitigate to a level that is reasonably acceptable to Patria, such a Business Partner shall not be engaged by Patria. As an example, in case the ultimate beneficial owners of a higher risk Business Partner cannot established, Patria will not engage such a partner.

[...]

The Business Partner Agreement term should be limited to two (2) years and automatic renewal of the Agreement is not permitted. In case of renewal, the due diligence and background screening shall be completed to discover possible changes or new issues.

[2] Active in anti-corruption (Webpage)  
Accessed 05/09/2019  
Ethical and compliance requirements concerning collaboration with third parties

[...]

A documented Integrity Due Diligence is conducted when engaging and re-engaging third parties. It focuses on identifying risks not normally revealed through preliminary background screening. Typical areas of analysis include, for example, beneficial owners, questionable business practices, market reputation, negative media coverage, any political associations that may be of concern, regulatory violations and litigation history.

The scope of the Integrity Due Diligence considers the context in which third parties would be engaged, including the type and profile of Business Partner, type of potential cooperation, scale, geography, Transparency
International country corruption risk ranking, planned interaction by the third party with public officials, etc. The Due Diligence takes into account Patria’s exposure to legal, corruption, financial and reputational risks. If the potential Business Partner represents an intolerable, uncontrollable and non-remedial risk, any transaction with such Business Partner shall not be executed.
7.1.4 Does the company’s anti-bribery and corruption policy apply to all agents and intermediaries acting for or on behalf of the company, and does it require anti-bribery and corruption clauses in its contracts with these entities?

Score
2

Comments

There is evidence that the company’s Ethical Code of Conduct applies to all agents and intermediaries acting for or on behalf of the company. There is evidence that all agents and intermediaries are subject to anti-bribery and corruption clauses in their contracts, which include audit and termination rights.

Evidence

[27] Summary of Business Partner Guidelines (Webpage)
Accessed 06/05/2020
https://www.patriagroup.com/about-us>Selecting business partners

Concluding the Agreement, follow up and monitoring of Business Partner

The Business Partner Agreement term should be limited to two (2) years and automatic renewal of the Agreement is not permitted. In case of renewal, the due diligence and background screening shall be completed to discover possible changes or new issues.

The Agreement shall include the requirement to comply with Patria Ethical Code of Conduct or apply at least same level of ethics and integrity principles in the conduct of its business. Furthermore, there must be auditing rights for Patria to verify the business conduct and payments under the Agreement. The Agreement must entitle Patria to terminate the agreement in case of any suspected or alleged violation of anti-corruption, anti-bribery or any other ethics and/or compliance requirements that are to be specified in the Agreement.

Accessed 05/09/2019
https://www.patria.materialbank.net/NiboWEB/patria/getPublicFile.do?uuid=6272273&inline=false&ticket=900e128ee3a2f

[p.53] SUPPLIERS AND SUBCONTRACTORS
Patria shall make every effort to only deal with suppliers, subcontractors, consultants and agents who are prepared to work in accordance with the principles presented in Patria’s Code of Conduct. Patria requires that suppliers, subcontractors, consultants and agents comply with local legislation in all countries in which they operate. Risk evaluation, including ethical risks, is performed regularly.

[1] Ethical Code of Conduct (Document)
Accessed 05/09/2019
https://www.patria.fi/en/patria/ethical-code-conduct


The Code is applicable to all Patria personnel, including directors, managers, employees and agency workers ("Personnel"), including those of Patria’s subsidiaries.

[...] In addition, Patria expects and uses its best efforts to ensure that suppliers, subcontractors and other business partners (companies and individuals) acting in any capacity for or on behalf of Patria commit to Patria’s Code or have similar policies ensuring ethical conduct.

[p.22] High Ethical Standards of Third Parties, such as Intermediaries and Market Representatives
In addition to Personnel, the agents, consultants, intermediaries, market representatives, service providers and other business partners that Patria engages all represent Patria and act for or on behalf of Patria. All such third parties are therefore expected to represent Patria and conduct their business in a way that meets high ethical standards and to comply with local legislation in all countries in which they operate. Business partners are to be evaluated and appointed in accordance with the applicable guidelines, including but not limited to the Business Standards.
Partner Selection process. The evaluation and appointment process is transparent, authentication is consolidated, measured and traceable, and the partners are supervised.

Further guidelines in: Business Partner Selection

[2] Active in anti-corruption (Webpage)
Accessed 05/09/2019

Ethical and compliance requirements concerning collaboration with third parties

Patria’s Code of Conduct states that in addition to personnel, the agents, consultants, intermediaries, market representatives, service providers and other business partners that Patria engages all represent Patria and act for or on behalf of Patria and they are therefore expected to conduct their business in a way that meets high ethical standards. They are expected to comply with local legislation in all countries in which they operate.

[9] Responsibility (Webpage)
Accessed 05/09/2019

Responsibility, integrity and ethical business conduct - fundamentals for business operations - Tone of the Top

[...]

Patria also expects its business partners and suppliers to comply with Patria ethical business conduct requirements, specifically the requirements concerning anti-corruption and anti-bribery.
<table>
<thead>
<tr>
<th>Question</th>
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<tbody>
<tr>
<td>7.1.5 Does the company ensure that its incentive schemes for agents are designed in such a way that they promote ethical behaviour and discourage corrupt practices?</td>
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<tr>
<td>Score</td>
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<tr>
<td>Comments</td>
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<tr>
<td>Based on publicly available information, there is some evidence the company highlights incentive structures for agents as a factor in bribery and corruption risk. There is evidence that the company monitors the activities of its agents before making payments. However, there is no evidence that the company’s policy stipulates further controls on such payments, such as imposing a threshold on the payment of sales commissions to agents. There is also no evidence that the company requires payments to be made in stage payments or into local bank accounts.</td>
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<tr>
<th>Evidence</th>
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<tbody>
<tr>
<td>[27] Summary of Business Partner Guidelines (Webpage)</td>
</tr>
<tr>
<td>Accessed 06/05/2020</td>
</tr>
<tr>
<td>The Business Partner is required to issue regular reports concerning its activities for which the Agreement specifies any compensation. No payments are to be made to the Business Partner without due reporting justifying the payments for legitimate business activities. In general, the compensation model and incentive level shall always need to be justified by the experience, skills, amount and legitimate nature of services and activities of the Business Partner, and the activities and services to be performed by the Business Partner shall always be duly specified in the Agreement.</td>
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<tr>
<td>Patria specifies the incentive schemes for agents and intermediaries in such a manner that payments are made against legitimate, verified services. Main focus of payments shall be on payments made in arrears, for due performance of services that support successful deliveries of products and services and services that enable successful execution/completion of a project. Arrangements without clearly determined roles and deliverables are against Patria's principles and are not acceptable.</td>
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<tr>
<td>Question</td>
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<tr>
<td>7.1.6 Does the company publish details of all agents currently contracted to act with and on behalf of the company?</td>
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<th>Comments</th>
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<tbody>
<tr>
<td>There is no evidence that the company publishes any details of the agents currently contracted to act for and/or on its behalf.</td>
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<th>Evidence</th>
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<tbody>
<tr>
<td>No evidence found.</td>
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<tr>
<td>Question</td>
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<tr>
<td>----------------------------------</td>
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<tr>
<td>7.1.7 Does the company publish high-level results from incident investigations and sanctions applied against agents?</td>
</tr>
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<tbody>
<tr>
<td>The company publishes a statement that it received no reports of misconduct, launched no investigations and applied no disciplinary action against agents and intermediaries during the most recent reporting period.</td>
</tr>
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<table>
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<tr>
<th>Evidence</th>
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<tbody>
<tr>
<td>[2] Active in anti-corruption (Webpage)</td>
</tr>
<tr>
<td>Accessed 05/09/2019</td>
</tr>
<tr>
<td>Management and reporting to the Board and Audit Committee</td>
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[...]

There has not been reported serious cases (and therefore no investigations) concerning Patria personnel, suppliers, business partners or stakeholders. In case of serious incidents involving third parties (such as agents or intermediaries) the proceedings would in most cases be public, however taking into account requirements of the GDPR and any other confidentiality obligations.

| [26] Active in Anti-Corruption – Updated Page (Webpage) |
| Accessed 06/05/2020 |
| Investigations and corrective actions |

[...]

All reported concerns and unethical conduct incidents are reported to the Audit Committee. Serious cases are reported immediately and the investigations and corrective actions are followed up on by the Committee more frequently and as is appropriate depending on the nature of the case. Other (non-serious) concerns/incidents are reported to the Audit Committee regularly twice a year in a manner that the privacy regulations are met.

There has not been any serious reported cases in 2018 (and therefore no investigations) concerning Patria personnel, suppliers, business partners or stakeholders. In case of serious incidents involving third parties (such as agents or intermediaries), the proceedings would in most cases be public, further taking into account requirements of the GDPR and any other confidentiality obligations. Patria reports the results of the proceedings if they are public annually in its Annual Report.

| Accessed 04/09/2019 |
| [https://patria.materialbank.net/NiboWEB/patria/getPublicFile.do?uuid=6272273&inline=false&ticket=900e128ee3a2f1b1c7ba538e249985db6&type=original](https://patria.materialbank.net/NiboWEB/patria/getPublicFile.do?uuid=6272273&inline=false&ticket=900e128ee3a2f1b1c7ba538e249985db6&type=original) |
| [p.63] In addition to the other channels there is a channel for reporting unethical conduct. A significant proportion of the reports received via this channel concerned HR issues, mainly suspected cases of inappropriate conduct in the workplace. All reports were investigated and appropriate actions were taken. |
7.2 Joint Ventures

<table>
<thead>
<tr>
<th>Question</th>
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<tbody>
<tr>
<td>7.2.1 Does the company conduct risk-based anti-bribery and corruption due diligence when entering into and operating as part of joint ventures?</td>
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<tr>
<th>Comments</th>
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<tbody>
<tr>
<td>Based on publicly available information, there is evidence that the company has formal procedures to conduct risk-based anti-bribery and corruption due diligence on all of its joint venture partnerships prior to entering into the venture and at least every two years thereafter. There is also evidence indicating that due diligence includes establishing the ultimate beneficial ownership of the partner company, with enhanced due diligence for joint ventures operating in high risk countries or with high risk partners.</td>
</tr>
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<table>
<thead>
<tr>
<th>Evidence</th>
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</thead>
<tbody>
<tr>
<td>[27] Summary of Business Partner Guidelines (Webpage)</td>
</tr>
<tr>
<td>Accessed 06/05/2020</td>
</tr>
<tr>
<td>Scope – when the Business Partner Guidelines apply</td>
</tr>
<tr>
<td>The Guidelines apply to evaluation, selection and management of all sales- and marketing-related Business Partners, such as e.g. agents, consultants, teaming partners, distributors, resellers, intermediaries, joint venture collaboration parties, service providers (for specific projects) and to planned engagement of any business partner that may (even if not specifically addressed in the Guideline), for any reason, pose a reputational or other risk to Patria. The Guidelines specify the actions to be taken prior to entering into agreements with Business Partners, monitoring of the Business Partner, following up during the duration of a Business Partner Agreement and payments under such Agreement.</td>
</tr>
<tr>
<td>Partner identification, Risk assessment and Integrity Due Diligence</td>
</tr>
<tr>
<td>When a Business Unit has identified a justified and valid need to engage a Business Partner for a specific market or business opportunity, to perform a legitimate business function, a team of individuals (including Compliance) participates in the identification, collection of materials, risk assessment and evaluation of potential Business Partner candidate(s). The team also ensures that integrity due diligence and background screening is conducted on the potential Business Partner(s) as part of the general Risk Assessment.</td>
</tr>
<tr>
<td>The scope of the Risk Assessment shall consider the context including the type and profile of Business Partner, ultimate beneficial ownership of the Business Partner, governance and compliance of the Business Partner, type of potential cooperation, scale, geography and any interaction with public officials and take into account our exposure to legal, financial and reputational risks. The Risk Assessment also considers the compensation model and potential compensation amount (incentives of the Business Partner).</td>
</tr>
<tr>
<td>Mandatory partner background screening (for all potential partners) and examination aims for instant recognition of possible integrity risks, such as allegations or incidences of corruption, fraud, money laundering, or other unethical or illegal practices. The screening is performed by gathering independent open source information and includes, but is not limited to, screening various sanctions lists, politically exposed person (PEP) status, potential investigations and media search.</td>
</tr>
<tr>
<td>If any potential risk areas or Red Flags are identified during the examination, or if discrepancies are revealed regarding material information provided in the self-assessment documentation, a new Risk Assessment (including the new issues) shall be performed and an increased examination level considered. The issues shall be clearly explained and referred to in the examination documentation.</td>
</tr>
<tr>
<td>More detailed, enhanced due diligence and Integrity Due Diligence (IDD) focuses on identifying risks not normally revealed through preliminary mandatory background screening. Typical areas of analysis include, for example,</td>
</tr>
</tbody>
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69
questionable business practices, market reputation, negative media coverage, any political associations that may be of concern, regulatory violations and litigation history. Also, in case any red flags or concerns are raised or discovered during the initial mandatory screening, a follow-up of a more detailed IDD will be conducted. Agents and higher risk intermediaries (including risk based on country, incentives, etc.) are always subject to a more detailed IDD and enhanced due diligence.

Risks discovered in the due diligence are to be mitigated, and if not possible to mitigate to a level that is reasonably acceptable to Patria, such a Business Partner shall not be engaged by Patria. As an example, in case the ultimate beneficial owners of a higher risk Business Partner cannot established, Patria will not engage such a partner. In case of a significant change in the business relationship, a new IDD is to be completed. In addition, some high-risk Business Partners may need continuous follow-up through screening tools available and otherwise.

Concluding the Agreement, follow up and monitoring of Business Partner

The Business Partner Agreement term should be limited to two (2) years and automatic renewal of the Agreement is not permitted. In case of renewal, the due diligence and background screening shall be completed to discover possible changes or new issues.

[28] Due Diligence Guidelines - Joint Ventures Mergers and Acquisitions (Webpage)
Accessed 06/05/2020

This Guideline sets requirements for Compliance Due Diligence on Joint ventures, Mergers and Acquisitions. Due Diligence for Business Partners is specified in the Business Partner process.

When Patria wishes to engage in new business opportunities, there are the following options to collaborate with other companies. Patria may engage a Business Partner (such as consultant, market representative, agent, teaming partner), enter into a strategic partnership where the companies keep their separate identities, or join up with one or more partners to establish a third entity, a joint venture company or partnership (contractual or an equity arrangement). Alternatively, Patria may acquire an existing company partially (merger) or wholly (acquisition) (jointly referred to as M&A).

Whatever the form of planned transaction or collaboration is, it is of essential importance for Patria to ensure that it only does business with reliable parties whose business conduct is sufficient according to Patria’s high standards. Due to the risks, the corruption index/level of the country where Patria considers entering into will also be evaluated and considered and risks mitigated by all means.

STEPS OF DUE DILIGENCE

The due diligence is generally conducted in two steps: General due diligence in the early stages of the potential transaction and a more thorough due diligence when the structure of the transaction has been considered further, to focus on the specific areas of needed due diligence. The information acquired through documentation should be supplemented and verified through other sources where available (such as independent company investigations firms in the specific country, embassies, business associations).

In addition to documentation based due diligence, the process will also include meetings and discussions between Patria, its legal, financial and tax advisors with management and key persons of the target company or potential partner company. The main purpose of such meetings is to go through the due diligence requirements together and explain Patria’s expectations on e.g. ethics and compliance standards and the purpose of the ethics and compliance due diligence and to gather further explanations from the target company or potential partner.

SPECIFIC ITEMS OF DUE DILIGENCE REGARDING ETHICS AND COMPLIANCE

What comes to due diligence on issues related to ethics and compliance, especially corruption and anti-bribery, the purpose is to determine whether or not the entity’s ethical standard is acceptable. To determine if there are any previous compliance issues, the following factors are reviewed, screened and evaluated:

1) The party’s industry/sector; 2) the party’s location (based on e.g. Transparency International Corruption Perceptions Index; 3) the party public adverse media risk profile and compliance program; 4) reputational issues, history of previous compliance issues, anti-corruption and compliance system; 5) corporate, civil and criminal
documents, investigations, litigation, administrative proceedings, court filings, government authority decisions or orders; 6) company structures, ownership (especially focus on ultimate beneficial owners), directors, management and key persons; 7) potentially vulnerable corporate relationships; 8) third party controls and financial records; 9) involvement of PEPs, related third parties such as political associates; 10) anti-trust and competition law, GDPR etc. legislative compliance.

[2] Active in anti-corruption (Webpage)
Accessed 05/09/2019

Ethical and compliance requirements concerning collaboration with third parties

[...]

In addition to what is stated in the Patria’s Ethical Code of Conduct, Patria has a Business Partner Management Guideline and Process. This Guideline and the process regulate how Business partners are evaluated (incl. financial, ethical, anti-corruption, reputational, compliance evaluation and integrity due diligence screening) and appointed. The evaluation and appointment process is transparent, authentication is consolidated, measured and traceable, and the partners are supervised. In these Guidelines Patria reaffirms its zero tolerance for corruption and bribery. Patria does not accept unethical or corrupt behavior by its directors, managers or employees and expects similar compliance and ethical business conduct from its business partners, such as agents, consultants, intermediaries, service providers and joint venture partners.

A documented Integrity Due Diligence is conducted when engaging and re-engaging third parties. It focuses on identifying risks not normally revealed through preliminary background screening. Typical areas of analysis include, for example, beneficial owners, questionable business practices, market reputation, negative media coverage, any political associations that may be of concern, regulatory violations and litigation history.

The scope of the Integrity Due Diligence considers the context in which third parties would be engaged, including the type and profile of Business Partner, type of potential cooperation, scale, geography, Transparency International country corruption risk ranking, planned interaction by the third party with public officials, etc. The Due Diligence takes into account Patria’s exposure to legal, corruption, financial and reputational risks. If the potential Business Partner represents an intolerable, uncontrollable and non-remedial risk, any transaction with such Business Partner shall not be executed.

Similar procedures regarding Integrity Due Diligence is conducted when engaging with Joint Ventures, to evaluate the ethics and anti-corruption program or maturity of the potential Joint Venture partner and to evaluate the risk level. In the agreements with a Joint Venture partner anti-corruption and ethical business conduct will be clearly stated as a precondition for entering into a Joint Venture and continuing cooperation with the same.

[1] Ethical Code of Conduct (Document)
Accessed 05/09/2019
https://www.patria.fi/en/patria/ethical-code-conduct

[p.22] High Ethical Standards of Third Parties, such as Intermediaries and Market Representatives

In addition to Personnel, the agents, consultants, intermediaries, market representatives, service providers and other business partners that Patria engages all represent Patria and act for or on behalf of Patria. All such third parties are therefore expected to represent Patria and conduct their business in a way that meets high ethical standards and to comply with local legislation in all countries in which they operate. Business partners are to be evaluated and appointed in accordance with the applicable guidelines, including but not limited to the Business Partner Selection process. The evaluation and appointment process is transparent, authentication is consolidated, measured and traceable, and the partners are supervised.

Further guidelines in: Business Partner Selection
7.2.2 Does the company commit to incorporating anti-bribery and corruption policies and procedures in all of its joint venture partnerships, and does it require anti-bribery and corruption clauses in its contracts with joint venture partners?

Score 2

Comments

Based on publicly available information, the company commits to establishing and implementing anti-bribery and corruption policies in all of its joint ventures by developing a programme based on the company’s existing policies. The company also states that it includes anti-corruption clauses in contracts with joint venture partners and there is evidence that these clauses include audit and termination rights.

Evidence

[28] Due Diligence Guidelines - Joint Ventures Mergers and Acquisitions (Webpage)
Accessed 06/05/2020

AFTER COMPLETION OF TRANSACTION

After due diligence and as the transaction progresses, and in the strategic partnership agreement or shareholders agreement Patria requires terms and conditions granting Patria the right to implement and expect further development of first-class corporate governance, ethics and compliance processes and policies in the target or partner company.

After the merger, acquisition or strategic partnership is concluded and the transaction completed, Patria uses the due diligence materials, findings and the information acquired in the management discussions for the purposes of integration of the target company or potential partner with Patria. A critical focus in integration of any merged or acquired company is in ensuring that the corporate governance, ethics and compliance processes and policies are in line with the Patria standards. Patria implements its processes, policies and principles in the target company or partner company and develops those further as ongoing business is conducted.

CONCLUSION

Sometimes the deal may fail when the due diligence reveals high risks connected to the transaction or partnering and subsequent operations. Sometimes such risks cannot be overcome by the agreement, warranty, indemnification or other legal safeguard. Patria’s policy is to always ensure there is always a closing condition and an exit mechanism due to hidden flaws or risks discovered during the process or thereafter especially in case of corruption or bribery which has not been discovered earlier in the process.

[27] Summary of Business Partner Guidelines (Webpage)
Accessed 06/05/2020
https://www.patriagroup.com/about-us/selecting-business-partners

Concluding the Agreement, follow up and monitoring of Business Partner

The Business Partner Agreement term should be limited to two (2) years and automatic renewal of the Agreement is not permitted. In case of renewal, the due diligence and background screening shall be completed to discover possible changes or new issues.

The Agreement shall include the requirement to comply with Patria Ethical Code of Conduct or apply at least same level of ethics and integrity principles in the conduct of its business. Furthermore, there must be auditing rights for Patria to verify the business conduct and payments under the Agreement. The Agreement must entitle Patria to terminate the agreement in case of any suspected or alleged violation of anti-corruption, anti-bribery or any other ethics and/or compliance requirements that are to be specified in the Agreement.

Patria’s business partners and critical suppliers are also subjected to a thorough advance review, and contractual obligations concerning ethical conduct are defined for such parties.

[2] Active in anti-corruption (Webpage)
Accessed 05/09/2019
Ethical and compliance requirements concerning collaboration with third parties

[...]

In addition to what is stated in the Patria’s Ethical Code of Conduct, Patria has a Business Partner Management Guideline and Process. This Guideline and the process regulate how Business partners are evaluated (incl. financial, ethical, anti-corruption, reputational, compliance evaluation and integrity due diligence screening) and appointed. The evaluation and appointment process is transparent, authentication is consolidated, measured and traceable, and the partners are supervised. In these Guidelines Patria reiterates its zero tolerance for corruption and bribery. Patria does not accept unethical or corrupt behavior by its directors, managers or employees and expects similar compliance and ethical business conduct from its business partners, such as agents, consultants, intermediaries, service providers and joint venture partners.

[1] Ethical Code of Conduct (Document)
Accessed 04/09/2019
https://www.patria.fi/en/patria/ethical-code-conduct

[...]

Patria commits its best efforts to implement the Code (or ensure adoption of a similar set of policies) in companies in which Patria has invested but does not own a majority of shares or exercise effective control. In addition, Patria expects and uses its best efforts to ensure that suppliers, subcontractors and other business partners (companies and individuals) acting in any capacity for or on behalf of Patria commit to Patria’s Code or have similar policies ensuring ethical conduct.

[15] Stakeholder collaboration (Webpage)
Accessed 05/09/2019
Stakeholder collaboration

Patria collaborates with national and international stakeholders, such as private operators, state owned enterprises, governments and government officials and agencies on a variety of levels and in numerous ways (e.g. as a corporate citizen, tax payer, supplier, business partner and employer). Collaborating and conducting business with any and all of these stakeholders requires high ethical standards, integrity and transparency. This collaboration is subject to strict requirements concerning anti-corruption and anti-bribery as well as requirements concerning procurement practices, lobbying, sponsoring, representation, conflict of interest situations, gifts and benefits.

[9] Responsibility (Webpage)
Accessed 05/09/2019
Responsibility, integrity and ethical business conduct - fundamentals for business operations - Tone of the Top

[...]

Patria also expects its business partners and suppliers to comply with Patria ethical business conduct requirements, specifically the requirements concerning anti-corruption and anti-bribery.
<table>
<thead>
<tr>
<th>Question</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.2.3 Does the company commit to take an active role in preventing bribery and corruption in all of its joint ventures?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Based on publicly available information, there is some evidence that the company commits to take an active role in preventing bribery and corruption in all its joint ventures. However, there is no evidence that the company provides practical details to support this statement or to indicate how it might do so in practice.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Evidence</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>[28] Due Diligence Guidelines - Joint Ventures Mergers and Acquisitions</strong></td>
</tr>
<tr>
<td>Accessed 06/05/2020</td>
</tr>
</tbody>
</table>

When Patria wishes to engage in new business opportunities, there are the following options to collaborate with other companies. Patria may engage a Business Partner (such as consultant, market representative, agent, teaming partner), enter into a strategic partnership where the companies keep their separate identities, or join up with one or more partners to establish a third entity, a joint venture company or partnership (contractual or an equity arrangement). Alternatively, Patria may acquire an existing company partially (merger) or wholly (acquisition) (jointly referred to as M&A).

Whatever the form of planned transaction or collaboration is, it is of essential importance for Patria to ensure that it only does business with reliable parties whose business conduct is sufficient according to Patria’s high standards. Due to the risks, the corruption index/level of the country where Patria considers entering into will also be evaluated and considered and risks mitigated by all means.

AFTER COMPLETION OF TRANSACTION

After due diligence and as the transaction progresses, and in the strategic partnership agreement or shareholders agreement Patria requires terms and conditions granting Patria the right to implement and expect further development of first-class corporate governance, ethics and compliance processes and policies in the target or partner company.

After the merger, acquisition or strategic partnership is concluded and the transaction completed, Patria uses the due diligence materials, findings and the information acquired in the management discussions for the purposes of integration of the target company or potential partner with Patria. A critical focus in integration of any merged or acquired company is in ensuring that the corporate governance, ethics and compliance processes and policies are in line with the Patria standards. Patria implements its processes, policies and principles in the target company or partner company and develops those further as ongoing business is conducted.
8. Offsets

<table>
<thead>
<tr>
<th>Question</th>
<th>8.1 Does the company explicitly address the corruption risks associated with offset contracting, and is a dedicated body, department or team responsible for oversight of the company’s offset activities?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Score</td>
<td>1</td>
</tr>
<tr>
<td>Comments</td>
<td>Based on publicly available information, there is evidence that the company recognises the ethical and compliance risks associated with offset contracting, but there is limited evidence of policies and processes to address these. There is evidence that the company has a dedicated department involved in managing its offset obligations, and this department is understood to be responsible for monitoring company’s offset activities throughout the lifecycle of each project. However, the company receives a score of ‘1’ because there is no evidence that all employees within the team receive tailored anti-bribery and corruption training on the potential corruption risks associated with offsets.</td>
</tr>
</tbody>
</table>

**Evidence**

[18] Industrial Participation (Webpage)  
Accessed 05/09/2019  

The absolute requirements for all industrial participation arrangements and activities are the following:

- Applicable laws, regulations and international treaties allow industrial participation arrangements and the arrangement is in compliance with the laws and regulations
- The arrangements are in compliance with Patria Group’s ethical and compliance policies and guidelines related to industrial participation and Patria Ethical Code of Conduct and related policies and guidelines

[...]

Performance of industrial participation obligations of Patria:

- Patria Group’s industrial participation obligations are conducted materially within Patria’s Land business unit (estimated presently at 95% of Patria Group’s industrial participation related obligations). The industrial participation obligations of the other business units are minor, if any
- Land business unit has specific processes and defined roles and responsibilities concerning industrial participation activities during marketing and as well as sales activities and concerning implementation of industrial participation contracts. Vice President, Offset and Industrial Participation, is the Head and team leader of the Industrial Participation unit, which consists of Offset Project Managers and Offset Business Development Managers, and manages all Patria’s industrial participation activities.

Accessed 05/09/2019  
https://patria.materialbank.net/NiboWEB/patria/getPublicFile.do?uuid=6272273&inline=false&ticket=900e128ee3a2fb1c7ba538e249985db6&type=original  
[p.116, same text as above]
### Question

8.2 Does the company conduct risk-based anti-bribery and corruption due diligence on all aspects of its offset obligations, which includes an assessment of the legitimate business rationale for the investment?

### Score

1

### Comments

Based on publicly available information, there is evidence that the company has formal procedures in place to conduct risk-based anti-bribery and corruption due diligence on its offset obligations.

However, there is no evidence that the process specifically includes checks on beneficial ownership and conflicts of interest. There is also no evidence that the company seeks to assure itself of the legitimacy of the investment or that the company refreshes due diligence continuously or at least when there is a significant change in the business relationship or nature of the partner.

### Evidence

Accessed 05/09/2019
[https://patria.materialbank.net/NiboWEB/patria/getPublicFile.do?uuid=6272273&inline=false&ticket=900e128ee3a2f1b1c7ba538e249985db6&type=original](https://patria.materialbank.net/NiboWEB/patria/getPublicFile.do?uuid=6272273&inline=false&ticket=900e128ee3a2f1b1c7ba538e249985db6&type=original)

[p.116] The absolute requirements for all industrial participation arrangements and activities are the following:

[...]

- The arrangement is acceptable and subject to applicable integrity due diligence on any and all business partners and vendors related to such industrial participation arrangements and transactions, with special focus on ensuring anti-corruption and anti-bribery.
<table>
<thead>
<tr>
<th>Question</th>
<th>8.3 Does the company publish details of all offset agents and brokers currently contracted to act with and/or on behalf of the company?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Score</td>
<td>0</td>
</tr>
<tr>
<td>Comments</td>
<td>There is no evidence that the company publishes any details of the offset agents, brokers or consultancy firms currently contracted to act with and on behalf of its offset programme.</td>
</tr>
<tr>
<td>Evidence</td>
<td>No evidence found.</td>
</tr>
<tr>
<td>Question</td>
<td></td>
</tr>
<tr>
<td>---------------------------------</td>
<td></td>
</tr>
<tr>
<td><strong>8.4 Does the company publish details about the beneficiaries of its indirect offset projects?</strong></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Based on publicly available information, there is evidence that the company participates in indirect offset arrangements. However, there is no evidence that the company publishes details about the beneficiaries of these projects.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Evidence</th>
</tr>
</thead>
<tbody>
<tr>
<td><a href="https://patria.materialbank.net/NiboWEB/patria/getPublicFile.do?uuid=6272273:inline=false&amp;ticket=900e128ee3a2f61cb7ba538e249985db6&amp;type=original">https://patria.materialbank.net/NiboWEB/patria/getPublicFile.do?uuid=6272273:inline=false&amp;ticket=900e128ee3a2f61cb7ba538e249985db6&amp;type=original</a></td>
</tr>
</tbody>
</table>

[p. 48] Patria continued its close cooperation with the Finnish Defence Forces as planned and for its part participated in the preparations for the Defence Forces big projects such as (HX, SQ 2020).

In international market, Patria continued co-operation in the ongoing projects, eg. Slovakia, Poland, UEA.

[p. 80] Outlook
Patria's domestic customer, the Finnish Defence Forces, has significant projects (HX and SQ 2020) in progress. Industrial participation is extremely important and a great opportunity to Patria. General development and changes in the security environment have also increased defence budgets and readiness requirements.

[p.116] In its export activities Patria is participating in direct or indirect industrial participation arrangements and activities where, and to the extent that, such are required by the specific government procuring defense equipment from Patria, and where such activities and arrangements create and add value directly (activities related to performance of the main agreement) or indirectly (activities unrelated to performance of the main agreement).
9. High Risk Markets

<table>
<thead>
<tr>
<th>Question</th>
</tr>
</thead>
<tbody>
<tr>
<td>9.1 Does the company have enhanced risk management procedures in place for the supply of goods or services to markets or customers in countries identified as at a high risk of corruption?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Based on publicly available information, there is some evidence that the company acknowledges the corruption risks of operating in different markets. There is evidence that it assesses country risk as part of its due diligence processes, which it conducts when operating internationally. However, the company receives a score of ‘1’ because there is no clear evidence that the results of these assessments have an impact on business decisions or trigger the implementation of additional controls.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Evidence</th>
</tr>
</thead>
</table>
| [27] Summary of Business Partner Guidelines (Webpage) Accessed 06/05/2020 [https://www.patriagroup.com/about-us/selecting-business-partners] The scope of the Risk Assessment shall consider the context including the type and profile of Business Partner, ultimate beneficial ownership of the Business Partner, governance and compliance of the Business Partner, type of potential cooperation, scale, geography and any interaction with public officials and take into account our exposure to legal, financial and reputational risks. The Risk Assessment also considers the compensation model and potential compensation amount (incentives of the Business Partner). 

More detailed, enhanced due diligence and Integrity Due Diligence (IDD) focuses on identifying risks not normally revealed through preliminary mandatory background screening. Typical areas of analysis include, for example, questionable business practices, market reputation, negative media coverage, any political associations that may be of concern, regulatory violations and litigation history. Also, in case any red flags or concerns are raised or discovered during the initial mandatory screening, a follow-up of a more detailed IDD will be conducted. Agents and higher risk intermediaries (including risk based on country, incentives, etc.) are always subject to a more detailed IDD and enhanced due diligence. |


Risk management and internal control are an important part of Patria’s management and control systems. Risk management and internal control do regular assessments to ensure appropriate reporting, risk management, integrity, ethical business conduct and compliance with laws and regulations as well as Patria guidelines and processes. Through integrity, compliance and high ethical standards of business conduct Patria reputation and value of its assets are also ensured. 

[...] Patria’s Group functions provide guidelines for risk management and internal control and perform monitoring on different levels in their respective organizations. An internal audit function and the internal and external auditors and security and quality auditors evaluate the effectiveness of risk management and internal control. In addition, Patria customers execute different audits and perform different control activities to ensure compliance by Patria with the customer requirements. 

Risk is understood as the effect of uncertainty, negative or positive, on objectives of Patria’s operations, profitability and other areas. Risk management is a process which ensures that the risks and opportunities are identified, assessed and treated in an appropriate way and extensively enough. Risk management helps to ensure achievement of the objectives and avoidance of losses to the resources.
[2] Active in anti-corruption (Webpage)
Accessed 05/09/2019

Ethical and compliance requirements concerning collaboration with third parties

A documented Integrity Due Diligence is conducted when engaging and re-engaging third parties. It focuses on identifying risks not normally revealed through preliminary background screening. Typical areas of analysis include, for example, beneficial owners, questionable business practices, market reputation, negative media coverage, any political associations that may be of concern, regulatory violations and litigation history.

The scope of the Integrity Due Diligence considers the context in which third parties would be engaged, including the type and profile of Business Partner, type of potential cooperation, scale, geography, Transparency International country corruption risk ranking, planned interaction by the third party with public officials, etc. The Due Diligence takes into account Patria’s exposure to legal, corruption, financial and reputational risks. If the potential Business Partner represents an intolerable, uncontrollable and non-remedial risk, any transaction with such Business Partner shall not be executed.

[19] Locations (Webpage)
Accessed 05/09/2019
https://www.patria.fi/en/contact/locations

Patria operates in Finland in over 30 locations. Patria’s Headquater is located in Helsinki.
Patria has operations also in Sweden in Arlanda, Linköping, Luleå, Ronneby, Boden, Östersund, Göteborg and Malmö.
In Norway Patria operates in Bardufoss.
The Estonian operations take place in Tallinn and Võru.
Latvia office is located in Riga.
Question

9.2 Does the company disclose details of all of its fully consolidated subsidiaries and non-fully consolidated holdings (associates, joint ventures and other related entities)?

Score

1

Comments

Based on publicly available information, there is evidence that the company publishes lists of its consolidated subsidiaries and non-fully consolidated holdings. The publicly available lists include the percentages owned and the countries of incorporation for each entity. There is evidence that the company publishes this information on an annual basis.

However, there is no evidence that the company publishes further information on the country or countries of operation for each entity.

Evidence

Accessed 09/09/2019
https://patria.materialbank.net/NiboWEB/patria/getPublicFile.do?uuid=6272273&inline=false&ticket=900e128ee3a2f
b1c7ba538e249985db6&type=original
[p.99]

12. Investments in joint ventures

<table>
<thead>
<tr>
<th>Domicile</th>
<th>Ownership %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ræftoys, Norway</td>
<td>50.0</td>
</tr>
<tr>
<td>Stockholm, Sweden</td>
<td>50.0</td>
</tr>
<tr>
<td>Helsinki, Finland</td>
<td>25.0</td>
</tr>
</tbody>
</table>

[103]

23. Related party transactions

<table>
<thead>
<tr>
<th>Subsidiary</th>
<th>Domicile</th>
<th>Ownership %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Patria Aviation Oy</td>
<td>Järnsä, Finland</td>
<td>100.0</td>
</tr>
<tr>
<td>Patria Aerostructures Oy</td>
<td>Järnsä, Finland</td>
<td>100.0</td>
</tr>
<tr>
<td>Patricomp Oy</td>
<td>Järnsä, Finland</td>
<td>100.0</td>
</tr>
<tr>
<td>Patria Helicopters AS</td>
<td>Bardufoss, Norway</td>
<td>100.0</td>
</tr>
<tr>
<td>Patria Pilot Training Oy</td>
<td>Helsinki, Finland</td>
<td>100.0</td>
</tr>
<tr>
<td>Patria Svenska AB</td>
<td>Sigtuna, Sweden</td>
<td>100.0</td>
</tr>
<tr>
<td>Patria Helicopters AB</td>
<td>Sigtuna, Sweden</td>
<td>100.0</td>
</tr>
<tr>
<td>Patria Estonia OÜ</td>
<td>Tallinn, Estonia</td>
<td>100.0</td>
</tr>
<tr>
<td>Patria ISP Oy</td>
<td>Helsinki, Finland</td>
<td>100.0</td>
</tr>
<tr>
<td>Patria Land Services Oy</td>
<td>Helsinki, Finland</td>
<td>100.0</td>
</tr>
<tr>
<td>Patria Land Systems Oy</td>
<td>Helsinki, Finland</td>
<td>100.0</td>
</tr>
<tr>
<td>Patria Land Middle East</td>
<td>Abu Dhabi, United Arab Emirates</td>
<td>100.0</td>
</tr>
<tr>
<td>Patria Land Sverige AB</td>
<td>Stockholm, Sweden</td>
<td>100.0</td>
</tr>
<tr>
<td>Patria Land Systems SA (Pty) Ltd</td>
<td>Pretoria, South Africa</td>
<td>100.0</td>
</tr>
<tr>
<td>Klinteistö Oy Hameenlinnan Vanajapotri</td>
<td>Hämeenlinna, Finland</td>
<td>100.0</td>
</tr>
<tr>
<td>Patria Polske Sp. z.o.o.</td>
<td>Warsaw, Poland</td>
<td>100.0</td>
</tr>
<tr>
<td>Millog Oy</td>
<td>Tampere, Finland</td>
<td>61.8</td>
</tr>
<tr>
<td>Oricopa Klinteistö Oy</td>
<td>Orivesi, Finland</td>
<td>100.0</td>
</tr>
<tr>
<td>Senop Oy</td>
<td>Kangasala, Finland</td>
<td>100.0</td>
</tr>
<tr>
<td>Milrem LCM OÜ</td>
<td>Tallinn, Estonia</td>
<td>60.0</td>
</tr>
</tbody>
</table>
9.3 Does the company disclose its beneficial ownership and control structure?

Score

1

Comments

Based on publicly available information, there is evidence that the company discloses its control structure and beneficial ownership on its website. The company indicates that the State of Finland owns 50.1% of its shares, while the remaining 49.9% of shares are held by a company affiliated with the Norwegian defence company Kongsberg Gruppen ASA.

The company receives a score of ‘1’ because there is no evidence that its ownership information is disclosed in a freely available and readily accessible central public register. Basic information on the company can be found in the Finnish corporate register, but further details on its ownership and shareholders is not freely accessible.

Evidence

[20] Corporate structure and shareholder voting rights (Webpage)
Accessed 09/09/2019

Corporate structure and shareholder voting rights

Patria Oyj is a public limited liability company owned by the State of Finland (50.1%) and by Kongsberg Defence and Aerospace AS (49.9%). The shares and votes are as specified below:

<table>
<thead>
<tr>
<th></th>
<th>Shares and votes</th>
</tr>
</thead>
<tbody>
<tr>
<td>The State of Finland</td>
<td>13,948,786</td>
</tr>
<tr>
<td>Kongsberg Defence &amp; Aerospace AS</td>
<td>13,893,103</td>
</tr>
<tr>
<td>Total</td>
<td>27,841,889</td>
</tr>
</tbody>
</table>

Kongsberg Defence & Aerospace AS (reg. nro: 978 614 582) is owned 100% by Kongsberg Gruppen ASA (reg. nro: 943 753 709). Kongsberg Gruppen ASA is a publicly traded company listed on the Oslo Stock Exchange. The Norwegian state owns 50.001% of the shares.

There are no beneficial owners in Patria Oyj.

[29] Finland Corporate Registry Entry (Webpage)
Accessed 06/05/2020
https://virre.prh.fi/novus/companySearch?execution=e2s3
Patria is owned by the State of Finland (50.1%) and Norwegian Kongsberg Defence & Aerospace AS (49.9%). Patria owns 50% of Norwegian Nammo, and together these three companies form a leading Nordic defence partnership.

CONSOLIDATION AND CLOSER PARTNERSHIPS
International competition in defence markets is getting even tougher. This has led to consolidation, with larger operators forming in the market. Patria’s ownership structure constitutes significant consolidation: Patria is owned by the Finnish State (50.1%) and Kongsberg Defence & Aerospace AS (49.9%). This structure is supported by the Nammo Group, which is owned 50-50 by Patria and the Norwegian State.
**Question**

9.4 Does the company publish a percentage breakdown of its defence sales by customer?

**Score**

1

**Comments**

There is evidence that the company publishes some information on its major customers, indicating that defence products and maintenance account for 92% of its net sales and that Finland accounted for approximately 67% of its sales in the most recently reported financial year. Within Finland, the company states that its main customer is the Finnish Defence Forces.

However, the company receives a score of ‘1’ because the company does not provide further information on its major customers for defence sales specifically. The company provides some information on its sales outside of Finland, but not in the form of percentages or figures to indicate the extent of these relationships.

**Evidence**

Accessed 09/09/2019

https://patria.materialbank.net/NiboWEB/patria/getPublicFile.do?uuid=6272273&inline=false&ticket=900e128ee3a2f
b1c7ba538e249985db6&type=original

[p.11] Patria’s biggest Finnish customer (the Finnish Defence Forces) has currently a number of record-breaking large projects on the go (HX, Squadron 2020).

[p.18] Aviation

The Aviation business unit provides aircraft life-cycle support services and pilot training for its military and civilian aviation customers. Maintenance and repair services for industrial gas turbines and diesel engines are another key business sector for Aviation. The main customers are the Finnish Navy, European nuclear power plants and other energy industry companies.

[p.44] Patria has an important role in the security of supply in Finnish society as a strategic partner of the Finnish Defence Forces.

[p. 78] NET SALES AND PROFITABILITY

The Group’s net sales for the financial period totalled EUR 476.1 million (EUR 467.2 million in 2017 and EUR 489.9 million in 2016). Defence material and maintenance accounted for 92% (94%) and civilian products for 8% (6%) of the net sales. Sales outside Finland for the financial period accounted for 27% (33%) of the net sales. The Group’s operating profit for the financial period was EUR 35.9 million, representing 7.5% of net sales (2017: EUR 34.6 million, 7.4%; 2016: EUR 74.6 million, 15.2%). The consolidated income before taxes for the financial period amounted to EUR 33.7 million (2017: EUR 32.1 million; 2016: EUR 71.7 million). The Group’s return on equity for the financial period was 11.8% (2017: 10.7%; 2016: 26.2%). Patria Group’s net sales and profitability for the financial period increased from the previous year mainly due to the large projects causing annual fluctuation. The Squadron 2000 project started, and Patria had an active role as strategic partner of the Finnish Defence Forces and in assisting in the HX Fighter Program.
# 10. State-Owned Enterprises (SOEs)

<table>
<thead>
<tr>
<th>Question</th>
<th>Score</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>10.1 Does the SOE publish a breakdown of its shareholder voting rights?</strong></td>
<td>2</td>
<td>There is evidence that the company publishes information about its shareholder voting rights alongside its ownership information.</td>
</tr>
</tbody>
</table>

## Evidence

[20] **Corporate structure and shareholder voting rights (Webpage)**  
Accessed 09/09/2019  

Corporate structure and shareholder voting rights

Patria Oyj is a public limited liability company owned by the State of Finland (50.1%) and by Kongsberg Defence and Aerospace AS (49.9%). The shares and votes are as specified below:

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>Shares and Votes</th>
</tr>
</thead>
<tbody>
<tr>
<td>The State of Finland</td>
<td>13,948,786 shares and votes</td>
</tr>
<tr>
<td>Kongsberg Defence &amp; Aerospace AS</td>
<td>13,893,103 shares and votes</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>27,841,889 shares and votes</td>
</tr>
</tbody>
</table>

Kongsberg Defence & Aerospace AS (reg. nro: 978 614 582) is owned 100% by Kongsberg Gruppen ASA (reg. nro: 943 753 709). Kongsberg Gruppen ASA is a publicly traded company listed on the Oslo Stock Exchange. The Norwegian state owns 50.001% of the shares.

There are no beneficial owners in Patria Oyj.
Question

10.2 Are the SOE’s commercial and public policy objectives publicly available?

Score

2

Comments

There is evidence that the company publishes its commercial and public policy objectives on an annual basis.

Evidence

Accessed 09/09/2019
https://patria.materialbank.net/NiboWEB/patria/getPublicFile.do?uuid=6272273:inline=false&ticket=900e128ee3a2f1b1c7ba538e249985db6&type=original
[p.48]

<table>
<thead>
<tr>
<th>Essential area of corporate responsibility</th>
<th>Role as a partner of the Finnish Defence Forces and security of supply</th>
<th>Responsible defence export practices</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Long-term objectives</strong></td>
<td>To be a sought-after and trusted partner</td>
<td>To be a trusted exporter of defence material</td>
</tr>
<tr>
<td><strong>Indicators</strong></td>
<td>A corporate image survey:</td>
<td>a) Level B based on the external results of Transparency International Defence Companies Anti-Corruption Index.</td>
</tr>
<tr>
<td></td>
<td>a) Patria operates on a customer-oriented basis (3.76 in 2017), goal of 4 in 2020.</td>
<td>b) 100% of employees whose work is export-related, has got specific ethics and compliance training.</td>
</tr>
<tr>
<td></td>
<td>b) Patria operates in a networked manner and in good cooperation with partners (3.81), goal of 4 in 2020.</td>
<td></td>
</tr>
<tr>
<td><strong>Realisation 2018</strong></td>
<td>Patria continued its close cooperation with the Finnish Defence Forces as planned and for its part participated in the preparations for the Defence Forces big projects such as (HX, SQ 2020).</td>
<td>Transparency International UK’s Defence Companies Anti-corruption Index 2019 related draft questionnaire was evaluated and feedback was provided.</td>
</tr>
<tr>
<td></td>
<td>In International market, Patria continued co-operation in the ongoing projects, eg. Slovakia, Poland, UAE.</td>
<td>Patria examined its anti-corruption policies and processes, updated the related information at <a href="http://www.patria.fi">www.patria.fi</a>.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>In-depth class-room ethics and compliance training for top/middle management, marketing and sales, procurement, offset and finance teams was prepared, and Patria Board of Management was trained.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Business Partner Selection related training was offered to 120 persons in different business unit.</td>
</tr>
<tr>
<td>Ethical operations and good governance</td>
<td>Financial performance</td>
<td>Occupational well-being</td>
</tr>
<tr>
<td>----------------------------------------</td>
<td>-----------------------</td>
<td>------------------------</td>
</tr>
<tr>
<td>To be recognised as an ethical operator in the industry</td>
<td>Financial profitability</td>
<td>To offer a safe and inspiring working environment for all employees</td>
</tr>
</tbody>
</table>
| a) Annual training for the entire staff each year, with 100% coverage of staff.  
b) Development of corporate image among Finnish customers and stakeholders as an indicator: (3.24 in 2015, 3.73 in 2017), goal of a minimum of the 2017 level in the 2020 survey | Achieving the profit targets budgeted for each year | a) Sick leave indicator: goal of less than 3.5% (3.5% in 2018)  
b) Job satisfaction as an indicator: a new goal will be set in Q1 2019, based on survey conducted 12/2018 |
<p>| The annual ethical training offered for all Patria personnel was conducted in Q4 in all locations in all related languages. The rate of attendance was good; 98.4% but did not meet the objective of 100%. | Patria Group’s sales and profitability for the financial year 2018 increased from the previous year but did not meet the objectives mainly due to the certain large Land export projects not realising. | The rate of absence due to illness declined from 4% to the target level 3.5%. |
|  |  | Patria Personnel Survey was conducted in 2018. Clear strengths include commitment, motivation in work, interesting tasks, team spirit and occupational safety. Personnel feel that their work is important, interesting and sufficiently challenging. Employees are proud of their work, and employment relationships are long. The areas in need of development include the operational and management culture, the recent business developments as well as employee wellbeing. |</p>
<table>
<thead>
<tr>
<th>Question</th>
<th>10.3 Is the SOE open and transparent about the composition of its board and its nomination and appointment process?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Score</td>
<td>2</td>
</tr>
<tr>
<td>Comments</td>
<td>There is evidence that the company publishes details about the composition of its board of directors. For each board member, the company discloses whether that person has any connection to the company or the state or is an independent director. The company also publishes information on the director nomination and appointment process. There is evidence that the Nomination and Compensation Committee has responsibility for this process and is composed of non-company and non-executive directors.</td>
</tr>
</tbody>
</table>

**Evidence**

Accessed 09/09/2019
https://patria.materialbank.net/NiboWEB/patria/getPublicFile.do?uuid=6272273&inline=false&ticket=900e128ee3a2fb1c7ba538e249985db6&type=original
[p.79] Administration

[...] The Nomination and Compensation Committee prepares the compensation structures of the company management and compensation and benefits programs as well as decides on the most important management nominations.

[p.114] THE NOMINATION AND COMPENSATION COMMITTEE

The Nomination and Compensation Committee consists of three (3) members, all of whom are non-company and non-executive directors. The members have experience and skills in the areas of knowledge that fall within the scope of the Nomination and Compensation Committee duties as the Charter of the Committee. It prepares the Group’s and the management’s payroll structures as well as any bonus and incentive systems. It also approves key appointments and nominations.

[p.120]

**Board of Directors**

31.12.2018

- **Esa Rautalikko**
  Chairman
  Master of Economic Sciences
  Since November 2018

- **Päivi Marttila**
  CEO
  Sievi Capital plc
  Since 2016

- **Gyrd Skalleberg Ingele**
  Executive Vice President and Chief Financial Officer
  KONGSBERG
  Since March 2018

- **Harald Aare**
  Executive Vice President
  Business Development
  KONGSBERG
  Since 2016

- **Jarle Ness**
  Senior Vice President Business Development
  Kongsberg Defence & Aerospace
  Since March 2018

- **Petri Vilhunen**
  Senior Financial Adviser
  the Ownership Steering Department in the Prime Minister’s Office
  Since November 2018
**[23] Corporate Governance (Webpage)**
Accessed 03/10/2019

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 and a minimum of three and a maximum of seven other members. During the current financial period, the Board had eight (8) members. The General Meeting of Shareholders elects the chairman, and the 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. In 2018 the Board held twelve regular meetings and made decisions twice without convening for an actual meeting. The average attendance of Board members was 99%.

[...]

The Nomination and Compensation Committee

The Nomination and Compensation Committee consists of three (3) members, all of whom are non-company and non-executive directors. The members have experience and skills in the areas of knowledge that fall within the scope of the Nomination and Compensation Committee duties as the Charter of the Committee. It prepares the Group’s and the management’s payroll structures as well as any bonus and incentive systems. It also approves key appointments and nominations.

**[20] Corporate structure and shareholder voting rights (Webpage)**
Accessed 09/09/2019

The statutory bodies of Patria Oyj – the Annual General Meeting of Shareholders, the Board of Directors, and the President and CEO – are responsible for the company’s administration and operations. The shareholders, State of Finland and Kongsberg Defence and Aerospace AS appoint the Board of Directors members for Patria Oyj in the Annual General Meeting of Shareholders. Each shareholder has the right to appoint four (4) out of the maximum eight (8) Board members. State of Finland has the right to appoint the Chairman of the Board.

**[30] Board of Directors (Webpage)**
Accessed 06/05/2020

Panu Routila
Chairman of the Board of Directors
MSc, Economics
Board member as of 4 February, 2020

Petri Vihervuori
Senior Financial Adviser, the Ownership Steering Department in the Prime Minister’s Office, State representative, Non-executive director
Board member as of 30 November 2018

Gyrid Skalleberg Ingerø
Executive Vice President and Chief Financial Officer, KONGSBERG, Non-executive director
Board member as of 23 March 2018

Ari Puheloinen
<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Company Details</th>
<th>Role Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Päivi Marttila</td>
<td>General, ret., Independent of the significant shareholders of the company</td>
<td>Non-executive director</td>
<td>Board member as of 2016</td>
</tr>
<tr>
<td>Harald Aarø</td>
<td>Executive Vice President, Business Development, KONGSBERG</td>
<td>Non-executive director</td>
<td>Board member as of 2016</td>
</tr>
<tr>
<td>Jarle Næss</td>
<td>Senior Vice President Business Development, Kongsberg Defence &amp; Aerospace</td>
<td>Non-executive director</td>
<td>Board member as of 23 March 2018</td>
</tr>
<tr>
<td>Eirik Lie</td>
<td>Executive Vice President, KONGSBERG and President, Kongsberg Defence &amp; Aerospace</td>
<td>Non-executive director</td>
<td>Board member as of 2017</td>
</tr>
<tr>
<td>Question</td>
<td></td>
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<td>----------</td>
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</tr>
<tr>
<td>10.4 Is the SOE’s audit committee composed of a majority of independent directors?</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Score</th>
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<tbody>
<tr>
<td>2</td>
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</table>

<table>
<thead>
<tr>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Based on publicly available information, there is evidence that the company’s audit committee is composed of a majority of independent directors.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Evidence</th>
</tr>
</thead>
</table>
| **[23] Corporate Governance (Webpage)**  
Accessed 03/10/2019  
The Audit Committee  
The Audit Committee consists of three (3) members, all of whom are non-company and non-executive directors. The members have experience and skills in the areas of knowledge that fall within the scope of the Audit Committee duties as per the Charter of the Audit Committee. Its responsibility is to monitor e.g. implementation of the Group’s internal controls, risk management, financial reporting and it is responsible for supervising the Group’s ethics and compliance (including specifically anti-corruption and anti-bribery related actions) program and activities. |

Accessed 09/09/2019  
https://patria.materialbank.net/NiboWEB/patria/getPublicFile.do?uuid=6272273&inline=false&ticket=900e128ee3a2f1b1c7ba538e249985db6&type=original  
[p.79] Administration  
[...]

The Audit Committee consisted, during financial period, of Kimmo Viertola, chairman replacing Marko Hyvärinen as of 23 March 2018 (until 30 November 2018), Petri Vihervuori, chairman replacing Kimmo Viertola as of 30 November 2018, Eirik Lie, Paivi Marttila and Gyrid Skalleberg Ingerø replacing Janne Sølvi Weseth as of 23 March 2018. |
Question
10.5 Does the SOE have a system in place to assure itself that asset transactions follow a transparent process to ensure they accord to market value?

Score
2

Comments
Based on publicly available information, there is evidence that the company has a system in place to manage asset transactions, with transactions being documented and subject to audit. There is evidence that the financial results from asset acquisitions are published in the company’s reports. There is also evidence suggesting that responsibility for managing asset transactions is held at board level.

Evidence
Accessed 09/09/2019
https://patria.materialbank.net/NiboWEB/patria/getPublicFile.do?uuid=6272273:inline=false&ticket=900e128ee3a2f1b1c7ba538e249985db6&type=original

[p.54] ACCURATE FINANCIAL REPORTING AND AN OPEN TAXATION STRATEGY

Patria complies with all applicable rules on accounting and financial reporting. Patria’s financial reporting is based on IFRS standards. All financial transactions must be approved in accordance with Patria’s decisionmaking practices and entered in the books. Entry and reporting obligations are binding, and they are monitored through annual auditing and internal control. Under no circumstances will Patria falsify or forge financial or other documents or give misleading information.

[p.58]

STAKEHOLDER-SPECIFIC CAPITAL LOWS

[p.85] PRINCIPLES OF CONSOLIDATION

Subsidiaries

Acquired and established companies are accounted for using the purchase method of accounting. Accordingly, the purchase price and the acquired company’s identifiable assets, liabilities and contingent liabilities are measured at fair value on the date of acquisition. In the acquisition of additional interest, where the Group already has control, the non-controlling interest is measured either at fair value or at the non-controlling interests’ proportionate share of the identifiable net assets. The difference between the purchase price, possible equity belonging to the non-controlling interests and the acquired company’s net identifiable assets, liabilities and contingent liabilities measured at fair value is goodwill. Goodwill is tested for impairment at least annually. The purchase price includes the consideration paid, measured at fair value. The consideration does not include transaction costs, which are recognised in the statement of income. The transaction costs are expensed in the same financial period in which they occur, except the costs resulting from issued debt or equity instruments.
2. Financial risk management

MAIN PRINCIPALS OF FINANCIAL RISK MANAGEMENT

The Board of Directors of Patria has approved the Treasury Management Policy, according to which treasury management and management of financial risks of the parent company and the subsidiaries are conducted.

The key tasks of the Group Treasury Function are the following: securing sufficient funding at all times for the parent company and the subsidiaries, arranging funding and credit lines, liquidity management, optimising net financial costs, organising and implementing management of financial risks, offering and providing subsidiaries with financial services and informing the Group management about the Group’s financial position and risks. Financial risks are later divided into currency risk, interest rate risk, liquidity and refinancing risk, credit and counterparty risk and operational risk. Subsidiaries and business units are responsible for hedging their financial risks according to Group guidelines and instructions given by Group Treasury.

[1] Ethical Code of Conduct (Document)
Accessed 04/09/2019
https://www.patria.fi/en/patria/ethical-code-conduct

Decision-Makers and Personnel participating in the preparation of business transactions must personally and actively evaluate whether a business transaction conducted or to be concluded by Patria may put Patria’s interests at risk due to a potential or actual conflict of interest. When a Decision-Maker becomes aware of a business transaction planned by Patria that is connected to a party related to the Decision-Maker, he or she must immediately report the matter in writing (email) to his or her superior and the party responsible for preparation of the transaction. Decision-Makers are also obligated to assess the situation regarding business transactions in which they participate on behalf of related parties. If such business transactions have a connection to Patria, or the related person has a different connection to Patria, such as through a valid or potential contractual relationship, the Decision-Maker must actively raise the issue within the related corporation. The General Counsel of the Group administration or a designated person arranges the registration of parties that belong to the company’s Related Parties by specifying such parties by means of a Group and organization diagram. The register of related parties is
not a public document. Information contained in the register of related parties must be processed in the manner laid down in the Personal Data Act.

Further guidelines: Guideline on Related Parties' Transactions

[p.20] All financial transactions shall be properly authorized in accordance with Patria's decision-making policies and duly recorded in its books. Recording and reporting obligations are mandatory and subject to annual auditing as well as internal controls. Patria will under no circumstances falsify or counterfeit financial or other documents or create misleading information.

[7] Risk management and internal control (Document)
Accessed 09/09/2019

Risk management and internal control

Risk management and internal control are an important part of Patria's management and control systems. Risk management and internal control do regular assessments to ensure appropriate reporting, risk management, integrity, ethical business conduct and compliance with laws and regulations as well as Patria guidelines and processes. Through integrity, compliance and high ethical standards of business conduct Patria reputation and value of its assets are also ensured.

[23] Corporate Governance (Webpage)
Accessed 03/10/2019

Principal duties of the Board of Directors and distribution of duties

The Board of Directors is responsible for the governance of Patria and the appropriate organisation of Patria's operations in accordance with applicable 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 focus and objectives as well as principles of risk management, to monitor and steer the Group's business operations, to ensure that the Group complies with legal provisions applicable to its operations and conducts business in a commercially sustainable manner, providing added value to its shareholders. The Board also makes decisions on the Group's key operating principles, approves annually the Group's financial targets and operational objectives, as well as its financial statement and any interim reports, and decides on material investments of the Group.

[...] Monitoring and controls

The Board of Directors is responsible for ensuring that the monitoring and controls of accounts and funds management has been organized appropriately. The president and CEO is responsible for ensuring that the company's accounting complies with legislation and that the funds management is reliably organized. Patria’s management is responsible for ensuring that the Group's day-to-day operations comply with all applicable legal requirements and Board decisions, and that the Group’s risk management has been organized in an appropriate manner.

[28] Due Diligence Guidelines - Joint Ventures Mergers and Acquisitions (Webpage)
Accessed 06/05/2020

BASIC SCOPE OF FINANCIAL, TAX AND OTHER AREAS OF DUE DILIGENCE

In the financial and tax due diligence bookkeeping, accounts and records shall be reviewed, and a due diligence shall be conducted on the financial and reporting related processes, tax issues, financial performance and standing and other finance related issues and compliance. The focus is also on possible irregularities in financial statements, irregular client accounts, expense accounts, expense policy/reimbursement of expenses, etc. which are circumstances that may provide clues to irregular or illegal practices and would therefore need to be considered.
Other areas of due diligence include general information about the target company, assets, material contracts, labour and social insurance issues, intellectual property right and technology transfer, financial position, taxation and other matters (such as product liability, environmental issues, foreign exchange control, export licenses, legal proceedings, antitrust and competition law, etc.). The areas of due diligence need to cover all areas that are important for the transaction as well as post transaction integration of the target.
<table>
<thead>
<tr>
<th>No.</th>
<th>Type (Webpage or Document)</th>
<th>Name</th>
<th>Download Date</th>
<th>Link</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>Document</td>
<td>Ethical Code of Conduct</td>
<td>04/09/19</td>
<td><a href="https://www.patriagroup.com/download/patrias-ethical-code-conduct">https://www.patriagroup.com/download/patrias-ethical-code-conduct</a></td>
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<td>06</td>
<td>Document</td>
<td>Annual Report 2018</td>
<td>04/09/19</td>
<td><a href="https://patria.materialbank.net/NiboWEB/patria/getPublicFile.do?uuid=6272273&amp;inline=false&amp;ticket=900e128ee3a2fb1c7ba538e249985db6&amp;type=original">https://patria.materialbank.net/NiboWEB/patria/getPublicFile.do?uuid=6272273&amp;inline=false&amp;ticket=900e128ee3a2fb1c7ba538e249985db6&amp;type=original</a></td>
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<td>Feedback link</td>
<td>05/09/19</td>
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<td>05/09/19</td>
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<td>21</td>
<td>Webpage</td>
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<td>09/09/19</td>
<td><a href="https://register.openownership.org/search?country=FI&amp;q=Patria+Oyj">https://register.openownership.org/search?country=FI&amp;q=Patria+Oyj</a></td>
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<td>29</td>
<td>Webpage</td>
<td>Finland Corporate Registry Entry</td>
<td>06/05/2020</td>
<td><a href="https://virre.prh.fi/novus/companySearch?execution=e2s3">https://virre.prh.fi/novus/companySearch?execution=e2s3</a></td>
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