



# 20

RESPONSIBILITY

# 23

**Patria**

# Solid foundation

Honesty, reliability, and high ethical standards form the foundation of profitable business operations and significantly impact the value of the corporation.

## Responsibility

Responsible Patria  
Trusted partner  
Responsible employer  
Climate and environment



## Patria's responsibility principles

Patria is committed to creating the best possible environmentally sustainable, socially responsible, effective and compliant governance model for all of its business areas, manufacturing and personnel – and also to putting it into practice. This reflects our commitment to creating more sustainability opportunities in our business decisions and policies. These principles guide Patria's internal and external stakeholders.

### ENVIRONMENTAL SUSTAINABILITY

We are committed to operating in an environmentally friendly and sustainable manner, reducing our impact on climate change, conserving natural resources and complying with environmental regulations.

### SOCIAL RESPONSIBILITY

We are committed to maintaining a safe, productive, healthy and non-discriminatory working environment and conditions in which every person and team can contribute and succeed in a well-managed organisation. Patria's social responsibility includes taking into account the social conditions in places where Patria does business.

### CORPORATE GOVERNANCE

We are committed to compliance and decision-making that is based on integrity, high ethical standards, sustainability and responsibility. We require our personnel, customers, suppliers and business partners to commit to the same standards.



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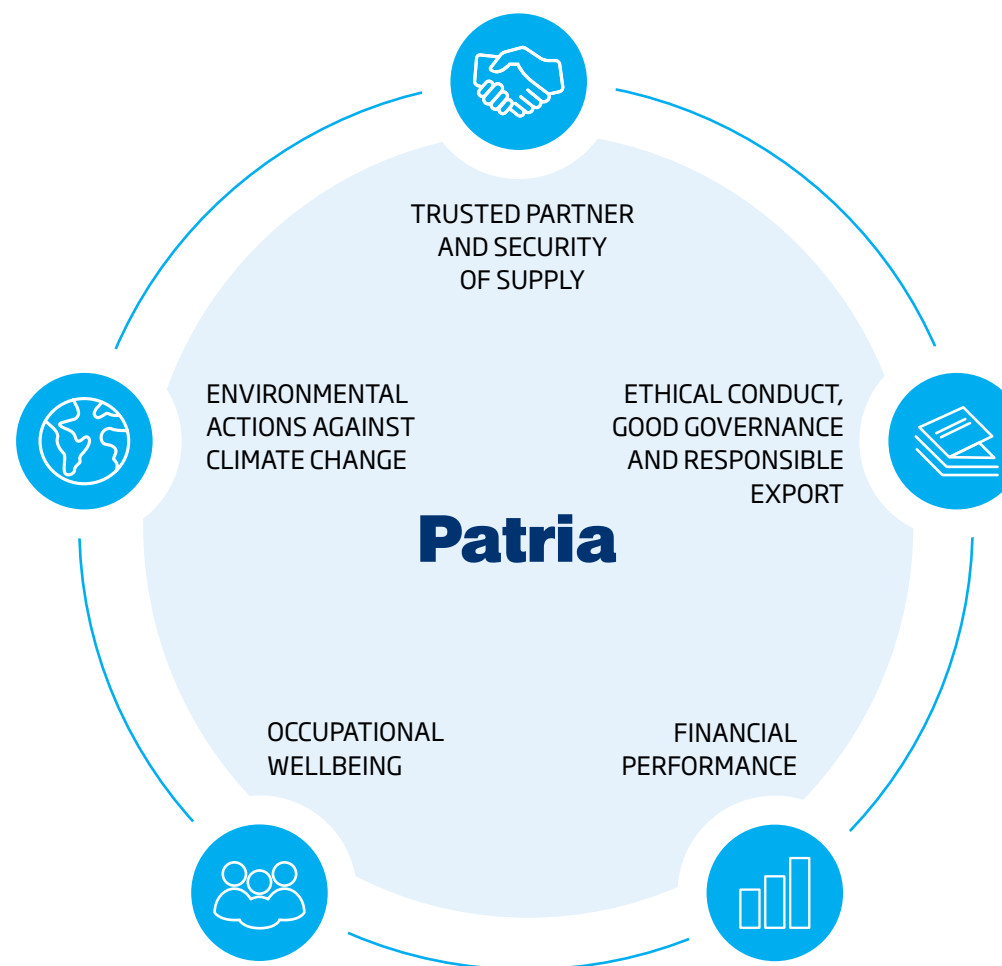
## The objectives of Patria's ESG programme are based on a materiality assessment

The objectives of Patria's ESG programme are based on a materiality assessment that has helped us to identify the most relevant responsibility aspects for our stakeholders and business.

Patria's materiality assessment consisted of an international stakeholder survey and prioritisation carried out by Patria's management. The stakeholder survey was sent to Patria personnel and the company's most important external stakeholders with the aim of identifying the most important financial, social and environmental aspects for our stakeholders. Patria's management then assessed the significance of these themes in relation to the company's business strategy.

Based on the materiality assessment, Patria's most significant responsibility aspects were:

- A trusted partner and security of supply
- Ethical conduct, good governance and responsible exports
- Financial performance
- Wellbeing at work
- Environmental action against climate changeen vastuulliset toimintatavat



Patria's last materiality assessment was carried out in 2020, and will be updated as part of an ESG project that began in late 2023. The ESG project will take the requirements of the EU Corporate Responsibility Directive (CSRD) and national legislation into account at Patria.

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# ESG programme 2023 - ESG project is ongoing

Essential themes	Long-term incentives	Long-term indicator	Indicator for 2023	Performance 2023
 TRUSTED PARTNER & SECURITY OF SUPPLY	To be a sought-after and trusted partner.	Continuous improvement of the company image.	Indicator: Finland and Global Divisions' customer satisfaction surveys.	Survey results, Finland: Numerical results were high across all categories. Relationship and communication is very good with high trust in their expertise.  Survey results, Global: Ratings were generally very good. Ability to keep promises highlighted as the most important factor by the respondent
 ETHICAL CONDUCT, GOOD GOVERNANCE, AND RESPONSIBLE EXPORTS	To be recognised as an ethical operator and a trusted exporter of defence materiel.	Continuous development of ethical conduct.	Survey about possibility of corruption in Patria.	The survey showed no indication of concrete corruption cases in Patria. 93% of respondents answered that they know how to act if they recognize unethical conduct and 90% of respondents answered that they know Patria's anonymous reporting channel.
 FINANCIAL PERFORMANCE	Profitable growth according to the Group strategy.	Strategic development and continuous improvement of efficiency.  Net sales some 900 MEUR by 2025.	Organisational culture to support the strategic targets.  Operational Excellence project to continue.  Continuous development of the operating model.	Patria Operations organization development measures were implemented and new operational organization started 1.1. 2024. Operational Excellence project continued to train Patria's personnel.  Financial targets 2023 were achieved and were in line with the strategy targets.
 OCCUPATIONAL WELL-BEING	To offer safe and inspiring work environment for all employees. Successful transformation according to the strategy.	Results of the employee satisfaction survey. Target in to achieve the average level of the benchmark companies.	Continued investments in supporting the coping at work and mental wellbeing.  Actions according to the Patria People personnel survey in February 2023.	Focus on change management and special investments in coping at work and supporting the mental wellbeing. Sickness absence 3.4% (2022: 3.2%).  People Power Index in 2023 was 65.9, and it has improved from the 2020 survey (+1.1). Commitment is a strength at Patria and team spirit is very strong. Performance Index is weak but it increased from the 2020 survey.
 ENVIRONMENTAL ACTIONS AGAINST CLIMATE CHANGE	Reducing emissions.	To achieve the Science Based Target initiative (SBTi) targets.	SBTi targets' setting and monitoring.  Activities reducing carbon footprint.  Follow Down to degree -program and Patria energy saving instructions.  Solar panel installation to Belgium	SBTi targets and activities to reduce carbon footprint decided.  Solar panels installed to Patria's facility in Belgium.

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# Good corporate citizenship is a prerequisite for good business

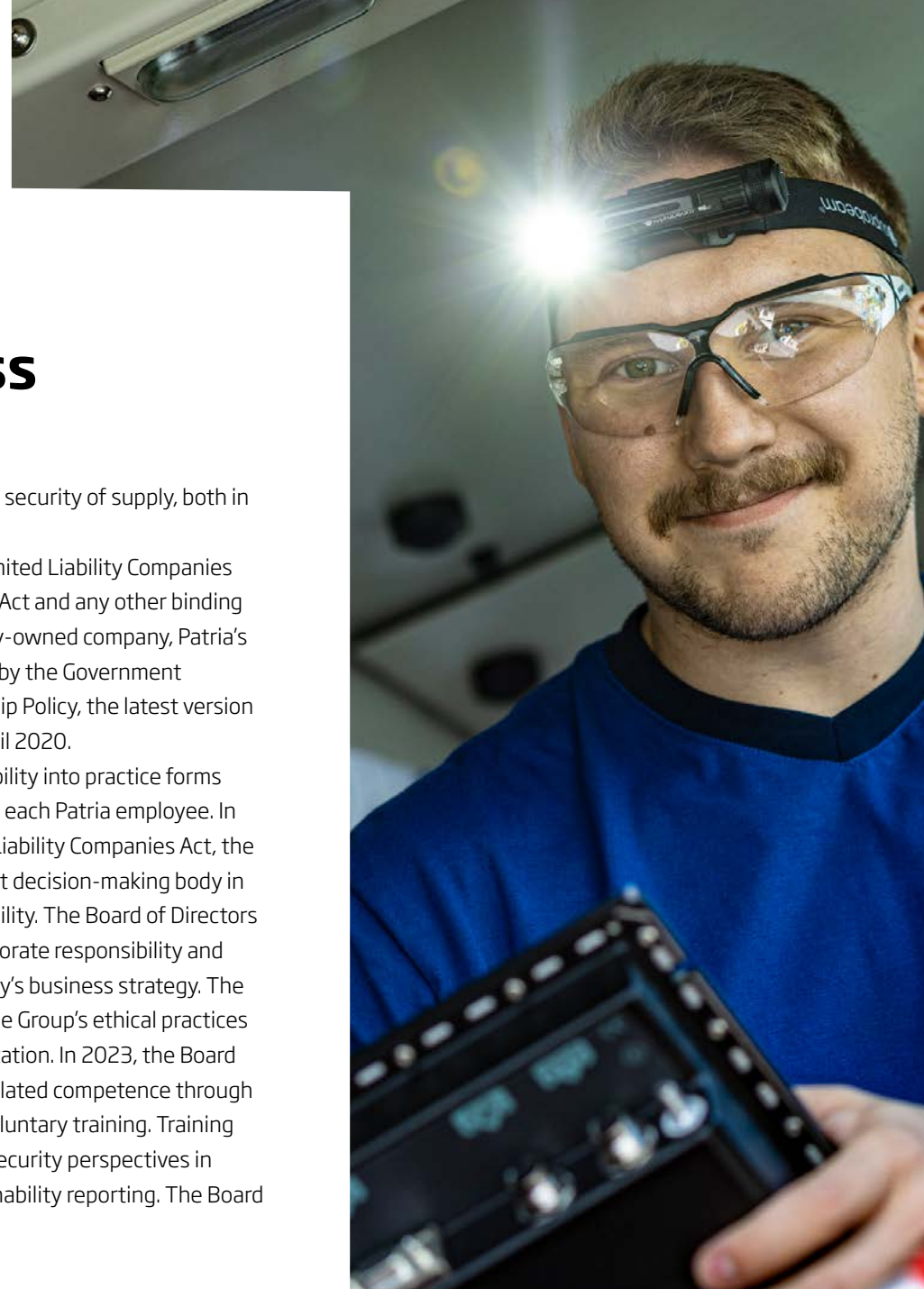
At Patria, corporate responsibility management is based on corporate governance, compliance with applicable legislation, ethical principles, and other internal guidelines that ensure integrity, transparency and ethical conduct in our business.

High ethical standards and the continuous development of related practices are particularly important in the defence sector. At Patria, responsibility, reliability and openness are integral aspects of everything we do. A company that is majority-owned by the Finnish state cannot operate without good corporate citizenship. Patria

also plays an important role in security of supply, both in Finland and other countries.

Patria complies with the Limited Liability Companies Act, Auditing Act, Accounting Act and any other binding legislation. As a State majority-owned company, Patria's operations are also governed by the Government Resolution on State-Ownership Policy, the latest version of which was published in April 2020.

Putting corporate responsibility into practice forms part of the work and duties of each Patria employee. In accordance with the Limited Liability Companies Act, the General Meeting is the highest decision-making body in matters concerning responsibility. The Board of Directors is in charge of organising corporate responsibility and integrating it into the company's business strategy. The Board of Directors confirms the Group's ethical practices and monitors their implementation. In 2023, the Board enhanced its responsibility-related competence through a variety of mandatory and voluntary training. Training themes included safety and security perspectives in supplier networks and sustainability reporting. The Board



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## Putting corporate responsibility into practice forms part of the work and duties of each Patria employee.

of Directors and all personnel receive mandatory ethical training at two-year intervals.

Under the guidance of the CEO, the Management Team prepares both Patria's strategy and the integration of corporate responsibility into the strategy. The Management Team approves the materiality themes and objectives for corporate responsibility, and regularly monitors their implementation both separately and as part of other activities. The focal points of Patria's sustainability action are defined in the responsibility programme, whose targets have been included in the long-term remuneration programme for both management and personnel. Since the beginning of 2022, Patria's corporate responsibility has been steered by the ESG Steering Group, which operates under the direction of the Management Team and is coordinated by the General Counsel. In addition to the General Counsel, the Group includes the CHRO, CFO, VP/Group Communications and VP/QEHS. Patria also has

five ESG working groups specialising in the environment, compliance, finance, procurement and wellbeing at work.

Responsibility for environmental management is divided between the Group's functions. Patria's Environmental Work Group is tasked with furthering collaboration, sharing best practices between business areas, and planning and reporting on the Patria Group's environmental responsibility.

In 2022, Patria appointed a Head of Compliance, who reports to the General Counsel and is responsible for matters related to compliance and ethics (including anti-corruption work). Patria's compliance and ethics action plan was approved by the Board of Directors. Responsibility for the supervision of matters related to ethics and compliance rests with the Audit Committee, which is appointed by the Board of Directors. This duty is listed in the Audit Committee's standing orders.

Our operations also comply with the standards applicable to each activity, such as ISO standards for quality assurance, AQAP and STANAG standards for defence equipment, and EN/AS91X0 standards for aviation.

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# Corporate responsibility at Patria

The **ANNUAL GENERAL MEETING** is the company's highest decision-making body. It approves Patria's corporate responsibility action.

Under the guidance of the CEO, the **MANAGEMENT TEAM** prepares both Patria's strategy and the integration of corporate responsibility into the strategy. The Management Team approves the main themes and objectives of corporate responsibility, and oversees their realisation. The Management Team appoints the ESG Steering Group, which guides the ESG Working Groups.

ANNUAL  
GENERAL MEETING

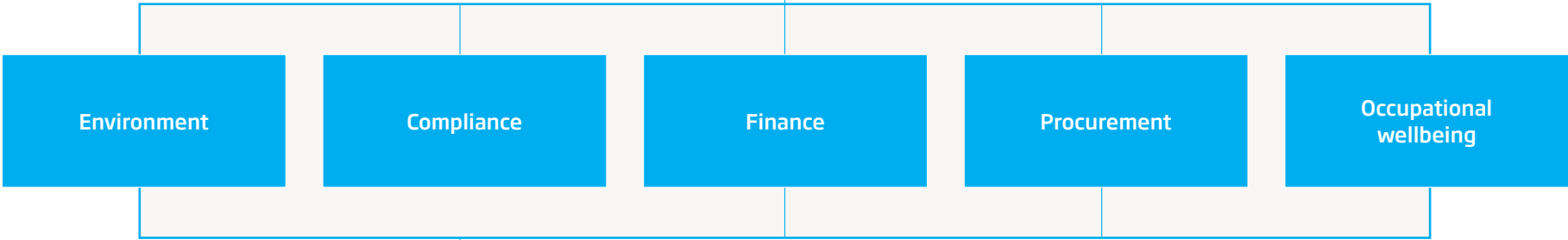
BOARD OF DIRECTORS

THE GROUP  
MANAGEMENT TEAM

ESG STEERING GROUP

In accordance with the Government Resolution (8 April 2020), **PATRIA'S BOARD OF DIRECTORS** is responsible for organising corporate responsibility and integrating it into the company's business strategy. The Board of Directors confirms the Group's ethical practices and monitors their implementation. The Audit Committee supervises matters relating to compliance and ethics. It handles any reports of suspected misconduct and criminal activity that are received via the SpeakUp reporting channel and informs the Board of Directors. rs.

The members of the **ESG STEERING GROUP** are the General Counsel (CLO, chair), CFO, CHRO, VP/QEHS and VP/Group Communications. The steering group meets on a quarterly basis. The steering group defines and issues guidance for ESG-related policies and objectives, supervises annual planning and development, and ensures sufficient resources. The steering group reports on its activities to the Management Team on an annual basis.



Patria has five ESG Working Groups, which represent different functions. These working groups are responsible for the preparation and maintenance of the Group-level ESG programme, the roadmap, and reporting to the ESG Steering Group. The working groups are responsible for the coordination of annual ESG reports.

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## A strong commitment to ethical practices

Patria's ethical practices are outlined in Patria's Ethical Code of Conduct, which is the foundation for all of the Group's activities. Patria's Ethical Code of Conduct is supported by supplementary guidelines and practices as part of its ethics and compliance management system, which was further developed in 2023 to reflect Patria's new organisational structure.

Patria's compliance processes include:

### Ensuring ethical operations:

- Patria's Ethical Code of Conduct
- Identifying, reporting and investigating serious incidents
- Reporting suspected misconduct / SpeakUp channel
- The administrative process for handling reports of misconduct
- Patria's Supplier Code of Conduct

### Ensuring compliance with anti-bribery and anti-corruption requirements

- Patria's anti-bribery policy
- Business partner selection process
- Gifts and hospitality policy

### Ensuring compliance with international trade regulations and sanctions:

- Trade Compliance Manual
- Trade Compliance and Sanctions Policy
- Sanctions Screening at Patria
- Patria Country Risk Matrix

### Ensuring compliance with data and privacy protection regulations:

- Data protection policies and practices in the processing of personal data
- Recognised personal data processes and the comparable Patria function

### Handling conflicts of interest:

- Identifying tasks within the organisation that are susceptible to conflicts of interest
- Targeted operating models based on data obtained from the Compliance Survey conducted in spring 2023
- Guidelines for related-party transactions

Personnel are informed about the aforementioned topics through suitably general or subject-specific training, as well as regular communications and cooperation with departments whose processes involve various aspects of compliance. The practical implementation of policies and principles is verified with internal audits that also enable effective monitoring, continual risk assessment, the monitoring of any corrective measures, and the allocation of adequate resources and appropriate priorities.

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Patria acts responsibly, and requires its current and future partners to do so as well. Patria has introduced a clear selection process for suppliers and business partners that includes an extensive due diligence report and, as necessary, the immediate involvement of senior management in investigating incidents.

Patria requires its suppliers and business partners to commit to the ethical principles and level of responsibility described in the Patria Ethical Code of Conduct and Patria Supplier Code of Conduct.

Integrity forms the core of Patria's business. Although supervisors, HR and the legal department are always available to listen to people's concerns, there may be circumstances in which anonymous reporting is desirable. A dedicated tool has been developed for such circumstances: the SpeakUp channel, which is also available to third parties.

During 2023, Patria incorporated the EU Whistleblower Directive's enhanced measures into its whistleblower reporting and investigation process in order to address any incidents quickly and protect whistleblowers in accordance with legislation in Patria's operating countries.

Patria is firmly committed to anti-bribery and anti-corruption. This commitment is an integral part of the company's values and is reinforced by senior management's line on the matter: Patria will not tolerate any form of bribery or corruption. Patria has a clear anti-bribery and anti-corruption programme that applies to all persons acting on behalf of the company, including all employees, Board members and employees of subsidiaries under Patria's

control. Its practical implementation includes: Patria's membership in the TRACE Compliance Community, an international business network committed to meeting the highest standards of anti-bribery.

In 2023, Patria continued its successful cooperation with Kongsberg in the Trade Compliance project. The project's annual event, held at the turn of October/November, featured several top-level speakers, including experts from industry, the authorities and a number of different sectors, as well as specialists from law firms and advisory bodies. The two-day event in Kongsberg, Norway attracted plenty of attendees from both companies.

## Ethical training

Two levels of ethical training are provided to employees based on their risk level and potential exposure to unethical conduct. This training includes a basic section and an advanced section for selected groups. The topics include anti-corruption, gifts and hospitality, conflicts of interest, data protection and security, and



**Patria acts responsibly,  
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workplace harassment. Mandatory training was given to everyone during 2023 and topic-specific training will be provided as necessary, either in person or remotely via Teams.

Every two years, Patria measures its employees’ opinions on serious misconduct and other unethical conduct with the aid of an anonymous survey (the Survey on the potential for serious misconduct at Patria). This survey is sent to senior management, middle management and other randomly selected employees representing 10 per cent of Group personnel. The Patria Compliance Survey was last conducted in May 2023.

Reporting misconduct

Violations of Patria’s Ethical Code of Conduct can cause significant and long-term damage to Patria’s reputation and may even lead to legal action against the company and its employees. Even behaviour that violates the Ethical Code of Conduct in good faith or for acceptable intentions is also potentially damaging.

Any conduct that is contrary to Patria’s Ethical Code of Conduct will be subject to corrective measures, which may include termination of the employee’s employment contract if so required.

Patria’s Ethical Code of Conduct and other guidelines seek to provide employees and stakeholders with guidelines on how to conduct business. It is not, however, possible to address all of the different situations that may be encountered in Patria’s complex operating environment. Patria employees are always encouraged to ask their immediate supervisor or an HR representative whenever something is unclear, or to seek advice from Patria’s legal and compliance department. Every employee is responsible for reporting suspected misconduct and concerns to their immediate supervisor, to Patria’s legal and compliance department, or through other available reporting channels.

The following reporting channels can be used:

- Questions can be directed to the legal and compliance department.
- Serious reports of misconduct can be made anonymously through the SpeakUp channel, either online or by phone.
- External stakeholders can also make reports via the SpeakUp channel.

The rights and privacy of both the whistleblower and any other parties concerned will be protected under all circumstances. Anyone who makes a report of misconduct in good faith must not be subjected to any punishment or unfavourable measures that affect their employment contract. Any unfavourable action that is taken against a person who makes a report in good faith will be investigated as a violation of the prohibition of retaliatory action, which will have severe consequences for the party who has retaliated.

A total of 22 reports were made through the SpeakUp channel in 2023. All incidents were handled in accordance with the process outlined and published in Patria’s Whistleblower Policy. Depending on the subject matter of the report, they were either transferred to HR or the Quality, Environment, Health and Safety function, or were investigated as suspected misconduct.

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# Stakeholder work revolves around goal-oriented collaboration and high ethical standards

Patria engages in close, goal-oriented and extensive collaboration with stakeholders both in Finland and internationally. Stakeholder relations are always handled professionally, reliably and openly.

Patria's key stakeholders are its owners, personnel, customers and suppliers; authorities and agencies; trade and industry organisations; NGOs; certain educational establishments and their students; and the media. In addition, each function defines the key stakeholders for success on a project-by-project basis.

Cooperating and doing business with stakeholders requires high ethical standards, reliability and transparency from both Patria's management and all personnel. Patria does not accept any kind of deviation from its standards of honesty, transparency, ethical conduct and compliance.

In many cases, cooperation with stakeholders is subject to strict anti-corruption and anti-bribery regulations. Patria's

operations are also subject to a variety of requirements in terms of procurement, advocacy, sponsorship, conflicts of interest, gifts and benefits. Patria has clear guidelines and practices in these areas.

Patria has drawn up a plan for implementing stakeholder interaction on the basis of a stakeholder analysis. The aim is to engage in open communication about Patria's business, to pay even better attention to stakeholders' needs, and to ensure that Patria's activities are acceptable to various stakeholders.

## Focus on the customer in Finland and internationally

The strategic partnership agreement between Patria and the Finnish Defence Forces specifies Patria's role in the maintenance and further development of performance. Strategic partnership means a close and long-term collaborative relationship based on agreements. It focuses on shared long-term development goals, preparations for the various phases of enhancing peacetime preparedness and operations in exceptional circumstances. An organisation built on Patria's strong core operations and an operating model that supports the growth strategy have improved overall visibility to customers' current and future needs. This will help Patria to provide even better service to the Finnish Defence

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Forces, a wide range of security-critical public-sector customers in Finland and international customers.

Customer satisfaction is measured internationally on a regular basis. Patria's Global and Finland divisions conducted their most recent customer satisfaction surveys at the end of 2023. Patria's customer-centric approach, products and services, and responsible way of working received high ratings across the board. Confidence in contact persons and technical specialists and their level of expertise was strong. Stakeholders also wanted to find new ways to engage the defence industry earlier in the process of planning capability development.

## Close cooperation to develop the defence sector

Patria has been proactive in introducing an ecosystem model to the defence industry. It is also in Patria's interest to be involved in shaping policies and legislation, both in Europe and globally. Finland's NATO membership also opens up many new networking opportunities for Patria.

Patria is a member of the Association of Finnish Defence and Aerospace Industries (AFDA). In 2023, Patria's CEO Esa Rautalinko continued to serve as the chairman of AFDA's Board of Directors. Since 2020, Patria has also been a member of the AFDA's international umbrella organisation, the Aerospace and Defence Industries Association of Europe (ASD). Direct membership of the ASD is the best way to promote Patria's interests through dialogue with EU bodies and

other EU stakeholders. Patria is a founding member and active participant in the operations of the Digital Defence Ecosystem (DDE), with a focus on dual-use products.

In addition, Patria collaborates with various educational institutions and universities. Patria and Tampere University of Technology (TUT) have a ten-year cooperation agreement (signed in 2018) through which Patria has provided financial support to TUT, including in 2023. This agreement seeks to ensure the continued availability of top aviation technology expertise in Finland, and to bolster research in the field.

## Sustainability efforts continued in 2023

Responsible operations lay the foundation for business growth both in the domestic market and internationally. Patria is thus committed to the UN Global Compact corporate sustainability initiative. Patria is a member of the Global Compact Finland network, the Finnish Corporate Responsibility Network FIBS, AmCham Finland and the Helsinki Region Chamber of Commerce. In addition, Patria has been part of TRACE, an international corporate network, since 2021. TRACE helps Patria to strengthen its ethical practices.

Patria and Kongsberg continued to work together on Trade Compliance – a joint project that seeks to promote business compliance.

Patria is also committed to the Science Based Targets initiative, and takes concrete action to promote sustainable development in its business.



## Finland's NATO membership opens up new networking opportunities for Patria.

### Sponsorship and donations

Patria selectively sponsors international, national and local partners. The goal is to engage in cooperation that advances the operations of both parties. Compatibility with Patria's values and ethical code is a key factor in partner selection. Patria does not support political or religious activities. Sponsorship agreements are always made in writing. In 2023, Patria sponsored the Finnish Biathlon Association and the Finnish Military Sport Federation.

Donations supported different kinds of youth work at Patria's locations and children in Ukraine.

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## Stakeholder-specific financial capital flows (financial cash flows for stakeholders)

Direct economic value, EUR million			2023	2022	2021	2020	2019
		Consolidated net sales	733.8	627.1	547.7	534.1	507.5
		Other operating income	14.0	4.3	4.8	11.4	3.6
		Share of joint ventures result	36.3	32.0	41.4	27.0	14.4
Customers	<b>Sales</b>	<b>Income, total</b>	<b>784.1</b>	<b>663.4</b>	<b>593.9</b>	<b>572.5</b>	<b>525.5</b>
Suppliers	Goods, materials and services	Operating costs excluding depreciation and personnel expenses	440.2	360.1	299.9	308.0	305.2
Personnel	Wages, salaries and fees	Personnel expenses	247.3	222.4	205.4	194.7	186.8
Public sector	Taxes	Payments to government (taxes)	7.4	7.1	6.3	3.6	0.2
Non-profit foundations	<b>Support and donations</b>	Donations and other charitable payments	0.1	0.2	0.1	0.1	0.1
		Payments made to shareholders and loan providers					
Shareholders	Dividends	Dividends (paid to equity shareholders)	26.4	25.1	16.7	13.9	13.9
		Dividends (paid to non-controlling interests)	4.8	4.6	3.9	2.9	2.9
Investors	Financial costs	Interest and other financial income and expenses	4.9	4.2	4.6	3.6	3.9
	Expenses	Distributed, total	<b>731.1</b>	<b>623.6</b>	<b>537.0</b>	<b>526.9</b>	<b>513.1</b>
Investments		Investments in tangible and intangible assets as well as acquisitions	19.6	17.2	11.8	15.2	34.6

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## Guaranteeing security under all circumstances

Ensuring security of supply and a secure future are the cornerstones of Patria's business. A secure future is founded on a country's autonomy, that is, the ability of its parliamentary machinery to make independent decisions about its affairs. This calls for a credible military defence capability, which in turn requires solid security of supply. And security of supply requires reliable technology and expertise, in other words, exactly what Patria offers. To ensure a secure future, Patria must be able to carry out its duties in the areas of maintenance and servicing, security of supply, manufacturing and crisis preparedness, both in Finland and other countries in which the company has public-sector customers. In addition to these security perspectives, Patria is an important and responsible employer and taxpayer that pays dividends to its owners.

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Security of supply requires reliable technology and expertise.



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# Comprehensive continuity management

At Patria, security of operations means both comprehensive management and the development of related competencies. Both physical and data security are important factors in critical projects. In the defence sector, corporate security plays a central role in ensuring uninterrupted operations.

It is the task of Patria's security organisation:

- to enable Patria to conduct business within its sector with regard to its various areas of responsibility
- to promote and ensure the attainment of Patria's business objectives by maintaining and developing security

- to safeguard business continuity during various disturbances and exceptional circumstances by ensuring that Patria has prepared for them in advance
- to ensure Patria's reliability as a partner to its customers, the authorities and other stakeholders
- to maintain a level of security that ensures the protection of customers', other stakeholders' and Patria's own information and material.

Primary responsibility for corporate security lies with Patria's units and group functions, which each take responsibility for matters related to their operations. Patria's security organisation provides functions with a variety of corporate security services. The comprehensive management of corporate security is also steered, developed and monitored at Group level, and the related competencies are also ensured and developed.

Corporate security is divided into: production security, rescue safety, preparedness and crisis management, facility security, management of misuses and non-conformities, information security, and personnel security. Patria has been granted national Facility Security

Clearance. The designated national security authorities (DSA and NCSA) regularly audit Patria's level of corporate security.

## Information security

Patria systematically seeks to maintain a good and sufficient level of information security through management, development, communications, training, continuous improvement, and cooperation with a variety of stakeholders. When developing its information security, Patria follows generally approved best practices and operating models, taking into account any country- and customer-specific requirements arising in different business areas, and especially the requirements and potential threats in the sector.

The aim is to take a variety of measures in different areas of information security to protect Patria's personnel, customer data, property, reputation and trade secrets. These measures include risk management, security processes, information security architecture, guidelines, audits, personnel onboarding, and improving information security awareness. An important aspect of

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these objectives is to safeguard business continuity, assurance processes, safety, access control, reporting and the monitoring of information security incidents. All Patria personnel, its management and Board of Directors are committed to following security-related operating procedures, processes and guidelines.

In 2023, Patria continued to increase information security awareness among its personnel and stakeholders through online training, webinars and new forms of internal communication. In conjunction with its organisational restructuring, the company began developing new operating models and control activities for the renewed and internationalising Patria, which is now subject to an increasing number of new requirements. During the year, the most significant technical projects were the initiation and implementation of user management and situational awareness development projects. The management and analysis of cyber risks is based on an accurate and up-to-date situational picture and well-functioning background processes.

Uncertainty and instability within Europe has led to increased challenges in information security, and significant investments have been made in the technical side of situational awareness. A general increase in cyberattacks, the growing demand for

experts in the sector, an increase in digitalisation and new technology, and an increase in new risks and threats are all phenomena in whose management Patria is investing.

## Data protection

Patria's Legal and Compliance function provides support for data protection and prepares Group-wide policies and guidelines for processing personal data. This function also develops and maintains the data protection management model and supports others in the use of data protection processes, such as impact assessments and data processing agreements.

As per Patria's policy and guidelines, everyone who processes personal data at Patria must do so in accordance with data protection legislation and must comply with good data processing and management practices. This means that personal data is processed legally, fairly and transparently with regard to the data subject, and only for the intended purpose. The amount of data stored is kept to a minimum, and its accuracy, integrity and confidentiality are taken into account. In 2023, Patria continued to train personnel and mobilise its management model and data protection processes within the organisation.



## Patria invests in managing new risks and threats.



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## Systematic and goal-oriented quality improvements

Patria's new organisation model supports the standardisation of quality management. Quality management has been centralised and steps to build shared operating methods have been initiated. Organisation-wide system changes are a large and time-consuming aspect of transforming operating methods. Quality management will continue to be developed in a goal-oriented manner in the years ahead.

Patria is committed to continuous improvement, and the Operational Excellence function was established in 2022 to bring a more systematic Lean Six Sigma operating model to the entire organisation. By the end of 2023, 130 Patria employees had completed Yellow Belt training and 13 had also finished their Green Belt training. As part of this training, each student has completed a project aimed at boosting efficiency and achieving concrete cost savings. The benefits that have been achieved have exceeded expectations. The goal for 2023–27 is to have 800 trained and certified Lean Six Sigma specialists at Patria in order to create an efficient and productive organisation that better meets customer needs. Full-time Lean Six Sigma Black Belt roles will be introduced in 2024, and they will focus on implementing major improvement projects and supporting Yellow Belt and Green Belt projects.

### Operational system

Patria is improving its ERP system in order to better meet the expectations of its customers, employees and owners. In late 2023, Patria's quality system was



### The benefits of Lean Six Sigma training have exceeded expectations.

standardised in line with the ISO 9001 standard and ISO 14001 environmental system standard. Operations will be consistent with the ISO 45001 occupational health and safety standard in 2025. Patria also complies with the relevant official regulations and the AQAP and Stanag standards required by NATO.

Patria has an audit programme in place. Audits are carried out by customers, the authorities, the in-house audit team and an external certification partner. Certificates make life easier for both Patria and its customers – that said, quality efforts revolve around Patria's drive to meet the expectations of its customers, employees and owners.

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## Harmonisation of procurement practices is well under way

Patria's new operating model also covers supply chains. The standardisation of the procurement practices of Operations units and Group functions has been kicked off by overhauling processes and guidelines. The deployment of a new standardised operating model has been initiated by combining procurement organisations, identifying best practices and harmonising processes and guidelines.

### Responsible operations are reflected in supply chains

Responsibility is realised in Patria's supply chains by taking social, ethical and environmental guidelines and perspectives into account in invitations to tender and competitive procedures. Patria requires suppliers in its supply chain to not only comply with their national legislation, but also commit to compliance with Patria's Code of Conduct, which covers matters such as human rights, the environment, health and security.

Patria emphasises security of supply in the planning of procurements.

Patria's operations in Finland involved a total of around 1,000 active suppliers. More than EUR 300 million was spent on procurements. The largest subcategory of procurements in Operations, as measured in terms of spend value, was standard components, and the most significant procurement category in Group functions was insurance.

The suppliers in Patria's supply chains are largely European. In the case of Operations, 75% are Finnish. 90% of the suppliers in Group functions are Finnish.

Operations units classify 10–20% of their suppliers as strategic. This classification is based on scoring, on the basis of which the company defines its supplier management principles. From strategic suppliers, Patria typically purchases complete systems, raw materials, components, equipment, software, expert services and subcontracted manufacturing.

### Greater environmental awareness among suppliers

Patria has reviewed about 50 of its new suppliers in accordance with environmental and social criteria. Environmental awareness is widespread among suppliers, and many of them monitor their carbon footprint, for instance. Most of Patria's suppliers are located in developed countries where basic labour rights and human rights are supervised by the authorities.

Patria has identified the carbon footprint caused by its subcontracted manufacturing and logistics. The company also carries out reviews of direct suppliers that Patria is responsible for approving, taking environmental and social criteria into consideration.

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# Responsible export and active participation in international markets

For Patria to succeed and maintain its licence to operate, compliance with all export control and sanctions laws and regulations applicable to Patria's transactions is a must.

Patria is committed to compliance with all trade control and sanctions laws and regulations, and strives to continuously improve its internal processes and practices in accordance with its internal Compliance Management System. Patria's senior management plays a key, direct role in country risk determination and red flag analysis, considering among others, the company's values, human rights and the risk of diversion. Compliance with trade compliance and sanctions, and country risk analysis, are performed in accordance with the following policies:

- Trade Compliance Manual
- Trade Compliance and Sanctions Policy

- Sanctions Screening at Patria
- Patria Country Risk Matrix

In 2023, Patria has improved its processes and tools on due diligence screening while adapting those to new regulatory requirements and conducted internal compliance audits verifying adequate implementation. Patria strives to ensure it has the right level of skills and competences in this domain. To this end, it actively engages in cooperation with other industry peers, to identify, share and implement best practices. For this purpose, Patria took a leading role in the creation of the Finnish Sanctions and Export Control Society ("SPVY"), of which it is a founding member. The SPVY's goal is to strengthen Finland's economic and national security resilience by establishing a platform to provide risk, threat, and legally based approaches to global trade compliance, and by serving as a vehicle to develop a strong and lasting export controls and sanctions compliance ecosystem in Finland. SPVY is open to be joined by and benefit from Finnish members of the sanctions and export control communities.

Since 2019, Patria and the Kongsberg Group continue to cooperate through the Trade Compliance Project, which was recognised in 2021 through a World Export Control Review Award and continued to be featured in specialised seminars and publications during 2022 and 2023. The Annual Event connected to this Project was organised in Kongsberg in November 2023 and gathered a record number of participants, as well as high level speakers from the Norwegian Licensing Authority, US Department of State, US Department of Commerce - BIS, EU Anti-Fraud Office - OLAF, as well as peers from other industries and specialised law firms. Patria also actively participates in expert industry groups and plays an active role through its Chairmanship of the ASD (Aerospace Security and Defence Industry Association) Export Control Committee, regularly engaging in dialogue with the European Council's COARM (Working Party on Conventional Arms Exports) and the European Commission.

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# Business in a long-term and responsible manner

Patria enhances and develops its business in a long-term and responsible manner. In its financial reporting, Patria complies with all applicable rules of accounting and financial reporting.

Patria complies with all applicable rules on accounting and financial reporting. Patria’s financial reporting is based on IFRS. Under no circumstances will Patria falsify or forge financial or other documents or give misleading information.

Patria promotes fair competition in all markets in which it operates and complies with all applicable competition law and anti-cartel legislation. Patria neither engages in nor accepts any agreements or other arrangements with competitors that would restrict competition. Patria will not exploit a dominant market position and will always obtain the necessary permits for mergers or acquisitions.

**Tax footprint**

The principle of Patria is to pay in each country the indirect and direct taxes that fall to it in accordance with local laws and regulations. Patria has no functioning corporations in low-tax countries. Patria’s tax strategy is to support business solutions and ensure their proper implementation also from a tax point of view. The principle is to comply with local legislation and notification obligations.

The table includes the most significant countries to which the Group pays taxes and other levies in addition to Finland. The Group companies have also paid taxes during the financial year to the following countries: the Netherlands, Spain, Japan, Norway, Poland and Estonia.

Patria tax footprint	Finland	Sweden	Belgium	Latvia	Other countries	Group in total
Net sales, M€	641.5	19.4	55.8	2.0	15.2	733.8
Profit before taxes, M€	21.9	-1.7	6.8	0.3	36.7	64.0
Personnel 31.12.2023	3 113	78	112	19	63	3 385
<b>Taxes borne, M€</b>						
Corporate income taxes	-4.0	0.0	-1.9	0.0	0.0	-5.9
Employment taxes	-2.7	-1.4	-2.3	-0.2	-0.1	-6.6
Real estate taxes	-0.4	0.0	-0.2	0.0	0.0	-0.6
Other taxes	0.0	0.0	0.0	0.0	0.0	-0.1
<b>Total taxes borne, M€</b>	-7.1	-1.4	-4.4	-0.2	-0.1	-13.2
<b>Taxes collected, M€</b>						
VAT, remitted	-43.0	-2.4	1.7	-14.5	3.3	-54.8
Payroll taxes	-44.8	-1.4	0.0	-0.1	-0.9	-47.2
Withholding taxes	0.0	0.0	-1.1	0.0	-0.1	-1.3
<b>Total taxes collected, M€</b>	-87.8	-3.7	0.6	-14.6	2.3	-103.3
<b>Total taxes borne and collected, M€</b>	-94.9	-5.1	-3.8	-14.9	2.2	-116.5

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## Revised operating model the focus of 2023

Patria has a total of 3,583 professionals working in Finland and at its foreign units. Approximately 94 per cent of Patria employees work in Finland. Women accounted for 17 per cent of employees in 2023. The average length of service was 12.9 years, and 95.6 per cent of employment contracts were permanent. 5.5 per cent of employees had part-time contracts. More detailed information about personnel: Personnel figures 2023

Patria continued with the revamping of its operating model, which began back in 2021 with the Horizon 2025 growth strategy. The purpose of the reforms was to make Patria's entire operating model as efficient and clear as possible to meet the growing demand and secure the deliveries of current and new orders. The changes that enable growth and internationalisation affect the work of practically every Patria employee.

In 2023, the main focus was on the development and organisation of the Operations unit, which is responsible for Patria's production and is Patria's largest unit in terms of personnel. The operating model reform also extended to the Portfolio unit responsible for products and services and their development, as well as to the Group's support functions. The new organisation and operating model entered into force on 1 January 2024.

Due to the operating model and organisation reform, the Operations unit conducted change negotiations in the autumn of 2023, with 1,190 employees within their scope. As a result of the negotiations, essential changes were



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made to the work duties of 280 Patria employees. At the close of the negotiations, the potential layoffs concerned a maximum of 56 employees.

## HR Policy revolves around equality and succeeding together

Patria's responsible HR management is steered by the People Policy, which is based on the company's values and was released in 2019. Its overarching principle is to comply with laws, regulations, ethical principles and best practices in all Group companies across borders.

The People Policy is built on five basic principles: equality and non-discrimination, responsible and value-based management, lifelong learning, succeeding together and a safe working environment.

Patria's day-to-day HR work is centralised in the Group-wide PeopleServices function, which implements best practices across all Patria functions. People and Growth experts are responsible for developing HR work with the support of HR Business Partners. Corporate Communications is part of the HR function.

## Further developing corporate culture with personnel

Organisational reforms were carried out in accordance with Patria's previously defined cultural attributes: Impactful, Dynamic, Ambitious and Together. The change process was supported

with unit-specific training, roadshows that toured a number of locations, and open communications about the changes in Patria's internal channels. Discussions about the kind of common culture that everyone wants at Patria will continue in 2024, as having a shared culture will play a major role in the implementation of Patria's strategy and the employee experience in the years ahead.



## A shared culture plays a major role in the implementation of Patria's strategy.

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# Consistent operating methods support the development of occupational well-being

Patria wants to be a safe and inspiring workplace for all its employees. The objectives for occupational well-being and working capacity for 2023 emphasised the requirements and development opportunities of the new strategy and revised job descriptions.

Patria's operations were reorganised at the beginning of 2022. Occupational safety and well-being practices were also revised at that time. Occupational safety and its development were transferred from the businesses to a centralised Group-level team, and occupational well-being issues are handled by Group-level HR.

The centralisation of functions improved the flow of information and the sharing of good practices, as well as consolidated ways of working. Consistent practices facilitate the work of all personnel and make resources available more efficiently by eliminating overlapping work.

Patria's key occupational safety objective for 2023 was to establish common practices for key processes in occupational safety, such as risk assessments, collection and handling of workplace safety observations, and safety walks.

Patria's long-term objective is to ensure that work does not cause any accidents or occupational diseases. The company has zero tolerance for inappropriate behaviour.

In 2023, a total of 69 accidents at work were recorded in Patria's operations in Finland, of which 12 resulted in more than three days of absence. The total number of accidents is clearly higher than in the previous year. This is partly due to the lowered reporting threshold, which is intended to ensure that incidents can be identified and learned from even when they do not lead to absences. There was also a small rise in lost time injuries. Patria's accident frequency

rate, which describes accidents leading to an absence of over three days relative to hours worked, was 3.5 (per million hours) in 2023 (2.8 in 2022).

Safety observations by employees play a key role in improving occupational safety. The reporting of such observations was streamlined from several systems to one, making it easier to submit and review them. Patria's goal for the year was to increase the number of safety observations from 334 to 1,700 during 2023. This goal was reached – a total of 2,116 safety observations were made during the year. Millog has achieved good results thanks to its long-term efforts – 4,447 workplace safety observations were made in 2022.

## Mental strain poses a challenge in occupational well-being

The effects of the reorganisation on occupational well-being were monitored with quarterly pulse surveys. The results were utilised in supervisor coaching, for instance.

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## 220 individuals took advantage of the employee bicycle benefit introduced in 2023.

In addition to the in-house changes, mental strain increased due to the continuation of coronavirus infections and the war in Ukraine, which has a close bearing on the defence and security sector. The Group has defined support practices for solving problems in employment and support for returning to work after sick leave.

In sick leave absences, coronavirus and respiratory infections were to the fore in 2023; the share of sick leave accounted for by such infections was consistent with the timing of flu waves. The second largest cause of sickness absences was musculoskeletal disorders, and the third was absences related to mental well-being.

Sickness absences averaged 3.6 per cent in Patria's operations in Finland, as compared with 3.7 per cent in the previous year. The Group average was 3.4 (3.2) per cent.

Greater use of digital appointment services is one of Patria's indicators of occupational health. Use of digital appointment services has become well established.

As part of the maintenance of working ability, Patria organised workplace reports, ergonomic walks, workplace break exercise and various exercise groups, for instance. Personnel in Finland have employer-supported lunch, culture, exercise and wellness vouchers as an employee benefit. In 2023, an employee bicycle benefit was introduced. 220 people availed themselves of this benefit.

The model for annual personnel events was standardised in line with the theme of community and well-being.



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# Competence development supports Patria's growth strategy

Patria makes considerable investments in competence development with the aim of creating and supporting a culture of high performance. By continuously developing competence, we want to leave a lasting impression.

In 2023, competence development continued to reflect the after-effects of Patria's structural reorganisation and focused on the second phase of the overhaul. The Operations function continued its large-scale programme of supervisor coaching and workshops that was launched in 2022. Since the autumn, supervisors in other functions have also participated in these activities. By the end of 2023, all of Patria's supervisors had therefore taken part in some form of coaching to develop their supervisory skills.

A total of approximately 180 people attended supervisor training. The coaching and training sessions sought

to ensure that supervisors have the necessary skills to carry out their tasks. A very participatory approach has been taken to competence development: employees have offered up their own ideas, briefings were held for personnel, and training on the new operating model was provided in late 2023.

One of the key activities of 2023 was to analyse the need for new kinds of competencies in order to support employees' new roles in the revamped organisation. For example, presentation and language training was provided to support success in new roles.

A large-scale People Survey was conducted in the first quarter of 2023, and quarterly pulse surveys were carried out as in previous years.

A total of 130 people were given 360-assessments. The results were then discussed and will be used to take follow-up measurements. 104 Patria employees were trained to Lean Six Sigma Yellow Belt level and 13 to Green Belt level in 2023.

Management principles were refined in the Operations unit. Four management principles were defined: management must be people-centric, solution-focused, fair and goal-oriented. Patria also has an ongoing remuneration

development project, as part of which several training sessions were held for supervisors.

## Aiming for improved productivity

Patria's ambitious growth strategy requires expertise to implement increasingly demanding customer projects, improve productivity, optimise resource usage, and assure quality. Patria is providing training not only to develop personnel competence, but also to improve productivity. The company will continue to invest in productivity development over the coming years through Lean Six Sigma.

The "Patria Path" – a collaboration between Patria and Tampere University of Applied Sciences (TAMK) – is ongoing. It gives students the opportunity to engage in a new type of learning within the company. The first student selections were made in 2022 and the students were employed at Patria in summer 2023. Patria will also continue to explore ways to enhance competence and new opportunities for collaboration.

The war in Ukraine led to a significant increase in demand for Patria's vehicles in 2023, which has in turn resulted in a major need for recruitment and competence development in Hämeenlinna.

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# Patria's performance-based bonus model supports succeeding together

The performance-based bonus model covers all Patria employees with permanent, fixed-term or part-time employment contracts in Finland, most personnel working abroad, and Millog Oy personnel.

About 90 per cent of the targets in our performance-based bonus model are tied to common goals for teams or the company's business. A small percentage of Patria employees also have performance targets based on personal goals.

The performance-based bonus highlights profitability. Performance-based bonuses offer significant earnings potential that is defined by personnel group. For employees, it is 15 per cent of annual earnings.

Patria has had a compensation fund pursuant to the Act on Personnel Funds since 2015, and Patria personnel can invest their bonuses in this fund.

## It is important that everyone understands the significance of their own work

Alongside succeeding together, compensation and performance management help to strengthen each employee's role in managing their own performance. When setting targets, it is important that everyone understands how they can contribute to the achievement of common goals. Reviewing targets is part of the development discussion that each employee has with their supervisor.

A remuneration project was launched in 2023, during which employee benefits were developed using the results of a remuneration survey that was conducted in Patria's Finnish units in late 2022. New and revised employee benefits included company bicycles and a broader range of recreational benefits. More communications were sent about overall compensation, and

supervisors were provided with training on topics such as the performance-based bonus model and job evaluations.

The compensation paid to salaried and waged employees working in Patria's Finnish operations is determined by Technology Industries of Finland's collective agreements. The compensation paid to senior salaried employees is mutually agreed upon, and job evaluation is performed using the International Position Evaluation (IPE) system

Patria is committed to respecting collective agreements and helping its employees to participate in planning and decision-making related to their work and working environments. Making local agreements has become an established practice at Patria. Patria's foreign locations comply with local labour legislation and labour market practices.

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## Equality at Patria

At Patria, we monitor equality with the aid of a personnel survey and do not tolerate any form of harassment, discrimination or other inappropriate behaviour. Patria's goal is to create a trusting and respectful working environment that supports and values equality and diversity.

Patria's first Group-wide equality plan was drawn up for the period 15 October 2022 to 14 October 2024. It includes both an equality and non-discrimination plan for Finland.

An equality survey was conducted in Patria's Finnish units in spring 2022 to collect data for drawing up the plan.

The survey aimed to find the most significant factors that support equality or create inequality, as well as ways of making improvements. Another survey will be conducted during 2024 and its results will be used to draw up a revised plan for the next two years.

The uneven distribution of workloads and factors relating to discrimination, sexual harassment and the use of inappropriate language were identified as key areas for development in the current plan. A salary analysis was also carried out to determine the effect of gender on salary differences between senior salaried employees.

According to a 2022 report, both discrimination and sexual harassment are closely linked to the use of inappropriate language. In accordance with the equality plan, Patria implemented a campaign against inappropriate behaviour during 2023. As part of the campaign, discussions were held with supervisors and personnel on topics such as identifying and intervening in the use of inappropriate language. Personnel were once again encouraged to report any form of inappropriate behaviour. These reports can also be made anonymously. As part of the campaign, triangular table talkers on the topic were

placed around Patria's premises, briefings were given on Info TV, and additional information was added to the intranet.

Workloads are perceived as being unevenly distributed, especially in projects. One factor that could even out workloads was identified: increased communication between project supervisors. A coaching programme for all supervisors was launched in 2023, and supervisors have received training on performance management themes and providing constructive feedback. One of the programme's focal themes has been routine management and the fair treatment of employees.



**Supervisors have received training on performance management and providing constructive feedback.**

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## Environmental sustainability and planning greenhouse gas emission reduction targets were leading Patria Group's work in 2023

Patria Group's has been persistently doing sustainability work for years, and in 2023 the Group started to prepare for the EU's corporate sustainability reporting directive (CSRD) in advance. In 2023 reporting, Millog's subsidiaries Senop and Millog Marine Power were added to the reporting alongside their parent company Millog for the first time. Hence, Patria Group's reporting covers all relevant companies and is consistent with Group level targets and other Group level reporting. This also aligns Patria Group's reporting with the upcoming CSRD reporting, as well as with the commitment to Science-based Targets initiative. Patria Group committed to the initiative already in 2022 and the background work and greenhouse gas emission reduction target planning was continued in 2023.



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Patria Group is committed to concrete measures promoting sustainable development. The Group has done persistent work to decrease energy and water consumption and increase waste recycling rates. Patria Group has been tracking the recycling rates of community waste in Patria's sites for the last two years. The recycling rates and the amounts of hazardous waste have been varying between quarters and years due to the nature of Patria's operations. The amount of hazardous waste is determined to be decreased and the recycling rate is pursued to be increased in order to reach the goals of the EU Waste Directive faster than the legislation requires.

Patria Group is planning to switch to the use of biofuels to the extent possible and to the use of renewable energy sources in locations where that is possible to do. This transition is also encouraged by the international Science-based Targets initiative, according to which emission reduction targets will be set during 2024. Patria Group committed to the initiative already in 2022 and in 2023 further background work and planning regarding emission reductions was carried out. Companies committed to the Science-based Targets initiative are obligated to decrease their greenhouse gas emissions in alignment with the Paris Agreement and the 1.5-degree warming limit.



## Patria Group is committed to the Science-based Targets initiative and upcoming CSRD applies to all subsidiaries.

Patria Group is committed to the Science-based Targets initiative for the entire group, and in addition, in the upcoming EU Sustainability Reporting Directive (CSRD), Patria Group considers all its subsidiary companies. Therefore, the entire Millog Group was considered in the environmental reporting for the year 2023.

What is more, in 2023, the work regarding Finland's F-35 fighter plane purchase began with environmental permission applications and construction at Patria's Finnish sites.

Patria Group reports environmental indicators for nine locations in Finland (Tampere, Espoo, Helsinki, Hämeenlinna, Halli, Linnavuori, Pirkkala, Tikkakoski, and Utti). In addition to the Finnish locations, Patria Group's reporting included the Belgian, Swedish, Estonian, and Dutch business units. From 2020 onwards, the units in Belgium, Sweden, and Estonia were added to the reporting, and

the unit in the Netherlands was included in 2023. The report also presents environmental information on Patria's majority-owned subsidiary, Millog Group (including Millog, Senop and Millog Marine Power), which operates in dozens of locations throughout Finland.

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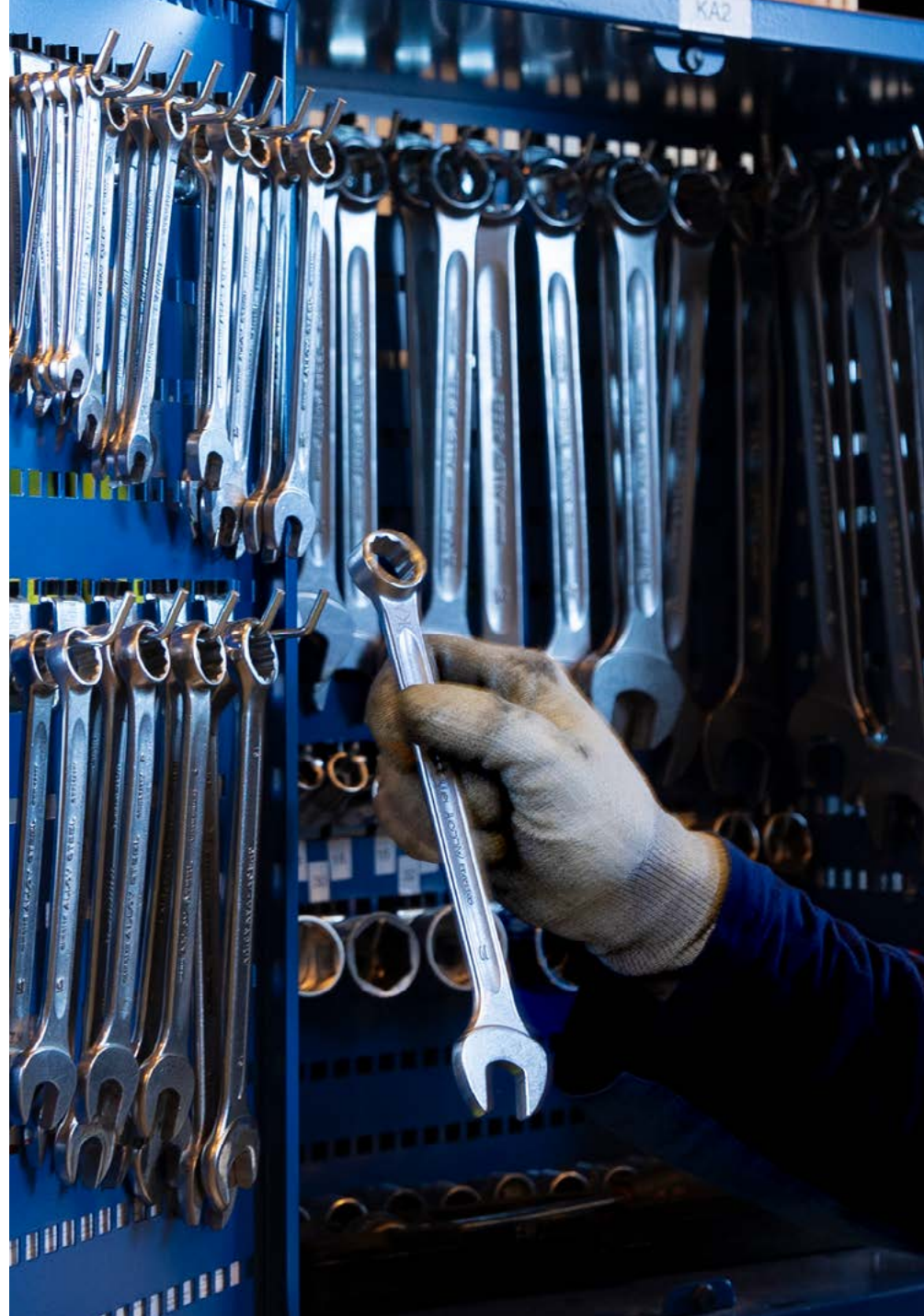
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## Environmental systems

In most of the Patria Group's locations, there are certified environmental management systems that adhere to the latest ISO 14001:2015 standard. The environmental management system is used to enhance the control of environmental impacts and the level of environmental protection. The coverage of the environmental management system was improved during the year 2023 within the Patria Group by certifying the operations of the operations in the Tampere and Espoo offices, as well as the composite and metal production units in Halli.



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## Carbon footprint

Patria Group has conducted its carbon footprint calculation according to the standards and guidance described in the GHG protocol since 2018 (version 2004, amendment 2013 ) For scope 3 emissions, a separate scope 3 emission calculation standard (2011 ) and a technical guide (2013 ) that supplement the GHG Protocol were also applied. Patria Group has calculated its direct and energy indirect emissions (scopes 1 and 2) 2018 onwards, whereas emissions from the value chain (scope 3) were calculated in 2021 for the first time. For now, only scope 1 and 2 emissions are reported with the environmental reporting.

According to GHG Protocol, the GHG accounting and reporting can be based on the equity share and the control approaches. These organizational boundaries define which emissions belong to scopes 1 and 2 and which to scope 3. Patria Group has defined organizational boundaries based on the operational management of functions, and therefore accounts for 100 percent of the GHG emissions from operations over which it has control. The calculation concerns operations in Finland, Sweden, Estonia, Belgium, Spain, and the Netherlands, as well as Millog Group's emissions.

Scope 1 consists of direct greenhouse gas emissions from sources owned or controlled by the company, such as company-owned vehicles, self-produced energy, and potential

refrigerant leaks. Scope 2 includes greenhouse gas emissions generated from the production of electricity and heat purchased and consumed by the company.

The carbon footprint, including scope 1 and 2 emissions, for all locations of Patria Group in 2023 was 27 949 metric tons of carbon dioxide equivalent (t CO<sub>2</sub>e) (Figure 1). Compared to the previous year's carbon footprint (25 643 t CO<sub>2</sub>e), Patria Group generated 9% more greenhouse gas emissions.

The increase in scope 1 emissions is explained by the growth in fuel consumption, while in scope 2, the emission quantity was more influenced by the emission calculation method. The usage of electricity and heat was generally slightly lower in 2023 compared to the previous year. However, since emissions were largely calculated using the residual mix of Finland in 2022, the emissions were higher than the previous year due to an exceptionally high residual mix coefficient. The residual mix refers to the production of electricity in Finland for which the origin is not verified, and the coefficient for the year 2022 was influenced by the war that started in Ukraine, leading to a transition to more carbon-intensive fuels for energy production for reasons of energy security.

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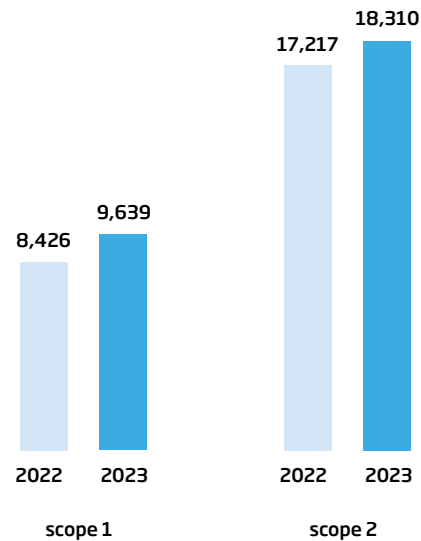
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Patria Group's  
scope 1 and scope 2 emissions (t CO<sub>2</sub>e)  
2022-2023



Patria Group's scope 1 and scope 2 emissions (t CO<sub>2</sub>e)  
in 2022-2023. All locations are considered.

Regarding Scope 2 emissions in Patria Group's carbon footprint, the so-called market-based emissions figure is considered, and the location-based emission figure is provided as additional information. In the market-based emission figure, the impact of the chosen energy production method on emissions is considered. The calculation involves using emission factors reported by energy producers or a residual mix coefficient if precise information is unavailable. On the other hand, the location-based emission figure reflects the situation of the regional energy grid and is calculated using the average emission factor for energy production in the country. Patria Group's location-based Scope 2 emissions in 2023 were 9 909 t CO<sub>2</sub>e, meaning that the average emissions for energy produced in Finland were lower than the emissions produced by Patria Group using the same amount of energy.

In addition, both scope 1 and scope 2 emissions include, as additional information, biogenic emissions, which describe the amount of carbon dioxide emissions generated from the use of biomass-based fuels. According to the GHG Protocol, only methane and nitrous oxide emissions from biofuels are included in a company's carbon footprint, and carbon dioxide is reported separately. Biogenic scope 1 emissions in 2023 were 326 t CO<sub>2</sub>, and biogenic scope 2 emissions were 5 171 t CO<sub>2</sub>.



Patria calculates its carbon footprint according to the most widely used international standard (GHG).

# Environmental indicators

Three main environmental indicators are followed in Patria Group's environmental reporting: energy use, water consumption and waste. The results are reported both at the Patria Group level, but also for Patria and Millog Group separately, Patria meaning all the Finnish and foreign units together, but excluding Millog Group. Millog's figures for the years 2020-2023 have been updated regarding fuel consumption calculations due to overlapping and deficiencies in previous data.

## Energy consumption

Patria Group's indirect energy consumption consists of electricity and thermal energy consumption, with direct primary energy consumption deriving from fuel

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**Patria follows energy use, water consumption and waste generation.**

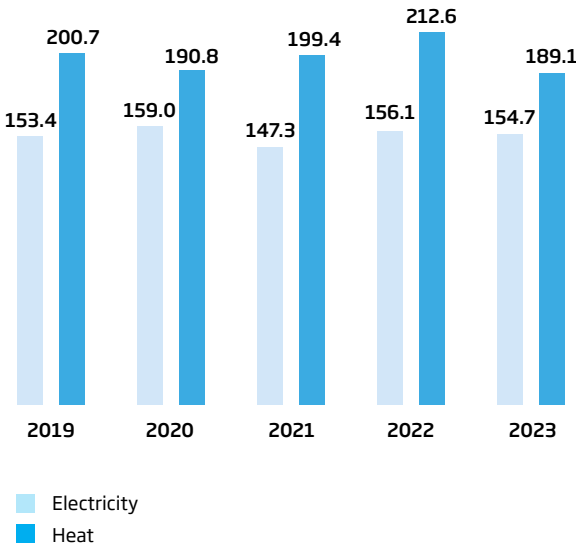
consumption by aircraft, vehicles, gas turbines and diesel engines.

## Thermal and electrical energy consumption

The weather-normalised thermal energy consumption of properties managed by Patria and Millog Group decreased by 17% in 2023 compared to 2022. The consumption of thermal energy in Patria's own operations decreased by 11% from the previous year. Specific energy consumption, which defines energy consumption in relation to the number of heated cubic metres of the building decreased by 5% in Patria's own operations. The specific energy consumption of Millog Group could not be calculated, as the cubic meters of their buildings was not known.

In 2023, Patria Group's electricity consumption decreased by 1% compared to 2022. The electricity consumption in Patria's own operations decreased by 2%. The specific electricity consumption, which defines energy consumption in relation to the number of electrified building cubic metres of the building, decreased by 21% in Patria's own operations. The number for Millog Group could not be calculated, as the cubic meters of the buildings were not known.

Heat and electricity consumption (TJ)



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Fuel consumption

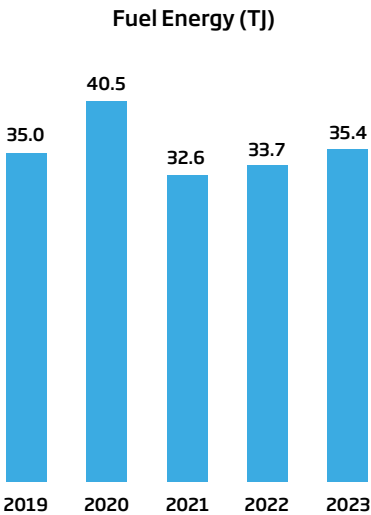
In 2023, Patria Group’s total fuel consumption (kg/l) increased by 14%. This is partly explained by the addition of Millog’s subsidiaries to the calculations, as both Senop and Millog Marine Power consumed fuels. The consumption of light fuel oils decreased by 9% at Patria, while there was a 338% increase within the Millog Group. Millog’s own consumption increased in 2023, but the group’s figures also include the consumption by Millog Marine Power. Patria Group’s diesel consumption

increased by 23%, aviation gasoline consumption decreased by 7%, and motor gasoline consumption decreased by 11%. Fuel energy consumption in terajoules increased from 33.7 terajoules to 35.4 terajoules, in line with the total fuel consumption decrease.

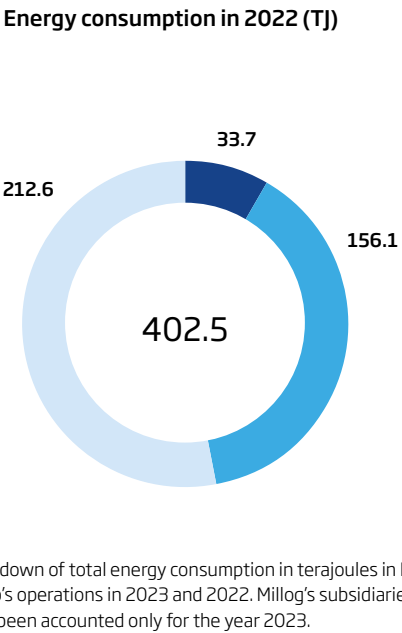
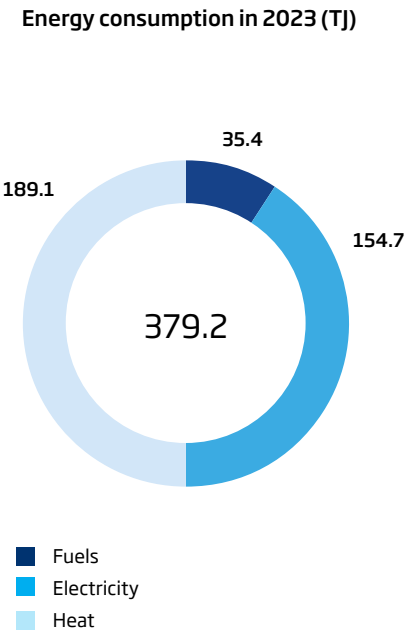
The Finnish Defence Forces are responsible for monitoring the consumption of aviation gasoline and jet fuel used in military flight training and maintenance test flights of their aircraft. The fuel consumed during Millog’s maintenance drives is included in Patria’s report. Millog’s

fuel consumption has been reported since 2018. In the fuel consumption data for Millog, overlaps and minor deficiencies were identified for the years 2020–2022, which were corrected retrospectively, so that years 2020–2023 are comparable with each other when it comes to Millog’s consumption data.

Patria Group’s various operations consumed a total of about 379.2 terajoules of energy in 2023. Total energy consumption decreased by 6% compared to the previous year.



Fuel energy consumption in terajoules in Patria Group’s operations, 2019–2023. Millog’s subsidiaries have been accounted only for the year 2023.



Breakdown of total energy consumption in terajoules in Patria Group’s operations in 2023 and 2022. Millog’s subsidiaries have been accounted only for the year 2023.

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Water consumption

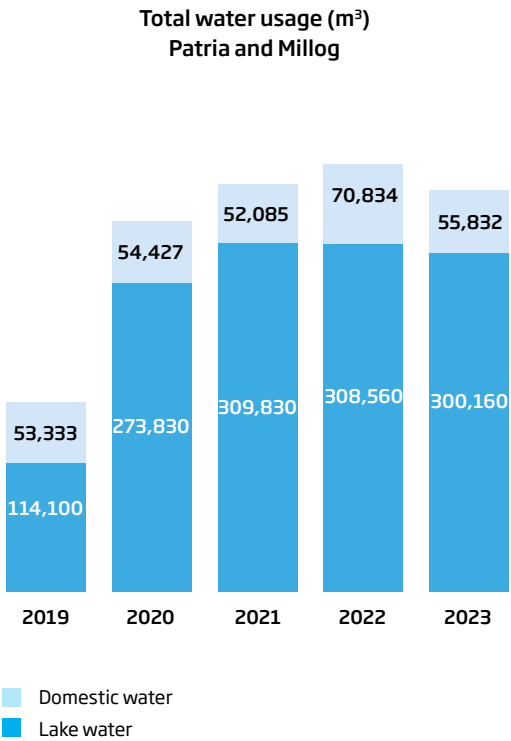
Total water consumption

Patria Group's total water consumption (household water and lake water) decreased by 6% in 2023 compared to 2022. Domestic water consumption decreased by 21% compared to the previous year, and the consumption of lake water used in Linnavuori decreased by about 3%. In Belgium, rainwater is used for sanitation and washing, but as collecting rainwater does not affect water reserves, it was excluded from the reporting. In Linnavuori, consumption of water varies from year to year, depending on the number and types of engines being serviced. At the Linnavuori site, lake water is used to cool furnaces, vacuum furnaces, and engines during test runs. The used cooling water is directed back into Lake Jokinen. In Patria Group, lake water accounted for 84% of total water consumption in 2023.

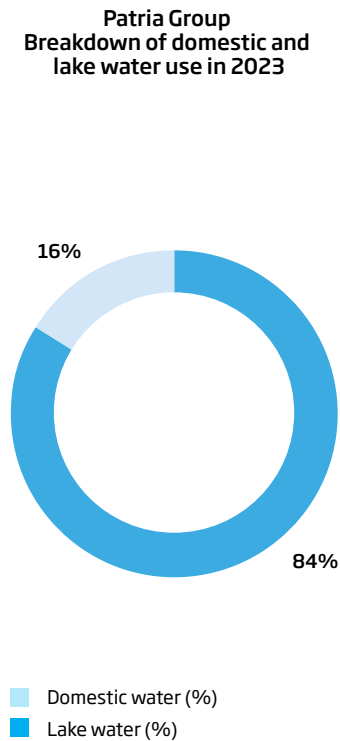
Waste

The Group's operations primarily generate common municipal waste, scrap metal, hazardous waste, and construction and industrial waste.

The total volume of waste generated by Patria in 2023 was approximately 1 342 tonnes. Patria's 2023 recycling ratio was 45% of its total waste volume, thus remaining the same as in the last two years.



Patria Group's total water consumption 2019-2023. The use of domestic and lake water decreased. Units located outside Finland were added to the reporting in 2020.



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The Millog Group generated a total of 3 043 tonnes of waste in 2023. The recycling rate for the Millog Group in 2023 was 70%, showing an increase compared to the level in 2022.

In 2023, 72% of Patria’s waste consisted of common waste, including municipal waste, construction waste and scrap metal (total 964 tonnes). Hazardous waste accounted for 28% (372 t). Waste amounts have increased since 2022. Common waste includes energy waste, unsorted waste, paper, cardboard, sludge, waste

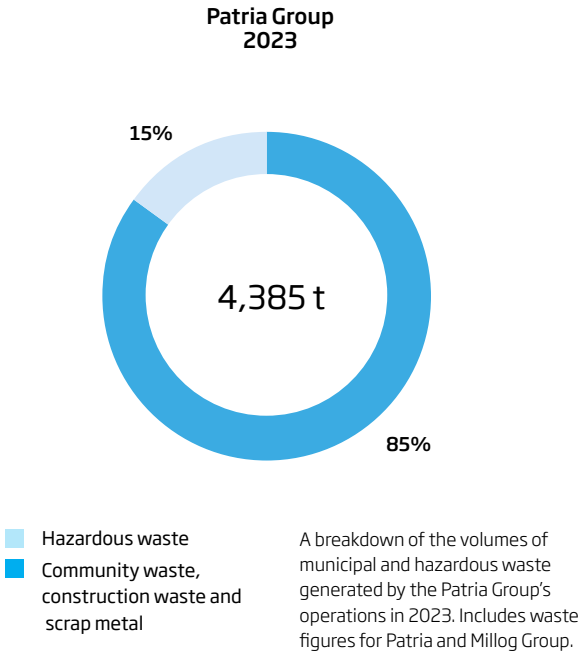
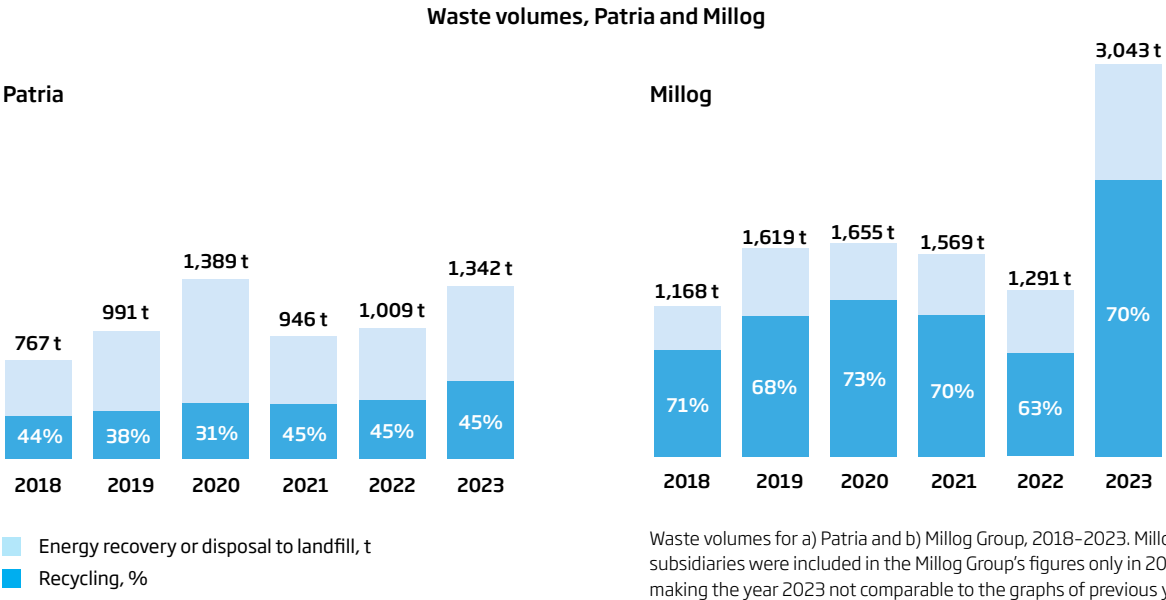
wood, organic waste, common electrical and electronics scrap, construction waste, glass, plastic, brick and concrete waste, steel and aluminium scrap, and packaging metal. Hazardous waste principally consists of oily waste, wash water, sediment and other waste classified as hazardous.

The share of common waste in Millog Group’s total waste volume was 91% (2 764 tonnes), with only 9% being hazardous waste, 279 tonnes. Compared to 2022, the amount of common waste increased

by approximately 1 656 tonnes and hazardous waste by about 86 tonnes. It’s important to note that the figures for 2023 include the waste volumes of two subsidiaries not previously accounted for in Millog’s waste totals.

The total waste volume of Patria Group was about 4 385 tonnes, which includes waste figures for Patria and Millog Group. The total waste volume increased from the previous year.

In 2023, the recycling rate for Patria’s municipal waste was 53%, which is 9 percentage points lower than the previous



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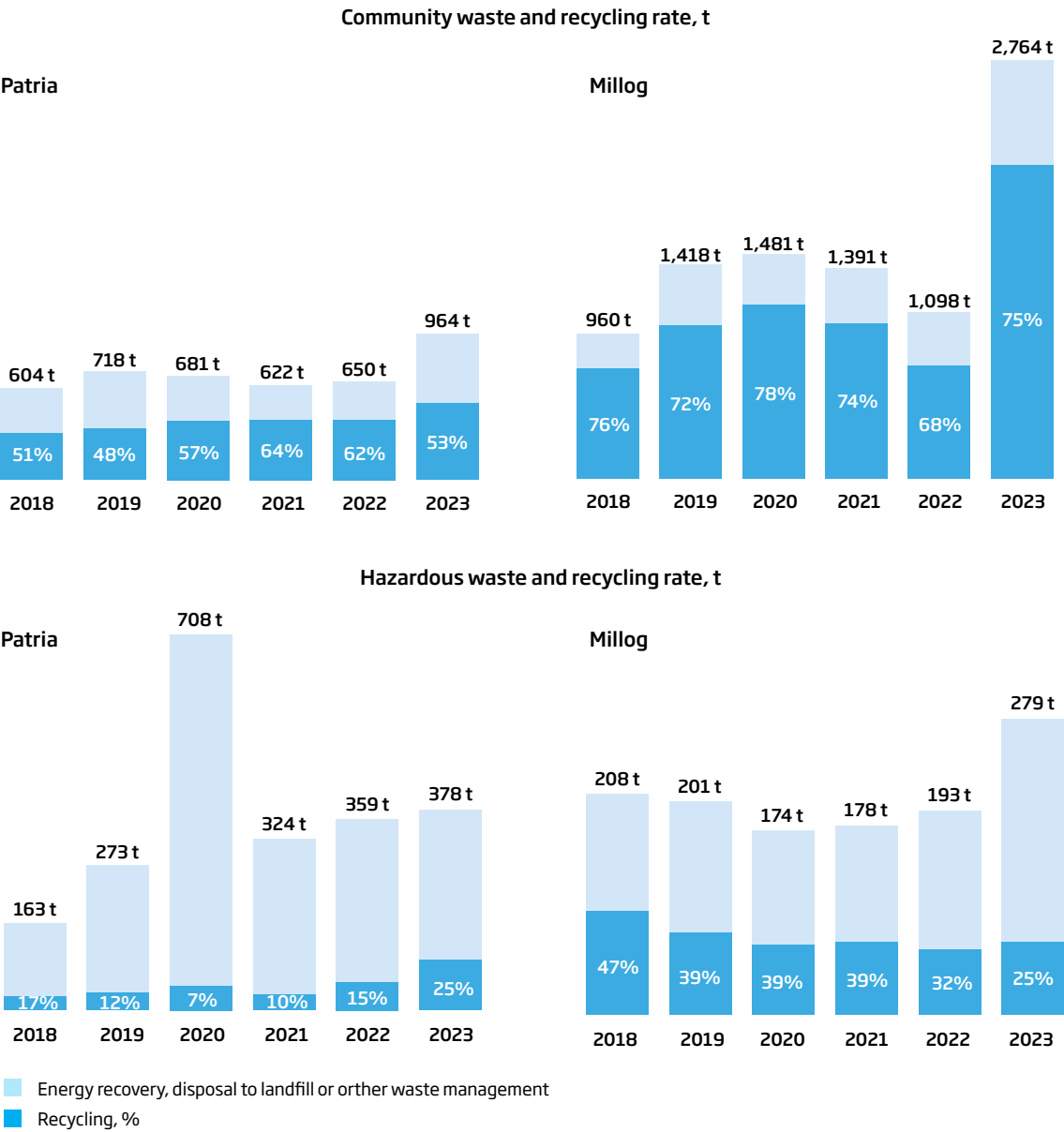
year. However, the importance of recycling has been reinforced, and efforts to enhance it have been included in future action plans. The Group's waste recovery rate, which includes all treatment methods except landfill disposal, was 93%. The joint recycling rate for Patria and the Millog Group was approximately 63%.

The recycling rate for municipal waste in Millog Group increased by 7 percentage points in 2023. The amount of municipal waste in Millog Group increased by 1 666 tonnes compared to the previous year, partly due to the inclusion of subsidiaries in the calculations. The amount of municipal waste in Patria's operations significantly increased compared to 2022.

Approximately 25% of Patria Group's hazardous waste was recycled, which is an improvement on the 2022 recycling rate (21%), especially considering the increase in waste volume in 2023. The amount of hazardous waste in Patria increased by about 19 tonnes, and the recycling ratio increased by 10 percentage points. The recycling rate for hazardous waste in Millog Group decreased by 7 percentage points, even though the amount of hazardous waste increased by 86 tonnes compared to the previous year.

Municipal waste, construction waste and scrap metal recycling percentages for a) Patria and b) Millog Group, 2018-2023. Millog's subsidiaries were included in the Millog Group's figures only in 2023, making the year 2023 not comparable to the graphs of previous years.

Hazardous waste recycling percentages for a) Patria and b) Millog Group, 2018-2023. Millog's subsidiaries were included in the Millog Group's figures only in 2023, making the year 2023 not comparable to the graphs of previous years.



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## Reporting principles

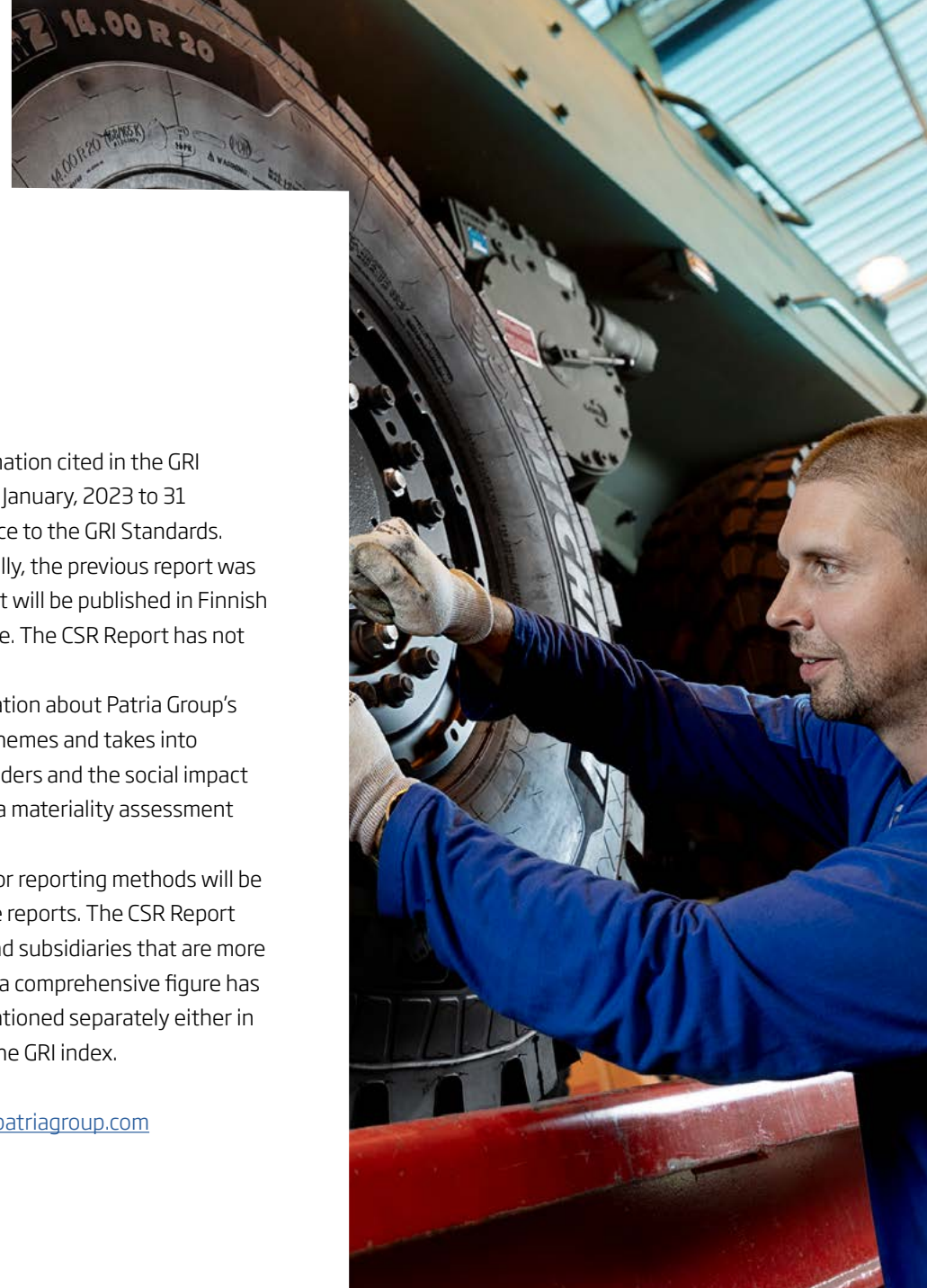
Patria's CSR Report describes responsibility, governance and key events for the entire Group in 2023.

Patria has reported the information cited in the GRI content index for the period 1 January, 2023 to 31 December, 2023 with reference to the GRI Standards. The report is published annually, the previous report was published on 31 March 2023. It will be published in Finnish and English on Patria's website. The CSR Report has not been externally verified.

The report contains information about Patria Group's most material responsibility themes and takes into account the views of stakeholders and the social impact of Patria's business based on a materiality assessment carried out in 2020.

Any changes in calculation or reporting methods will be described separately in future reports. The CSR Report covers all Group companies and subsidiaries that are more than 50% owned by Patria. If a comprehensive figure has not been available, this is mentioned separately either in the section in question or in the GRI index.

**MORE INFORMATION:** [info@patriagroup.com](mailto:info@patriagroup.com)



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2-1 Organizational details	Annual review, Patria in brief, p. 2	
2-2 Entities included in the organization's sustainability reporting	Reporting principles, p. 63	
2-3 Reporting period, frequency and contact point	Reporting principles, p. 63	
2-4 Restatements of information	Reporting principles, p. 63, GRI content index	No significant changes.
2-5 External assurance	GRI content index	The report has not been assured by a third party.
2-6 Activities, value chain and other business relationships	Supply chain development, p. 43, Annual review, Strategy, p. 13, Operating model, p. 15	
2-7 Employees	Personnel figures 2022, p. 67	
2-9 Governance structure and composition	Finance & governance, Corporate governance, p. 121	
2-10 Nomination and selection of the highest governance body	Finance & governance, Corporate governance, p. 121	
2-11 Chair of the highest governance body	Finance & governance, Board of directors, p. 128	
2-12 Role of the highest governance body in overseeing the management of impacts	Finance & governance, Corporate governance, p. 121	
2-13 Delegation of responsibility for managing impacts	Finance & governance, Corporate governance, p. 121	
2-14 Role of the highest governance body in sustainability reporting	Corporate responsibility management, p. 30	
2-15 Conflicts of interest	Ethical conduct, p. 33	
2-16 Communication of critical concerns	Ethical conduct, p. 33	
2-19 Remuneration policies	Finance & governance, Notes to the consolidated financial statements, p. 81	
2-20 Process to determine remuneration	Finance & governance, Notes to the consolidated financial statements, p. 81	
2-22 Statement on sustainable development strategy	Corporate responsibility in Patria, p. 32	
2-23 Policy commitments	Ethical conduct, p. 33, Responsible exports, p. 44	
2-24 Embedding policy commitments	Ethical conduct, p. 33, Responsible exports, p. 44	
2-25 Processes to remediate negative impacts	Ethical conduct, p. 33	
2-26 Mechanisms for seeking advice and raising concerns	Ethical conduct, p. 33	
2-27 Compliance with laws and regulations	Ethical conduct, p. 33	
2-28 Membership associations	Stakeholder collaboration, p. 36	
2-29 Approach to stakeholder engagement	Stakeholder collaboration, p. 36	
2-30 Collective bargaining agreements	Compensation, p. 51	
GRI 3: Material Topics 2021		
3-1 Process to determine material topics	Material themes, p. 28	
3-2 List of material topics	Material themes, p. 28	
GRI 201: Financial Results 2016		
201-1 Direct economic value generated and distributed	Annual review, Patria in brief, p. 2, Finance & governance, Board of directors' report, p. 69	
GRI 205: Anti-corruption activities 2016		
205-2 Communication and training about anti-corruption policies and procedures	Ethical conduct, p. 33	
205-3 Confirmed incidents of corruption and actions taken	GRI content index	No confirmed corruption incidents in 2023

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GRI Standard	Location in Annual Report	Comment
<b>GRI 207: Taxes 2019</b>		
207-1 Approach to tax	Responsible finances and tax footprint, p. 45	
207-2 Tax governance, control, and risk management	Responsible finances and tax footprint, p. 45	
207-4 Country-by-country reporting	Responsible finances and tax footprint, p. 45	
<b>GRI 302: Energy 2016</b>		
302-1 Energy consumption within the organization	Environmental indicators, p. 58	
302-4 Reduction of energy consumption	Environmental indicators, p. 58	
<b>GRI 303: Water and Effluents 2018</b>		
303-1 Interactions with water as a shared resource	Environmental indicators, p. 58	
303-2 Management of water discharge-related impacts	Environmental indicators, p. 58	
303-5 Water consumption	Environmental indicators, p. 58	
<b>GRI 305: Emissions 2016</b>		
305-1 Direct (Scope 1) GHG emissions	Carbon footprint, p. 56	
305-2 Energy indirect (Scope 2) GHG emissions	Carbon footprint, p. 56	
<b>GRI 306: Waste 2020</b>		
306-1 Waste generation and significant waste-related impacts	Environmental indicators, p. 58	
306-2 Management of significant waste-related impacts	Environmental indicators, p. 58	
306-3 Waste generated	Environmental indicators, p. 58	
306-4 Waste diverted from disposal	Environmental indicators, p. 58	
<b>GRI 401: Employment 2016</b>		
401-1 New employee hires and employee turnover	Personnel figures 2023, p. 67	
<b>GRI 403: Occupational Health and Safety 2018</b>		
403-1 Occupational health and safety management system	Occupational well-being and working capacity, p. 48	
403-2 Hazard identification, risk assessment, and incident investigation	Occupational well-being and working capacity, p. 48	
403-3 Occupational health services	Occupational well-being and working capacity, p. 48, GRI content index	In all countries, local laws and related regulations are followed. In Finland, all employees are generally covered by occupational health services. Finland has a comprehensive occupational healthcare system provided by Mehiläinen, supported by surgical cost coverage and leisure accident insurance.
403-4 Worker participation, consultation, and communication on occupational health and safety	Occupational well-being and working capacity, p. 48	
403-5 Worker training on occupational health and safety	Occupational well-being and working capacity, p. 48	
403-6 Promotion of worker health	Occupational well-being and working capacity, p. 48	
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational well-being and working capacity, p. 48	
403-9 Work-related injuries	Occupational well-being and working capacity, p. 48	

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GRI Standard	Location in Annual Report	Comment
<b>GRI 404: Training and Education 2016</b>		
404-2 Programs for upgrading employee skills and transition assistance programs	Competence development, p. 50	
404-3 Percentage of employees receiving regular performance and career development reviews	Compensation, p. 51	
<b>GRI 406: Non-discrimination 2016</b>		
406-1 Incidents of discrimination and corrective actions taken	Promoting equality and diversity, p. 52	
<b>GRI 415: Public policy 2016</b>		
415-1 Political contributions	GRI content index	Patria does not grant donations, sponsorships or any other financial benefits to political parties or candidates.
<b>GRI 418: Customer privacy 2016</b>		
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	GRI content index	There were no complaints in 2023 regarding breaches of customer privacy and the destruction of customer data.

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Personnel figures 2023

	2019	2020	2021	2022	2023
Personnel					
Personnel average	3,055	2,973	3,097	3,311	3,385
Finland	2,795	2,735	2,861	3,049	3,122
Sweden	113	104	84	82	82
Belgium *)	75	98	109	117	107
Estonia	37	33	33	26	17
The Netherlands				25	32
Latvia	2	2	9	10	19
Others	34	2	2	2	4
Blue-collar %	43	41	41	40	40
Blue-collars in Finland %	41	41	40	39	39
White-collars %	57	59	59	60	60
Salaried in Finland %	18	18	18	17	17
Senior salaried in Finland %	41	41	42	43	44
Proportion of women %	16	16	16	17	17
Proportion of women in Finland %	16	16	16	17	17
Proportion of women in Board	2/7	2/8	2/8	2/8	2/8
Proportion of women in Group Management Team	3/10	2/10	1/8	1/9	1/10
Education in Finland**)					
Doctoral degree %		2	1	1	2
Higher university degree %		19	19	18	22
Lower university degree %		22	22	29	30
University degree %	18				
College degree %	29				
Vocational/upper secondary school %	51	55	56	50	45
Basic education %	2	2	2	2	1

Figures are group level, unless otherwise stated. If comparison figures for previous years have not been announced, they have not been calculated in previous years.

\*) 2019 figure is not year average as Belgium became part of the Group in June/2019.

\*\*) Figures from international units not available. As of 2020 educational information have been available in the global HR system and divided differently as the higher and lower university degrees include former figures of University and College degrees.

\*\*\*) Calculation formula has been changed since 2019: ((started + terminated permanent employments)/2) / personnel in average.

\*\*\*\*) Figure from 2019 covers the timeframe June 1 - Dec 31, 2019

\*\*\*\*\*) The method of calculation has changed since 2019, after which only work-related accidents resulting in an absence of at least four days (LT14) have been included.

	2019	2020	2021	2022	2023
Employment					
Average age	45.2	45.3	45.5	45.4	45.5
Average age in Finland	45.5	45.5	45.7	45.5	45.6
Average length of service, yrs	13	13.1	14.1	13.2	12.9
Average length of service in Finland, yrs	13.8	13.9	14.6	13.7	13.3
Personnel turnover, average turnover % ***)					
Finland	7.9	6.5	7.3	4.2	11.3
Sweden	24.7	26.6	9.0	10.4	9.2
Belgium	6.6	15.4	15.8	5.1	12.2
Estonia	31.6	14.3	17.9	14.0	8.8
Latvia			100	22.7	34.1
Personnel turnover, leavers %					
Finland	6.4	6.1	8.1	4.0	9.4
Sweden	23.3	39.1	16.7	15.9	9.9
Belgium	5.5	6.2	13.5	8.4	17.6
Estonia	26.4	20.0	17.9	27.9	17.6
Latvia			15.4	27.3	9.1
Permanent employees %					
Permanent employees in Finland %	94.8	94.6	95.5	96.4	96.5
Part-time employees %					
Osa-aikaiset työsuhteet Suomessa %	3.4	5.4	4.5	4.8	5.1
Health and safety					
Absenteeism attributable to sickness %					
Finland	3.6	3.0	3.1	3.7	3.6
Sweden	3.6	3.4	3.5	2.9	2
Belgium	5.1	5.6	4.0	4.6	4.6
Estonia *****)	4.5	5.2	5.2	4.8	6.0
Latvia			0.6	0.2	0.9
Frequency of accidents					
Finland *****)	4.1	4.1	3.7	4.9	4.1
Sweden		0.0	0	6.5	7.3
Belgium		0.0	6.3	5.9	6.3
Estonia		14.2	0	0	0
Latvia			0	0	0

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Patria Oyj  
Arkadiankatu 2, 00100 Helsinki, Finland  
[www.patriagroup.com](http://www.patriagroup.com)  
[info@patriagroup.com](mailto:info@patriagroup.com)





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