



# **ASPO RESPONSIBILITY REPORT 2018**





# ASPO RESPONSIBILITY REPORT 2018

---

This report includes the Statement of Non-Financial Information as stipulated by the Finnish Accounting Act and EU Directive 2014/95/EU and describes Aspo's progress in implementing the principles of UN Global Compact.

WE SUPPORT



# IN 2018, ASPO COMMITTED TO THE UN GLOBAL COMPACT PRINCIPLES

Aspo is a conglomerate that specializes in demanding B2B customers. It owns and develops businesses in nearly 20 countries in Northern Europe and in selected growth markets. Aspo's wholly-owned subsidiaries ESL Shipping, Leipurin, Telko and Kauko operate under their own strong brands and create value for their customers. The objective of the trade and logistics businesses is to be market leaders in their respective fields. Together, they create Aspo's value.

Aspo believes that long-term value creation requires social, financial and environmental sustainability in businesses. A responsibly led, growing company can create jobs, tax revenues and wellbeing. Customers, too, are increasingly interested in responsibility. Aspo acts like a good corporate citizen in all its operating countries. This means, for example, that Aspo always pays taxes in the country where the profits are made. Aspo treats its employees and stakeholders in a just and equal manner in all the countries where it operates.

Promoting good practice in all operating countries is important to Aspo. Following its own requirements that may in some aspects be stricter than the local regulations, is important, particularly, in less developed markets. Aspo takes climate change seriously and works to alleviate its impact not only in its own operations, but also on a broader scale. For example, investing in more eco-friendly dry bulk vessels helps ESL Shipping's customers to reduce their envi-

ronmental impact and drive the entire shipping industry forward.

Aspo's sustainability work is led by Aspo Group's CEO who reports to the Board of Directors in accordance with the company's risk management policy. Aspo Group's Code of Conduct and environmental policy form a common set of rules for responsible business.

→ **read more**  
about Aspo Group's Code of Conduct

Since 2018 Aspo Plc has been committed to the UN Global Compact corporate responsibility initiative and its principles in the areas of human rights, labour, the environment and anti-corruption.

→ **read more**  
about the Global Compact

Aspo's Code of Conduct addresses the legality of operations, business relations, personnel and safety and the company's assets and property. The Code of Conduct is available to all employees and related training is offered annually. In 2018, the renewed training program was completed by 100% (63%) of the personnel. The goal is that all employees complete the training every year. In addition, all subsidiaries adopted the Supplier Code of Conduct for goods and service suppliers in 2018, and the company started preparing compliance manuals for all subsidiaries. The manuals provide the personnel with practical instructions on how to work responsibly and include instructions related, for example, to the legality of operations, organization, business relations, data protection, confidentiality and financial sanctions. Leipurin and Telko adopted the manuals at the beginning of 2019. Other businesses will develop their manuals during 2019.

**ESL Shipping** is the leading dry bulk cargo company in the Baltic Sea region. In 2018, ESL Shipping's net sales were EUR 120.1 million, and its operating profit stood at EUR 15.1 million.

**Leipurin** is a unique provider of comprehensive solutions for the bakery and confectionery product and foodservice markets. In 2018, Leipurin's net sales totaled EUR 121 million, and its operating profit was EUR 3.3 million.

**Telko** is the leading expert and distributor of plastic raw materials and industrial chemicals in Finland and its neighboring areas. In 2018, Telko's net sales amounted to EUR 266.2 million, and its operating profit was EUR 12.1 million.

**Kauko** is a specialist in demanding mobile knowledge work environments. In 2018, Kauko's net sales were EUR 33.6 million. Kauko's operating profit adjusted by the impairment loss recognized on Kauko's goodwill was 0.1 million, and its operating profit stood at EUR -4.7 million. In December 2018, Aspo decided to reorganize Kauko's business, either by divesting or discontinuing the energy business and restructuring Kauko's mobile knowledge work and administration.

# ENVIRONMENTAL SUSTAINABILITY



At Aspo, environmental responsibility is reflected in the choices its businesses make and the concrete actions they take for the environment. For example, environmental aspects steered the designing of the new vessels deployed by ESL Shipping in the autumn already from the start. Telko re-tendered its logistics operators in Russia in 2018, and the selection criteria included not only cost savings, but also more efficient logistics solutions and lower transport emissions.

The actions and choices are supported by the Group's environmental guidelines and requirements, which apply to all subsidiaries. Their key principle is the continuous improvement of operations. Aspo strives to address critical environmental issues in a way that exceeds the minimum level required by law and regulations. To address environmental aspects in supply chains, Aspo has prepared a Supplier Code of Conduct for its goods and service providers.

Reputation as a responsible company that takes into account environmental impacts is an important competitive factor for Aspo, because its customers and other stakeholders place value on environmental issues. If realized, environmental risks could cause significant financial losses or tarnish Aspo's reputation. The Group has identified, for example, the following as significant environmental risks: environmental damage resulting from Aspo's own operations and, in particular, the handling of fuel in the shipping business and the practices of its partners, for example, in the transport and storage of chemicals. Changing regulations, such as stricter environmental laws, changes to energy policies and the development of fuel taxation, can also have a significant impact on operating conditions and costs. Aspo actively monitors the regulatory situation and aims to develop its

## THE LOWEST-EMISSION DRY BULK CARRIERS IN THE WORLD

ESL Shipping, a subsidiary of Aspo, frequently finds itself amid the environmental debate. We believe the only way to develop maritime transport is through solutions based on automation and environmental efficiency. During the past eight years, we have invested EUR 200 million in ESL Shipping. As part of this investment program, MS Viikki and MS Haaga, new dry bulk carriers that are among the lowest-emission vessels in the world, started operating in the Baltic Sea in autumn 2018.

The designing of the new vessels started five years ago. Both vessels use modern technologies, the most essential of which is the use of liquefied natural gas (LNG) in the main engine, three auxiliary engines and the heating boiler. These vessels, which are 160 meters long and have a carrying capacity of 25,600 dwt, emit over 50% less carbon dioxide than the previous vessel generation. Their environmental footprint is reduced by various groundbreaking solutions that aim to minimize emissions and energy consumption. Owing to innovative technologies, both vessels already meet the environmental requirements set for 2025.

MS Viikki and MS Haaga have been designed in Finland, and European equipment suppliers account for roughly 60% of the total value of the vessel investments. Both vessels were built at Jinling Shipyard in China, from where

## NEW VESSELS EMIT



# 50%

FEWER CO<sub>2</sub>-  
EMISSIONS AND

# 98%

FEWER  
PARTICULATE EMISSIONS

operations cost-efficiently and in a timely manner to manage any investment needs resulting from regulatory changes.

Aspo seeks to control risks associated with its own operations with good environmental management. Environmental protection is a key value for ESL Shipping which operates in the sensitive ecosystem of the Baltic Sea. It has a dedicated environmental management system and the ISO 14001 standard for environmental management systems.

In 2018, ESL Shipping registered 4 (2017: 5) non-conformities in environmental quality for minor oil spills at ports. All

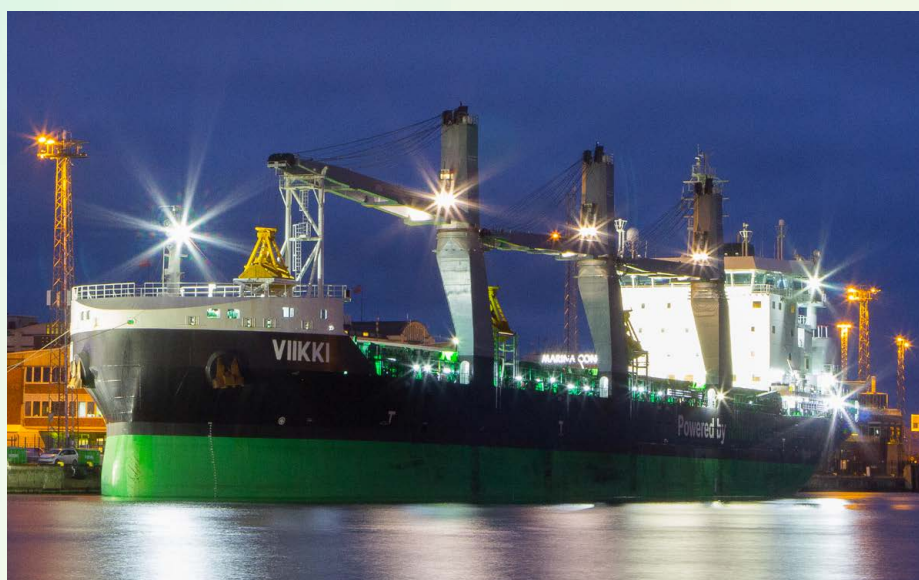
oil spills were handled appropriately, and they did not have any consequences or cause further action by the authorities. One oil spill took place when 20 liters of fuel leaked from a damaged hose onto a pier, from where it was recovered properly. In the second incident, minor splashes were discovered under a refueling hose between a pusher and a barge. The refueling hose was replaced and contaminated snow recovered before any fuel leaked into the sea. In the third incident, a few liters of waste oil spread onto the deck of a vessel, from where it was recovered. In the final incident, a small leak of hydraulic oil through a cargo

bay door was discovered. The rapid action of the crew helped to limit the damage, and less than one liter of oil leaked into the sea. The total number of port visits by ESL Shipping vessels in 2018 was nearly 2,800 (the number includes figures for AtoB@C Shipping from September 1, 2018).

Telko is committed to the European Responsible Care program for chemicals trading. It obligates Telko to take environmental issues into account in its operations.

[→ read more  
about Responsible Care](#)

they arrived in Finland fully laden via Japan and the Northern Sea Route. Using the Northern Sea Route cut the travel time by three weeks and emissions by over 40% compared with the Panama Canal route.



The commitment is verified regularly through external Safety & Quality Assessment System/European Single Assessment Document (SQAS/ESAD) evaluation.

→ **read more**  
about the evaluation

Environmental management also includes auditing the storage facilities of Telko's partners. In 2018, audits were conducted in Latvia, Kazakhstan, Ukraine, Russia and Belarus.

As a result of these audits, Telko recommended that unpaved areas outside two storage facilities where chemical packages are stored or transported be paved. The storage and transport of packages in unpaved outdoor areas increases the risk of chemicals leaking out onto the soil as a result of a leak or an accident. Compliance with these recommendations will be monitored during control visits. Deficiencies in the storage of incompatible chemicals were discovered in a few storage facilities. Telko instructed the operators of these facilities to store chemicals that react with each other more safely. Compliance with these instructions will be monitored during control visits. In addition, Telko decided to prepare general guidelines for storage safety. These will be distributed to all Telko storage facilities during the first quarter of 2019.

Reducing the use of energy and raw materials is a key factor in reducing the environmental impact of Aspo's own oper-



## BETTER MATERIAL RECYCLING WILL REDUCE THE AMOUNT OF WASTE

### WASTE - LEIPURIN<sup>1</sup>

tons	2018	2017	2016	Change <sup>3</sup> , %
Utilized	<b>88.78</b>	75.70	58.51	17.3
share of total sales <sup>2</sup>	<b>0.73</b>	0.62	0.52	18.7
Landfill	<b>298.36</b>	300.74	385.23	-0.8
share of total sales <sup>2</sup>	<b>2.46</b>	2.45	3.42	0.4
Energy	<b>42.49</b>	54.38	40.79	-21.9
share of total sales <sup>2</sup>	<b>0.35</b>	0.44	0.36	-20.9

<sup>1</sup> Do not include test cafés and G'lato Fresco gelateria

<sup>2</sup> Share of total sales reported waste ton per EUR million

<sup>3</sup> Change 2017–2018

ations. For ESL Shipping, the most significant environmental aspects are associated with improving the energy efficiency of its fleet and reducing its carbon footprint, for example, by optimizing the sailing speed and fuel economy of its vessels. ESL Shipping has made notable investments in improving its environmental efficiency. As part of these investments, ESL Shipping

deployed MS Viikki and MS Haaga, new dry bulk carriers that are the lowest-emission vessels in the world. In 2018, ESL Shipping also improved the way the waste generated onboard the vessels is measured. The next step for ESL Shipping is to begin preparations for investing in the ballast water treatment as required by upcoming regulations.

## FOOD WASTE PUTS A STRAIN ON FINANCES AND THE ENVIRONMENT

Leipurin aims to reduce its environmental footprint by minimizing food waste and waste in general. Food waste, that is food that is discarded uneaten, places a burden on the environment, as it causes unnecessary greenhouse gas emissions. The hospitality sector accounts for roughly 20% of the total food waste in Finland. Discarded food also puts a strain on the company's finances.

Leipurin keeps a close eye on food waste in its entire supply chain and aims to analyze the causes of food waste generation.

Slightly more than half of Leipurin's food waste is caused by the disposal of products expired in Leipurin's own warehouse. The most common reason for products to expire is overestimated demand, particularly in the case of new and seasonal products and products with a short shelf life. For some products, the risk is increased by the supplier's high minimum production quantity in relation to demand.

Slightly more than one-fourth of food waste is caused by damage to packages resulting from incorrect handling during storage and transportation.

LEIPURIN'S  
WASTE  
DECREASED  
BY  
**10** %



The volume of energy, excluding fuels, purchased by ESL Shipping, Telko, Kauko and other operations decreased clearly. The volume of energy purchased and reported by Leipuri increased in 2018 due to a new, more comprehensive energy reporting method in many of its operating countries. Altogether, Aspo Group's purchased energy, excluding fuels, totaled 5,707 (5,033) MWh in 2018. The growth of ESL Shipping's fleet through the acquisition and new vessels resulted in a significant increase in Aspo's sulfur and carbon dioxide emissions.

Reducing the use of raw materials saves resources. Decreased storage needs impact also energy consumption. This is why both Telko and Leipuri have focused on improving the efficiency of material recycling and, thereby, reducing the amount of waste. Special attention is paid to the volume and treatment of waste. The volume of waste generated by Leipuri has decreased since 2016 and, in 2018, Leipuri was able to increase the volume of recycled waste by 17.3% from the previous year.

In addition to reducing the environmental impact of its own operations, Aspo companies offer solutions that help their customers to address their environmental responsi-

bilities. For example, Kauko's mobile knowledge work solutions help its customers to improve the efficiency of their processes, for example, by means of route optimization and, as a result, reduce their environmental loads. Many devices, such as Toughbooks and Toughpads, have a fairly long life cycle, which helps to reduce the products' environmental impact. Eco-friendly products and services, such as solar power solutions and air source heat pumps, help to reduce carbon dioxide emissions and improve energy efficiency.

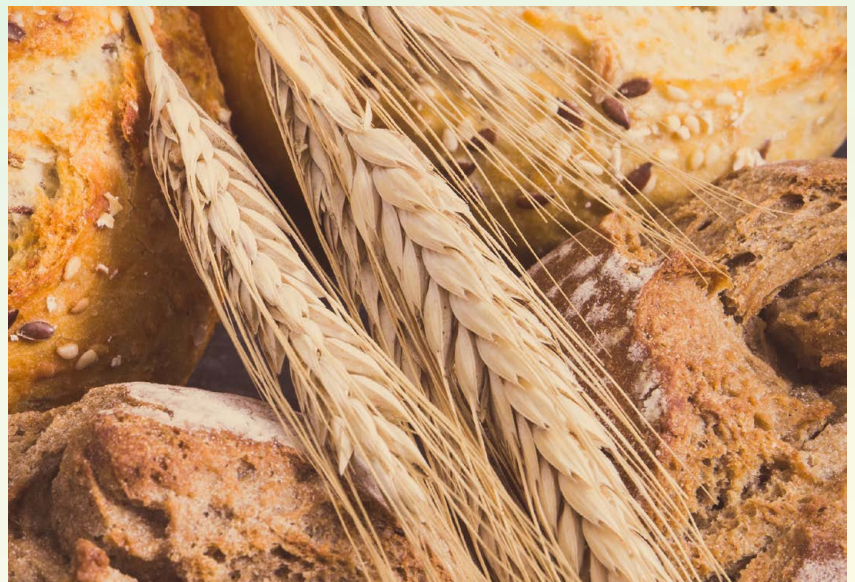
Telko wants to take part in changing the circular economy of plastics and to provide its customers with sustainable options, such as its new green products. Furthermore, Telko helps its customers to

use these new products. These products are mainly made of recycled plastics, contain significant amounts of recycled material or are fully or partly bio-based and/or biodegradable. Sustainable chemical products pay special attention to environmental protection. These include products used to clean up chemical and oil spills. In 2018, the green product range, focused on sustainability, made up 1.2% (1.5) of Telko's net sales. The sales of, for example, absorption and clean-up products increased, but all in all, the sales of the green product range were slowed down by challenges in product availability and the faster growth of other product lines. The product range is continuously developed from the point of view of sustainable development.

Another common cause for food waste is the delivery of incorrect products, whether due to miscalculation by the customer or an error made when inputting the order or during order picking in the warehouse.

Reducing food waste is one of Leipuri's key goals, and the progress is monitored on a monthly basis. In 2018, food waste decreased by roughly 10% by improving the inventory turnover ratio by seven days, elaborating the handling instructions and improving monitoring processes.

In 2019, the purchasing, sales and logistics units aim to reduce food waste at least by 25% and improve waste recovery by increasing the share of waste used in livestock feeding and recycling.



# SOCIAL RESPONSIBILITY

Aspo's work as a responsible employer is guided by the Group's Code of Conduct and shared guidelines for HR and personnel development. Aspo respects the freedom of association of its employees and complies with local labor laws in each operating country. Furthermore, Telko also complies with the Code of Conduct of Fecc, the European Association of Chemical Distributors, and Kauko has prepared separate guidelines for its personnel.

➔ **read more**  
about the Fecc principles

The most significant social risks are associated with occupational health and safety and the availability and commitment of the personnel. In addition, Leipuri's operations emphasize responsibility for product safety and quality. If realized, risks associated with social responsibility can have an impact on the reputation or competitiveness of Aspo or its businesses.

In a conglomerate such as Aspo, the staff's working environments range from cargo vessels to chemical warehouses. A safe working environment is a vital factor for Aspo. The goal is to achieve zero workplace accidents.

The Finnish Transport and Communications Agency Traficom and the global quality assurance and risk management company DNV GL have audited and certified ESL Shipping's operations and vessels in accordance with the International Safety Management (ISM) Code of the International Maritime Organization (IMO). In addition to the safe operation of ships, the ISM Code sets standards for the prevention of emissions. ESL Shipping collects information internally to examine and prevent near-miss incidents and accidents. To ensure safety, the possible substance use of crew members is monitored regularly by means of unannounced checks. In 2018, four cases where the company's substance abuse policy had been violated were discovered (2017: 1). These cases did not endanger maritime safety. Three of the cases led to termination of employment. The discoveries prove that the monitoring system works without compromising vessel safety.

Aspo strives to impact the availability and commitment of its employees, for example, by providing opportunities for professional development on all levels of the organization, building a motivating environment and ensuring wellbeing at work. Aspo conducts an annual work environment sur-

vey to assess its employees' satisfaction with their jobs, the quality of leadership and management and Aspo as an employer. In 2018, personnel satisfaction increased in four of the five categories and was at a good level. The experienced quality of leadership and management is affected by regular performance appraisals that covered 100% (99%) of the personnel in 2018. The entire onshore personnel participated in the 2018 development discussions. A separate performance appraisal system applies to ESL Shipping's maritime crew.

Aspo takes care of its employees' wellbeing at work by arranging the best possible physical and mental working conditions. For example, preventive actions and flexible work arrangements play a key part. The average tenure at the Group level was 7.00 (8.54) in 2018. The purpose of occupational health and safety is to maintain the employees' physical and mental working ability and, thereby, their high quality of life. This has a direct link to the company's success and profitability. In Finland, occupational health and safety issues are handled at the Group level by the occupational health and safety committee. In 2018, the com-

## SATISFACTION WITH ONE'S OWN JOB AND SUPERIOR CONTINUED TO INCREASE IN 2018.

## MOTIVATED EMPLOYEES ARE ASPO'S KEY ASSET

Employees are Aspo Group's key resource. The company's HR practices are based on the principle that all employees should be able to work in an inspiring and motivating environment.

All employees at all organizational levels are responsible for improving wellbeing at work by encouraging and supporting their colleagues. Moreover, all employees have the right to good management and proper treatment by their supervisors, subordinates and co-workers. It goes without saying that any type of discrimination or harassment due

to race, skin color, religion, gender, sexual orientation, age or any other reason is absolutely prohibited.

Common goals and programs have been set to develop the work environment. One of the most important factors regarding wellbeing at work is occupational safety: matters related to health and safety must not be neglected under any circumstances in the name of cost cutting or profit, particularly aboard vessels and in warehouses storing chemicals, other raw materials or food products. First actions to improve occupational safety have included day-to-day training, such as training on how to drive on slippery surfaces offered in autumn 2018, but there are also plans to offer, for example, training on travel safety in 2019. This will provide frequent travelers with information on health, crime and terrorism.

Employees are also encouraged to give feedback on the functionality of the company's principles through per-



## ACCORDING TO INVESTORS, EMPLOYEE ENGAGEMENT AND SATISFACTION ARE KEY FACTORS WHEN ASSESSING THE RESPONSIBILITY OF ASPO'S OPERATIONS.

mittee had two meetings (2017: 2). Meetings were also held in different work locations. Additionally, each ESL Shipping vessel has an occupational health and safety committee, which covers the entire crew and meets four times a year.

A significant part of annual training is arranged by individual businesses based on their own special needs. For example, employees who install and repair Leipuri's production lines have completed special training, and ESL Shipping's employees are trained in accordance with the international STCW standard. In 2018, the shipping company had 332 (264) training days, and Leipuri invested heavily in training offered in its sales organization in order to increase solution sales.

As Leipuri operates in the food industry, counterfeit food, products of poor quality and health hazards directed at consumers, such as allergen contaminations, pose significant risks, which the company controls using established processes and practices. Leipuri assesses risks associated with product safety using a regularly updated risk analysis model. Foolproof batch monitoring allows deliveries to be identified and

returned as necessary. Customers, food authorities and external auditors audit Leipuri's operations several times a year. In Finland, Leipuri uses an ISO 9001:2015 certified quality management system for change and risk management and the continuous improvement of its operations. This system will be expanded, in particular, in terms of product safety. The goal is to certify the quality management systems of all operating units.

Aspo has a broad impact on the communities in which it operates. In emerging markets, Aspo aims to promote good operating principles. Kauko's core business includes supporting operations critical for

the Finnish society using reliable solutions that promote efficiency. Kauko is involved in digitalizing the public administration and improving efficiency in key sectors, such as rail, road and air traffic, healthcare and waste management. ESL Shipping is a significant organizer of maritime transport and plays a key role in securing Finland's emergency supply. After all, maritime transport accounts for 80% of the country's imports and 90% of its exports. ESL Shipping also has a key role in Finnish maritime training. Dozens of future seamen train aboard its vessels every year. In 2018, 90 (101) students trained on ESL Shipping's vessels as part of their studies.



formance appraisals and satisfaction surveys. The goal is to have no scores of 1 or 2 (on a scale from 1 to 5).

Employee satisfaction with their job business area and the Aspo Group has improved steadily. In 2018, satisfaction with the Aspo Group rose to 4.24 (4.17) on a scale from 1 to 5. Another good sign of commitment are long careers. Nearly 30% of all employees have been with the company for more than 10 years, and there are dozens of people who have worked at Aspo for more than 30 years.



# HUMAN RIGHTS

Aspo is committed to respecting internationally recognized human rights as defined by the United Nations Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights. Aspo treats its employees in a just and equal manner in all the countries where it operates. The applicable local legislation and regulations are complied with in all contracts of employment. These concern, among other things, working hours, remuneration, development opportunities, human rights and working conditions.

Aspo uses a whistleblowing channel for reporting any human rights violations. The matters reported through the whistleblowing channel are received by the Group's Legal Counsel and discussed within Aspo's Board of Directors. In 2018, no confirmed cases of violations were reported through the channel. During the comparative year, no confirmed violations were received through the whistleblowing channel, but one case of discrimination was reported to the HR management. The case was processed appropriately.

Employees are informed of the whistleblowing channel, for example, in conjunction with the Code of Conduct training. In the annual work environment survey, employees are asked if they are aware of the whistleblowing channel. In the 2018 survey, 92% (76%) of all respondents stated that they are aware of the Group's internal whis-

---

**92%**  
**OF PERSONNEL KNOWS  
HOW TO REPORT  
MISCONDUCTS**

---

tleblowing procedure in the case of potential misconduct. The objective is to make all employees aware of the whistleblowing channel and motivate them to use it if they discover any actions or other misconduct in breach of the Code of Conduct.

Aspo's Code of Conduct absolutely prohibits any discrimination of employees on the basis of race, color of skin, religion, gender, sexual orientation, nationality, age or any other factor. Aspo considers equality to be important and measures it using the work environment survey. Employees consider the level of equality to be high: the score given to the question "Are men and women treated equally?" was 4.39 (4.53) on a scale from 1 to 5.

Aspo's processes prevent the use of child labor, forced labor or bonded labor in

the Group's operations. Aspo has recognized the seriousness of the risk of human trafficking and of human rights violations related to the so-called conflict minerals, for example, in raw material trade, in the Group's supply chains. When selecting new suppliers, Aspo's businesses evaluate factors related to human rights, the environment, social responsibility and the prevention of corruption and bribery. During 2018, all of Aspo's businesses launched the Supplier Code of Conduct to ensure proper operating practices.

Many of the companies that ESL Shipping, Telko and Kauko partner with are significant, often global operators with which Aspo's businesses have a long-term relationship and which have their own established processes for responsible supply chain management. Leipurin has a broad network of partners, more than 550 suppliers, many of which are small local operators. Aspo's businesses continuously improve the monitoring of different supply chains. In addition to new supplier audits, Telko has conducted occupational safety, quality and environmental audits at the storage facilities it uses. In 2018, Telko also launched a pilot project for responsibility audits. On-site audits related to this project that were planned for 2018 will be conducted during the first quarter of 2019. Based on the experiences obtained from this project, Telko will develop a proper process for auditing the responsibility of its suppliers. Leipurin will also focus on developing the audits targeted at its existing suppliers in 2019.

## SUCCESS IS BUILT ON OPEN INTERACTION

The success of Telko and its subcontractors is based on open interaction, compliance with agreements and mutual trust. Telko prepared a Code of Conduct for its suppliers in 2018 and requires that all its subcontractors comply with it.

In 2018, audits were carried out at storage facilities used by Telko in many countries. As a result of these interviews and visits, minor non-conformities were discovered. These have already been reported to the partners in question. Compliance with recommendations and guidelines will be verified during control visits. Based on the audits,

chemical safety guidelines will be prepared for all storage facilities.

Telko is currently developing a system for responsible supply chain management. A process for responsibility audits will also be built on the basis of on-site audits to be conducted during 2019. Key areas include corruption and bribery, the environment, human rights, occupational health and safety, and taxes and other levies.

Addressing risks already at the supplier selection stage is the most effective way of preventing corruption. Responsibility in the supply chain is also increased by actively highlighting the theme, for example, by demanding suppliers to prepare their own Codes of Conduct. In addition, suppliers are also asked to report on how they monitor their own subcontractors. Compliance with the Code of Conduct is also monitored by means of compliance audits that cover, for example, bribery, sanctions, competition,

# ANTI-CORRUPTION AND ANTI-BRIBERY MEASURES

Aspo understands that it operates in markets where, according to Transparency International, corruption is common. These areas include Russia and Ukraine. To prevent any misconduct, the use of cash has been minimized in Aspo's businesses. Aspo's Internal Audit and Legal Affairs conduct audits within all businesses in accordance with annual plans. In 2018, Internal Audit discovered that the expansion of the Rauma customs warehouse was in use before the approvals required had been obtained. The case was processed and internal instructions were specified.

**100%**  
OF THE PERSONNEL  
COMPLETED THE CODE OF  
CONDUCT TRAINING

Aspo's Code of Conduct absolutely prohibits corruption and bribery in all their forms. The Code of Conduct training includes anti-corruption issues and provides guidance for identifying any suspicious situations and practices that are considered to be unethical. Telko supplements this with more detailed guidelines regarding bribery and complies with the Fecc Code of Conduct.

The most important tool for preventing corruption and bribery is responsible supply chain management. To ensure proper operating practices, Aspo prepared a Supplier Code of Conduct for goods and service providers in all its businesses in 2018 and started preparing compliance manuals that steer the practical work in each business. In addition, Telko and ESL Shipping conduct supplier risk assessments. Leipurin's objective is, through its new quality management system, to further clarify its supplier criteria related to anti-corruption and anti-bribery.

Two cases of misconduct were discovered in 2018. The first case was processed during the year. After investigation, it was held that misconduct had taken place, leading to the dismissal of one person from



ESL Shipping. The investigation of the second case is still in progress. No misconduct related to corruption or bribery was reported through Aspo's whistleblowing channel in 2018 nor the reference year.



conflicts of interest, and the use of the whistleblowing channel. In China, for example, Telko's purchasing officer audits the activities of Telko's suppliers.

Human rights play a key part in all Telko's partnerships. Subcontractors are required to comply with international human rights laws and treat all employees equally and with respect. Telko also pursues a zero tolerance policy towards the use of child labor and all forms of forced labor.

A good indicator of the open interaction is that clients also expect Telko to comply with their Codes of Conduct and audit Telko's operations. Two-way cooperation improves the ethical aspects in the entire supply chain.



# DEVELOPMENT AND REPORTING OF RESPONSIBILITY

Aspo is committed to monitoring the standard of responsibility of its operations and the related risks and liabilities in accordance with internationally approved auditing methods. Aspo develops the responsibility of its operations together with its subsidiaries. As part of this work, Aspo conducted an investor survey at the end of 2018 to identify relevant responsibility themes. The results of the survey will be put into practice in 2019.

Aspo's application to join the UN Global Compact initiative (at the signatory level)

was approved in 2018, and Aspo thereby committed to adopting, supporting and implementing the initiative's ten principles regarding human rights, labor rights, the environment and the prevention of bribery within its own scope of influence.

Every year, Aspo reports its progress in fulfilling the Global Compact principles as part of this account of non-financial information in accordance with the requirements set out in the Finnish Accounting Act and the EU Directive 2014/95/EU. Aspo's Board of Directors approves and signs this

information annually when approving the financial statements. Of Aspo's subsidiaries, Telko and ESL Shipping prepare their own responsibility reports.

**Helsinki, February 27, 2019**

**ASPO PLC**

**Board of Directors      CEO**

## RESPONSIBILITY DATA, TABLES

The reporting period is the calendar year 2018. In principle, the reporting covers the entire Aspo Group. Any exceptions have been stated in conjunction with the indicators.

The reporting of personnel figures has been modified in 2018 to harmonize it with consolidated reporting. Personnel figures are now reported as in effect at year-end. Personnel figures from reference years have not been changed to correspond to the modified reporting procedure. Personnel figures from comparative years include all people employed during the year. The personnel figures given in the responsibility report include all permanent employees, including long-term absentees. The personnel figures also include the temporary maritime crew of AtoB@C Shipping, acquired by ESL Shipping in autumn 2018, but only with regard to vessels owned by the company. In the financial statements, the personnel figures only include Aspo Group's own employees, not temporary workers. Additionally, the personnel figures only include active employees.

### NUMBER OF PERSONNEL BY GEOGRAPHICAL AREA<sup>1</sup>

	ESL Shipping <sup>2</sup>			Leipurin			Telko		
	2018	2017	2016	2018	2017	2016	2018	2017	2016
Finland <sup>3</sup>	262	236	226	100	108	87	50	64	58
Skandinavia <sup>3</sup>	69	-	-	-	-	-	27	23	23
Baltic countries	-	-	-	49	50	49	33	31	28
Russia, other CIS countries and Ukraine	-	-	-	171	212	201	161	169	176
Other countries	1	-	-	10	14	15	25	32	32

	Kauko			Other operations			Total		
	2018	2017	2016	2018	2017	2016	2018	2017	2016
Finland <sup>3</sup>	33	47	46	25	26	25	470	481	442
Skandinavia <sup>3</sup>	-	-	-	-	-	-	96	23	23
Baltic countries	-	-	-	-	-	-	82	81	77
Russia, other CIS countries and Ukraine	-	-	-	-	-	-	332	381	377
Other countries	1	13	15	-	-	-	37	59	62

<sup>1</sup> The figures contain the headcount of 31.12.

<sup>2</sup> Includes crew members of vessels owned by AtoB@C, acquired by ESL Shipping in autumn 2018.

<sup>3</sup> Includes marine personnel.



## NUMBER OF PERSONNEL BY CATEGORY<sup>1</sup>

	ESL Shipping <sup>2</sup>			Leipurin			Telko		
	2018	2017	2016	2018	2017	2016	2018	2017	2016
Office staff	35	21	17	211	272	262	250	256	256
Supervisors	–	3	3	38	20	8	17	18	19
Management	8	3	3	20	26	25	20	25	22
Non-office staff	3	6	4	61	66	57	9	20	20

	Kauko			Other operations			Total		
	2018	2017	2016	2018	2017	2016	2018	2017	2016
Office staff	24	47	41	19	19	19	539	615	595
Supervisors	5	3	4	3	2	2	63	46	36
Management	–	4	6	3	4	4	51	62	60
Non-office staff	5	6	10	–	1	–	78	99	91

<sup>1</sup> The figures contain the headcount of 31.12.

<sup>2</sup> Not including marine personnel.

## NUMBER OF PERSONNEL BY CONTRACT TYPE<sup>1</sup>

	ESL Shipping			Leipurin			Telko		
	2018	2017	2016	2018	2017	2016	2018	2017	2016
Amount of personnel	332	236	226	330	384	352	296	319	317
Full-time contract	45 <sup>2</sup>	33 <sup>2</sup>	27 <sup>2</sup>	316	364	332	290	313	316
Part-time contract	1 <sup>2</sup>	– <sup>2</sup>	– <sup>2</sup>	14	20	20	6	6	1

	Kauko			Other operations			Total		
	2018	2017	2016	2018	2017	2016	2018	2017	2016
Amount of personnel	34	60	61	25	26	25	1,017	1,025	981
Full-time contract	34	60	61	22	23	22	707 <sup>2</sup>	793 <sup>2</sup>	758 <sup>2</sup>
Part-time contract	–	–	–	3	3	3	24 <sup>2</sup>	24 <sup>2</sup>	24 <sup>2</sup>

<sup>1</sup> The figures contain the headcount of 31.12.

<sup>2</sup> Not including marine personnel.

The acquisition and the deployment of new vessels increased ESL Shipping's personnel. Discontinued and divested business operations, in turn, reduced the number of personnel of other businesses.

## GENDER DISTRIBUTION<sup>1</sup>

	ESL Shipping			Leipurin			Telko			Kauko		
	2018	2017	2016	2018	2017	2016	2018	2017	2016	2018	2017	2016
Women	35	21	21	198	228	202	160	162	162	7	14	12
Men	297	215	205	132	156	150	136	157	155	27	46	49

	Other operations			The Boards of Aspo and segments			Total		
	2018	2017	2016	2018	2017	2016	2018	2017	2016
Women	14	13	13	5	8	6	419	446	416
Men	11	13	12	10	11	13	613	598	584

<sup>1</sup> The figures contain the headcount of 31.12.

AGE DISTRIBUTION<sup>1</sup>

	ESL Shipping			Leipurin			Telko		
	2018 <sup>2</sup>	2017	2016	2018	2017	2016	2018	2017	2016
> 24	9	15	13	17	20	4	6	9	2
25–39	103	82	78	154	173	164	137	157	162
40–54	107	96	97	126	141	135	119	123	121
55 <	56	43	38	33	50	49	34	30	32

	Kauko			Other operations			Total		
	2018	2017	2016	2018	2017	2016	2018	2017	2016
> 24	1	2	6	–	–	–	33	46	25
25–39	6	13	13	6	6	3	406	431	420
40–54	19	35	34	10	10	11	381	405	398
55 <	8	10	8	9	10	11	140	143	138

<sup>1</sup> The figures contain the headcount of 31.12.

<sup>2</sup> Does not include AtoB@C Shipping marine personnel.

## AVERAGE AGE OF EMPLOYEES

	ESL Shipping <sup>1</sup>		Leipurin		Telko		Kauko		Other operations	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Average age of employees	44	43	39	40	40	40	48	44	47	51

<sup>1</sup> Does not include AtoB@C marine personnel.

## EMPLOYEE TURNOVER RATE

	ESL Shipping <sup>1</sup>			Leipurin			Telko		
	2018	2017	2016	2018	2017	2016	2018	2017	2016
Average turnover rate, %	16.0	15.0	21.0	26.0	18.0	20.0	14.0	13.0	21.0

	Kauko			Other operations			Aspo Group		
	2018	2017	2016	2018	2017	2016	2018	2017	2016
Average turnover rate, %	41.0	16.0	35.0	18.0	8.0	14.0	21.0	15.0	21.0

<sup>1</sup> Not including marine personnel.

The increase in employee turnover at Leipurin resulting from recruitment processes due to the expansion of operations. In other operations, new employees were recruited to replace retired employees. Employee turnover at Kauko was affected by the reduction of business operations.

## EMPLOYEE SATISFACTION INDEX (SCALE 1–5)

	2018	2017	2016	Change <sup>1</sup> , %
Aspo Group	4.24	4.17	4.07	1.7
Business segment	4.18	4.13	4.04	1.2
Own unit	4.24	4.25	4.16	-0.2
My work	4.22	4.21	4.15	0.2
My superior	4.16	4.11	4.09	1.2

<sup>1</sup> Change 2017–2018

## LTIF AND SICK LEAVES

	ESL Shipping Office			ESL Shipping Marine personnel			ESL Shipping AtoB@C Marine personnel <sup>4</sup>
	2018	2017	2016	2018	2017	2016	2018
LTIF <sup>1</sup>	0	0	22	4.2	8.9	27	0
Sick leaves, % <sup>2</sup>	0.48	0.94	2.16	3.9	2.97	– <sup>3</sup>	– <sup>5</sup>

	Telko			Kauko			Leipurin			Other operations		
	2018	2017	2016	2018	2017	2016	2018	2017	2016	2018	2017	2016
LTIF <sup>1</sup>	41	13	31	0	14	33	10	48	13	0	29	97
Sick leaves, % <sup>2</sup>	1.05	1.4	1.92	1.56	0.86	0.77	1.69	1.85	1.71	0.69	1.09	0.8

<sup>1</sup> Lost-time injury frequency (LTIF) is presented per 1,000,000 working hours. LTIF-rate includes only Finnish personnel and marine personnel of vessels owned by AtoB@C. The LTIF-rate is significantly affected by even small changes in the number of incidents: one incident more or less during the reporting year, in comparison to the baseline year, will have a major impact on the LTIF-rate. Particularly for the smaller businesses the fluctuation of the LTIF-rate can partially be explained by the small number of employees.

<sup>2</sup> Sick-leave absence ratio is calculated: (sick days/total work days)\*100. Sick-leave absence ratio of ESL marine personnel (excluding AtoB@C shipping marine personnel) is calculated: (total sick days in the fleet/total days worked onboard)\*100.

<sup>3</sup> Information on sick leave is not available for ESL Shipping Marine personnel for the year 2016.

<sup>4</sup> AtoB@C Shipping marine personnel reported for Sweden. AtoB@C Shipping marine figures included in reporting from 2018.

<sup>5</sup> Information on sick leave is not available for AtoB@C Shipping marine personnel.

In 2018, the lost-time injury frequency decreased in all businesses, apart from Telko. Annual variation in the reported LTIF is not significant; it is associated with the calculation method.

## THE USE OF ENERGY AND EMISSIONS

	ESL Shipping <sup>2</sup>				Leipurin <sup>5</sup>			
	2018 <sup>3</sup>	2017	2016	Change <sup>7</sup> , %	2018	2017	2016	Change <sup>7</sup> , %
Purchased energy <sup>1</sup> , Mwh	105.2 <sup>3</sup>	129.7	128.5	-18.9	4,240.6	3,429.0	3,405.8	23.7
Total use of fuel <sup>2</sup> , Mwh	599,742.3	347,829.6	340,860.8	3.9	–	–	–	–
tCO <sub>2</sub> <sup>2</sup>	160,536.5	93,243.9	91,569.7	72.2	1,441.0	1,374.0	1,375.0	4.9
g-CO <sub>2</sub> per ton mile <sup>4</sup>	0.3	0.2	0.2	54.4	–	–	–	–
tSO <sub>x</sub> <sup>2</sup>	127.4	95.3	124.3	33.7	–	–	–	–
mg-SO <sub>x</sub> per ton mile	0.3	0.2	0.3	17.4	–	–	–	–

	Telko <sup>6</sup>				Kauko			
	2018	2017	2016	Change <sup>7</sup> , %	2018	2017	2016	Change <sup>7</sup> , %
Purchased energy <sup>1</sup> , Mwh	1,059.5	1,118.7	1,027.0	-5.3	125.0	144.9	214.3	-13.7
Total use of fuel <sup>2</sup> , Mwh	–	–	–	–	–	–	–	–
tCO <sub>2</sub> <sup>2</sup>	337.2	428.0	388.4	-21.2	23.0	29.5	44.4	-22.1
g-CO <sub>2</sub> per ton mile <sup>4</sup>	–	–	–	–	–	–	–	–
tSO <sub>x</sub> <sup>2</sup>	–	–	–	–	–	–	–	–
mg-SO <sub>x</sub> per ton mile	–	–	–	–	–	–	–	–

	Other operations			
	2018	2017	2016	Change <sup>7</sup> , %
Purchased energy <sup>1</sup> , Mwh	177.1	210.9	169.9	-16.0
Total use of fuel <sup>2</sup> , Mwh	–	–	–	–
tCO <sub>2</sub> <sup>2</sup>	25.6	32.7	29.9	-21.9
g-CO <sub>2</sub> per ton mile <sup>4</sup>	–	–	–	–
tSO <sub>x</sub> <sup>2</sup>	–	–	–	–
mg-SO <sub>x</sub> per ton mile	–	–	–	–

<sup>1</sup> Purchased energy mainly measured, if not possible to measure the figures are estimated.

<sup>2</sup> Excluding Raahede depot and certain vessels on voyage charter.

<sup>3</sup> The 2018 fleet contains the reported fleet from 2017, ESL Shippingin coasters, AtoB@C Shippingin vessels and the new LNG vessels. AtoB@C shipping vessels included in reporting from beginning of September. New LNG vessels included in reporting from first cargo trip.

<sup>4</sup> Figures corrected retrospectively for 2016 and 2017.

<sup>5</sup> Do not include test cafés and Glato Fresco gelateria.

<sup>6</sup> The figures cover 81% of Telko's business. The figures cover main countries of operation Finland, Poland, Russia, Ukraine, Sweden, Denmark.

<sup>7</sup> Change 2017–2018.