

Ahlstrom Sustainability 2013

Acting responsibly



Contents

Company quick facts	1
CEO message	2
Highlights and areas for improvement	3
Ahlstrom's impacts on global sustainability	4
Key targets and achievements	5
Ahlstrom's business, products and markets	6
Ahlstrom's global presence	7
Defining our most important sustainability aspects	8
Interacting with our stakeholders	9
Managing for high performance	11
Ethics and integrity	13
Describing our supply chain	14
Economic responsibility	17
EcoDesign	18
Our human capital	20
Health and safety	24
Energy and climate change	26
Water is our most important raw material	30
Certification table	32
GRI table	33
UNGC table	36
Report profile	36

AHLSTROM

A high performance fiber-based materials company, partnering with leading businesses around the world to help them stay ahead.

VISION

Inspiring people
 Passionate about new ideas
 Growing with our customers

VALUES

Act responsibly
 Create value
 Learn and renew

HEAD OFFICE: **HELSINKI, FINLAND**

AS OF JANUARY 1, 2014 AHLSTROM
 HAS FIVE BUSINESS AREAS

ADVANCED FILTRATION
BUILDING AND ENERGY
FOOD
MEDICAL
TRANSPORTATION FILTRATION

PRESIDENT & CEO: **JAN LÄNG**

29

MANUFACTURING
 PLANTS IN 13 COUNTRIES

25

SALES OFFICES
 IN 23 COUNTRIES

3,547

EMPLOYEES IN 24 COUNTRIES
 ON FOUR CONTINENTS

356,571

TONS
 PRODUCED
 (FOR CONTINUING OPERATIONS)

NET SALES IN 2013

1,014.8

EUR
 MILLION
 (FOR CONTINUING OPERATIONS)

FOUNDED IN HELSINKI SINCE

1851

LISTED ON THE NASDAQ OMX HELSINKI
 SINCE

2006

MESSAGE FROM THE CEO

Our ambition is to create value for our shareholders, society, environment, and our employees while reducing any adverse impacts.



“

We aim to grow with a high performance product offering for a clean and healthy environment.

”

Our ambition is to create value for our shareholders, society, environment, and our employees while reducing any adverse impacts. This is built into our business model with sustainability as the key driver. According to our new strategy, we aim to grow with a high performance product offering for a clean and healthy environment. The strategy is built on the awareness of the global megatrends of environmental deterioration, resource scarcity, shifting demographics, urbanization, and emerging needs in health care.

We believe that with the help of our products we can create shared value for society. Our products with their solid sustainability credentials help, for example, to clean air and water, provide safety protection in medical end uses as well as food packaging, help in producing cleaner energy and cleaner transportation, and advance people's well-being. Our businesses cater to the basic needs of all people; water, food, home, energy and health, touching people every day. We believe there is a growing need in all these areas.

Based on the dialog with our stakeholders, we have been convinced that our story is both compelling and strong. Now we need to execute. We have spent a good deal of energy in developing and harmonizing our processes to become an agile, trustworthy partner to our customers, responding much faster to the challenges they present us. We have made good progress in our product development using EcoDesign and the creativity and potential of our people across the globe. We also brought several great products to the market last year, but our ambition is not only to speed up the time from idea to product, but also to raise the level of new products to 20% of net sales. This is where we can and will excel.

Many good things were achieved last year. We completed restructuring of our business; we demerged the Label and Processing business and combined it with the Swedish Munksjö AB, and we sold the decór and abrasive business in Osnabrück, Germany to Perusa. We also sold the West Carrollton plant in the US. The Brazilian wipes plant in Paulinia plant was also finally transferred to Suominen Corporation. All of these transactions

have reshaped our company to be more focused. The biggest disappointment is our financial performance. That's where we clearly fell short of our targets. Execution in starting up new production lines is one explanation for the poor performance. It is now time to deliver our promises and improve our profitability.

We make high performance fiber-based products from responsibly sourced renewable fibers, in resource-efficient operations aiming to minimize our own impacts. Overall, we want to do our business in such a way that it causes no harm to the environment, people, or society. This is well captured in the 10 principles of the UN Global Compact to which we are fully committed. The strengthening of value-based behaviors was a clear trend in our latest employee survey. That is why I have even more trust in our organization in creating value, learning and renewing, and acting responsibly.

Sincerely yours,

Jan Lång

HIGHLIGHTS AND AREAS FOR IMPROVEMENT

We worked hard and achieved many good things last year, but there are still areas where we need to do better.

HIGHLIGHTS

- ⊕ Ahlstrom came out with the new strategy statement: **"WE WILL GROW WITH A HIGH PERFORMANCE PRODUCT OFFERING FOR A CLEAN AND HEALTHY ENVIRONMENT."**
- ⊕ **SEVERAL NEW PRODUCT LAUNCHES IN 2013.** We are well on track to achieve our long-term target of 20% of net sales from new products, which will enhance our product mix and margins.
- ⊕ **CUSTOMER SATISFACTION** clearly improved from the previous survey.

- ⊕  EcoDesign approach was implemented across the company in new product development. **read more on page 19**

- ⊕ **AHLSTROM VALUES** are living in the everyday work according to the employee feedback being far above the benchmark.
- ⊕ Continually improved **SAFETY PERFORMANCE.**
- ⊕ Our **DUE DILIGENCE SYSTEM** for the EU Timber Regulation was externally verified by SGS.

- ⊕  Great success in UNICEF's Water Sanitation and Hygiene project in India working with the Eva Ahlström Foundation. **read more on page 17**

■Photo courtesy of UNICEF Finland

AREAS FOR IMPROVEMENT

- ⊖ Financial performance
- ⊖ Ramp-up of new production lines
- ⊖ Introduction of new products on time
- ⊖ Elimination of waste to landfill
- ⊖ Employer image



AHLSTROM'S IMPACTS ON GLOBAL SUSTAINABILITY

Our sustainability promise is to make products for a clean and healthy environment, minimizing our own impacts, and communicating about the sustainability benefits of our products in a clear way.



We offer products that are creating shared societal value. ”

Creating shared societal value

Following the major events that took place last year at Ahlstrom – demerger of the Label and Processing business and the creation of the new strategy for a clean and healthy environment, Ahlstrom is now entirely focused on making a positive impact on global sustainability. Our products help to clean air and drinking water, lower emissions in transportation and provide cleaner energy, improve both medical safety and food safety, and contribute to greener buildings with lower impact materials. In all areas, we offer products that are needed by people every day thereby creating shared societal value. A good example of our contribution toward a cleaner and healthier environment for millions of people is our participation in the Beautiful Beijing project, which combines Finnish expertise under the CleanTech Finland platform to provide quick and tangible solutions mainly for improving the air quality first in Beijing and then in other large cities in China. It is a real manifestation of our strategy in action where the new Ahlstrom Flow2Save™ filter media for improved indoor air quality can alleviate health problems caused by air pollution.

Our sustainability framework

Internally, we have organized our sustainability programs in a framework starting with product development, extending over sourcing and manufacturing all the way to product management aligning



with our organizational model. Safety, human rights, and management practices equally concern all areas. We describe our priorities, targets, performance, successes and shortcomings, risks and opportunities in the DMA tables on pages 11–12 where we disclose our management approach toward sustainability. All other areas are under Group responsibility, but manufacturing and product management are governed by the business areas.

Developing our reporting

We are developing our reporting on sustainability this year by publishing 'The Ahlstrom Story', which is our first step toward Integrated Reporting. In the way that we describe our business model, we derive from the six capitals – financial, manufactured, intellectual, social and relationship, human and natural

– to produce our high performance fiber-based materials for a clean and healthy environment. We emphasize the importance of having common core processes in place to make sure that we maximize the beneficial outputs from our activity in creating value. The core processes are Management processes, Idea to Product, Market to Order, Order to Cash and Key functions processes under which there are numerous sub-processes covering all of the areas of our activity. In The Ahlstrom Story, we also highlight our key impacts, risks, and opportunities.

This report is our first step toward the new G4 GRI-framework. The financial figures and governance statement are published as a third separate report.

KEY TARGETS AND ACHIEVEMENTS

In order to execute our strategy and succeed as a company, we have three Focus Areas where we need to excel. These new Focus Areas aim to help us better in the strategy implementation by pointing out where to prioritize our efforts. They are:

Winning business

Commercial success with new products

High performance

Winning new business with our existing customers and with new customers is crucial for us: we aim for more sales through new leads and a better win rate. We have already improved our customer engagement and service, but we also need to continue the work. The more loyal our customers are, the more often they turn to us with their unmet needs. When we understand what our customers need, we can offer world-class products and service so that they keep coming back.

We also target on bringing new products to the market faster. Our differentiated products for a clean and healthy environment will capture value. We are creating clear value propositions that we can communicate well.

We want to nourish an environment where people set their targets high and keep their promises. A high performance culture will improve our profitability and growth with personal accountability. This will help us improve our product and service quality, cost efficiency, as well as ultimately the customer experience. As our high performing employees are driving for Ahlstrom's success, they are of course rewarded for good performance. The performance management and leadership development are fundamental in this. To reach our ambitious targets we need people who excel in their jobs and a company that succeeds regardless of the market situation.

We find it crucial to link our target setting to our Focus Areas.

WE AIM FOR

ZERO ACCIDENTS

WE AIM FOR

ZERO WASTE TO LANDFILL BY THE END OF 2015.

FINANCIAL KEY FIGURES

	2013*	2012*	Change, %
Net sales	1,014.8	1,010.8	0.4
Operating profit / loss	10.7	21.8	-50.9
Operating profit excluding non-recurring items	13.4	21.1	-36.7
% of net sales	1.3	2.1	
Profit / loss before taxes	-15.4	-6.4	-139.6
Profit / loss for the period	-18.9	-16.4	-15.2
Earnings per share	-0.46	-0.44	
Return on capital employed	0.9	2.3	
Capital expenditure excluding acquisitions	76.1	74.1	2.6
Gearing ratio**	85.5	62.5	
Net cash from operative activities**	41.0	78.7	-48.0
Dividend per share***	0.3	0.63	-52.4

* Continuing operations

** Including discontinued operations

*** The Board of Directors' proposal to the Annual General Meeting.

The Board of Directors proposes to the Annual General Meeting that a dividend consisting of Munksjö Oyj shares and cash be paid for the financial year that ended on December 31, 2013. According to the proposal, Ahlstrom shareholders will receive one Munksjö share for each 26 shares held in Ahlstrom and a cash dividend of EUR 0.09 per share. The aggregate maximum amount of the total dividend is EUR 14.0 million, or EUR 0.30 per share.

SOCIAL KEY FIGURES

	2013*	2012*	Long-term goal
LTA - Lost Time Accidents	17	19	Zero
TRIFR - Total Recordable Injury Frequency Rate	54	n/a	Zero
Code of Conduct e-learning completion for white-collar employees	82%	49%	100%
Supplier Code of Conduct	85%	>70%	100%
Engagement Index	64.1	65.2	68
Customer satisfaction measured as NPI****	10	3	17
Goal and development discussion for all employees	72%	71%	100%

* Continuing operations

**** Net promoter index

ENVIRONMENTAL KEY FIGURES

	2013*	2012*	Long-term goal
Electricity consumption, MWh/ton	1.29	1.29	20% reduction by 2020
Fuel usage, GJ/ton	13.87	13.79	
CO ₂ emissions, kg/ton	730	723	
Waste to landfill, tons	6,614	6,475	Zero
Environmental management system (ISO14001) in each plant	94%	99%	100%
EcoDesign approach implemented for all new product developments	n/a	n/a	100%

* Continuing operations

AHLSTROM'S BUSINESS, PRODUCTS AND MARKETS

Our five business areas serve markets where we create value by using our unique knowhow in fibers and materials technology to make differentiated products with sustainability as a driver.



ADVANCED FILTRATION

Is a global supplier of air and liquid filtration materials, with a leading market position in life science and gas turbine filtration.

10% of Group net sales

BUILDING AND ENERGY

Is one of the leading players globally for materials used in wall-coverings, floorings and windmill blades.

27% of Group net sales

FOOD

Is one of the leading players globally for materials used in tea bags, food packaging and masking tape.

33% of Group net sales (combined)

MEDICAL

Is one of the leading players globally for materials used in medical gowns and drapes, apparel and sterile barrier systems.

TRANSPORTATION FILTRATION

Is the global leader in transportation filtration materials.

30% of Group net sales

CUSTOMER INDUSTRIES

Water, Energy, Health-care, Food and beverage, Environmental control

Building and construction, Energy, Fabric care, Marine, Transportation

Food processing and packaging, Building

Medical and healthcare

Automotive, heavy-duty vehicles, aviation, marine

MANUFACTURING PLATFORM

Finland
France
Germany
Italy
Sweden
USA

Belgium
China
Finland
France
Russia
Sweden

China
Finland
France
UK

India
USA

Brazil
China
Italy
South Korea
USA

PRODUCTS BY MARKETS

Energy & Environment	Building & Decoration	Food, Beverage & Household	Medical care & Life science	Transportation
<ul style="list-style-type: none"> - Air and water filtration - Wind turbine blades - Gas turbine filtration 	<ul style="list-style-type: none"> - Wallcoverings - Floorings - Building panels - Boat hulls - Substrates for masking tape 	<ul style="list-style-type: none"> - Tea bags - Food and beverages packaging 	<ul style="list-style-type: none"> - Medical drapes and gowns - Sterilization wraps and pouches - Face masks - Laboratory - Life science 	<ul style="list-style-type: none"> - Cabin air, oil and fuel filtration

AHLSTROM'S GLOBAL PRESENCE

We are a global company operating on four continents to serve customers everywhere in the world.

OUR APPROXIMATELY

3,500 EMPLOYEES SERVE CUSTOMERS ON **SIX** CONTINENTS FROM **29** MANUFACTURING PLANTS AND **25** SALES OFFICES

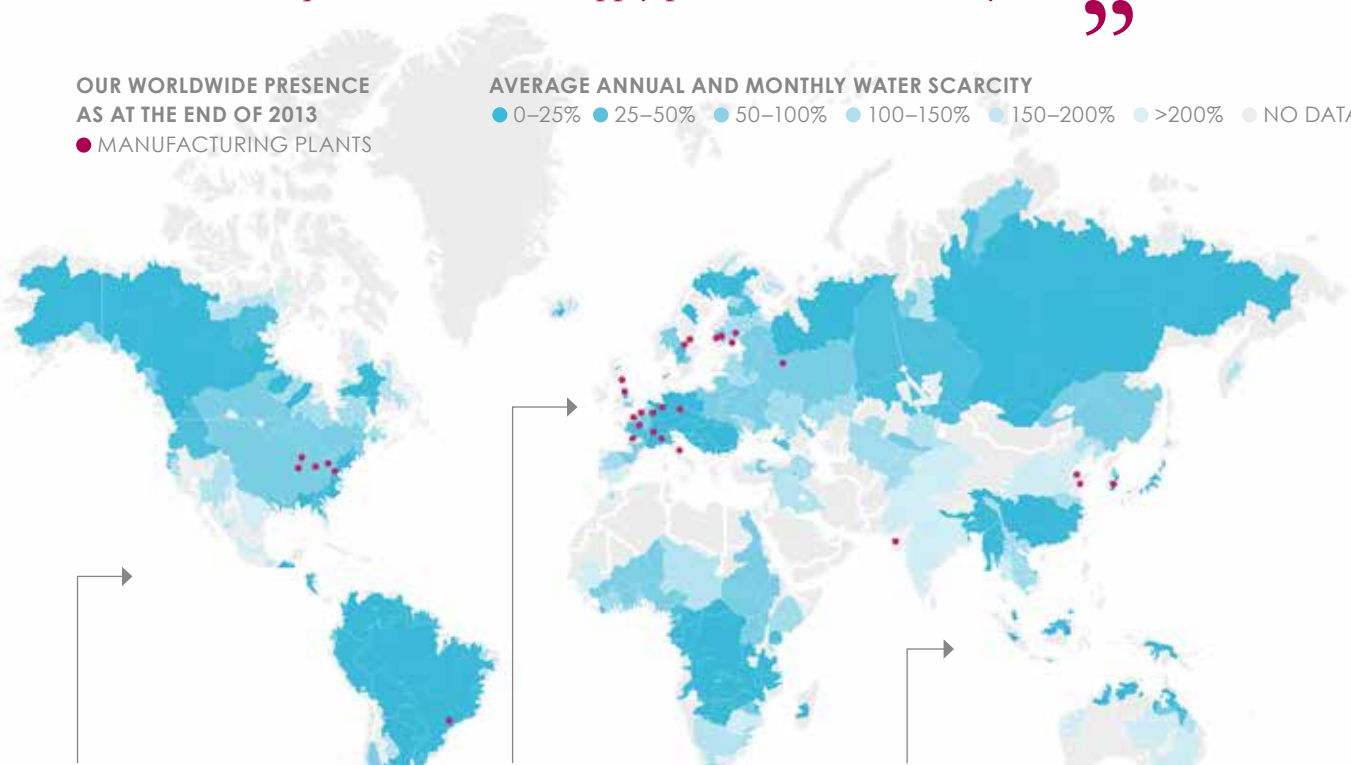
“ Our worldwide product offering is customized to local market needs with quality customer and technical service. We have a global presence with unique and unrivalled supply platform in the industry. ”

OUR WORLDWIDE PRESENCE AS AT THE END OF 2013

● MANUFACTURING PLANTS

AVERAGE ANNUAL AND MONTHLY WATER SCARCITY

● 0-25% ● 25-50% ● 50-100% ● 100-150% ● 150-200% ● >200% ● NO DATA



AMERICAS

Manufacturing plants: 6
 Employees: 962
 Number of sales offices: 3
 Metric tons produced (net): 83,177
 Total water intake, m³: 4,292,661
 CO₂ emissions, tons: 53,074
 Waste to landfill, tons: 4,068

EUROPE

Manufacturing plants: 19
 Employees: 1,964
 Number of sales offices: 7
 Metric tons produced (net): 274,370
 Total water intake, m³: 19,946,940
 CO₂ emissions, tons: 244,226
 Waste to landfill, tons: 2,546

ASIA-PACIFIC

Manufacturing plants: 4
 Employees: 621
 Number of sales offices: 13
 Metric tons produced (net): 33,622
 Total water intake, m³: 516,026
 CO₂ emissions, tons: 16,580
 Waste to landfill, tons: 0

Description

Annual average of the twelve monthly blue water scarcity values per basin, equally weighted. Blue water scarcity is defined as the ratio of blue water footprint (based on consumption rather than withdrawal) to blue water availability – where the latter is taken as natural runoff minus environmental flow. Blue water resources are surface water and ground water. 1996-2005.

Source

Hoekstra, A.Y., Mekonnen, M.M., Chapagain, A.K., Mathews, R.E. and Richter, B.D. (2012) Global monthly water scarcity: Blue water footprints versus blue water availability, PLoS ONE 7(2)

www.waterfootprint.org/Reports/Hoekstra-et-al-2012-GlobalMonthlyWaterScarcity.pdf

DEFINING OUR MOST IMPORTANT SUSTAINABILITY ASPECTS

In 2013, we carried out our materiality review defining the most important sustainability aspects by seeking for the input of our strategic global key accounts as well as our key employees.

In 2013, we carried out our materiality review, defining the most important sustainability aspects by seeking the input of our strategic global key accounts as well as our key employees.

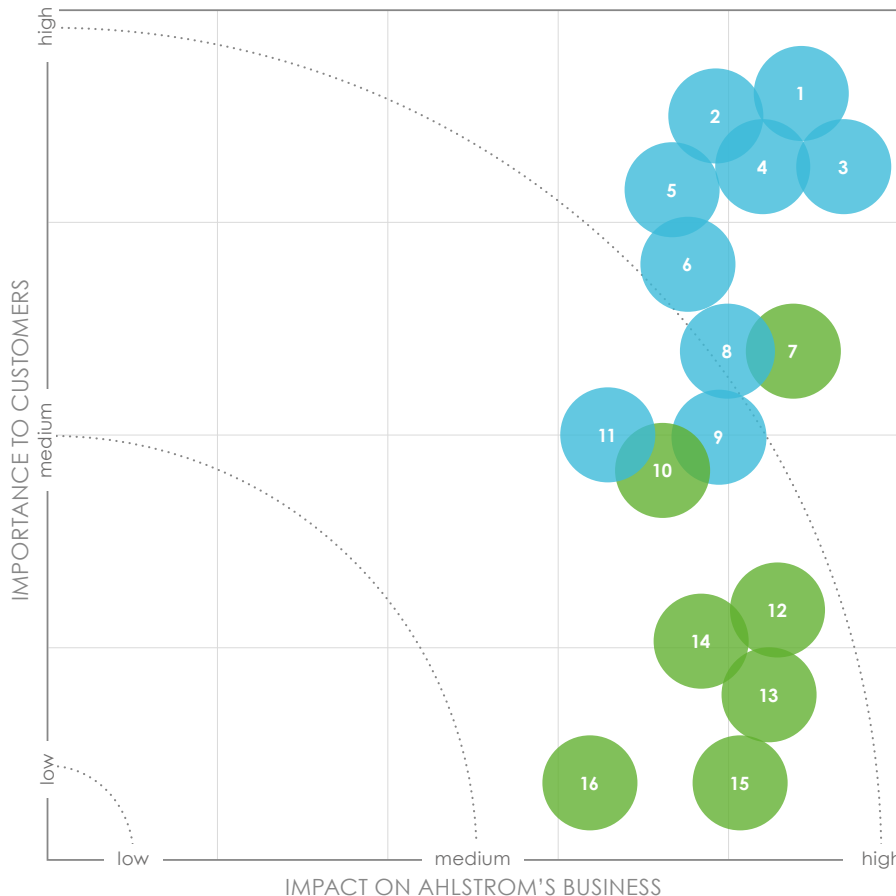
The survey was sent electronically during the second quarter to our strategic global key accounts of which 67% responded. The respondents represented all the business areas and geographies. This questionnaire was augmented by internal questions related to our organization and sent electronically to 153 key managers of Ahlstrom with one out of three responding.

The relative importance of the aspects is presented in the materiality matrix where the blue balls reflect all the opinions, and the green balls show matters of internal importance to Ahlstrom. The company's executive management team reviewed and approved the matrix.

In addition to the most material aspects that came out in the survey, in the current report scope matters related to the social expectations as well as GRI requirements are also included. We report on the matters for the continuing operations, aligned with our financial reporting, and within our organization,

unless otherwise mentioned in the GRI-table. The environmental indicators are material for the operating plants, the other matters for the entire organization. The aspects that are material also outside the organization are our main raw material sources, such as water and certified fiber sources.

OUR MOST IMPORTANT SUSTAINABILITY TOPICS IN 2014



- 1 ETHICS**
 - Values
 - Human rights
 - Code of Conduct
 - Anti-corruption
- 2 ECO-DESIGN APPROACH**
 - Renewable raw materials
 - Recycled raw materials
- 3 SAFETY**
- 4 RESOURCE EFFICIENCY & MINIMIZED EMISSIONS**
 - Energy use
 - Raw materials / waste
 - CO₂
- 5 CERTIFIED FIBER SOURCES**
- 6 COMMUNICATION OF THE SUSTAINABILITY BENEFITS OF OUR PRODUCTS**
- 7 TALENT ATTRACTION AND RETENTION**
- 8 ECONOMIC RESULTS**
- 9 WATER SCARCITY & WATER USE**
- 10 COMPETENCE DEVELOPMENT**
- 11 RENEWABLE ENERGY**
- 12 WELL-BEING AT WORK**
- 13 OPEN COMMUNICATION**
- 14 GOOD GOVERNANCE**
- 15 COMMUNITY RELATIONS**
- 16 DIVERSITY**

INTERACTING WITH OUR STAKEHOLDERS

We invite all our stakeholders to tell us their feedback to continually improve our performance. We also like to hear where we have done well.

A stakeholder is anyone who is interested in what the company is doing. We want to build productive relationships with our main stakeholder groups, both inside and outside Ahlstrom. We want to understand their expectations, engage in an open and constructive dialogue, and develop our activities and management according to what we hear. The table below sets out our most important stakeholders, and how we have engaged with them:

“ Open innovation and co-creation of new technology platforms with external technology providers is an integral part of Ahlstrom’s strategy for product development. ”

	EXAMPLES OF DIALOGUE	ASSESSMENTS	KEY ISSUES RAISED	OUR RESPONSES
CUSTOMERS	<ul style="list-style-type: none"> -Face-to-face meetings and other contacts via the sales force -www.ahlstrom.com -Joint product development projects -Sustainability report -Sustainability matters e-newsletter 	<ul style="list-style-type: none"> -Customer loyalty surveys -Customer sustainability surveys -Feedback 	<ul style="list-style-type: none"> -Customer satisfaction and loyalty survey results improved for the third consecutive year. Good quality and customer service were main positives. Main things to improve were response times and accuracy of deliveries. -Sustainability survey – see materiality matrix. 	<ul style="list-style-type: none"> -Improvement and harmonization of Ahlstrom core processes. -Sales force training
EMPLOYEES	<ul style="list-style-type: none"> -Daily contacts -Performance management process -Ahlstrom Academy training program -InSite intranet pages -Inside Ahlstrom magazine -Ahlstrom’s European Dialogue (AED) -Internal information meetings -Local cooperation with unions and employee representatives 	<ul style="list-style-type: none"> -Employee surveys 	<ul style="list-style-type: none"> -Great commitment shown by high 85% response rate. -Positives were standing behind Ahlstrom values and managerial work, development orientation and perceptions of fairness. -Negatives relate to Ahlstrom’s financial success. 	<ul style="list-style-type: none"> -Responding by new strategy and updated Focus Areas.
SUPPLIERS	<ul style="list-style-type: none"> -Face-to-face meetings and other contacts via the Global Sourcing organization -Joint seminars -Joint product development projects -Joint cost reduction projects -Joint sustainability projects 	<ul style="list-style-type: none"> -Supplier Performance Evaluations (the Vendor Evaluation Tool) -Due Diligence System for wood pulps 	<ul style="list-style-type: none"> -Dialogue with suppliers based on their performance rating (categories from A to D). 	<ul style="list-style-type: none"> -Highest risk and lowest scoring (D) suppliers are eliminated unless improvement shown. -Our EUTR DDS system was externally verified by SGS.
SHARE-HOLDERS	<ul style="list-style-type: none"> -Annual General Meeting -Capital Markets Day -www.ahlstrom.com -Quarterly conference calls and webcasts -Annual and Sustainability Reports -Interim reports -Stock exchange and press releases -Road shows -Face-to-face meetings -Carbon Disclosure Project (CDP) 	<ul style="list-style-type: none"> -Media monitoring -Bi-annual media visibility report -CDP Reports 	<ul style="list-style-type: none"> -Strategic transformation process noted -Concern about falling short of financial targets -Energy and climate targets and action plan 	<ul style="list-style-type: none"> -A growth strategy extending to the year 2020 on how Ahlstrom will reach its long-term financial targets. -Rightsizing program -New energy efficiency program
ACADEMIA	<ul style="list-style-type: none"> -Practical training and degree theses -Research and development projects -Recruitment fairs -Student visits in our plants -www.ahlstrom.com 	<ul style="list-style-type: none"> -Preferred employer surveys in Finland 	<ul style="list-style-type: none"> -Employer image 	<ul style="list-style-type: none"> -Open innovation with our research partners to advance Ahlstrom’s new strategy
SOCIETY	<ul style="list-style-type: none"> -Local level cooperation with the authorities -Open house events at production sites -Public hearings 		<ul style="list-style-type: none"> -Noise from the operation in Taylorville, USA. The new RTO started in December 2013. 	<ul style="list-style-type: none"> -Develop a solution to reduce the noise level, e.g. a silencer.
INDUSTRY PEERS	<ul style="list-style-type: none"> -Participation in trade associations: <ul style="list-style-type: none"> -WBCSD and its Forest Solutions Working Group -EDANA; Laura Raitio in the Board -Several national as well as sector specific organizations -FIBS Corporate Responsibility Network -CleanTech Finland -Lobbying and joint projects in environmental matters 		<ul style="list-style-type: none"> -Main EDANA activities were - abaca certification project with the Rainforest Alliance and ‘The World with nonwovens’ -project for a sustainability assessment of several nonwoven products 	



Customers

Customers are our most important stakeholders and their satisfaction is vital for the success of the company. We measure their satisfaction and loyalty using the net promoter index (NPI). The results improved for the third consecutive year. The positives were the good quality of our products and good customer service. The negatives were the response times and the accuracy of deliveries. Action plans are developed in order to address the issues focusing on making customer service excellent and a strategic advantage as well as to ensure continuously improving response times and service attitudes.

Our performance and customers' expectation related especially to sustainability matters was queried in the additional survey targeted to our Strategic Global Key Accounts. Nearly all key customers were interested and willing to cooperate in our EcoDesign, strengthening the validity of our approach. Clearer articulation and communication of the sustainability benefits of our products were noted as an opportunity for improvement.



Employees

We gauge the engagement of our employees in annual Employee surveys as the main way to assess progress. By engagement we mean the extent to which employees hold a positive attitude toward their work, the organization, and its values, and are willing to apply discretionary effort to contribute to the success of the organization. The global survey is already well established. It was conducted in October 2013 in 16 languages. The response rate was high at 85% showing great commitment. A solid response rate provides confidence that the results represent the opinions of all Ahlstrom employees and gives a good basis for the action planning.

The most notable positive changes relate especially to managerial work, development orientation, and perceptions of fairness, especially concerning recognition and rewards. In addition, colleagues trust each other more, and employees find their job more challenging and interesting than before.

The most notable negative changes relate to matters related to the financial results of the business as well as the very significant changes in the structure of the company. Our employees also felt that the operative culture is an area for improvement.

On the other hand, the respondents feel that the values and objectives of Ahlstrom are worth aiming for, the results being clearly above the benchmark. Respondents are also willing to go beyond their normal work duties when needed, and the commitment to the employer is higher than in organizations, in general.

After the sharing of the results, workshops with teams will be organized to discuss the results and to plan improvement actions together.

Ahlstrom's European Dialog (AED) is a way for employee representatives from each European country to give feedback to Group management about topics of current interest, and hear about developments within the company. The AED did not meet in 2013, but five working group meetings were held instead. Regular meetings will resume in 2014.

Collective bargaining is a form of dialog between the employees and the company. We do not collect information on the number of organized employees, but we estimate that approximately 30% of the permanent blue-collar employees were covered by collective bargaining agreements, some 40% in the EU, and approx. 20% elsewhere in the world.

Suppliers

Our supplier base is described in the Value Chain chapter, where we talk about our approach to the supplier relationship management. A good example of positive joint sustainability collaboration with a supplier was a pilot project working with DSM, a Dutch chemical supplier, and their sustainability specialists to define social impacts for our medical fabrics, where a DSM product is used as one of the components.

Academia

Open innovation or co-creation of new technology platforms with external technology providers is an integral part of Ahlstrom's strategy for product development. Co-creation with these external technology partners and successfully embedding these promising new platforms into our internal product development programs enable us to deliver new products for a clean and healthy environment faster to our customers. We collaborate with external technology partners for basic technology platform development. Current examples in the area of fibers are especially nanofiber and nanocellulose that support developments in all of our selected market areas – Food, Beverage and Household, Medical Care and Life Science, Transportation, Energy and Environment and Building and Decoration.

We also have more specific market focused co-creation programs with external technology providers in Transportation Filtration, Life Sciences and Medical where we develop new chemistry based on our EcoDesign principles to deliver new solutions for flame-retardancy, diagnostics, and other "smart" functionalities for our high-performance fiber-based materials. In the area of wallcover we have external collaborations to deliver new functionalities in the areas of printing and design.

Along with our state-of-the-art analytical and testing facilities, we also engage the extensive analytical global testing capabilities of our external partners with specific programs supporting our new product developments in the areas of Water, Transportation Filtration, Advanced Filtration and Food and Medical businesses.

Our external technology providers are global accredited research institutes, academic partners and contract research organizations. We are bringing new products to the market for a clean and healthy environment with improved speed based on our successful collaborations with our chosen external technology providers.

MANAGING FOR HIGH PERFORMANCE

Our management approach in product development, supply chain including sourcing and manufacturing, as well as product management. Product development and sourcing are Group responsibility.

	PRODUCT DEVELOPMENT	SOURCING	MANUFACTURING	PRODUCT MANAGEMENT
	GROUP		BUSINESS AREA	
LONG-TERM VISION	Turning our unique know-how and new ideas into innovative high performance fiber-based materials for a clean and healthy environment Commercial success with new products	Driving a world-class supply chain		Growing with customers and winning business anticipating customers' needs
STRATEGY AND POLICIES	Growing through differentiation and ensuring EcoDesign in all new products 'Idea to product' core process Intellectual property policy and guidelines	Sourcing policy Purchase payment terms policy Supplier Request for Price Increase Policy and Process Supplier Code of Conduct Certified fiber sources	Operational efficiency supported by: Aggressive targets set through 2020 for Key environmental and safety Performance Indicators (KPIs) Targeted investments Lean Manufacturing Initiative (see page 29) Global extension of best practice through the supply chain and HSE networks Anticipatory regulatory posture	Offer differentiated products for a clean and healthy environment. Ahlstrom core processes 'Idea to product', 'Market to order and 'Order to cash'.
KEY TARGETS AND PERFORMANCE	Speed up the process from idea to successful market launch Sales from new products; target 20%, 2013 13% 12 new inventions were filed during 2013	Cost reductions Continuous improvement with key suppliers Key innovation projects with strategic suppliers in each business area Risk mitigation (identification of backup suppliers) Increase the usage of renewable fibers	OTAPIF measure (= On Time As Promised In Full); for delivery quality, is continuously improving. Reduce the cost of quality Reduce energy consumption (electricity and fuel) Minimize emissions to the air, water, and soil	Sales from new products: target 20%, 2013 13% Customer satisfaction –measured annually and systematically for the entire organization, improvement over previous year. Measured as 'Net Promoter Index'.
KEY SUCCESSES AND SHORT-COMINGS	Successes EcoDesign training and implementation across all business areas Several new product launches Open innovation	Successes EU Timber Regulation DDS externally verified Supplier Code of Conduct implementation exceeding targets, 85% vs target of 80% of supplies now covered Abaca certification project realized with the Rainforest Alliance in the Philippines together with EDANA	Successes Lean successfully implemented in 4 pilot plants yielding good results Shortcomings Ramp-up of new production lines that are behind schedule Waste to landfill still far from zero	Successes Several new product launches, e.g. Ahlstrom Captimax™, Ahlstrom FlexFuel, Ahlstrom AceBlade™, Ahlstrom Reliance® Tandem, Ahlstrom ReliaFlow™ and Ahlstrom Flow2Save™ Shortcomings Delays in commercialization of new products.
RISKS	Progress not fast enough	Supply shortages. No immediate back-up suppliers for new products	Water scarcity especially in China	Inability to renew our offering into a higher value solution business.
OPPORTUNITIES	Ready to fully exploit the opportunities given by new systems in place New technology expertise	Innovation in partnership with chosen key suppliers	Lean methodology for continuous improvement	Strategy and offering is focused on growth markets. Demand for products that help to create a healthy and clean environment. Know-how for creating products from renewable and recycled raw materials.
TRAINING	Ahlstrom Academy			

Our management approach to health and safety, human rights, and leadership and management practices. All are under Group responsibility.



	HEALTH AND SAFETY	HUMAN RIGHTS	LEADERSHIP AND MANAGEMENT PRACTICES
	GROUP		
LONG-TERM VISION	Accident free work places Employee well-being	Human rights are respected in the whole value chain.	Ahlstrom is a great and inspiring place to work. Leaders enable Ahlstrom vision and live up to Ahlstrom values. One Ahlstrom. High performance culture to enable strategy execution.
STRATEGY AND POLICIES	23 company standards, 4 guidance notes, 6 best practices	Human rights policy, Ahlstrom Code of Conduct, Ahlstrom Supplier Code of Conduct, Compliance policies, Donation policy	Reaching high performance with personal accountability.
KEY TARGETS AND PERFORMANCE	2013 TARGETS: Fewer than 7 Lost Time Accidents Total Recordable Incidents 72 2013 PERFORMANCE: 17 Lost Time Accidents, Accident Frequency Rate 2,45 Total Recordable Incidents 54	2013 TARGETS: Code of Conduct e-learning completed for 100% of white-collar employees No human rights violations 2013 PERFORMANCE: -82.2% of white collar employees have completed The Code of Conduct e-learning - Zero human rights violations were reported	2013 TARGETS: Achieve an Engagement Index target of 63 – long term target is minimum 68 Goal and development discussions for all employees 2013 PERFORMANCE: Engagement Index 60,1 achieved 90% of white collar employees had performance reviews 59% of blue collars
KEY SUCCESSSES AND SHORTCOMINGS	+ Fewer accidents, 18 plants without LTAs in 2013 + Behavior-based safety program expanded + Safety awards given to Taylorville, Louveira and Bousbecque plants + 11 HSE audits done Shortcomings: - Accidents still happen	Clear improvement in behaviors based on Ahlstrom Values (found in Employee survey)	High commitment shown in Employee survey. It revealed + clear improvement in behaviors based on Ahlstrom Values + managerial work, development orientation and perceptions of fairness - Operational culture. - A lean global organization with a limited successor pool
RISKS	Inherent safety risks in our manufacturing processes	Value chain risks in global operating environment	Failure in reaching high performance
OPPORTUNITIES	Value-based leadership; acting responsibly, creating value and learning and renewing, will ultimately lead to accident prevention Behavioral based safety program	Strengthening value-based behaviors	Creating strong learning environment
TRAINING	Safety training programs at plant level	Code of Conduct e-learning, Compliance training; anti-corruption training	Ahlstrom Academy, includes an Ahlstrom Leader program JUMP - Junior Manager training program

The member of Executive Management Team for Sustainability and Human Resources is reporting to the CEO. The Ahlstrom Board in its entirety oversees sustainability.

ETHICS AND INTEGRITY

“Acting responsibly” is the first of our values meaning ethical business conduct and integrity in everything we do.

Our frameworks for ethics

Acting responsibly is the first of our values. Ahlstrom is committed to conducting all of its business in an honest and ethical manner. To achieve this, we have established a comprehensive **Compliance program** that is continually updated.

The **Ahlstrom Code of Conduct** was updated in 2011 and we launched an e-learning program for all white collar employees in 2012. After the second year at the end of 2013, 82.2% of the white collar employees had completed the e-learning program. The Code is available on our website in 8 languages, and during 2013 we introduced the e-learning program in German and Chinese in addition to English. The e-learning program is now part of the induction process for all new employees.

The **Ahlstrom Supplier Code of Conduct** is aligned with the Code, and was launched in 2012. It has been successfully implemented with our main raw material suppliers. Both the main code and the supplier code cover human rights issues.

A separate **Ahlstrom Human Rights Policy** from 2012 is aligned with the principles of the ISO 26000 social responsibility standard, which derives from the Universal Declaration of Human Rights. Our policy commits us to support human rights throughout our whole value chain and not only in our own operations and supply chain but also with our customers. We do not make or sell products that could be used for human rights abuses. All of the above policies can be seen at www.ahlstrom.com.

Our **Anti-Bribery Policy** further clarifies the rules that we follow in relation to bribery and other corrupt practices such as facilitation payments, “kickbacks” and secret rebates, gifts, expenses and



donations. In 2013, we conducted 10 Compliance training sessions in Europe, USA and Asia, with targeted face-to-face trainings. Our training plans for 2014 include expansion of the Anti-corruption training to wider audiences via virtual training modules.

Monitoring

We have a channel that employees and other stakeholders can use to report any suspected misconduct and compliance violations to our Compliance officer. The number of grievances reported in 2013 was three, and all those cases were duly investigated. There were no fines or non-monetary sanctions for non-compliance with laws and regulations. There were zero incidents for human rights violations in 2013. In 2014, we aim to develop this channel further to make it an external hotline. Employees can always seek advice on ethical and lawful be-

havior and matters of integrity from the company's legal department.

We also subscribe to the Thomson Reuters Accelus World-Check compliance risk screening service. This checks the potential business partners and counterparties for anti-bribery purposes. We evaluate the risks first by country using the Transparency International Corruption Perception Index, and then on a business by business basis. We also respect the international embargos in place, such as is the case in Iran.

Rewarding fairly

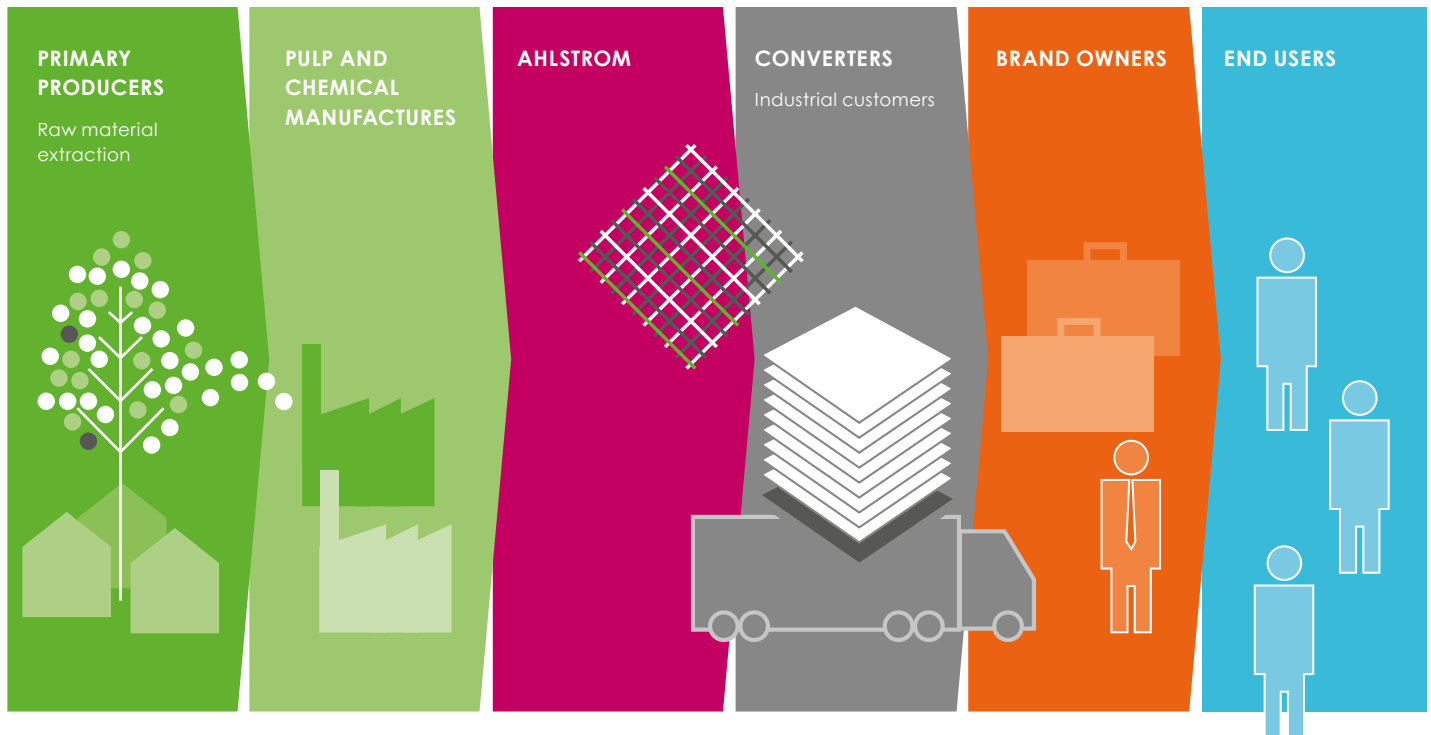
Ahlstrom is committed to compensating its employees at a rate that is competitive in its industry as well as to establish and maintain a fair and equitable salary structure internally. The lowest wages always exceed the local minimum wages.

DESCRIBING OUR SUPPLY CHAIN

Ahlstrom's high performance fiber-based materials are sold to converters that are for example filter manufacturers, wallpaper producers, medical converters and so on. Their customers are again brand owners who then sell to consumers often via distributors and retailers. There are many variations to the overall value chain depending on the business.

64%
OF THE RAW MATERIALS WERE FIBERS

83%
OF THE FIBERS WERE FROM RENEWABLE SOURCES



77%
OF THE RENEWABLE FIBERS WERE WOOD PULP FROM FORESTS

79%
OF THE WOOD PULP WAS PURCHASED AS CERTIFIED

Managing supplier relationships towards value networks

We see our supply chains evolving from traditional sequential, rigid, slow, and static to value networks that are aligned to customers, collaborative and systemic, quick, and dynamic. Typical benefits from the supply chain evolution include driving incremental savings by effectively managing supply chain risks and challenges. The focus is on innovation and value creation maximizing the relationship value, and gaining a competitive advantage by effectively managing truly strategic partners. Collaborative programs with suppliers consist of creating real accountability and incentives for suppliers to deliver business value as well as streamlining relationships and processes to eliminate non-value-added work. In 2013, we have completed our supplier classification process, set up the governance and organization to manage the relationships, have assessed the service level and performance management requirements, while in 2014 we will focus on supplier development and the full deployment of the Supplier Relationship Management Systems for all strategic suppliers.

The vast majority, 77% of the renewable fibers, is **wood pulp from forests**. We source pulp from approx. 30 pulp suppliers principally located in the Nordic countries and South and North America. Viscose fiber used in some specialties is also made from forest fiber.

Other natural fibers that we use include **annual fibers** (3%) such as abaca, cotton linters, jute and some sisal and flax. Abaca, which is used in our food grades, is clearly the most important of them. Abaca is sourced from the Philippines as well as Ecuador. Our cotton linters all come from the United States.

We buy our **synthetic fiber** from 60 producers that are located in Europe, Asia, and Americas (North and South). 80% of the volumes of synthetic fibers come from 12 suppliers, and 90% from 18 suppliers.

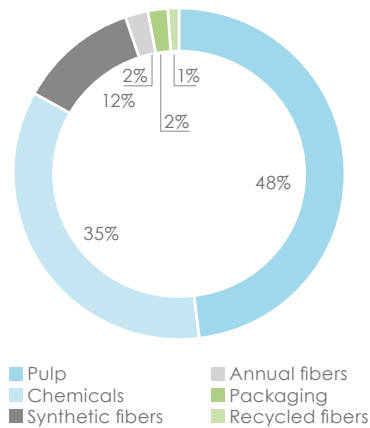
Our main **chemical** suppliers are very large companies, but chemicals are also purchased from medium-sized specialty producers, generally based in Europe and North America. The total chemical spending in 2013 was about EUR 130 million from a total of approx. 200 suppliers. In Transport, Indirects, and Utilities category we have global, regional, and country based suppliers. In some major subcategories, Group-based contracts have been signed.

Recycled polyester fiber (rPET) made up 21% of our total polyester fiber purchases. Recycled paper was used in two plants, Osnabrück and Windsor Locks, and comprised two percent of our total wood pulp purchases.

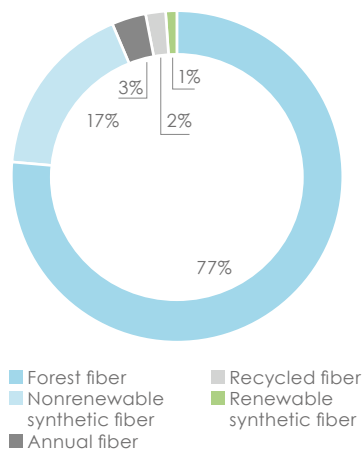
Overall, we have approximately 360 raw material suppliers for a total expenditure of approximately EUR 450 million.

For Utilities we have approximately 40 suppliers with an expenditure of EUR 75 million for energy and EUR 5 million for the rest, such as wastewater etc. Our spending on Logistics is approx. EUR 60 million, with approximately 30 main suppliers in the road and ocean transport. We have expenditures on all the rest, which is MRO (Maintenance, Repair and Operations), Packaging, and Indirects, of approximately EUR 110 million with more than 6,000 suppliers.

G4-EN1, EN2 2013 RAW MATERIALS, 600 K TONS



2013 FIBER RAW MATERIALS, 380 TONS



Supplier Code of Conduct

We abide by "the Ruggie Rules" so that production of the raw materials for our high-performance products for a clean and healthy environment will cause no harm to people, the environment, or society. We have incorporated these principles to the Ahlstrom Supplier Code of Conduct. At 2013 year end, 100% of the annual fiber, 92% of the natural fiber, 89% of the synthetic fiber, 81% of the chemical, and 61% of the packaging supplies were covered by a signed Code of Conduct. Signing the code is part of our sourcing KPIs and all new suppliers must sign the Code before conducting business with Ahlstrom.

Our raw materials

For making high-performance fiber based materials, by far the most important raw material for us is fiber with 64% of the total raw materials. In 2013, **83% of our fibers came from renewable sources**, compared with 91% in 2012. This decrease was due to the divestment of six specialty paper plants using exclusively wood fiber.

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Forests are home to 80%
of terrestrial biodiversity.”

Sourcing our wood fiber responsibly

We purchase our forest fibers from responsible sources and have an extensive company verification program for it.

Natural and plantation forests are keys to global sustainability. All forest types, from primary to plantation forests must be sustainably managed, which means reducing climate change risks, providing critical ecosystem services that make life on earth possible, generating industrial wood and fiber for a very wide range of traditional products and innovative bio-product solutions, providing food and renewable energy, sustaining livelihoods, and delivering recreational benefits. Forests are home to 80% of terrestrial biodiversity. As part of well-planned landscapes, forest plantations play a key role in reducing pressures on natural forests, connect fragmented ecosystems to intact land use mosaics, and make a meaningful contribution to conserving biodiversity.

Sustainable forest management and responsible product use present the most effective and cost competitive natural carbon capture and storage system. Sustainably managed forests provide the raw material for products that are renewable, widely recyclable, and have a low carbon profile (Source: WBCSD).

Forestry certification is a mechanism using independent third-party assurance that the forest in question is managed according to internationally recognized sustainability criteria. There are two major international systems for forest certification: the Forest Stewardship Council (FSC™) and the Program for the Endorsement of Forest Certification (PEFC™). All of Ahlstrom's pulp suppliers in 2013 were certified according to FSC™ or PEFC™, or both. 79% (81% in 2012) of the pulp was purchased as FSC or PEFC certified or FSC Controlled Wood. As certified pulp can be purchased by or sold to certified plants only, the wood pulp used by our plants that do not have Chain-of-Custody certification comprises the remaining 21%. With the exception of Turin, the Filtration plants are uncertified and now comprise a proportionally large



er share of the pulp usage. The inputs are covered, however, by our own verification program.

Chain of Custody certification is a way of tracking wood-based raw materials from the forest to the consumer, at each change in ownership. We use SGS (Société Générale de Surveillance SA) to audit this for us. We have currently 10 plants that are Chain-of-Custody certified (see table on page 32); allowing them to sell FSC and PEFC-certified products. We continue to find, however, that many, even large, customers are reluctant to obtain Chain-of-Custody certification, limiting our potential to demonstrate our responsible sourcing by selling certified products to them.

Our Due Diligence System for the **EU Timber Regulation** was also externally verified by SGS. The Ahlstrom Due Diligence System covers wood pulps that are purchased from outside the EU. The purpose of the system is to prevent Ahlstrom as an 'operator' to place illegal timber products on the EU market. It includes as the main elements measures and procedures providing access to the required information, risk assessment procedures, and risk mitigation procedures. The risk assessments are updated annually.

Ahlstrom participated in the CDP Forest disclosure for the second time in 2013

with greatly improved score compared to the first disclosure. The CDP Global Forests Report 2013 is available at www.cdp.net/CDPResults/CDP-global-forests-report-2013.pdf.

Conflict minerals

According to the U.S. Dodd-Frank Financial Reform Law of 2010, U.S. publicly traded companies must disclose their "conflict minerals" that are necessary to the functionality of products they manufacture or contract to manufacture. The conflict minerals are tin, tungsten, tantalum, and gold. Companies must also disclose their supply chains to verify whether these minerals originate in the Democratic Republic of Congo or adjoining countries. Ahlstrom does not purchase these above-mentioned conflict minerals for any of our products. Should we need them, the necessary due diligence would be applied.



ECONOMIC RESPONSIBILITY

As a listed company, Ahlstrom is committed to increasing shareholder value in the long term. We are determined to deliver on this commitment by developing and making products that provide shared value to society in competitive, resource efficient, and profitable operations. We do this in an ethical manner. Ahlstrom applies the principles of good governance and transparent accounting. We follow the International Financial Reporting Standards (IFRS) and abide by all applicable legislation.

Ahlstrom's management practices related to finance are governed by our Compliance program, which includes our Code of Conduct, Credit Policy, Group Treasury Policy, Tax guidelines, Risk Management Policy, Purchase invoice approval process, Guideline for foreign exchange risk management, Investment manual, Supplier Code of Conduct, Sourcing policy, and Purchase Payment Term Policy.

Community investments

Our community investments in 2013 totaled EUR 143 million.

The Group continued its support of the Eva Ahlström Foundation with a EUR 70,000 donation. The money donated thus far has been very successfully used in a 3-year UNICEF WASH (Water Sanitation and Hygiene) project in India, where close to 20 million schoolchildren, especially girls, have been helped. A new project will be started with UNICEF in the neighboring Rajasthan state.

A EUR 5,000 donation was made to UNICEF Finland to support the victims of typhoon Haiyan in the Philippines, which is an important area of supply for the abaca fiber for our Food business.

The remaining EUR 68,161 was local community support all over the world in several locations where we have operating plants. Many plants hosted student visits and some arranged open houses. For example, the types of activities the seven very active American plants did for their community outreach in 2013 include support for children's activities, emergency

G4-EC1 DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED, IN 1,000 EUR

	2013	2012	2011
DIRECT ECONOMIC VALUE GENERATED			
Revenues (including financial income)	1,016,071	1,012,554	1,026,205
ECONOMIC VALUE DISTRIBUTED			
Operating costs (excluding depreciations and impairments)	-730,894	-723,327	-727,007
Employee wages and benefits	-219,185	-213,287	-228,361
Payments to providers of capital (including interest income, other financing income, dividends and interest paid on hybrid bond)	-56,650	-89,096	-67,632
Community investments	-143	-164	-449
Payments to government (only current taxes)	-4,367	-5,012	-8,224
ECONOMIC VALUE RETAINED			
Economic value retained	4,833	-18,333	-5,467

agencies, medical facilities and conditions, environmental protection, senior citizens' and fraternal organizations as well as team sports.

Ahlstrom does not give political contributions.

Tax matters

The biggest local impact Ahlstrom makes in communities is by employing people who pay their taxes and act as active neighbors.

Each Ahlstrom group company aims at complying with local legislation and regulations and pays the required taxes accordingly.

Ahlstrom acts according to the interest of its shareholders and considers taxation viewpoints in the overall strategy execution; we make sure at all times that tax matters are handled in compliance with the prevailing laws and regulations and by providing open, correct, and timely information to tax authorities.

It is Ahlstrom's goal to take care of tax matters in a prudent way. Tax matters are taken into account in decision making and they can, for example, have an impact on choosing manufacturing locations.

In addition to paid corporate income taxes, there are tax type payments to governments such as customs duties, property taxes, employer payments, tax deductions from payroll and withholding taxes as well as other tax type payments depending on the country. More detailed information regarding taxes has been given in the notes to the 2013 annual consolidated financial statements of Ahlstrom.

ECODESIGN

With EcoDesign, Ahlstrom has the ambition to provide new high performance products for a clean and healthy environment that have been designed to minimize their environmental impacts over the whole life cycle.

At the beginning of the year, we have identified our own EcoDesign principles based on the Green chemistry principles and on the biggest contributors to our products' environmental impacts. These four principles are Ahlstrom objectives toward more sustainable products.

1. REMOVAL OF HAZARDOUS CHEMICALS: Reduce or eliminate hazardous chemicals from our product supply-chain.

2. LOW-IMPACTS MATERIALS: Encourage the use of lower impacts materials, i.e. biobased materials, recycled materials or low energy content materials.

3. ENERGY EFFICIENCY: Reduce energy consumption in our manufacturing plants but also at customer and user levels.

4. OPTIMIZATION OF THE PRODUCT END-OF-LIFE: Encourage the use of recyclable or biodegradable materials, as well as clean incineration.

In addition of these principles, dedicated tools are implemented internally to follow all along the product development project the environmental performance of the new product and to evaluate its positioning as compared to the current solution. Two different and complementary tools are now available: the e-DEA* software, a simplified Life Cycle Assessment (LCA) tool and the internally developed Ahlstrom EcoDesign Scorecard. Within 2013, all product development engineers and managers of Ahlstrom Business Areas and at our Group Product & Technology Development Center were trained on the principles of EcoDesign and on corresponding tools.

Our EcoDesign targets for next year are to ensure that EcoDesign principles and tools are used in all new product development projects and also to collaborate with our customers towards more sustainable products.

* Everybody can Design with Environmental Awareness

Life Cycle Assessment

We have been using internally Life Cycle Assessment (LCA) methodology since 2011 as the reference tool to assess the environmental impacts of products. This comprehensive environmental assessment methodology covers raw material extraction and manufacturing, our own manufacturing, conversion and packaging, product use, all the way to end-of-life disposal. LCA methodology helps us to evaluate the environmental performances of the products that we offer and to identify priorities toward greener products. Up to now, we have already evaluated some of the key products in each business area with an LCA, and will continue to do so within our broader EcoDesign approach.

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LCA methodology helps us to evaluate the environmental performances of the products that we offer and to identify priorities toward greener products.

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CASE: ENERGY SAVINGS IN USE PHASE WITH THE NEW AHLSTROM FLOW2SAVE™ FILTER MEDIA

MORE THAN
30%
ENERGY SAVINGS COMPARED
TO TYPICAL MICROGLASS



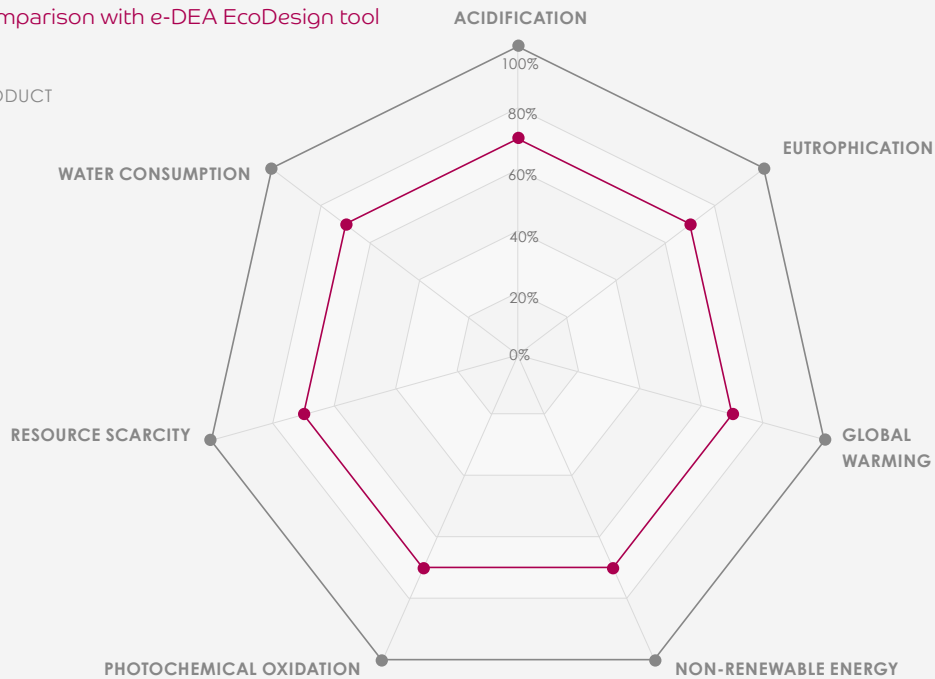
Ahlstrom Flow2Save™ is a new filtration media launched in October 2013 for High Efficiency Air (HEA) filtration applications. Thanks to its high filtration efficiency properties, this innovative media contributes to provide a cleaner and healthier

environment by improving Indoor Air Quality (IAQ) in public buildings.

In addition, Ahlstrom Flow2Save™ demonstrates better pressure drop characteristics as compared to typical commercial microglass filters which relate to more than 30% energy savings and lower operation costs for the air treatment system. The environmental assessment with Ahlstrom EcoDesign tools highlighted as well that this better energy efficiency reduces significantly the environmental footprint of the high efficiency filter media since that more than 98% of the life cycle impacts are determined during its use phase.

Simplified LCA comparison with e-DEA EcoDesign tool

● NEW PRODUCT
● REFERENCE PRODUCT



■ The environmental impacts, i.e. impacts to air, water, global warming and so on, as determined in a simplified LCA performed with the e-DEA tool were all clearly better for Ahlstrom Flow2Save™ than the conventional microglass media.

CASE: LOW-IMPACT MATERIALS WITH NATURAL FIBERS IN REINFORCEMENT PRODUCTS



Our product development teams are working on a new generation of reinforcement products using natural fibers for transportation and construction composites. The new bio-composites products have been identified as a strategic growth opportunity meeting the demand for lightweight and more sustainable materials. The natural flax fibers have already demonstrated good properties from a technical standpoint bringing also promising environmental benefits compared to conventional glassfiber products.

OUR HUMAN CAPITAL

We recognize that a diverse, engaged workforce is able to deliver successful business results that are critical to our success.

In one of our Focus Areas we have established the targets for high performance. They are to:

Reach and exceed targets

Keep promises and high quality

Create a learning environment

As a globally operating company, Ahlstrom employs 3547 people in 24 countries. 90% of the employees work outside of Finland. The highly international character and diversity call for a shared vision and living values that unite us worldwide.

The foundations are established in our Code of Conduct; we treat all our employees with respect, and give all of them equal opportunities for personal growth and professional development, regardless of their gender, age, race, ethnicity, disabilities, nationality, sexual orientation, religious beliefs, political affiliations, marital or economic status, or position within the company. There were no reported incidents of any type of discrimination in 2013, nor any grievances concerning labor practices.

Restructuring responsibly

The company has executed in the past three years a significant transformation, as our business portfolio has been reshaped through major transactions, including the divestment of Home and Personal to Suominen Corporation and the combination of Label and Processing with Munksjö AB. The personnel reduction of 1,565 employees in 2013, from 5,112 employees to 3,547, has been the result of primarily the Label and Processing personnel transferred to Munksjö Oyj in May 2013 reducing the headcounts mainly in France, Italy, and Brazil. The sale of the decór and abrasive base paper businesses on PM3 and PM4 in Osnabrück to Perusa in Germany as well as West Carrollton's employees transferring to West Carrollton Parchment and Converting in the USA formed another approx. 350 employees.

As a result of the refocusing of the business, our net sales have been reduced by approximately EUR 800 million to approximately EUR 1 billion in the past

Our personnel figures

As of Dec 31, 2013

G4-10 EMPLOYEES AT YEAR END	2013	2012	2011
Number of employees	3,547	5,112	5,185
Temporary, %	2.9%	2.5%	2.2%
Permanent, %	97.1%	97.5%	97.8%
White collar, %	41%	40%	39%
Blue collar, %	59%	60%	61%
Performance dialog completion of white collar, %*	90	89	89
Performance dialog completion of blue collar, %	59	59	61

* based on employee survey results



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We treat all our employees with respect.

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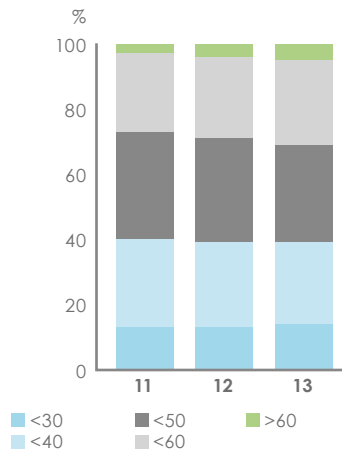
G4-LA1 EMPLOYEE TURNOVER TOTAL AND BY REGION	2013	2012	2011
The Americas	7.9%	15.1%	10.3%
EMEA	6.6%	10.6%	4.4%
Asia-Pacific	15.0%	15.0%	11.6%
Total turnover rate	8.2%	12.1%	6.6%
New whitecollar hires' total number and as a share of total	80/5.5%	n/a	n/a

Turnover consists of employments terminated by the employee as well as employments that have been terminated by the company e.g. due to closing units.

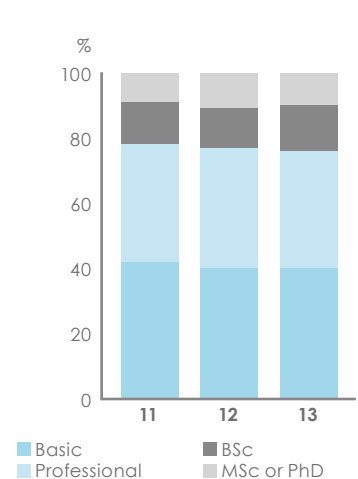
two years. Reducing our cost base is fundamental in achieving the required improvement in our financial performance and securing the long-term sustainability of the company. Bringing the organization to a level that can sustain our current business is not possible without personnel reductions. Ahlstrom initiated in summer 2013 a rightsizing program which was expanded in January 2014 targeting annual cost savings of EUR 50 million in 2015. Key actions to achieve the cost savings include the completion of the demerger related transfers to Munksjö, consolidation and streamlining functional activities to reduce selling, general and administration (SGA) costs and productivity improvements in the supply chain.

The total Group wide turnover rate measuring the total number of employees leaving the company – voluntarily or involuntarily - was 8.2% last year, which is much higher than in the previous years. In Asia, the turnover rate is the highest. The amount of white collar new hires was 80, which is 5.5% of the total white collar employees, and in China the corresponding numbers were 47 and 13%.

AGE DISTRIBUTION FOR THE TOTAL WORKFORCE



HEADCOUNT BY EDUCATIONAL LEVEL



Diversity

We define diversity as the hiring, developing, retaining and promoting talented individuals from many races and cultures. It includes race, gender, age, religion, marital status, disability, sexual orientation, national origin and veteran status, but goes beyond that by focusing on creating an environment that leverages the talents and diverse thinking of all the employees that will improve Ahlstrom's competitive position. We believe that a diverse business is a more creative business.

Companies wanting to maintain their competitive advantage must be aware of the changing demographics and strive to maximize the contributions of every employee. Valuing and encouraging diversity of thought, experience, backgrounds, and talents in our employees will translate into a competitive advantage. We recognize that a diverse, engaged workforce is able to deliver successful business results that are critical to our success.

The age distribution of our employees is well balanced.

We have employees in 24 countries, with 57% in EMEA (Europe, Middle East, and Africa), 27% in the Americas, and 16% in Asia. Overall, 21% of the workforce is female, as in the previous year. The largest share of females is in EMEA with 23%, and the lowest in the Americas with 18%.

	Total	Female	Male
The Americas	962	18%	82%
EMEA	1,966	23%	77%
Asia-Pacific	619	20%	80%
Total	3,547	21%	79%

The level of diversity is gradually increasing when going to the lower levels of management; among senior managers, the gender diversity is still the same as in executive management, but the national origin is already more diversified. Most senior managers (43%) still come from Finland, which is explained by the location of the head office, but they are followed by Americans at 29%. In early talents coming from all parts of the world there are already 33% females.

In our Group administrative functions - Helsinki head office, Group Product Development and Technology as well

G4-LA12 DIVERSITY BY GROUPS

	2013	2012	2011
Board of Directors			
Total count	7	6	7
Women, %	14	17	14
Men, %	86	83	86
<30, %	0	0	0
30-50, %	43	50	57
>50, %	57	50	43
Number of nationalities	4	3	3
Executive management team			
Total count	10	11	10
Women, %	20	18	20
Men, %	80	82	80
<30, %	0	0	0
30-50, %	40	55	60
>50, %	60	45	40
Number of nationalities	4	5	5
Senior management			
Total count	35		
Women, %	20		
Men, %	80		
<30, %	0		
30-50, %	63		
>50, %	37		
Number of nationalities	9		
Middle management			
Total count	244		
Women, %	21		
Men, %	79		
<30, %	1		
30-50, %	54		
>50, %	45		
Number of nationalities	10		



as Global Sales Network - the share between men and women is equal, while in traditional manufacturing environments the gender distribution is heavily shifted toward male dominance.

In terms of educational background, 24% of the workforce has a minimum of a bachelor's degree. This can be contrasted with the number of white collar employees, which is 41%.

Competence Development

In times of uncertainties when organizations are reorganizing businesses and reprioritizing focus areas it is of the utmost importance to continue investing in competence development and having an active dialog with all employees enforcing their engagement. Extra efforts need to be invested to ensure the

motivation and wellbeing of employees. In practice, this means clear roles and responsibilities, manageable workload, continuous and open communication along with active collaboration.

We believe that leadership is the most important driver for performance and culture, where engaged and capable employees are crucial in creating a high performance culture. This year, the annual employee engagement survey results declined from the previous year, yet at the same time people showed increased commitment through the excellent 85% response rate.

We continue developing the competencies and skills we need to implement our strategy and drive sustainable growth for the future. Inspiring, coaching, and consistent leadership is a vital factor – without it, none of this will happen.

Management and leadership development continued with three Ahlstrom Leader programs and with our early-talent program JUMP being successfully run in 2013. Development focus is also being put on our ways of working, be it in the renewed Ahlstrom processes or the way we are expected to work efficiently in a virtual and matrix organization.

Code of Conduct e-learning was completed by 82.2% of all whitecollars globally. This is an improvement from the previous year and we continue ensuring that all our newcomers will complete this important training when joining the company. In the compliance trainings held face to face we had 157 of participants in 7 different locations. Ethical behavior is expected from all employees and we continue taking strides to ensure good compliance also going forward.

The Group level trainings delivered through our internal **Ahlstrom Academy** we organized 80 training sessions combining different methods; webinars, virtual training sessions, e-learning, face to face programs and also longer, more comprehensive programs. In total, we had 2,170 participants in our training programs.

The input for the focus areas of Ahlstrom Academy is twofold; the areas we as a company need to improve on are the strategic competencies identified as part of the strategy process. This gives us the frame to which we get more detailed input from the individual development plans.

We also continue fostering diversity in a very broad view, meaning that we value and support the growth of people with different cultural backgrounds, people from different age groups, people with different strengths and skill sets and people with different genders. In JUMP, this becomes very concrete as the participants are practically forming a fully diverse group. This year, we had 15 participants from 10 different countries from all over the world, representing all our business areas and functions, being both males and females. Mentoring is a key element of the JUMP program after the actual course; tacit knowledge is transferred from experienced colleagues to JUMPees to further support their career development.



We continued our partnership with IMD in Lausanne, Switzerland for the specific development of key executives. On the other end, we had apprenticeships in our plant locations and several Masters or Doctors thesis workers.

Performance-based compensation

The performance management process has become a well-established process throughout Ahlstrom. Our target is that all employees have a performance discussion during the year and have their targets defined and documented in our global Performance Management Tool. In the employee survey, 72% of all our employees reported that they have had the performance discussion during the year. This breaks down to 90% of white collars and 59% of blue collars reporting that the discussion has been held.

Not only the company's financial performance, but also success-related individual performance assessments have an influence on an employee's bonus payment. Individual targets also include sustainability related goals that are linked to the annual bonus. The bonus is linked to the HPI (Human Potential Index) for any manager having direct reports, safety goals, as well as waste in operations for any manager having production plant responsibility. In a mid-year review, the employee and manager are expected to discuss and review progress of the agreed goals and development actions, workload and motivation, and future career aspirations as well as willingness to relocate.

Fair and motivating compensation is achieved through a salary that is in line with the requirements of the job and the performance and competences of the employee. The employee survey results again confirmed that employees are satisfied with their compensation, good work is being rewarded and employees are willing to go the extra mile.

Talent management

To achieve our strategic goals, we need productive managers, employees and teams. Going forward we need to focus on providing good learning and growth opportunities for our pool of existing talents to retain them in the company. Attracting and retaining world-class professionals is crucial to further grow both our intellectual and human capital. To execute our strategy, we need to have the right people with the right skills, behaviors and mindset in the right place at the right time.

Competence development, talent management, and succession planning are all key processes to managing our human capital.

AHLSTROM ACADEMY:

80

TRAINING SESSIONS
DURING LAST YEAR

HEALTH AND SAFETY

We are making good progress with our behavior based safety programs.

Behavior Based Safety

Back in 2012, we decided to further develop our safety performance by focusing more on behavior based safety (BBS). We noticed that most of our plants had reached a plateau in safety performance, while the procedures needed to manage safety well were implemented. We needed to shift our focus from implementing procedures to influencing behavior. In the end, people's behavior is what leads to whether there are accidents or not. We gave our plants the freedom to choose themselves the BBS partner they preferred to work with. Seven plants implemented a behavior based safety program in its entirety during 2013 while two plants started to implement their BBS program. Common elements in these BBS programs are creating awareness for the possible consequences of our behavior, carrying out observations and giving constructive feedback, reporting and follow up of observations requiring actions other than direct feedback. The results of these programs have become already visible in the form of a reduced amount of occupational accidents in those nine plants.

“

We needed to shift our focus from implementing procedures to influencing behavior.

”

CASE: BEHAVIOR BASED SAFETY AT BRIGNOUD, FRANCE, HELPS DRIVING SAFETY PERFORMANCE TO WORLD-CLASS LEVEL



We started co-operation with a local French consultant, Esso Technologie Securite Conseil Audit Formation, ETSCAF, in France. In Brignoud, 80 employees of the total 140 employees received training on behavior and safety. Next to that, 24 managers and supervisors received training in how to observe and recognize safe and unsafe behavior, and how to give constructive feedback to the person being observed. The training included observation and feedback exercises. Managers were trained on how to give constructive feedback when noticing unsafe behavior and how to give positive feedback for safe behavior.

After the observation and feedback training in Brignoud in June, the BBS program was started.

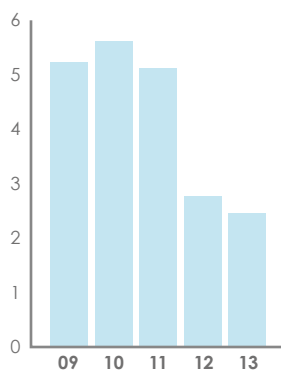
Managers are required to do two safety visits per month, in teams of two persons. Giving feedback is one of the challenges. The observations are written down in a form, and the forms are evaluated by the safety manager in daily and weekly meetings of the safety committee. Corrective actions are followed up on. These safety visits added work not only to the Safety manager but also to the line managers; safety is part of their responsibility and this is one of the key tools for accountability. The important thing is that the risks are identified in the first place. The French Pont-Audemer and Saint-Severin plants also started the BBS program with the help of ETSCAF in December 2013.

2013 Safety Performance

Our Lost Time Accident rate continues to decrease, and 18 of our 29 plants had a zero LTA rate in 2013. Our safety targets for 2013 were very ambitious: We aimed for fewer than 7 Lost Time Accidents and fewer than 72 Recordable Injuries. We had 17 Lost Time Accidents, equaling an Accident Frequency Rate of 2.45, a reduction of 11% compared to 2.76 in 2012. The Accident Severity Rate dropped from 0.14 in 2012 to 0.085 in 2013. We had 54 Recordable Injuries, considerably better than our target for 2013, seventy-two. Our Total Recordable Injury Frequency Rate was 8.1 in 2013.

Our plants are audited by an external body, SGS. Fourteen plants have the Occupational Health and Safety Advisory Services, OHSAS 18001 certificate (see Certification status table on page 32). All our plants are also subject to internal Health, Safety and Environmental audits performed by our own highly experienced internal HSE Assessment team. We did totally eleven internal HSE audits, of which three initial HSE audits.

G4-LA6 ACCIDENT FREQUENCY RATE, AFR



CASE: BEHAVIOR BASED SAFETY PROGRAM BASED ON DUPONT STOP FOR EVERYONE® AT MOUNT HOLLY SPRINGS, PA AND BETHUNE, SC, USA



■ Steve Hammond and Mark Cassel.

The Ahlstrom plants in Mount Holly Springs and Bethune (USA) decided to work together with DuPont Sustainability Resources and implement the DuPont Safety Training Observation Program, or STOP for Everyone® Program. A team was formed consisting of Mark Cassel, Engineering and HSE Manager Mount Holly Springs, Steve Hammond, Process Engineer Mount Holly Springs and Christi Mills, HR Specialist, Bethune Converting. They were trained by DuPont to be able to deliver the DuPont STOP training in-house. The STOP Program was then cascaded to the 80 employees at the Mount Holly Springs Plant and the 72 employees at the Bethune Converting Plant using the work books and videos supplied by DuPont. People saw value in the training and started to do safety observations and give constructive feedback to peers. Safety has become a subject that is recognized and appreciated. Any employee can issue a work order request for items requiring actions from maintenance or other personnel. The amount of safety observations and near miss reports is rapidly rising. The

increase in reporting has affected improvements in safety in areas from the office to the plant floor. The type of improvements have been from employee behavior and practices to physical changes in locations and equipment.

Feedback and communication around safety is one of the keys to creating a cultural change where people can make a conscious choice to perform their job safely. The strength of positive feedback when a job is performed well cannot be underestimated. By having these visible safety observations with positive feedback in the plant, people come and speak out about the possible safety issues.

“By creating awareness about safe and unsafe behavior among the employees, delivered by and given to their peers, we are able to take the next step on our quest to zero accidents,” says Mark Cassel, “I couldn't have done this on my own; safety is the responsibility of everyone!”

ENERGY AND CLIMATE CHANGE

Environmental awareness and resource scarcity are two of the megatrends that Ahlstrom is basing its strategy on. When making products for a clean and healthy environment, we need to take extra care that we minimize our own impacts on ecosystems and their biodiversity and respect the ecological limits or planetary boundaries. Whatever we do, we need to do things right the first time to save resources.

Managing adverse impacts

All human activity has an impact on the environment. All of our operations could potentially have negative impacts if not managed well. They consume large amounts of energy and raw materials and generate emissions and waste. In response to such issues, all of our operations have implemented precautionary actions to minimize any harm they would do to the environment. The precautionary approach means that where there are threats of serious or irreversible damage, a lack of full scientific certainty is not used as a reason for postponing cost-effective measures to prevent environmental degradation. It is one of our key objectives to have an environmental management system in place in each plant. In 2013, 94% of the production had an ISO14001 certification. The plants that do not yet have the certification are the two Chinese plants, Binzhou and Longkou, as well as Mundra in India.

The plants that are located in biodiversity hotspot areas as defined in the WBCSD Global Water Tool are Louveira in Brazil (Atlantic Forest) and Brignoud, France, as well as Fabriano and Turin, Italy (Mediterranean basin). This makes it even more important to have a robust environmental management system in place.

Responsibility for HSEA risks

The principal responsibility for Ahlstrom's Health, Safety, and Environmental performance is undertaken by the Executive Vice President of HR and Sustainability. As a member of the Executive Management Team, this position reports directly to the President & CEO on all health, safety, and environmental issues. The Vice President of Health, Safety, Environment, and Assets (HSEA) reports directly to the EVP of HR and Sustainability, and directs a regional organization focused on the Americas, Europe and Asia. Policies and standards are communicated through networks within each region to the operating sites. A Group assessment team conducts site audits, targeting each operating site on a three-year cycle, to monitor compliance with Ahlstrom's HSEA standards. Recommendations are developed in conjunction with specific actions and schedules, which are tracked via a web-based tracking system.

Restructuring in manufacturing operations

In 2013, as in 2012, Ahlstrom continued to streamline its operations. These changes have affected, in a significant way, Ahlstrom's environmental profile and footprint. The Label and Processing business was demerged to Munksjö on May 27, 2013. The plants in Rottersac, Stenay, and La Gere in France, Jacarei in Brazil and a big part of the Turin plant in Italy transferred to Munksjö. The Osnabrück, Germany plant except one paper machine was sold to Perusa, a German-based private equity group in the end of 2013, while a common service company was formed to serve Perusa and Ahlstrom operating the paper

machines. The West Carrollton plant was sold to West Carrollton Parchment and Converting Inc. in December 2013, and this transaction was closed on December 31, 2013. All of these changes resulted in changes in Ahlstrom's environmental profile and are apparent in the accompanying graphs. We have recalculated all the data for the continuing operations to have a more meaningful comparison to previous years.

Energy use

We continue to preferentially burn natural gas as the cleanest burning fuel representing 69% of the fuels used. The Osnabrück boiler burns a mixture of energy waste from external sources and coal. In addition, all own waste that cannot be recycled otherwise is recovered there for energy. The boiler is now owned by the joint venture where Ahlstrom owns 50% of it and Perusa the other half.

The 'other' fuel in the following table consists of hydropower in Turin. We are including the study of renewable energy in each energy survey done.

The total energy used by Ahlstrom last year was 2,382 GWh.

Energy efficiency program to be reinforced from 2014

Ahlstrom is launching a new phase in its energy efficiency program. The focus on reducing energy consumption and emissions has been increasing since the early 2000's, when the energy cost saving investment funds have been introduced and a number of energy surveys have been promoted in several plants. Since 2011 there has been in place an internal Energy Expert Network to promote the

G4-EN3 ENERGY USAGE IN 2013

		2013	%	2012	%
FUELS					
Coal	TJ	471	8%	516	9%
Oil	TJ	200	4%	67	1%
Gas	TJ	3,928	69%	3,651	67%
Solid Waste	TJ	755	13%	899	16%
Other	TJ	343	6%	341	6%
		5,697		5,474	
ELECTRICITY					
Purchased	TJ	1,785	90%	1,682	90%
Own production	TJ	190	10%	195	10%
		1,975			
PROCESS HEAT					
Steam, own production	TJ	3,269	54%	4,132	74%
Steam, purchased	TJ	1,093	18.1%	incl. in own production	
Gas (IR)	TJ	1,674	27.7%	1,438	26%
Electric energy (IR)	TJ	13	0.2%	24	0.4%
		6,049		5,594	

sharing of the best practices that have emerged over the years. These efforts have allowed to maintain an average return of less than 2 years on an investment amount over EUR 10 million in energy efficiency since 2004, excluding the major energy investment activities.

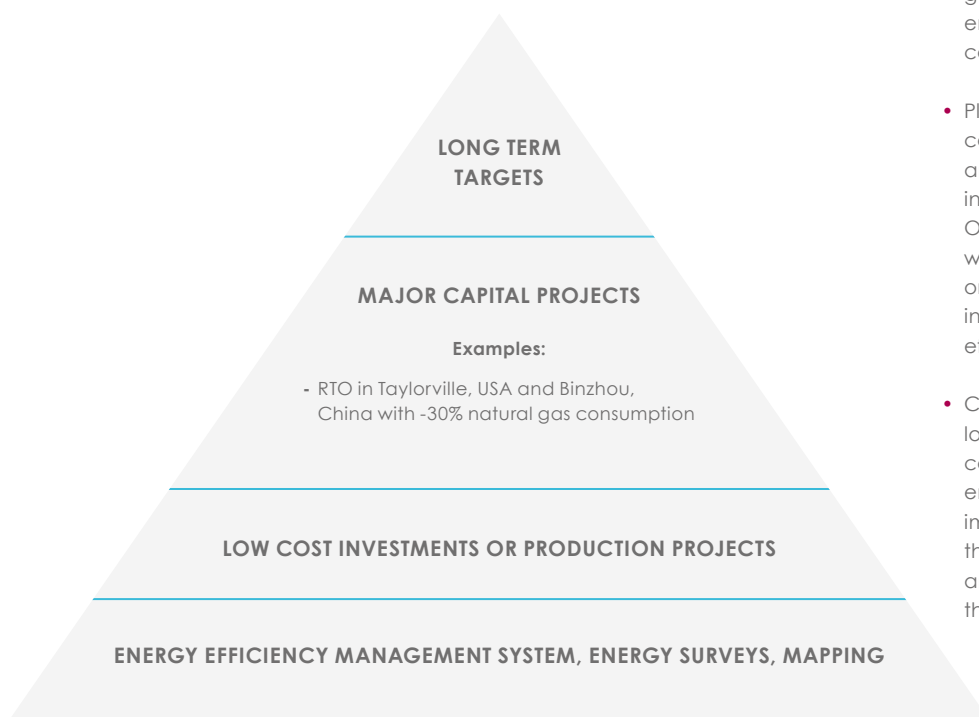
The targets for an energy efficiency program need now to be revamped, both in terms of definition of Key Performance Indicators and targets, and in terms of time horizon. If year 2015 has been until today the declared horizon, the next logical step is to extend the time horizon of the targets. The European

Union has been promoting actively a 2020 agenda, in which energy efficiency plays a paramount role in a world of scarce and expensive resources. In line with the EU agenda, Ahlstrom has an ambition to aim at a reduction of 20% by 2020 in both specific energy consumption as well as carbon emissions per ton of product, using 2012 as a baseline. Starting in 2014, we will be defining the targets and actions plans based on this ambition.

The new cross-functional energy efficiency program is being launched with a view over different layers of a pyramid:

- A solid wide base, which includes the definition of energy management systems at plant levels. The systems include both the management process and procedures to continuously improve energy efficiency, as well as the measurement methods and tools. Within Ahlstrom there is already experience of these systems at plant level (e.g. in Ställaldalen, Sweden and Osnabrück, Germany which are both certified for energy efficiency under ISO standards) and at Group level in the form of a central database including energy consumption and emission data updated monthly.
- A good follow-up and continuation of the experience in the investments on energy efficiency, which have been generating reliable savings in terms of energy consumption, emissions and cost.
- Planning and prioritization of higher cost capital investment items. For example, Ahlstrom has recently invested in two new Regenerative Thermal Oxidizers, one in Taylorville, IL, USA which started in December 2013, and one in Binzhou, China planned to start in 2014, to replace in both cases less efficient Thermal Oxidizers.
- Continuous monitoring of results vs. the long term targets. This includes also continuing to conduct and analyze energy surveys to define continuous improvement projects and improve the visibility of energy consumption and emissions as key parameters at the operations level.

G4-EN19 ENERGY EFFICIENCY PROGRAM



The new phase in the energy efficiency program therefore includes two elements: a Group wide cross functional team with a dedicated resource to allow detailing how to maintain a sustainable pace of energy savings, and detailed plant audits, focusing first on the plants with relatively high energy consumption, to identify the priorities where the return on efforts and investments can generate better efficiencies from an overall company point of view. Looking at the 2014 pipeline of energy savings projects, for example, a reduction in specific energy consumption and CO₂ emissions over 3% is reachable. The structure of the energy efficiency program will address the question of ensuring that the pipeline of projects can be kept full to maintain the pace of generating opportunities.

Emissions to the air

The main source of Ahlstrom's air emissions is the burning of fossil fuels (natural gas, oil, and coal) to generate process steam and to dry our products. Our strategy for emissions reductions focuses on improved energy efficiency, and cleaner burning fuels. Natural gas is the preferred and dominant source of fuel accounting for 69% of the total, as it delivers the most energy per emitted carbon dioxide.

In 2013, our absolute overall emissions of CO₂, NO_x, SO₂ and particles for our continuing business slightly increased compared to 2012, and so did our gross production. In 2013, direct CO₂ emissions (Scope I) raised from 291,991 tons in 2012 to 313,769 tons in 2013, or 7.5%. The CO₂ intensity increased by 0.8% from 720 to 726 kg/gross ton. NO_x raised slightly from 271.7 tons in 2012 to 273.9 tons in 2013, or 0.8%, and SO₂ reduced from 112 tons in 2012 to 84 tons in 2013 or -25%. The absolute increase in CO₂ emissions was mainly caused by an average increase in gross and net production of the Ahlstrom plants that remained in Ahlstrom's possession.

The CO₂ emissions from Ahlstrom's corporate business air travel (Scope III) decreased in 2013 by 17% compared to previous year. A concentrated effort has been made to increase internal communication by video conferences, webinars, conference calls, etc. utilizing modern technology. This continues with even more vigor in 2014.

Carbon Disclosure Project

The Carbon Disclosure Project (CDP) is an independent non-profit organization working to reduce the greenhouse gases emitted by organizations around the world, and promote sustainable water use. Ahlstrom participated for the sixth time in the CDP Carbon Disclosure in 2013, and for the second time in the Supply Chain CDP and Forest Disclosure CDP. The results are available at <http://www.cdproject.net>.

Zero Waste to Landfill

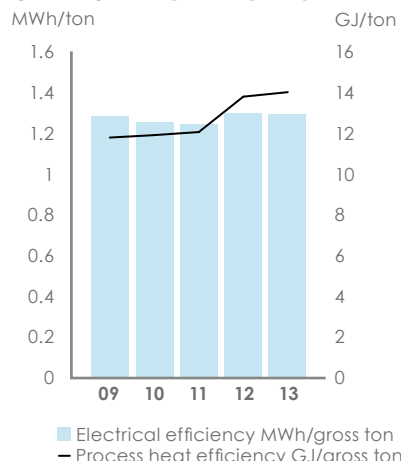
In 2013, our waste to landfill increased slightly from 6,475 tons to 6,614 tons while our waste to landfill per gross ton product slightly decreased from 16.0 kg/gross ton to 15.4 kg/gross ton.

Our quest to zero waste to landfill requires innovation, co-operation, looking for new local solutions, learning from others, not giving up, and keeping an open mind. Our focus is in the first place on preventing formation of waste in the process; if we cannot reach further prevention of waste, we try to recycle the waste inside the plant. If this is not possible, we look for recycling options in another company, and for reuse in other products. If recycling is not possible, we evaluate the possibility to use it as energy waste. As waste has a low or sometimes even negative value, also transport distances and transport costs are important. One of the key issues for proper recycling is the separation of the different waste streams at the source to avoid contamination.

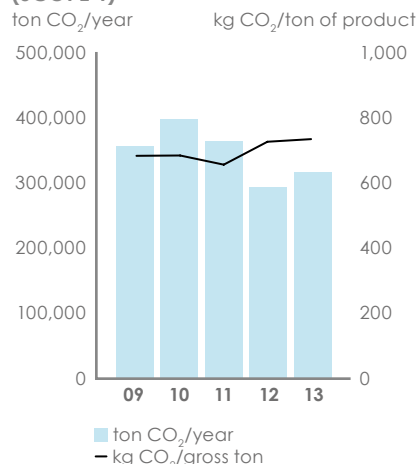
In countries such as Germany, Belgium, India, and China we have already achieved zero waste to landfill; partly because the legislation requires recycling, partly because the recycled material has value and means business and, therefore, also the infrastructure and service companies making full recycling possible exist.

With the change in business portfolio, we have slightly fewer possibilities for internal recycling, as in many cases our end product is a mix of different materials that cannot be recovered. This stresses even more the importance of waste reduction at the source, by the reduction of trims and off-spec material produced during start-up, shutdown and change over. We successfully reduced

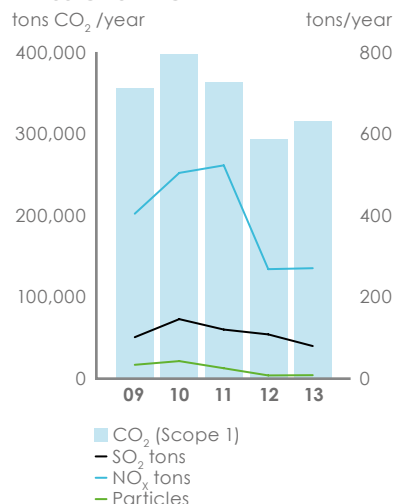
G4-EN18 ENERGY EFFICIENCY



G4-EN15 DIRECT CO₂ EMISSIONS (SCOPE 1)



G4-EN21 NO_x, SO₂ AND OTHER EMISSIONS INTO THE AIR



the trim and off-spec waste in Tver, Russia, and Fabriano, Italy. We found a new recycle outlet, where part of our glassfiber containing waste from Karhula, Finland, is recycled for use in construction materials in Germany.

We have changed over to another recycling company in Chirside, UK, that provides us better reuse and energy use of our waste flows. We worked together with our recycling company in Turin, Italy, to reduce our waste to landfill stream and recover more. We reached zero waste to landfill in Tampere, Finland, by tackling and solving the problems we had with different waste streams to make recycling possible.

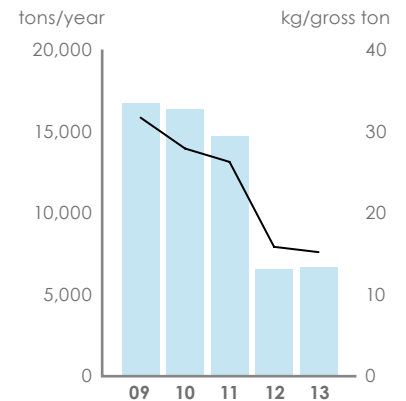
We have had a setback with our waste management in Windsor Locks in 2013: our handler of energy waste shut down their energy pellets plant immediately due to

a change in legislation in the bordering state of Massachusetts. Toward the end of 2013, we found a nearby power plant that is willing to take our energy waste, and thereby it looks like we may have solved this issue.

While the overall picture of our waste to landfill is very similar to 2012, we have made progress at several plants, which was offset by the setback in Windsor Locks in 2013. As we have resolved this issue, and we have solutions and plans to reduce our waste to landfill further in 2014 at many of our plants, the outlook for 2014 to reduce the waste to landfill considerably is good.

We did not incur any spills into the environment in 2013, nor did we pay any fines for non-compliance to environmental laws and regulations.

G4-EN23 LANDFILLED SOLID WASTE



CASE: PROGRESS WITH LEAN MANUFACTURING INITIATIVE

IMPROVEMENTS IN ON-TIME DELIVERY

5-10%

Lean is a continuous improvement methodology that supports improvements in safety, delivery performance and lead time, quality and cost across the complete process flow. Lean goes beyond being a tool set; it is an approach to working that involves everyone in reducing inefficiencies and thus delivering great results for customers.

"Lean helps us focusing on activities that create value for the customer and on reducing the non-value-added activities, by involving all people in the plants".

"For that, we start by identifying priorities for each plant, before moving into plant specific improvement actions", says Grégory Machet, Lean Manager for the Ahlstrom Group.

In 2013, Lean was launched at four pilot plants (Bousbecque, France, Huyn Poong, South Korea, Mikkeli, Finland and Windsor Locks, CT, USA). The activities are showing encouraging results, with improvements in on-time delivery in the range of 5 to 10%, with customer claims reduction up to 50% and waste reduction by 1% unit in some plants. Lean has also contributed to productivity improvements in the identified areas. To support these results, defined processes have been implemented in the plants, with a strong focus set on process standardization, visual management, process confirmation and structured communication.



WATER IS OUR MOST IMPORTANT RAW MATERIAL

Water is the source of life, yet only 1% of the world's water resources are fresh water. Over 40% of the world's population lives in areas of severe water stress, and over 1.1 billion people lack access to safe drinking water, as evident on the water scarcity map on page seven. This trend is to increase due to three megatrends; population increase, temperature increase, and urbanization. What companies can do about this is to assess the risks with regard to their water use and be good stewards of the water they use.

We have assessed water scarcity at our locations using the WBCSD Global Water Tool that takes into account available fresh water per person on a watershed level but lacks the time dimension, i.e. even if there seems to be abundant water resources, in dry summers there still can be water risks with the availability

of water for industrial use. We prioritize water savings based on scarcity.

Water and energy are interrelated. The more water we use in our processes, the more energy it takes to pump it, also additional wet processes like various surface treatments increase the energy demand for drying. Our energy efficiency surveys are helping us to find ways to preserve water in our processes.

Ahlstrom's water balance in 2013 detailing the sources and destinations for the effluent is shown in the graph below.

The total water intake for 2013 increased compared to 2012, partly because the Turin Transportation Filtration water consumption is for the first time included in the figures.

CASE: GREAT ADVANCES IN RESOURCE EFFICIENCY-RECYCLING NONWOVEN PROCESS WASTE

In the past, there has been no simple technical solution for recycling nonwoven process waste, which consists of side trim and reject rolls. They have been sent to landfill or in the best case incinerated for energy recovery.

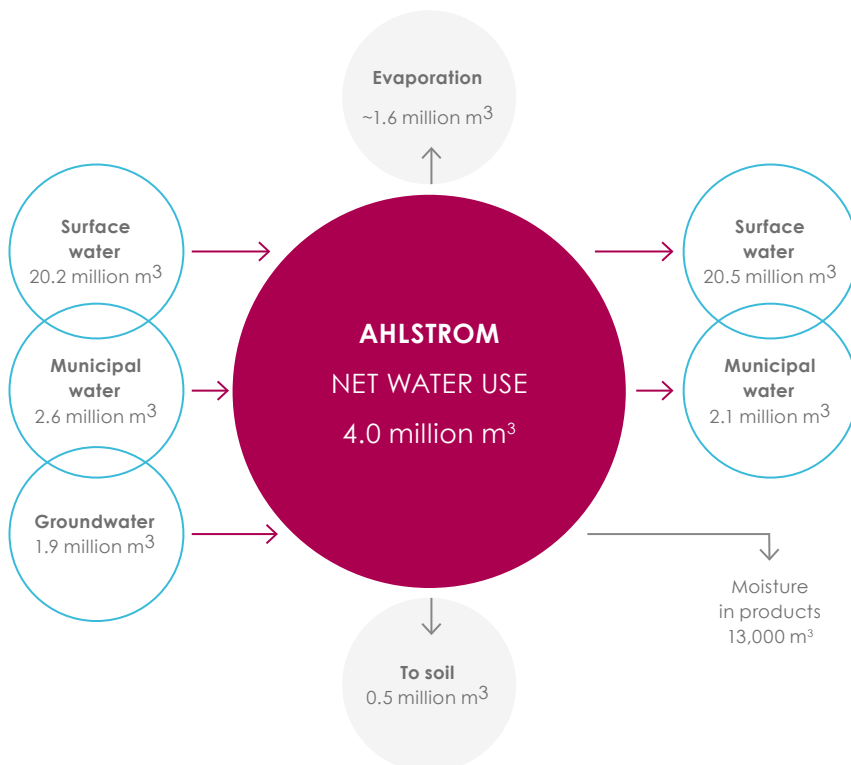
In October 2011, a pair of recycling extruders was installed on the Windsor Locks, CT, USA, spunbond machine producing nonwovens for medical fabrics. The purpose of the installation was to recycle waste trim and rolls directly back into the process without first transforming them into pellets. This allows for less degradation of the material and a higher recycling rate as well as less overall processing of the material. The system is capable of recycling all of the polypropylene waste trim and side rolls that the process generates.

Half a year later, a similar installation was made in the state-of-the-art SMS nonwoven machine in Mundra, India. The machine also makes fabrics for medical end use. The online recyclers directly recycle trims and reject fabric into the spunbond beams.

In both cases, the material efficiency has been improved by 7-10%. The integrity of the raw material is maintained and no negative effect is shown on the product quality or performance.

The end result in both cases is not only greatly improved resource efficiency, but also a reduced environmental footprint of both the operations and the products.

G4-EN8, EN22 WATER BALANCE



Our net water use is calculated as the sum all of the water that cannot be returned to its source: groundwater use, evaporation and water drained to the soil plus the water shipped out as moisture in the products.

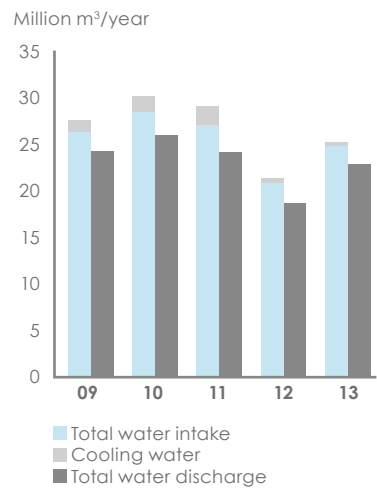
Emissions to water

All releases to water have been calculated taking into account that we only calculate the COD (Cationic Oxygen Demand), TSS (Total Suspended Solids), Total Nitrogen and Total Phosphorus of plants that treat the wastewater themselves. All other plants send their wastewater to a municipal water treatment plant and, therefore, their releases after treatment are not known. Therefore, we used as denominator the tons of product of those plants that do treat their water, not the whole Ahlstrom. Due to the divestments, the percentage of Ahlstrom's wastewater treated at municipal plants went up to 9%. All discharge figures and gross tons production relate to the 91% of wastewater treated at Ahlstrom owned and operated wastewater treatment facilities. Discharge figures and gross tons of plants whose wastewater is treated by municipal or third party wastewater treatment plants, and black liquor wastewater spread on the fields as fertilizer are excluded.

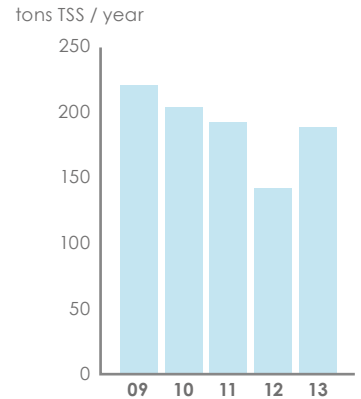
The Transportation Filtration plant in Turin, where environmental data used to be allocated to Label and Processing, is since May 2013 allocated to Transportation Filtration. This resulted in a raise in COD, Total N, Total P and Total Suspended Solids in the continuing business of Ahlstrom. The Chirside plant saw an increase in the release of Total N and Total P and the Windsor Locks plant an increase in TSS. The changes can be partly attributed to the river water intake quality at the times of the sampling, affecting the effluent. The effluent figures are on a similar level as in the years 2009-2011.

One of our 2014 sustainability focus areas will be to define the best water metrics, gaps for best performance, and action plans for improvement.

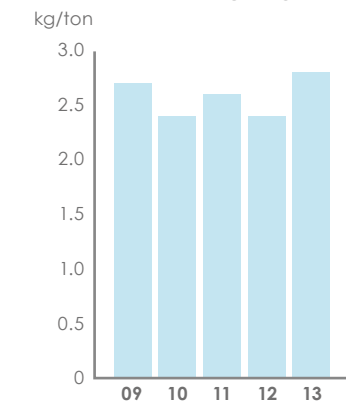
G4-EN8, EN22 TOTAL WATER INTAKE AND DISCHARGE



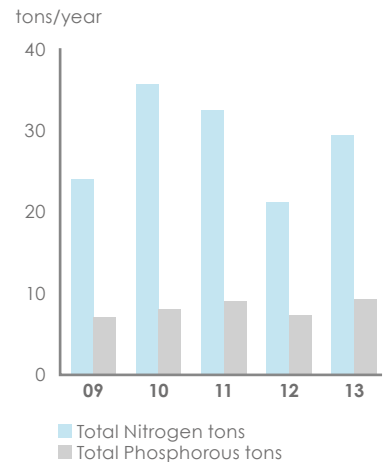
G4-EN22 TOTAL SUSPENDED SOLIDS IN THE EFFLUENTS



G4-EN22 CATIONIC OXYGEN DEMAND IN THE EFFLUENTS



G4-EN22 NITROGEN AND PHOSPHORUS IN THE EFFLUENTS



CERTIFICATION TABLE

PLANT	COUNTRY	FSC	PEFC	QUALITY	ENVIRONMENTAL	HEALTH & SAFETY	OTHERS
Ahlstrom Group	FINLAND	X	X	N/A	N/A	N/A	
Bärenstein	GERMANY			ISO9001	ISO14001		
Binzhou	CHINA						
Bousbecque	FRANCE	X	X	ISO9001	ISO14001	OHSAS18001	
Brignoud	FRANCE	X	X	ISO9001	ISO14001	OHSAS18001	IPPC
Chirside	UK	X	X	ISO9001	ISO14001		IPPC
Fabriano	ITALY	N/A	N/A	ISO9001	ISO14001	OHSAS18001	
Grycksbo&Falun	SWEDEN			ISO9001	ISO14001		
Hyun Poong	KOREA			ISO9001, TS16949	ISO14001	OHSAS18001	
Ingres	FRANCE			ISO9001			
Karhula	FINLAND	N/A	N/A	ISO9001	ISO14001	OHSAS18001	
Kauttua PM4	FINLAND			ISO9001	ISO14001	OHSAS18001	
Longkou	CHINA						
Louveira	BRAZIL			ISO9001, TS16949	ISO14001	OHSAS18001	
Madisonville	USA			ISO9001	ISO14001		
Malmédy	BELGIUM	X	X	ISO9001	ISO14001		IPPC
Mikkeli	FINLAND	N/A	N/A	ISO9001	ISO14001	OHSAS18001	
Mount Holly Springs&Bethune	USA			ISO9001	ISO14001		
Mundra	INDIA	N/A	N/A	ISO9001			
Osnabrück	GERMANY	X	X	ISO9001	ISO14001	OHSAS18001	EEG, ISO50001
Pont Audemer	FRANCE	X	X	ISO9001	ISO14001	OHSAS18001	
Radcliffe	UK			ISO9001	ISO14001		IPPC
Saint Séverin	FRANCE	X	X	ISO9001	ISO14001	OHSAS18001	
Stålldalen	SWEDEN	X	X	ISO9001	ISO14001	OHSAS18001	EN16001
Tampere	FINLAND			ISO9001	ISO14001	OHSAS18001	
Taylorville	USA			ISO9001	ISO14001		
Turin	ITALY	X	X	ISO9001, TS16949	ISO14001	OHSAS18001	EMAS
Tver	RUSSIA	N/A	N/A	ISO9001	ISO14001		
Windsor Locks	USA	X	X	ISO9001	ISO14001		

EEG = Erneuerbare-Energien-Gesetz

EN = Energy Management System

EMAS = Eco-Management and Audit Scheme

IPPC = International Plant Protection Convention

ISO = International Standardization Organization

ISO/TS = ISO Technical Specification (for automotive quality systems)

OHSAS = Occupational Health and Safety Advisory Services



GRI TABLE

GENERAL STANDARD DISCLOSURES

STRATEGY AND ANALYSIS		page
G4-1	Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	2
G4-2		4, 11-12
ORGANIZATIONAL PROFILE		page
G4-3	Report the name of the organization.	1
G4-4	Report the primary brands, products, and services.	6
G4-5	Report the location of the organization's headquarters.	1
G4-6	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	1, 7
G4-7	Report the nature of ownership and legal form.	1
G4-8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	6
G4-9	Report the scale of the organization, including: -Total number of employees -Total number of operations -Net sales (for private sector organizations) or net revenues (for public sector organizations) -Total capitalization broken down in terms of debt and equity (for private sector organizations) -Quantity of products or services provided	1, 7, Financial statements
G4-10	a. Report the total number of employees by employment contract and gender. b. Report the total number of permanent employees by employment type and gender. c. Report the total workforce by employees and supervised workers and by gender. d. Report the total workforce by region and gender. e. Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors. f. Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries).	20-23
G4-11	Report the percentage of total employees covered by collective bargaining agreements.	10
G4-12	Describe the organization's supply chain.	14-16
G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain, including: -Changes in the location of, or changes in, operations, including facility openings, closings, and expansions -Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations) -Changes in the location of suppliers, the structure of the supply chain, or in relationships with suppliers, including selection and termination	3, 20-23, 26, 36
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization.	26
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	9
G4-16	List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization: -Holds a position on the governance bod -Participates in projects or committees -Provides substantive funding beyond routine membership dues -Views membership as strategic This refers primarily to memberships maintained at the organizational level.	9
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES		page
G4-17	a. List all entities included in the organization's consolidated financial statements or equivalent documents. b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report. The organization can report on this Standard Disclosure by referencing the information in publicly available consolidated financial statements or equivalent documents.	36, Financial statements
G4-18	a. Explain the process for defining the report content and the Aspect Boundaries. b. Explain how the organization has implemented the Reporting Principles for Defining Report Content.	8
G4-19	List all the material Aspects identified in the process for defining report content.	8
G4-20	For each material Aspect, report the Aspect Boundary within the organization, as follows: -Report whether the Aspect is material within the organization -If the Aspect is not material for all entities within the organization (as described in G4-17), select one of the following two approaches and report either: —The list of entities or groups of entities included in G4-17 for which the Aspect is not material or —The list of entities or groups of entities included in G4-17 for which the Aspects is material -Report any specific limitation regarding the Aspect Boundary within the organization	8
G4-21	For each material Aspect, report the Aspect Boundary outside the organization, as follows: -Report whether the Aspect is material outside of the organization -If the Aspect is material outside of the organization, identify the entities, groups of entities or elements for which the Aspect is material. In addition, describe the geographical location where the Aspect is material for the entities identified -Report any specific limitation regarding the Aspect Boundary outside the organization	8
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	26
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	26
STAKEHOLDER ENGAGEMENT		page
G4-24	Provide a list of stakeholder groups engaged by the organization.	9
G4-25	Report the basis for identification and selection of stakeholders with whom to engage.	9

G4-26	Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	9
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	9–10
REPORT PROFILE		page
G4-28	Reporting period (such as fiscal or calendar year) for information provided.	36
G4-29	Date of most recent previous report (if any).	36
G4-30	Reporting cycle (such as annual, biennial).	36
G4-31	Provide the contact point for questions regarding the report or its contents.	36
G4-32	a. Report the 'in accordance' option the organization has chosen. b. Report the GRI Content Index for the chosen option (see tables below). c. Report the reference to the External Assurance Report, if the report has been externally assured. GRI recommends the use of external assurance but it is not a requirement to be 'in accordance' with the Guidelines.	36
G4-33	a. Report the organization's policy and current practice with regard to seeking external assurance for the report. b. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided. c. Report the relationship between the organization and the assurance providers. d. Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report.	
GOVERNANCE		page
G4-34	Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	11–12
ETHICS AND INTEGRITY		page
G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	1

SPECIFIC STANDARD DISCLOSURES

MATERIAL ASPECTS	DMA AND INDICATORS
Ethics	p. 12; G4-HR2, HR3, HR8, HR10, HR12, SO4, SO5
EcoDesign approach	p. 11, 18–19
Safety	p. 12; G4-LA6
Resource efficiency & Minimized emissions	p. 11; G4-EN15–24
Certified fiber sources	p. 11, 16
Communication of the sustainability benefits of our products	p. 11, 18–19
Talent attraction and retention	p. 12, 20–23; G4-LA1
Economic results	p. 17, 5
Water scarcity & Water use	p. 12; G4-EN8, 22
Competence development	p. 12, 20–23
Renewable energy	p. 11; G4-EN3
Well-being at work	p. 12, 20–23
Open communication	p. 12, 20–23
Good governance	p. 13, 17
Community relations	p. 12, 17
Diversity	p. 12, 20–23, G4-LA12

ECONOMIC PERFORMANCE

	page
G4-EC1 Direct economic value generated and distributed	17

ENVIRONMENTAL PERFORMANCE

MATERIALS	page
G4-EN1 Materials used by weight or volume	15
G4-EN2 Percentage of materials used that are recycled input materials	15
ENERGY	
G4-EN3 Energy consumption within the organization	27
G4-EN5 Energy intensity	28
G4-EN6 Reduction of energy consumption	27
G4-EN7 Reductions in energy requirements of products and services	18–19
WATER	
G4-EN8 Total water withdrawal by source	30
BIODIVERSITY	
G4-EN11 Operational sites owned, leased managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	26
EMISSIONS	
G4-EN15 Direct greenhouse gas (GHG) emissions (scope 1)	28
G4-EN18 Greenhouse gas (GHG) emissions intensity	28

G4-EN19	Reduction of greenhouse gas (GHG) emissions	27
G4-EN21	NOX, SOX, and other significant air emissions	28
EFFLUENTS AND WASTE		
G4-EN22	Total water discharge by quality and destination	30
G4-EN23	Total weight of waste by type and disposal method	29 (partly)
G4-EN24	Total number and volume of significant spills	29
PRODUCTS AND SERVICES		
G4-EN27	Extent of impact mitigation of environmental impacts of products and services	4, 18–19
COMPLIANCE		
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	29
OVERALL		
G4-EN31	Total environmental protection expenditures and investments by type	27
SUPPLIER ENVIRONMENTAL ASSESSMENT		
G4-EN32	Percentage of new suppliers that were screened using environmental criteria	15

SOCIAL PERFORMANCE

LABOR PRACTICES AND DECENT WORK

EMPLOYMENT		page
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	21 (partly)
OCCUPATIONAL HEALTH AND SAFETY		
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days and absenteeism, and total number of work related fatalities, by region and by gender	25 (partly)
TRAINING AND EDUCATION		
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	23 (partly)
DIVERSITY AND EQUAL OPPORTUNITY		
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	22
LABOR PRACTICES GRIEVANCE MECHANISMS		
G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	20

HUMAN RIGHTS

INVESTMENT		page
G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	23 (partly)
NON-DISCRIMINATION		
G4-HR3	Total number of incidents of discrimination and corrective actions taken	20
INDIGENOUS RIGHTS		
G4-HR8	Total number of incidents of violations involving rights of indigenous peoples actions taken	13
SUPPLIER HUMAN RIGHTS ASSESSMENT		
G4-HR10	Percentage of new suppliers that were screened using human rights criteria	15
HUMAN RIGHTS GRIEVANCE MECHANISMS		
G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	13

SOCIETY

LOCAL COMMUNITIES		page
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	17 (partly)
ANTI-CORRUPTION		
G4-SO4	Communication and training on anti-corruption policies and procedures	13
G4-SO5	Confirmed incidents of corruption and actions taken	13
PUBLIC POLICY		
G4-SO6	Total value of political contributions by country and recipient/beneficiary	17
ANTI-COMPETITIVE BEHAVIOUR		
G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	13
COMPLIANCE		
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	13

PRODUCT RESPONSIBILITY

CUSTOMER HEALTH AND SAFETY		page
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	18–19, (partly)
PRODUCT AND SERVICE LABELING		
G4-PR5	Results of surveys measuring customer satisfaction	9–10

UNITED NATIONS GLOBAL COMPACT TABLE

ADHERENCE TO THE 10 PRINCIPLES OF THE UN GLOBAL COMPACT			page
HUMAN RIGHTS	PRINCIPLE 1	Businesses should support and respect the protection of internationally proclaimed human rights; and	13
	PRINCIPLE 2	Business should make sure that they are not complicit in human rights abuses	13
LABOR RIGHTS	PRINCIPLE 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	10,13
	PRINCIPLE 4	the elimination of all forms of forced and compulsory labor;	13
	PRINCIPLE 5	the effective abolition of child labor; and	13
	PRINCIPLE 6	the elimination of discrimination in respect of employment and occupation.	13,20
ENVIRONMENT	PRINCIPLE 7	Business should support a precautionary approach to environmental challenges;	26
	PRINCIPLE 8	Undertake initiatives to promote greater environmental responsibility.	26–31
	PRINCIPLE 9	Encourage the development and diffusion of environmentally friendly technologies.	26–31
ANTI-CORRUPTION	PRINCIPLE 10	Businesses should work against corruption in all its forms, including extortion and bribery.	13



REPORT PROFILE

This is our fourth stand-alone Sustainability Report Ahlstrom has published and it covers the calendar year 2013. The 2012 report was published in March 2013. We have developed our reporting toward compliance with the G4 guidelines of the Global Reporting Initiative. Based on our own assessment, our reporting complies with the GRI G4 guidelines 'core' level.

This year the report is not assured per the decision of the senior executive in charge of sustainability. As the certification table on page 32 shows, the plants are subject to multiple audits per year thanks to the robust certification coverage throughout the company. In addition, we have a well-functioning internal HSE audit system.

If not stated otherwise, this report covers all the functions under Ahlstrom's control, including all subsidiaries. Joint ventures are accounted to the level that corresponds with our ownership. Possible deviations are reported in conjunction with the GRI indicators. In addition, the bases of calculations including assumptions are reported in conjunction with the indicators.

Ahlstrom completed the demerger of its Label and Processing business area where altogether six plants – Stenay, Rottersac, La Gère, part of Turin, Osnabrück, and Jacarei -formed the divested operations. These plants are excluded from the annual safety and environmental statistics with the exception of Osnabrück. The former Label and Processing plants are not included in the headcount or

raw material data. In the financial data, they are separated and reported as 'discontinuing operations' and reported according to IFRS5. All environmental data for previous years has been recalculated to include only the continuing operations.

Our joint ventures include Longkou, China where Ahlstrom owns 60% of it and it is included in the financial and headcount figures for all of 2013, on the basis what was detailed hereinabove. Group safety and environmental data as well as raw materials include Longkou at 100%.

Data collection and internal controls for the HSE and headcount data are carried out centrally by the Group. We welcome any feedback on this report or on our sustainability performance.

Please contact for questions:



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Stay ahead™

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This year our annual reporting is divided into three separate parts: Ahlstrom Story 2013, Ahlstrom Sustainability 2013 and Ahlstrom Financials 2013. All three documents are available in PDF form on our website www.ahlstrom.com and can also be ordered as printed versions.

