



ARCTIA CORPORATE RESPONSIBILITY REPORT 2013



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CEO'S REVIEW

Corporate responsibility

The Limited Liability Companies Act defines the responsibilities of limited liability companies by stating that their purpose is to generate profit for their shareholders. When a company seeks to achieve sustainability in its operations, profit must be defined from a wider financial, social and ecological perspective. This must be achieved within the framework created by the company's purpose, in compliance with the obligations specified in the Limited Liability Companies Act.

This report provides a comprehensive description of the themes of Arctia's internal and external responsibility. The financial impact of Arctia's responsibility, whether small (such as subsidies) or large (such as the composition of the company's taxation footprint), are described in more detail than in previous years. In the near future, supply chain management will play a key role in our company's responsibility work and reporting. As the liability and obligations of contractors increase, companies must ensure the appropriate nature of their supply chains from beginning to end. For this purpose, Arctia is in the process of standardising its supply chain entry requirements.

The Energy Efficiency Design Index (EEDI), Sulphur Directive and the Polar Code being developed by the IMO will have the greatest impact on Finnish winter navigation and, on a wider scale, all polar navigation. The objectives of the EEDI and Sulphur Directive are to reduce the environmental emissions of ships. The purpose of the Polar Code is wider in scale, and the Code will regulate aspects of navigation such as the structures of ships and the competence of their crew.

One of the themes of the Arctic Council is the safety of Arctic navigation. When combined with another key theme, the sustainable development of Northern communities, we are at the heart of Arctia's area of competence. The business operations of a responsible company are sustainable in themselves, and the services produced by such companies support sustainable development. The icebreaking and oil spill response services provided by Arctia play their part in safeguarding sustainability on the Baltic Sea and in Polar regions alike.

Finnish competence serves the needs of the sustainable development of Polar areas in all of the aspects described above. Let us use this potential on a wide scale for the benefit of responsible Finnish maritime business.



Tero Vauraste

RESPONSIBILITY REPORT

1. ORGANISATION, ADMINISTRATION AND OPERATING PRINCIPLES

Arctia's vision

We are the Baltic Sea's leading producer of icebreaking and Arctic ice management and offshore services.

Arctia's mission

Effectively keeping Finnish marine traffic safe from the icy winter conditions of the Baltic Sea. Improving cost-effectiveness and creating growth possibilities by producing offshore and other innovative maritime services.

1.1 BASIC ORGANISATIONAL STRUCTURE

Arctia Shipping is a specialised shipping company entirely owned by the Republic of Finland. The company offers icebreaking services and specialised services provided by multipurpose icebreakers, such as marine construction, ice management and oil spill response services, as well as harbour icebreaking and towing on a global scale.

The company's line of business also includes the provision of other services to water traffic, as well as ship maintenance and chartering operations, in Finland and abroad. The special purpose of the company's operations, as defined in the Articles of Association, is the provision of icebreaking services across the entire territory of Finland.

Arctia Shipping is a group whose parent company is Arctia Shipping Ltd. Arctia Shipping Ltd owns 100% of its subsidiaries Arctia Icebreaking Ltd and Arctia Offshore Ltd, and 90% of Arctia Karhu Ltd. The Government Ownership Steering Department of the Prime Minister's Office is responsible for the Group's ownership steering.

1.1.1 BOARD OF DIRECTORS AND AUDITORS

The company's Board of Directors is responsible for the administration of the company and for the appropriate organisation of its operations. The Board's duties are defined in greater detail in its rules of procedure. The Board updates the rules of procedure annually. The Board evaluates its own work annually and develops its operations on the basis of the results.

The General Meeting of 22 March 2013 appointed Matti Virtaala as Chairman of the Board of Directors of Arctia Shipping Ltd, with Ilpo Nuutinen as Vice-Chairman and Maire Laitinen, Heli Lehtonen, Antti Pankakoski and Päivi Söderholm as members. Mika Mäkilä served as a member of the Board of Directors until 22 March 2013. Heli

Lehtonen served as a member of the Board of Directors until 10 April 2013. Matti Virtaala served as Chairman of the Board of Directors until 25 October 2013, after which Vice-Chairman Ilpo Nuutinen has served as acting Chairman.

The Board of Directors convened 18 times in 2013, with an attendance rate of 88.5%

In December 2013, the Board of Directors decided to establish a Remuneration and Nomination Committee. Ilpo Nuutinen was appointed Chairman of the committee, with Maire Laitinen and Antti Pankakoski as members. The Committee did not meet in 2013.

As specified in the Articles of Association, the company has a single auditor, which must be an audit firm approved by the Central Chamber of Commerce. The auditor's term ends at the conclusion of the Annual General Meeting following the one in which the auditor was appointed. The auditor of the Arctia Group was Ernst&Young Ltd, with Mikko Ryttilahti, Authorised Public Accountant, Chartered Public Finance Auditor, as chief auditor.

1.1.2 CHIEF EXECUTIVE OFFICER AND MANAGEMENT TEAM

The company has a CEO appointed by the Board of Directors. The CEO of Arctia Shipping Ltd in 2013 was Tero Vauraste.

The company has a Management Team whose members include, in addition to the CEO, the Vice Presidents of the subsidiaries and the Chief Financial Officer, Technical Director, HR Director and Communications Director. The Management Team convenes at least once per month. The Management Team's duties are defined in

KEY FIGURES	2013	2012	2011	2010
Share of State ownership (%)	100.0			
Chairman of the Board Ilpo Nuutinen				
Chief Executive Officer Tero Vauraste				
Number of employees (31 Dec)	267			
Offices Helsinki, Kemi				
Turnover, EUR million	63.0	75.3	59.5	58.8
Turnover, EUR million	17.5	44.6	-1.7	-2.9
Balance sheet total, EUR million	175.6	157	167.0	179.4
Equity ratio, %	70.7	69.2	40.8	40.6
Gearing, %	-12.0	-0.9	107.9	105.2
Operating days				
Icebreaking operating days	573*	340*	971**	849**
Other operating days (multipurpose icebreakers)	244*	549*	437**	659**

**Incl. The Botnica, Fennica and Nordica. *Incl. The Fennica and Nordica.

greater detail in its rules of procedure. The rules of procedure are updated annually.

1.2 SOCIAL RESPONSIBILITY MANAGEMENT AND OPERATING PRINCIPLES

Arctia has a defined set of company values, which are applied to the company's management and operations. These values were defined in 2009. Ethical instructions have been drawn up for the company to support working in accordance with the company values. The ethical instructions are appended to this report. Arctia's values are:

Values

- COMPETENT We wish to learn new things and share our competence with our colleagues. Competence and commitment to goals are a requirement for our success.
- HELPFUL Cooperation with our clients forms the foundation of our operations. We aim to satisfy our customers; their needs guide our actions. We always provide good service to our clients and are proud of it.
- EFFICIENT We create a good work atmosphere by valuing our own work and that of others. We perform

our work professionally and safely and, through our efficiency, guarantee the continuation of our operations.

Policies

The following policies have been drawn up for the Arctia Group:

- Risk management policy
- Safety policy
- Environmental policy
- Ethical instructions
- Investment policy
- Payment terms policy
- Instructions for crisis communications
- Equality plan
- Information security policy
- Chartering policy
- Policy on intoxicating substances
- Occupational safety action plan
- Communications policy
- Insurance policy
- Procurement policy
- Sustainability policy
- HR policy
- Financial policy
- Sustainability policy

The CEO and Board of Directors are responsible for including corporate responsibility in the Group’s management system, and for arranging regular reporting to the Board of Directors and Management Team on aspects of corporate responsibility and the realisation of goals related to it.

Arctia Shipping Ltd has published corporate responsibility reports since 2011. Arctia was the first Finnish shipping company to report on its corporate responsibility, and responsibility reporting remains rare in the industry also at

the international level. For the past three years, Arctia has drawn up its corporate responsibility reports according to the guidelines ratified by a decision-in-principle of the Prime Minister’s Office, which include all key areas of corporate responsibility. The Corporate Responsibility Report also includes the contents of the ILPO report, which enables the long-term monitoring of climate impact. The Corporate Responsibility Report is published on Arctia’s web site in connection with the Annual Report.

Responsibility reporting is a part of the Group’s management system, and the report is compiled by the Quality and Environmental Manager. The reporting process is described in further detail in Chapter 9.

1.2.1 KEY ASPECTS, RISKS AND OPPORTUNITIES RELATED TO SOCIAL RESPONSIBILITY

Arctia Shipping Ltd has determined the significance of issues related to social and corporate responsibility by means of a materiality assessment. The Management Team carried out the materiality assessment in 2013, using the stakeholder list included in this report and a matrix, in which the materiality of each issue was determined by its importance to stakeholders and Arctia. The key issues identified in the assessment are listed below. Information important to stakeholders was added to the Corporate Responsibility Report as a result of the materiality assessment. The assessment was supplemented in 2014 with regard to occupational safety.

THE FOLLOWING ISSUES WERE IDENTIFIED IN THE MATERIALITY ASSESSMENT:

Customer satisfaction	Section 6.1
Service received by end customers	Section 6.2
Personnel satisfaction	Section 3.3
Professional competence	Section 3.6
Subcontractors	Section 8.0
Ship reliability	Section 6.1
Occupational safety	Section 3.8

During the materiality assessment, particular attention was paid to issues involving the realisation of corporate responsibility and the related risks and opportunities in Arctia Group.

With regard to corporate responsibility, Arctia’s strengths lie primarily in its core functions. Icebreaking is essential to Finnish industry and trade and thus the entire economy. Maintaining a sufficient level of oil-recovery readiness, on the other hand, safeguards the fragile natural environment of the Baltic. In addition to the internal responsibility of its operations, Arctia has paid attention to its operating methods. Arctia’s ships are equipped

with technology that makes them considerably friendlier to the environment than other ships of similar age. The year-round utilisation of our icebreakers has entailed both financial and social benefits. Arctia's owner both enables responsibility and requires it from its companies, which reinforces the responsibility of Arctia's operations significantly. State ownership also directly and indirectly increases expectations of responsibility.

The risks to Arctia's long-term operations, and therefore also to the company's responsibility, include fluctuations in transport policy, the increasingly political nature of the Arctic operating area, and the protectionist traditions of states. Rapidly evolving environmental regulations also present their own challenges to long-term operations.

The traditional problem in implementing social responsibility in icebreaking has been the seasonal nature of employment. We have nevertheless achieved improvements in this area, primarily through new lines of business that have created employment opportunities for the summer season.

Operating in fragile marine areas involves both direct and indirect environmental risks and requires particular responsibility. In its Polar operations, Arctia has a unique advantage in the advanced technology of its Polar-class ships and the competence of its personnel. Together with its customers, Arctia is particularly strict regarding discharges from its vessels in the fragile Arctic area. The company's Polar class vessels have already been updated to comply with the strict sulphur, nitrogen and particle emission limits of the future. Arctia is also preparing in advance for the requirements of the Polar code under preparation.

1.3 STAKEHOLDERS AND STAKEHOLDER INTERACTION

The main stakeholders of Arctia Group are its direct customers and end customers, i.e. industry and commerce, as well as maritime-cluster operators, local operators, and Arctia's owner. We engage in constant dialogue with our stakeholders at various levels of our organisation. Our stakeholders have expressed various opinions and concerns over issues such as potential changes in icebreaking service levels. Arctia takes the opinions of stakeholders into account in developing its operations.

The internal interaction of Arctia's personnel was concretely increased by transferring the shore organisation to the vicinity of our ships, into the new floating office by the Katajanokka quay area. This improves daily communication between the ship and shore organisations.

STAKEHOLDER		EXPECTATIONS
Owner		Investment capacity, fulfilment of the quality targets for icebreaking
Direct customers	Finnish Transport Agency / Ministry of Transport and Communications Oil and energy industries Offshore construction companies European Maritime Safety Agency (EMSA) Towing and marine rescue customers Port of Oulu Customers of Ice Advisors	High-quality services conforming to service descriptions and agreements, responsible operations, cost-effective pricing
End customers	Events customers Finnish exports and imports Industry Shipping companies	Fast, reliable and high-quality service
Own personnel	Shore personnel Ship personnel	Solvency, long-term positive HR policy
Other stakeholders	Winter navigation operators Veeteede Amet (EMA)	Information flow, cooperation, maintenance of own service level

	Sjöfartsverket Rosmorport Russian Ministry of Transport Finnpilot VTS Regional operators Ports Municipalities	Understanding of regional operations, cooperation, main tenance of own service level, development
Towing operators	Port of Kemi	Information flow, cooperation, development
Oil spill response and environmental questions	Ministry of the Environment Finnish Environment Institute SYKE Lamor	Information flow, cooperation, development
Navigation authorities, international organisations	Finnish Transport Safety Agency IMO IMCA HELCOM	Responsibility, information flow, cooperation, development
Arctic operators	Ministry for Foreign Affairs Arctic Council Finnish Meteorological Institute Non-commercial use of the Northern Sea Route Arctic Society of Finland	Solvency, responsibility, information flow, cooperation, development
Other stakeholders	Journalists, trainers, scientists Dockyards Suppliers and service providers Trade unions Maritime colleges Marine research institutes Classification societies Insurance companies Financiers, banks	Solvency, responsibility, information flow, cooperation, development

2. FINANCIAL RESPONSIBILITY

The purpose of Arctia Group is to produce icebreaking services according to the *going concern* principle, i.e. efficiently and profitably. For their part, Arctia's icebreakers ensure uninterrupted winter navigation for the exports and imports of Finnish industry and trade. In 2013, the company's entire ship capacity was in use according to the agreements in force.

Arctia's conventional icebreakers performed icebreaking duties on the Baltic until May. At the end of the year, the icebreaking season started late due to the mild winter, and only a single vessel was engaged in icebreaking duties at the turn of 2013–2014.

Arctia's multipurpose icebreakers were on stand-by for icebreaking duties for the spring and early winter of 2013, but only one of the vessels engaged in actual icebreaking, and only for a few days. For the summer of 2013, the multipurpose icebreakers were chartered to Alaska. Summer chartering has significantly improved the utilisation rate of Arctia's vessels and thus the company's profitability. This has also ensured the accumulation of the agreed annual number of working days for ship personnel.

The company enjoyed robust profitability and performance in 2013, along with a positive cash flow. Active work for maintaining this level of profitability and performance is required for Arctia to be able to fulfil the tasks appointed by its customers. We monitor costs through monthly performance reviews and profit forecasts. The performance reviews and cost allocation of the Icebreaking and Offshore businesses will be specified further in 2014. Each ship also actively monitors its own costs.

In order to control costs, Arctia will launch a purchase concentration project in 2014, which is expected to produce cost savings. The key financial indicators monitored by Arctia include turnover, operating profit, gross margin and cash flow.

The company must maintain the level of solvency required to make investments in its fleet. The average age of Arctia's fleet is approximately 30 years. The monetary amount of maintenance and repair investments will have to be increased to maintain our fleet in good shape. Arctia's gross investment in 2013 totalled roughly EUR 17 million, and investments are expected to remain at this level for the next few years.

The most significant investment of 2013 was the purchase of a new harbour icebreaker. The ship will be completed on schedule, in the second half of 2014. The vessel is owned by Arctia Karhu Ltd, in which Port of Kemi Ltd has a 10% ownership share. Arctia Karhu Ltd provides harbour icebreaking services, completing the winter navigation service chain. Arctia's goal is to offer the same high-quality service from the open sea all the way to the berth – efficient icebreaking without unnecessary delays.

The Group plans its direct taxes to the extent permitted by legislation. Since all Arctia Group companies are domiciled in Finland, the guiding principle is to minimise the payment of taxes by subsidiaries and allocate tax payment to the parent company. To achieve this goal, we have used additional depreciation and group contributions where possible. Indirect taxes are paid in accordance with the Finnish Tax Administration's instructions.

FINANCIAL CAPITAL FLOW / EUR MILLION (31 Dec)	2013	2012	2011
Personnel costs (incl. pensions and other indirect personnel costs)	21.3	24.9	27.6
Tax (income tax)	3.2	2.5	0
Dividends paid to shareholders	0	0	0
Investments	17.7	16.9	6.2
Turnover distribution, EUR million			
Finland	35.1	32.40	-
Other EU Member States	0.8	8.20	-
Non-EU countries	27.1	34.70	-
Procurement distribution, EUR million			
Suppliers	2.68	2.99	-
Service providers	5.10	6.24	-

The Group repaid the debt taken out in connection with the founding of the shipping company to the State Treasury in 2012. Subsidies and donations are itemised below in Chapter 2.1.2.

The reported procurement distribution is based on the distribution in the accounts.

2.1.2 CHARITY AND SPONSORSHIP

Principles of charity and sponsorship

Arctia Shipping Ltd provides moderate support and sponsorship to various projects. Sponsorship and subsidies are primarily tied to marketing and the marketing budget and are aimed at achieving business advantages.

The subsidies and sponsorship described below are not directly aimed at commercial objectives, however, and are thus reported as subsidies. Gifts to personnel on anniversaries and other special occasions are not listed under subsidies and sponsorship.

According to a decision-in-principle made in 2013, Arctia Shipping Ltd does not sponsor sports or make co-operation agreements related to sports. Arctia Shipping Ltd does not support parties with political or religious ties.

CHARITY AND SPONSORSHIP / EUR	2013	2012	2011
Children and youth	-	-	-
Science, research and education	8,520	7,500	7,500
Culture	-	-	-
Exercise and sports	-	2,500	-
Political subsidies	-	-	-
Civic and environmental organisations	200	-	-

The definition of subsidies was changed in 2013 to also encompass cooperation agreements in addition to research, which is why the figure of 2012 has been corrected.

3. PERSONNEL

Arctia Shipping Ltd is a responsible employer that applies the Seafarers' Employment Contracts Act based on ILO's Maritime Labour Convention to ship personnel, and the Finnish Employment Contracts Act to shore personnel. As an employer, Arctia Group is represented by Suomen Erytysalusten Työnantajaliitto SET (Employers' Union of Finnish Specialised Ships), which has company-specific collective bargaining agreements with seafarers' trade unions.

Arctia Shipping Ltd is also a member of the Confederation of Finnish Industries' (EK) membership union Service Sector Employers Palta. Arctia has increased its cooperation with Palta in recent years, and the union's collective bargaining agreement is applied to the Group's clerical employees.

Arctia Shipping Ltd maintains its relations with employees both through official structures and in an informal manner, to an extent beyond that required by the Act on Co-operation within Undertakings. The *Cooperation Forum*, which includes all chief shop stewards, the vice presidents of Group subsidiaries, and representatives of the HR department, was established in 2013. The Forum convenes monthly, in addition to which *performance cooperation* meetings have been held for discussing issues required by legislation, such as the budget and profit, as well as other topical issues. Personnel events, or Shipping Company Days, were organised twice in 2013. The Shipping Company Days are aimed at all Group employees, whether employed on ships or shore.

Arctia Shipping Ltd sold the multipurpose icebreaker Botnica in the autumn of 2012, and the measures decided upon during the cooperation procedure initiated due to the sale continued to have an impact in 2013.

Arctia Group's newest subsidiary, Arctia Karhu Ltd, hired temporary seasonal employees for harbour icebreaking in December 2012, when the company started operating. The harbour icebreaking season ended in April 2013.

Harbour icebreaking personnel was again hired by Arctia Karhu for the 2013 winter season.

An occupational health care steering group was established in 2013 to focus on the reduction of occupational accidents and absences due to illness. The steering group consists of Arctia's Occupational Safety Manager and representatives from the company's occupational health care service provider, medical insurance company and HR department.

A personnel survey was carried out within Arctia Group in August–September 2013. The results were discussed by the Board of Directors and reported to the ownership steering department. Participation in the survey was more active than ever (the response rate was 75%). The results were in line with those of the previous personnel survey, being slightly poorer than the standard in Finland (the average result in companies using the same definitions). Both the Group as a whole and individual departments invested and will continue to invest much more heavily in reviewing these results. On the basis of the results, the company has decided to focus on the development of management in particular. The first step towards improvement will be taken in the nearly 12-month management and supervisory training programme for the Group Management Team and all ships' masters. Arctia has also decided to extend the programme to the next organisational tier and persons considered for promotion to supervisory tasks.

The results of the personnel survey indicated that employees feel the company's remuneration system to be unjust, and a detailed review of the results indicated the main culprit to be the management incentive system. In 2014, the Group will focus on developing a remuneration

system for the entire organisation. The objective is to implement this system from the beginning of 2015. If the new system is implemented, it must support Arctia's business operations and strategy in equal and increasing measure.

The survey results also indicated that there is room for improvement in the employees' confidence in upper management. Not all concrete measures have been decided upon yet, but the company is committed to increasing confidence in management and will involve the chief shop stewards in this work.

3.2.1 NUMBER OF PERSONNEL

NUMBER OF PERSONNEL / PERSONS (31 Dec)	2013	2012	2011
Shore personnel	31	32	38
Ship personnel	236	254	324

3.2.2 EMPLOYMENT CONTRACTS

EMPLOYMENT CONTRACT RATIO / PERSON (31 Dec)	2013	2012	2011
Shore personnel, regular	31	33	38
Ship personnel, regular	220	250	314
Temporary	16	22	10
Ratio of full-time and part-time employment contracts (%)			
Shore personnel, part-time	6.5	0	5.2
Ship personnel, part-time	0.4	0.66	2.9

3.2.3 TURNOVER

LEAVING (31 Dec)	2013	2012	2011
Total personnel / leaving and temporary (%)			
Shore personnel	18	9.3	12
Ship personnel average in 2013	35	34	10

3.2.4 DURATIONS OF EMPLOYMENT CONTRACTS

AVERAGE LENGTH OF EMPLOYMENT / YEARS (31 Dec)	2013	2012	2011
Total personnel	16.4	17	18

3.2.5 AGE STRUCTURE AND AVERAGE AGE OF PERSONNEL

AVERAGE AGE OF PERSONNEL / YEARS (31 Dec)	2013	2012	2011
Total personnel	48.5	48.66	49
Ship personnel, male	48.16	49.16	50
Ship personnel, female	47.66	46.08	46.5
Shore personnel	46.66	45.75	45

3.3 PERSONNEL IMPACT OF REORGANISATION

Arctia Shipping Ltd sold the multipurpose icebreaker Botnica in the autumn of 2012, and the measures decided upon during the cooperation procedure initiated due to the sale continued to have an impact in 2013.

3.4 GENDER DISTRIBUTION OF PERSONNEL

The Ombudsman for Equality has approved the equality plan of Arctia Shipping Ltd.

The plan will be updated in 2014.

GENDER DISTRIBUTION OF PERSONNEL
(31 Dec)

	2013	2012	2011
All employment contracts (%)			
Women,			
Ship personnel	14.8	14.2	13.2
Shore personnel	45.4	39.4	39.5
Gender distribution in the Board of Directors			
Women	2*	3	3
Men	2*	3	4
Gender distribution in upper management (Management Team)			
Women	1	0	0
Men	5	6	8

*Members at the turn of the year.

3.5 REMUNERATION SYSTEM AND PERFORMANCE-BASED BONUSES

Arctia Shipping Ltd adopted a performance-based bonus system for management in 2012, and the system remained in force in 2013.

3.5.1 PURPOSE AND CRITERIA

The performance-based bonus system has two objectives. First, it seeks to commit personnel to the company in

order to improve profitability. Second, the company wants to offer a remuneration model that is able to compete with other models offered to persons in similar management duties.

According to the remuneration guide for state-owned companies (White Paper of the Cabinet Committee on Economic Policy, 13 August 2012), "Performance-based bonuses are usually accumulated through one-year bonus schemes and long-term incentive programmes with a duration of no less than three years." Arctia's model is of the "one-year bonus scheme" type. Based on experiences of the current model, it may be appropriate to consider extending the remuneration system and adopting a longer-term incentive programme, for example.

3.5.2 STRUCTURE OF THE PERFORMANCE-BASED BONUS SYSTEM

In the 2013 financial period, the performance-based bonus system applied to the CEO, Management Team and key personnel reporting to the CEO as follows:

"GOOD PERFORMANCE" AS DEFINED IN THE REMUNERATION GUIDE

	Maximum bonus	Number of persons
Chief Executive Officer	3.6 months	(1)
Management Team member	2 months	(5)
Other key person reporting to the CEO	1–2 months	(1–5)

"EXCEPTIONAL PERFORMANCE" AS DEFINED IN THE REMUNERATION GUIDE

Additional bonus in addition to that for "Good performance"

	Maximum bonus	Number of persons
Chief Executive Officer	2.4 months	(1)
Management Team member	1 month	(5)
Other key person reporting to the CEO	0.5–1 months	(1–5)

Performance-based bonuses are tied to business targets defined on the basis of the strategy and budget (in the 2013 financial period, EBIT not including extraordinary items, such as the sale/acquisition of businesses, sales profit/loss from ships, etc.), and to personal key targets derived from these business targets.

The total value of the person's monetary monthly salary and taxable benefits (excluding data communications

devices and connections) is used as the calculation basis for the bonus. If the above-mentioned earnings have changed during the financial period, the monthly earnings used to calculate the bonus will be determined by dividing the person's total annual salary by 12.

The achievement of personal key targets is determined according to the on/off principle. The bonus will be paid if the Group's net operating income (EBIT) was positive. Should the financial statements show a loss, no bonuses will be paid. The functionality and potential expansion of the system will be reviewed during the first quarter of 2014. The Board of Directors of Arctia Group has ratified the performance-based bonus guidelines on 20 December 2012. The Board is entitled to make changes to these guidelines or to dismantle the system.

REMUNERATION PROGRAMME FOR KEY PERSONS	2013	2012
Performance bonus for the year		
Key persons falling within the scope of the remuneration system / share of total personnel (%)	4.7	4
Performance bonuses paid, CEO (EUR)	100 585	64,200
Performance bonuses paid, Management Team (EUR)	97 318	59,914
Performance bonuses paid; others (EUR)	73,363	56,322
Performance bonuses including indirect costs	332 653	221,495

3.6 TRAINING AND DEVELOPMENT OF COMPETENCE

3.6.1 PERFORMANCE REVIEWS

Arctia's entire personnel are subject to performance reviews. Guidelines and an evaluation form to base the discussions on have been drawn up for these reviews. Arranging annual performance reviews is the responsibility of each manager. A competence assessment was also carried out for part of Arctia's ship personnel in 2013. This system is currently being developed to meet the needs of Arctia Group better.

3.6.2 TRAINING AND DEVELOPMENT OF COMPETENCE

A joint leadership training programme for the Management Team and ships' masters was launched in the autumn of 2013. The purpose of the programme is to enhance Arctia's business operations by improving cooperation in management and clarifying the roles of different positions, as well as by developing key business processes. The length of the programme is roughly one year, and an extension is currently being planned.

The update of the qualification system will increase the training requirement of ship personnel. The Group will ensure that personnel have the opportunity to attend the training required to maintain their qualifications. The training of personnel also supports the retention of competencies critical to the Group's strategy.

Arctia Group employs a training officer responsible for arranging training for ship personnel in compliance with legislation and other regulations, and who participates in the implementation of plans and processes related to personnel development. Employees also have the opportunity to request training outside the official programmes. Arctia Group's training and orientation system is in compliance with the requirements of the safety management system. Comprehensive orientation in compliance with regulations is always provided to new shore and ship personnel.

TRAINING (31 Dec) 2013 2012 2011

Outside training days	861	671	540
EUR / person spent on training	1,568	879	928
Estimated distribution of educational background in personnel (%)			
Vocational school	58	53	57
Bachelor's degree	39	43	40
Master's degree	3	4	3

The educational background of personnel has been estimated from their positions.

3.8 OCCUPATIONAL HEALTH AND SAFETY

The number of occupational accidents in 2013 decreased considerably from 2012, and only 3 (13) accidents led to absence from work.

In order to reduce the incidence of accidents, we continued the risk assessments of work stations and areas, using the Elmeri observation method. A remuneration programme for safe work was also launched in order to better highlight various aspects of occupational safety. The programme's objectives include increasing the reporting of "near misses." Even though Arctia's accident frequency decreased from 2012, we are still striving to improve the situation further and achieve zero accidents. Accident frequency in the Group as a whole was 6.07 LTIF (22.98).

Safety Officer training for ships' officers was included in the safety management system as new training in 2013. The training is implemented in cooperation with KYAMK University of Applied Sciences. The training of ships' occupational safety officers was also continued. Arctia started the process of applying for ISPS status for the Katajanokka icebreaker base in 2013. The objective is to obtain ISPS status during the first quarter of 2014.

3.8.1 ACCIDENTS

NUMBER OF ACCIDENTS / GROUP (31 Dec)	2013	2012	2011
Occupational accidents resulting in absence from work	3	13*	11
Other accidents	5	18*	12
Accident frequency per million working hours	6.07	22.98*	21.13

3.8.2 ABSENCES DUE TO ILLNESS

ABSENCES DUE TO ILLNESS (31 Dec)	2013	2012	2011
Absence percentage due to illness, total personnel			
Short-term (%)	7.4	7.7	5.9
Short- and long-term (%)	11.0	10.7	10.1
Incidence of occupational disease, suspicions	2	2	1

*The calculation principles for absences due to illness have been clarified and the figures of 2012 made compa-

table. The change in calculation principles resulted in a reduction in the number of accidents leading to absence from work and a decrease in accident frequency, as well as a corresponding increase in the number of other accidents (not leading to absence).

4. ENVIRONMENT

Arctia always considers the environment in its operations and complies with the regulations of the ISM Code and the MARPOL Convention (i.e., the International Convention for the Prevention of Pollution from Ships) of the IMO, along with national guidelines and regulations.

Tenders were invited again for the waste management of the Katajanokka base in 2013, and the supplier to whom the contract was awarded was audited. As the Group's shore functions were moved to Katajanokka, the waste-sorting room of the warehouse building was also renovated. At their base in Katajanokka, the icebreakers are served by public utility services: shore power, municipal heating and the waste water system.

Arctia provides on-duty oil spill response service to the European Maritime Safety Agency (EMSA) with one icebreaker, the Kontio. One-day oil spill response exercises are held on the Kontio four times each year, once during each quarter.

4.1 ENVIRONMENTAL GOALS

Arctia Shipping Ltd set actual environmental goals for itself for the first time in 2013. The goals were:

- 1) Better monitoring of the fuel consumption of ships and increasing consumption awareness.

Ship-specific SEEMP plans were finalised and implemented. More precise instructions for sounding fuel were issued. An annual report was compiled on the fuel consumption of Arctia vessels and circulated to all masters for comment. The report listed the individual consumption of each vessel for reference.

- 2) Reducing the consumption of drinking water on board ships and improving its monitoring.

Despite the enhanced monitoring, water consumption increased on ships. This can nevertheless be partly attributed to the improvement of reporting. Water-saving fixtures have been installed on board Arctia's vessels, and saving water has been recognised as an environmental goal.

- 3) Drawing up a dedicated investment proposal template for environmental investments, taking pay-off periods and environmental considerations into account.

A preliminary investment template was drawn up for environmental investments, and the first actual environmental investment was made. One working-air bottle was replaced with a larger one in order to reduce the operating hours of the compressor. A significantly larger amount of environmental investments have been budgeted for 2014.

4.2 ENVIRONMENTAL KEY FIGURES

4.2.1 ENERGY

The operating profile of icebreakers can be roughly divided into two very different components: actual operations

such as icebreaking, ice management and transfer voyages; and time spent at berth or docked, mostly during the open-water season. The most significant environmental impact of Arctia's operations is caused by fuel consumption during the operating period. The indirect positive effects of icebreaking nevertheless outweigh its direct environmental impact, since icebreaking enables environmentally friendly marine transport also during the winter season.

When the icebreakers are at berth in Katajanokka, they are connected to public utility services, receiving water, district heat and electricity from shore, and discharging their sewage into the city network. The harbour icebreaker will be connected to shore power while at berth, and its waste water will be emptied by a collection vehicle.

Electricity

For the summer maintenance period, icebreakers are connected to the electricity network of the City of Helsinki, and their main engines are turned off to avoid emissions and noise. We have begun updating the electricity systems of our conventional icebreakers in order to reduce electricity consumption and increase energy efficiency. Reducing electricity consumption will directly affect the fuel consumption of ships, which in turn reduces aerial emissions. The energy-efficiency improvement project launched in 2013 will continue for 2014–2015 and seeks to achieve significant reductions in the consumption of energy. The long docking period of the Sisu and the late onset of winter increased electricity consumption in 2013.

SHORE POWER CONSUMPTION (MWh)	2013	2012	2011	2010
Katajanokka	2,482	2,254.8	2,056.6	1,663.5
Harbour icebreaking	2.7	2.7	-	-

District heat

The consumption of district heat is indicated in the table below. During their maintenance periods at berth in Katajanokka, Arctia's vessels are connected to the district heating network of the City of Helsinki. As the vessels enter port, they are connected to the district heating network and their boilers turned off. The district heat network and heat exchanger of the quay area were renovated in 2013. The new floating Off.Ice office building was also connected to the quay's district heating network.

ENERGY CONSUMPTION (MWh)	2013	2012	2011	2010
Consumption adjusted for weather	3,852	4,867	3,657	2,516

Fuel

SEEMP plans for the reduction of fuel consumption were in use on Arctia's vessels for the first year in 2013. Multipurpose icebreakers Fennica and Nordica operated on environmentally friendly ultra-light fuel for the entirety of 2013. The vessels adopted this new fuel in 2012 due to operating in the Arctic.

Harbour icebreaking was begun in November 2012, and the figures for the icebreaker Tuura operated by Arctia Karhu Ltd are reported below for 2012 and 2013.

Arctia Group's icebreakers will stop using heavy fuel oil in 2014, which will reduce sulphur emissions by a significant degree.

FUEL OIL CONSUMPTION (tonnes)	2013	2012	2011	2010
Arctia Group				
Ultra-light				
Multipurpose icebreakers	9,424.26	10,025.81	-	-
Light				
Conventional icebreakers	6,339.78	2,892	-	-
All icebreakers*	-	-	14,925	17,422
Harbour icebreakers	84	30.4	-	-
Total	6,423.78	12,948	16,484	19,058
* Before the Fennica and Nordica switched to ultra-light fuel.				
Heavy				
Conventional icebreakers	6,124	10,025.81	-	-
Multipurpose icebreakers	-	381.64	-	-
Total	6,124	10,407.45	11,538.00	13,032.00

CARBON DIOXIDE EMISSIONS CREATED BY FUEL COMBUSTION (tonnes)

	2013	2012	2011	2010
	640,178	65,167	88,774	101,681

4.2.2 AERIAL EMISSIONS

EMISSION AMOUNTS (g/kWh)

	2013	2012	2011
CO (t)	94	96	89
HC (t)	37	38	52
NOx (t)	1,312	1,338	1,821
Particles (t)	28	29	39
CH4 (t)	5	5	7
N2O (t)	2	2	2

4.2.3 WATER

The figures presented in the table below are based on the ships' monitoring of on-board consumption. The monitoring of consumption has improved in recent years, which partly explains the difference in the figures. Water consumption has nevertheless changed dramatically from the first reporting year. The 2011 figures for multipurpose icebreakers include an additional vessel (Botnica).

WATER CONSUMPTION (m³)

	2013	2012	2011
Multipurpose icebreakers	6,553	7,597	12,493
Conventional icebreakers	6,882	4,969	7,207
Ferries	-	-	615
Harbour icebreakers	65	2.74	-
Total	13,500	12,569	20,315

4.2.4 WASTE

Arctia vessels collect, sort and recycle all waste at the waste-collection points of ports on the Baltic and other fragile marine environments.

Vessels sailing outside these special areas can incinerate their waste in their solid-waste incinerators. Such incineration is always performed in compliance with environmental legislation.

Tenders were invited again for the waste management of the Katajanokka icebreaker quay in 2013, and the supplier to whom the contract was awarded was audited.

Refrigerants

The refrigerants used in on-board refrigeration devices in the past are detrimental to the ozone layer, and Arctia has decided to give up their use. Arctia Group has drawn up a replacement plan and begun replacing the refrigerants used on its vessels. Arctia Group has drawn up a plan for and begun the replacement of the refrigerants used on its vessels.

Waste management training and plans

New employees are trained in the use of the shipping company's waste-management system in connection with their general orientation. Most Arctia vessels updated their waste management plans in 2012. In the long term, the updated plans will result in reduced generation of unsorted waste.

When the vessels are at sea, solid waste is sorted in on-board waste receptacles as follows:

Biodegradable waste
Energy waste

Paper and cardboard waste
Unsorted waste
Waste glass
Waste metal
Hazardous waste (paint cans, fluorescent tubes, oily waste, etc.)
PVC plastic
Batteries

When the vessels arrive in port, they unload their waste into the port's collection bins, from which the waste is transported for recycling or to a landfill site. Arctia Icebreaking Ltd is responsible for waste management at the Katajanokka base, where all of the waste types listed above are recycled appropriately. The cooking fat generated in the galleys of ships is recycled for use as energy.

WASTE	2013	2012	2011	2010
Sorted solid waste (t)				
Biodegradable waste	25.7	11.49	7.50	7.42
Plastic	8.7	5.52	3.28	2.755
Glass	1.63	1.36	1.88	2.12
Cardboard	2.7	3.20	3.39	4.33
Metal	46.1	60.06	15.80	8.5
Paper	4.55	5.60	5.10	4.7
Other	7.36	17.58	0.90	0.35
Unsorted waste	78.21	41.67	80.8	27.7
Hazardous waste				
Oily waste (t)	5.3	2.73	3.31	2.123
Batteries (pcs)	2,038	2,432	1,950	2,442
Light bulbs, etc. (qty)	1,730	1,275	1,745	1,430
Other (pcs)	1,360	550	181	111
Hazardous liquid waste				
Oils (l)	210,962	277,000	328,441	311,700
Paint (kg)	207	284	387	244
Coolant (kg)	0	-	0.60	0
Refrigerants (kg)	109	-	26.60	-
Other (kg)	1,268	270.50	64.60	38

Liquid waste (m ³)				
Treated bilge water, other oily water	951.1	1,107.85	764.70	460.15
Lavatory water	1,133	1,961.45	865.60	733
Other	1,400.31	4,107.75	900.60	820

4.2.5 ENVIRONMENTAL COSTS AND COMPLIANCE

Arctia Shipping Ltd did not cause any environmental damage in 2013. The company has set a goal of zero discharges. The future change in environmental legislation and operations with the greatest impact on Arctia Group will be the adoption of the international Polar Code. From regulations currently in force, the Sulphur Directive (2005/33/EC) and EEDI with its impact on the design of new ships will have considerable influence on customer needs. All Arctia icebreakers will switch to light fuel oil (MDO) in 2014, which will increase costs.

4.2.6 PRODUCTS AND SERVICES

Fuel consumption is the most significant environmental impact caused by Arctia's operations and services. Arctia Shipping Ltd operates in the most economical, i.e. fuel-efficient manner allowed by customer needs and safety. A separate energy saving project was launched in 2013 to improve the energy-efficiency of Arctia vessels. The switch to lighter fuel will reduce Arctia's environmental impact, sulphur emissions in particular.

4.2.7 TRANSPORT AND TRAVEL

The transfer travel of ship personnel at the end of shifts and beginning of free time contribute to the other carbon dioxide emissions caused by Arctia's operations. The number and length of transfer trips depend on the current operating areas of Arctia vessels and the annual number of sailing days.

The higher figures for 2012 and 2013 reflect the operations of Arctia vessels in Alaska.

AIR TRAVEL 31 Dec 2011	2013	2012	2011
Total personnel			
All flights (kg CO ₂)	820,726	1,424,696	430,875
Change from previous year (%)	-42.5	+233	-13

4.2.8 MATERIALS

Paint, solvents and detergents are used annually for the upkeep, maintenance and repair of Arctia's ships. In 2012, the company's conventional icebreakers switched to biodegradable detergents in their galleys. The amounts of material used are monitored by cost centre.

4.2.9 PROVISIONS FOR ENVIRONMENTAL RISKS

The Baltic and Arctic areas have fragile ecologies. Arctia's competence contributes to safeguarding the sustainable development and use of these areas. The safety management systems of all Arctia Shipping Ltd vessels include environmental sections.

The most significant environmental risks are identified in these sections, which also provide instructions for the eventuality of damage to the environment. The risk-management structures of the safety management systems also ensure that environmental risks are taken into account in the planning and performance of work.

Arctia Shipping Ltd has secured its operations through contractual measures based on risk assessments and comprehensive insurance cover.

The oil spill response manuals (OILREC) of Arctia vessels were updated in 2013. The oil spill response plan set forth in the manual includes instructions for the ship's master and crew on the measures that must be taken in the event or possibility of an oil accident. The Arctia Icebreaking Ltd icebreaker Kontio is on constant oil spill response duty for the EMSA.

5. SOCIETY

5.1 LOCAL COMMUNITIES

Arctia Shipping Ltd participates in the training of new seafarers by taking trainees on board its icebreakers, and in the development of seafaring competence by participating in research cooperation with universities of applied sciences, universities and research organisations.

The shipping company also cooperates with the authorities. For example, the Finnish Border Guard held exercises on board the Fennica and Nordica in 2013. The Helsinki City Rescue Department also performed exercises on Arctia vessels. The Kontio cooperated with the Coast Guard in oil spill response exercises off Helsinki.

5.2 PREVENTION OF BRIBERY AND CORRUPTION

Arctia Group has ethical instructions in place, which specify Group-wide principles for the prevention of bribery and corruption. The ethical instructions are appended to the end of this report.

5.3 POLITICAL ADVOCACY AND SUBSIDIES

Arctia Group does not support political parties, politicians or political institutions through monetary or other donations.

5.4 RESTRICTION OF COMPETITION

5.4.1 COMPLIANCE WITH COMPETITION LAW

Arctia Shipping Ltd takes questions of competition law into account in its national and international operations. The company's own ethical instructions specify processes for procedures such as the handling of confidential information. The Group's management has also received training in questions of competition law.

5.5 COMPLIANCE WITH REGULATIONS

Arctia Group operates and has operated in full compliance with official regulations. As shipping companies, Arctia Shipping Ltd and its subsidiaries are audited by authorities annually.

6. PRODUCT LIABILITY

6.1 CUSTOMER SATISFACTION

The customer of Arctia Offshore Ltd's summer chartering season held three debriefing events. The operations of each vessel chartered by Arctia Offshore Ltd and the performance of their crews were reviewed at these events. The customer also held two meetings for all of its subcontractors. The operational meeting was attended by approximately 100 representatives of subcontractors, while the attendance of the top management meeting included 30 CEOs and board members.

Our performance in 2013 was given a good or excellent rating at all of these meetings. All targets set for the prevention of occupational accidents on board were met. The Goal Zero Hero award received by the Fennica is an example of the quality of our cooperation.

The largest customer of Arctia Icebreaking Ltd, the Finnish Transport Agency, conducted a customer satisfaction survey in 2013. The number of respondents to the survey remained very small (25 persons). The respondents felt that closer cooperation with Swedish icebreakers had a positive effect on the smoothness of navigation (an average score of 3.96 on a scale of 1–5). All respondents who evaluated the operations of coordination icebreakers gave them a good (14) or excellent (2) grade. On the other hand, nine respondents did not comment on the operations, so communications on the task and role of coordination icebreakers could be clarified. Two respondents commented on the size of the coordination areas, suggesting that the Bay of Bothnia be divided into two areas.

The respondents also expressed a wish for improvements in the flow of information. Arctia Icebreaking Ltd has reacted to this feedback by beginning the development of its icebreaking web site.

ARCTIA ICEBREAKING LTD

KEY FIGURES

	2013	2012
Share of vessels passing without delay (%)	94.2	96.6
Delays, vessel (pcs)	783	254
Average delay time / vessel (h)	3.70	3.16

Arctia Karhu Ltd provided icebreaking services for the Port of Oulu in 2013. In the summer, the icebreaker was on call for towing duty. In discussions with Arctia, the customer expressed its satisfaction with the level of service.

6.2 SAFETY OF SERVICE

Arctia Shipping Ltd offers its services to customers and stakeholders. Safety is of paramount importance to the company. The safety of services is monitored as part of the safety management system, and the root causes of any non-conformities and the corrective actions taken are investigated thoroughly.

7. HUMAN RIGHTS

Arctia Group respects human rights in all of its operations. Issues concerning Group personnel are described in more detail in Chapter 3, while suppliers are discussed below in Chapter 8. The company additionally has ethical instructions in place. The instructions are appended to this report.

8. SUPPLY CHAIN MANAGEMENT, PROCUREMENT PRINCIPLES AND POLICIES

Arctia Shipping Ltd does not chain the provision of its services. As a rule, the company performs its duties itself. Suppliers are turned to in tasks requiring specialised expertise.

The company has drawn up a procurement policy, which specifies matters such as procurement limits. Arctia Group launched a procurement development project in 2013. The procurement guidelines were updated and the regular auditing of suppliers was begun.

9. REPORTING AND CALCULATION PRINCIPLES

This corporate responsibility report has been drawn up in accordance with the guidelines of Annex 3, *Corporate responsibility reporting model for state-owned companies*, to the Government Resolution regarding state ownership policy (3 November 2013). The Resolution and reporting model are available also available in electronic format at: <http://valtioneuvosto.fi/tiedostot/julkinen/periaatepaatokset/2011/omistajaohjaus/fi.pdf> (retrieved 17 March 2014, in Finnish). The reporting model presented in the Resolution is based on the following sources: Global Reporting Initiative (GRI) *Sustainability Reporting Guidelines G3*, 2006 (Updated version of reporting guidelines, GRI 3.1, 25 March 2011), The Accounting Committee: *Yleisohje toimintakertomuksen laatimisesta* (General instructions on drawing up annual reports, in Finnish), 12 September 2006, Ministry of Employment and the Economy: *Yritysvastuun raportoinnin ensiaskeleet. Tietopaketti pk-yrityksille* (First steps in reporting on responsibility. Information package for SMEs, in Finnish), Securities Market Association: *The Finnish Corporate Governance Code 2010, ISO 26000 - Social responsibility*, confirmed on 22 November 2010.

To avoid interruptions in reporting, this corporate responsibility report also includes the complete ILPO report required by the Climate Policy Programme (ILPO) of the Ministry of Transport and Communications, which was previously responsible for the ownership steering of Arctia. The contents of Arctia's annual human resources statement is also presented in its entirety in this report. This corporate responsibility report thus encompasses and replaces these previously published reports.

Each Arctia unit reported its own data to Arctia's Quality and Environmental Manager, who then compiled and edited this corporate responsibility report. In practice, this means that ships mostly monitor and report on environmental issues, such as consumption and waste amounts. Ships compile this data into annual reports delivered to the Quality and Environmental Manager. Aerial emissions are calculated from the fuel consumption of vessels by technology and maintenance management in the shore organisation. Financial figures are reported by financial management, and these are mostly generated through the annual reporting and financial statement processes. The HR department is in constant interaction with personnel and their representatives, and monitors the HR situation and work-related travel continuously. The situation on the last day of the year (31 December 2013) is presented in the report. The safety department produces the information related to occupational safety and environmental

damage. The Group's upper management then supplements the information in the report as required. The 2013 report also includes the CEO's Review.

The corporate responsibility report is discussed by the Management Team and Board of Directors. The finished report is published on Arctia's website (www.arctia.fi).

Measurement and calculation principles

HR indicators

The reported figures represent the situation on the specified date (31 December). Total personnel also includes part-time employees and temporary employees with valid employment contracts at the time of reporting.

Accident frequency

The number of occupational accidents, or LTI (Lost-Time Injury) index, includes all occupational accidents that caused a minimum of one day's absence from work. The accident frequency was calculated by dividing the LTI with realised working hours and multiplying the result by one million. The daily number of working hours used in this formula was eight hours in the shore organisation and twelve in the ship organisation. Occupational accidents include the accidents suffered by shore and ship personnel both, with the total amount of working hours in the organisation used as the basis for distribution. The international term for this calculation principle is LTIF (Lost-Time Injury Frequency).

Carbon dioxide emissions

The carbon dioxide emissions of Arctia vessels have been calculated according to the formula presented in IMO publication MEPC/Circ.471, 29 July 2005; "INTER-IM GUIDELINES FOR VOLUNTARY SHIP CO2 EMISSION INDEXING FOR USE IN TRIALS".

The carbon dioxide emissions caused by air travel have been calculated with the following co-efficients based on the number of flight kilometres.

Less than 950 km	0.15 kg CO2 / km
More than 950 km	0.11 kg CO2 / km

Particle emissions

The particle emissions created by icebreakers have been calculated with the emission co-efficients presented in VTT's research report (VTT-R- 08702-09) *Calculation system for Finnish waterway traffic emissions MEERI 2008*. However, icebreaker engines are defined as slow two-stroke engines [sic] instead of four-stroke engines in the report (pg. 11). For this reason, the calculation of particle emissions in this report is based on four-stroke engines instead of the reference co-efficients provided in the research report.

Waste amounts

Ships monitor generated waste by volume, whereas waste collectors charge by weight. The amounts reported by ships have been partly converted to weights, using the co-efficients specified in the *Waste Tax Act 495/1996*.

10. ARCTIA GROUP'S ETHICAL INSTRUCTIONS

The working methods described in the ethical instructions concern every Arctia employee in every job, every day. We require the same high level of operational quality from our cooperation partners as well.

Abiding by laws and regulations

Abiding by laws and regulations is the basis for all our operations, regardless of where we operate. In addition, our aim is to do more than the minimum required by law whenever this is possible. This means that we have to know and respect local culture and values.

If we detect shortcomings in our own or our partners' operations, every Arctia employee is obliged to report the matter to their superior. Throughout the process, we protect the privacy of the person that detected the shortcoming. The managers shall, with discretion, immediately take action to solve the situation and, if the situation so requires, hand the issue over to the authorities.

Appropriate use of Arctia's property and assets

Every Arctia employee uses the company's property and assets cautiously and only for lawful purposes and purposes related to normal business operations. Every transaction shall serve the best interest and objectives of the company in a justifiable manner.

Giving and taking bribes is absolutely forbidden. We only receive and give presents that are of low value and generally accepted in the business world.

Protection of confidential and secret information

We are careful and cautious when handling confidential information pertaining to Arctia, its employees, con-

tracting partners, and other stakeholders. Information shall never be handed to irrelevant parties. Information is protected so that confidential information does not spread unintentionally, either. Information is not gathered illegally or against good practices.

Respecting people and the environment

Arctia's operations, are under all circumstances, based on respecting the well-being, health, and safety of people and the environment. The objective is for business operations to leave the smallest possible footprint on natural diversity.

We value our personnel equally and fairly based on know-how, skills and work performance. We are objective and stick to facts when assessing the results of work. We see the differences between people and the diversity of opinions as Arctia's strength.

Handling conflicts of interest

Every Arctia employee acts respectfully and constructively towards the company. We are aware that we represent Arctia during our free time, too.

A person working for Arctia does not participate in competing operations or use the information and skills gained at work in a manner unfavourable to Arctia.

We are open about our connections and conflicts of interest that may affect our decision-making. We voluntarily remove ourselves from decision-making situations that may create a conflict of interests.

Efficient internal and external communication and financial reporting

Arctia's internal and external communications and financial reporting are based on openness and dialogue, and on the correctness and timeliness of the information.

We actively communicate information to all parties that should know about our operations, including the justifications behind our decisions. At the same time, we receive feedback on our operations and develop operations to better correspond to our stakeholders' expectations.

Arctia's communication is carried out professionally and in a coordinated manner by people appointed for the task. Arctia employees with no communications obligation will not participate in communications concerning the company in printed or electronic media, on the Internet, or on other discussion forums.

11. ARCTIA SHIPPING LTD SUSTAINABILITY POLICY

This sustainability policy governs the actions of Arctia Shipping Oy, as a socially responsible company.

Policy principles ARCTIA SHIPPING LTD

- Bears its social responsibility
- Operates in a manner that allows it to bear the responsibilities associated with its actions. The company always operates to the best of its abilities and in a responsible manner.
- Operates in an open and transparent manner.
- Operates ethically and promotes ethical action.
- Respects the interests of its stakeholder groups and strives to take account of and accommodate them.
- Respects the judicial system and international regulations.
- Respects human rights.

Core policy areas

The sustainability principles of Arctia Shipping Ltd are reflected in all of the company's actions. In the application of these principles, particular attention is paid to the following core areas of sustainability.

- 1) Administrative practice within the organisation
Arctia Shipping Ltd observes the principles of sustainability in its decision-making and operations, and monitors their realisation.
- 2) Human rights
Arctia Shipping Ltd takes particular care to monitor the compliance of all of its operations with human rights. Arctia Shipping Ltd pays particular attention to the realisation of equal rights and non-discrimination within the Group.

3) Working-life practices

Arctia Shipping Ltd operates responsibly and in compliance with Finnish regulations, with regard to human resources policy and occupational health and safety. Arctia Shipping Ltd engages in continuous dialogue with its customers, partners and suppliers, as well as with labour unions and authorities.

4) The environment

For its part, Arctia Shipping Ltd strives to prevent pollution of the environment, to use resources sustainably and sparingly, to mitigate and adapt to climate change and to protect biodiversity.

5) Fair operating methods

Arctia Shipping Ltd operates ethically and fairly and requires its suppliers to bear their social responsibilities.

6) Customers and end customers

Arctia Shipping Ltd ensures the availability of its services and provides them in a responsible and safe manner, in accordance with the rules of winter navigation.

7) Participation in and development of the community

Arctia Shipping Ltd participates in the communities in which it operates, supports training and technological development, and creates jobs and provides employment in these communities.

Arctia Shipping Ltd
Tero Vauraste
Espoo, 26 February 2013

In its Corporate Responsibility Report, Arctia Shipping Oy reports annually on the success of its sustainability policy. The contents of this policy are based on the international ISO 26000:2010 Social Responsibility standard.



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