



VIKING MALT

**CORPORATE
SOCIAL
RESPONSIBILITY
REPORT**

2017

Viking Malt is a worldwide acknowledged malting company that provides value adding malted products to its customers for their success. We have our malting plants in Finland, Sweden, Denmark, Lithuania and Poland. The company is family-owned since 1883.

Our strategy is to ensure profitable growth with sustainable operations, an adaptive product portfolio and superior customer service. We operate according to integrated management system Quality (ISO9001), Food Safety (ISO 22000), Environment (ISO 14000) and Energy (ISO 50000 Denmark only). We have internal and external audits to evaluate our operations, and we are certified in all the mentioned management systems.

We are also developing our operations towards Health and Safety Management system (ISO 45000). We are also taking part in Sedex an EcoVadis social responsibility platforms and evaluations. Our EcoVadis rating has increased to reach the gold level 2017 and all our social responsibility themes are covered in EcoVadis evaluation. We have had third party Sedex SMETA 4 Pillar audits on social responsibility in Finland and Poland.

Our stakeholder analysis identifies the following expectations:



Our main stakeholders are customers, suppliers, employees, authorities, owners and community. Stakeholder expectation data has been collected by customer inquiries, employee surveys and from direct communication.

Business risks have been evaluated through an impact analysis and continuity plans have been prepared in all sites. Environmental, health and safety, chemical and food safety risks have been evaluated as a part of the management process. Group level risk analysis covering all social responsibility themes will be organized during 2018.



We follow developments in business environment, food safety and quality and participate in development projects through the following forums:



o Euromalt Technical Committee

o EBC Brewing Science Group

o Food Legislation Task Force of the Finnish Food and Drink Industry Federation

o Malt Analysis Proficiency Testing, MAPS, Advisory Group

o Co-Operation With Educational Institutes Like Scandinavian School Of Brewing, VBU Polytechnic In Sweden

o PBL Brewing Laboratory: Innovation Platform Involving The Largest Breweries Operating In Finland

o The Finnish Cereal Committee, VYR

o Lahti Industrial Club

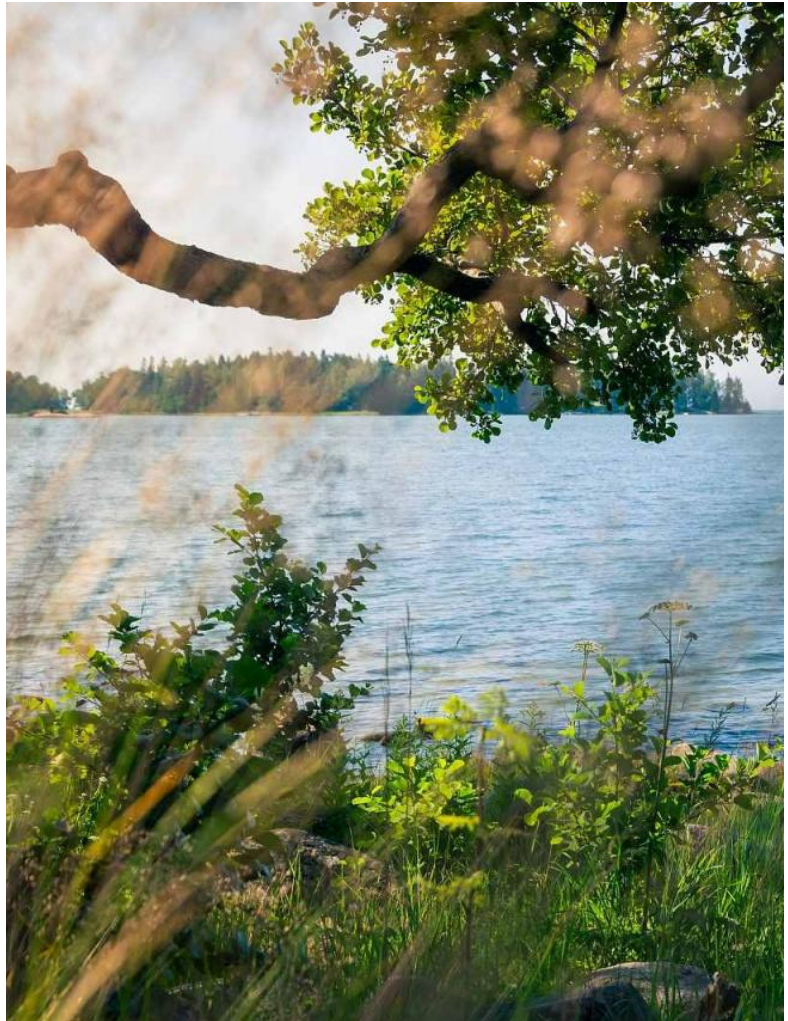
o Supporting Lithuanian Free Market Institute, LFMI

ENVIRONMENT

According to our environmental policy we use only selected agricultural raw materials, and we process them efficiently and profitably. We work according to a certified environmental management system ISO 14001. We follow requirements of current laws and official regulations, and continuously improve our environmental system and performance.

Energy efficiency is the key factor in reducing our carbon footprint, saving natural resources and ensuring the competitiveness of our company. Viking Malt will not only comply with applicable legal requirements as well as other energy related obligations, but we will commit ourselves to continual improvement of our energy performance.

We use renewable energy when possible, considering our business environment. We ensure that the energy we use is produced and utilised based on best available practices.



ENERGY EFFICIENCY IS A GUIDING PRINCIPLE IN THE PLANNING OF OUR PLANT DESIGN, INVESTMENTS, PRODUCTION, LOGISTICS AND SOURCING OF ENERGY PRODUCT AND SERVICES.

ACTIVITIES

- To ensure sustainable procurement with respect to ethical, social and environmental issues, we have introduced a **Supplier Code of Conduct** that summarizes the requirements to which Viking Malt Group is committed.
- We have signed **Baltic Sea Action Group** initiative. BSAG works to find solutions and right actors to restore the good ecological balance of the Baltic Sea. BSAG is foundation based in Finland.
- We have identified our significant environmental aspects of our operations and established environmental objectives. Our long-term targets have been to reduce energy and water usage, and to increase environmental awareness.
- Renewable energy is used in our sites in Finland, Sweden and Denmark. Only plants in Poland and Lithuania still have natural gas and coal as energy source.
- Local sourcing of malting barley is one of our key success criteria from both environmental and strategic point of view. We are involved in different **Malting Barley Cultivation Programs** in our local countries, with an aim to promote malting barley growing and educate farmers how to be more efficient and environmentally sound with their farming practice. For example, **Precision Agriculture** techniques enables farmers to increase production efficiency while minimizing CO2 emissions.
- To reduce CO2 emissions Viking Malt promotes introduction of high-yielding malting barley varieties in close cooperation with breeding companies and customers.
- Less usage of nitrogen fertilizer and the higher grain yields has the biggest effect on minimizing greenhouse gas emission per hectare or kilogram. Yara has introduced a new manufacturing technique of nitrogen fertilizer which decreased greenhouse gas emissions. **Viking Malt and Yara** have signed a cooperation agreement with the aim of improving barley yields and at the same time reducing malting barley's carbon footprint in countries where Viking Malt operates.
- We are engaged in projects aiming to reduce water usage in the production process.

Utility Consumption	Unit	Year	2016	2017
Malt production	1000 tons		573	574
Water usage	1000 m3		1 775	1 764
Effluent emission	1000 m3		1 324	1 339
Energy usage	GWh		431	422

PERSONNEL AND HUMAN RIGHTS

According to our Code of Conduct, corporate responsibility at Viking Malt Group means we are committed to comply with social, environmental and financial responsibility in all our business. We respect and treat people as expressed in the UN Declaration of Human Rights, the Rights of the Child and the Declaration of the United Nations International Labour Organization. Therefore, we express strong disapproval of forced and child labour.



Our safety policy aims to protect people, property, information, knowledge and environment from accidents, incidents and crimes, and to secure continuation of operations.

A safe and efficient work environment considers personnel physical, psychological and social wellbeing. Continuous improvement is guiding our activities. Our target is zero-accidents at work. Based on risk analysis and safety notices we evaluate our improvement needs. We continuously follow and report our safety KPI's.

Our operations have to be profitable and result in benefits for the company, its employees and the owners. We need to secure growth and profitability also in the future. Through our success we can constantly develop our business.

The importance of equality and diversity is highlighted in Viking Malt's everyday business and in the Group's recruitment and remuneration principles. We offer all our employees equal opportunities regardless of their gender, ethnic origin, age, creed, political convictions, or other corresponding matters. We treat our customers and other stakeholders in a fair manner, and we understand that our clients, employees and other stakeholders are vital to our business growth.

Our production sites are not in risk countries. Although we are supplying malt to customers in areas where human rights may not be respected, these customers are mainly global breweries with Corporate Social Responsibility policies in place. Therefore, we have not identified any significant risk related to the breach of human rights amongst our business partners.

ACTIVITIES

- Our Operating principles that were rolled out during 2017 highlight respect & support, integrity and the involvement of employees in decision making.
- Individual employees or teams were given targets to support our strategic targets.
- All employees have the possibility to give own improvement ideas and ideas are handled site-wise.
- Safety for the employees is high on the agenda. Work safety rounds and trainings for employees are arranged regularly and safety issues are discussed and developed with employees.
- Employee surveys are carried out at least biannually. Results are discussed with employees and actions are agreed in workshops.
- Donations to both local society and world-wide organizations.

Personnel wellbeing	Unit	Year	2016	2017
Absence rate (hours/total work hours*100)	%		5,2	3,9
Lost time injury	pcs		11	6
Personal development discussions	%		-	79
Operating Principles workshop (Participants /HC*100)	%		-	47



PRODUCT SAFETY

According to our policy we work according to a certified food safety and quality management system and apply HACCP risk analysis and control measures. Therefore, food safety risks are evaluated continuously. Where it is considered relevant, we will communicate openly on the subjects both internally and externally. Our raw material traceability meets the demands of our customers and management systems and we test traceability from product to raw material or vice versa regularly.

ACTIVITIES

- We are preparing for the integration of food safety management system into Viking Malt Group Integrated Management System.
- Through Lean and 5S thinking we have improved the tidiness and cleanliness of working environment.



BUSINESS ETHICS

According to our Code of Conduct, transparency and integrity are cornerstones of operations in our organization. It means we do not tolerate any practice that is not born of integrity, honesty and fairness. We base our business and operations on open relations. We clearly communicate to our stakeholders that we only accept normal hospitality to or from our business partners and strictly reject corruption and other unfair practices.

Although we are supplying malt to customers in areas where corruption and bribery may occur, these customers are mainly global breweries with Corporate Social Responsibility policies in place. Therefore, we have not identified any significant risks related to corruption and bribery, even when doing business in countries where corruption and bribery may occur.



ACTIVITIES

- Our Operating principles that were rolled out during 2017 included guidelines on our current business ethics.
- Key employees received training in Competition legislation.



**CORPORATE SOCIAL RESPONSIBILITY REPORT
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VANTAA, 19.3.2018