



# MORE THROUGH MALT

**ANNUAL REPORT 2023**

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We have been executing our strategy according to plan.

## LETTER FROM CEO

### Solid business performance in spite of lower malt demand in the global market.

2023 has been another eventful year. In spite of a geopolitically unstable world and soft demand from our customers we have been able to deliver a very strong operational result. This has been driven by a good crop in 2022 which has been used during 2023 and fair pricing on contracts and spot deals. Furthermore, energy prices came down compared to the previous year and have currently stabilized, and our company is now ensuring security through improved energy management and hedging strategies.

The low demand from our customers has partly been driven by general inflationary pressure negatively affecting consumer spending plus a very wet summer in our home markets which has also caused a lower beer consumption than forecasted.

During the latter part of the year we started the commissioning of our new state of

the art malting plant in Lahti, Finland. It has been, and still is a big project and we still expect to spend more resources on both the finetuning of the new asset and close down on the old site during 2024.

The significant investment in the new plant has put our liquidity under pressure and a combination of good cost control, focus on cash flow and strong profitability has secured our finances.

Unfortunately, we are facing a challenging 2023 barley crop and are monitoring the quality implications closely in order to minimize impact for our customers, impact on our own operations and still minimizing barley import to our region.

Additionally, we are also seeing more and more traction and interest for our innovative product range produced from our germinated Fabia Bean “Sprau” which is very encouraging.

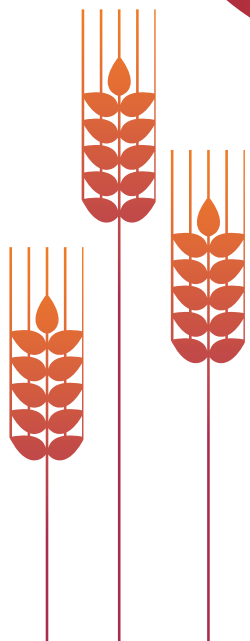
We foresee another year with a relatively soft demand for malt caused by lower consumer spending on beer and spirits partly due to relatively high inflation and high interest rates.

Hopefully, the second part of the year will turn more positive also if we get a better summer for outdoor activities than last year. Furthermore, should the many big sport events support social life and more beer consumption.

Our rolling strategy update will take place in the beginning of the year following the ever-changing market conditions and other factors, but we expect only minor changes since our purpose, core strategic direction is clear, relevant, and working well.

Therefore, we are still expecting to come back even stronger after 2024.

 **KASPER MADSEN**  
CEO/MD Viking Malt Group



# FIT FOR THE FUTURE

## Viking Malt Strategy 2023–2027+

We ensure profitable growth with sustainable operations, an adaptive product portfolio and superior customer service

### PURPOSE

Together with our farmers, partners and customers we explore all that malt can be for a better tomorrow

### VALUES



#### Win premium

- Grow Craft and Partners
- Leverage VM's position in Distilling

#### Secure & build the future

- Our competent & engaged team
- Secure barley
- Strengthen the volume business to enable growth
- Science Based Targets
- Strengthen our Brand

#### Step change growth

- Accelerate Sprau
- Capacity & Capability extension
- Selective M&A

#### Work smart


- Simplifying the way we work
- Producing smarter
- Planning smarter

### ASPIRATIONS & PRIORITY

“Come back stronger”  
short term priority  
“Fit for future, freedom to take another step”  
long term aspiration

### GROUPS MEASURES

People  
Health & Safety  
Right Quality  
Sustainability  
Financials

The image features a large circular graphic in the center, filled with malted barley grains. The grains are a golden-brown color, indicating they have been malted. The background is a smooth gradient from a deep red on the right to a bright orange on the left. Scattered around the central circle are individual malted barley grains, some showing the characteristic six-sided shape. The text 'ABOUT VIKING MALT' is centered over the circular graphic in a bold, white, sans-serif font.

**ABOUT  
VIKING MALT**

# VIKING MALT FACTS & FIGURES

**65**  
DIFFERENT  
MALT QUALITIES



**6**  
MALTHOUSES



**40**  
THOUSAND  
TONNES  
ROASTED MALTS PER YEAR



 **SUSTAINABLE  
LOCAL SOURCING  
OF MALTING BARLEY**

 VIKING MALT  
**AMONG  
THE LEADERS  
IN ROASTED  
MALTS**

**ANNUAL PRODUCTION CAPACITY**



**615 000** TONNES

## MARKET POSITION

**1<sup>ST</sup>** IN BALTIC RIM  
**4<sup>TH</sup>** IN EUROPE  
**8<sup>TH</sup>** GLOBALLY

**270**  
PROFESSIONALS



FAMILY-OWNED COMPANY  
FOUNDED IN

**1883**



**CUSTOMERS IN**

**80**  
COUNTRIES



# ABOUT VIKING MALT

Viking Malt is a globally acknowledged producer of malt for breweries, distilleries, and food manufacturers.

With our wide product portfolio, Base Malts and Special Malts categories, we work with customers of all sizes, from the smallest craft to the largest global brewers and distillers.

With six malthouses in Sweden, Denmark, Finland, Lithuania, and Poland, we offer a diverse range of malt types, catering to the unique needs of our customers.

We advocate for increased sustainability through malt by promoting regenerative farming practices, continuously improving energy and water efficiency in the malting process, reducing emissions, and leading innovation in new types of malts.



VIKING MALT, STRZEGOM, POLAND



# LOCATIONS AND OWNERSHIP

Viking Malt has a unique combination of long-standing malting traditions and northern farming expertise, owned by the private Polttimo Group and Swedish agricultural cooperative, Lantmännen. We are strategically well located in areas where malting barley is grown.

Our multiple FOB locations offer customers flexibility in logistics, ensuring smooth delivery of our products. Our ownership structure allows us to leverage the expertise of both our parent companies and provide

our customers with high quality malts. With a focus on sustainable operations and profitable growth, we are poised to continue our leadership role in the malting industry in the Baltic region.





# MEGATRENDS AFFECTING OUR BUSINESS

- Climate change • Health & Wellness
- Market consolidation • Digitalization

## OUR ASSETS

### NATURAL RESOURCES

- Cereal grains 700 kt
- Water
- Energy

### PHYSICAL ASSETS

- Production in 5 countries

### OUR PEOPLE

- 270 professionals

### PARTNERS

- Suppliers
- Sales distributors

## VALUE CREATED

### CUSTOMERS & CONSUMERS

- We manage quality and food safety through excellence in local sourcing and best supply chain
- We serve both small and large customers in brewing, distilling and food sectors

### SUPPLIERS & SOCIETY

- We cooperate with farmers and cooperatives in developing business and cultivation

### EMPLOYEES

- We provide safe and attractive workplace
- We offer opportunities to develop competence and skills

### SHAREHOLDERS

- Return on capital



We value innovation highly and are keen to explore new opportunities for malted and sprouted grains

# OUR PRODUCTS AND BRANDS

Viking Malt's product portfolio is very wide and diverse, in particular in the Special Malts category. We offer barley malts, but also malted wheat, rye, oat and faba bean with the Viking Malt brand in six categories:



Malts recommended for use as a base for all beer types



Full selection of malts for designing Pils, IPA or any other brews



Intended for brewing organic beers



Special malts with smoky character



Selected malts that fulfill strict requirements of whisky recipe



Malt blend that drives the shift towards a more sustainable beverage production by supporting biodiversity



Special Malt sales declined by 13% while Distilling Malt boosted 25%.

Special Malt sales experienced a decline of 13% compared to the previous year, particularly evident in the segments of caramel malts and darker roasted products. This decline reflects shifting consumer preferences and overall lower beer consumption.

Conversely, there was a significant performance in the Distilling Malt segment, with a remarkable 25% increase in sales. This growth highlights our successful strategic focus in this area. Overall, while facing challenges in certain segments, the Viking Malt's positive performance in Distilling Malt category demonstrates our ability to capitalize on opportunities and adapt to evolving market dynamics.



## VIKING MALT'S ROTATOR BLEND™

With Viking Malt's Rotator Blend™ we support biodiversity by diversifying our own product portfolio and offer our customers in brewing and distilling the same opportunity.

- The key component in Viking Malt's Rotator Blend is the malted faba bean Sprau, but the precise composition of the other malt ingredients in the blend can be customized.
- Faba bean improves soil fertility, diversifies and increases soil organic matter. In addition, faba beans host and feed pollinating insects, and bind atmospheric nitrogen, thereby decreasing the need for fertilization.



# OUR PRODUCTS AND BRANDS – SPRAU®

As we have been experts in germination since 1897, we decided to reimagine germination for food, thus contributing to a shift towards sustainable and healthy eating habits.

By increasing the use of faba beans in our food system we contribute to regenerative farming via crop rotation and our aim is to start the system change needed in the industrial food manufacturing sector. This will all materialize under our new brand Sprau®.

Sprau® is germinated faba bean that we offer in 4 variants: germinated split beans and germinated bean flour, germinated protein fraction and germinated starch fraction. With these ingredients Sprau® provides multiple opportunities for versatile applications across many categories such as baking, beverages, and plant-based categories, including both plant-based dairy and meat alternatives. It also sets a platform for designing new, innova-

tive plant-based foods and helps increase the diversification in our food system.

Sprau® is our response to evolving food trends and changing consumers' demands. Now we are in the post Covid-19 world and facing similar challenges as other markets with increasing inflation, heavy pressure on ingredient prices etc. However, we believe that the demand for sustainable, local, tasty and functional protein ingredients will prevail and thus continue on their growth path during the next decade.



“

We awakened the bean.  
We can awaken  
a healthier planet,  
too.

Germinated  
SPLIT BEAN

Germinated  
BEAN FLOUR



# OUR CUSTOMERS

Viking Malt products are sold to customers around the world, to large international brewing groups, regional and local brewers and distillers, as well as craft and food industry.

Our Customer Satisfaction Survey 2023 reveals a generally high level of satisfaction among customers, with particular strengths in customer focus and sustainability initiatives. **Average results of the survey showed 8.7 points (out of 10).** In the question about how well Partnership, Reliability, Curiosity, Quality, and Agility describe Viking Malt, we received the highest scores for Partnership, closely followed by Reliability and Quality.

By addressing the identified areas of improvement and leveraging existing strengths,

Viking Malt can continue to enhance customer relationships and business outcomes. Ongoing communication with customers about these efforts is essential to maintaining trust and demonstrating our company's commitment to continuous improvement.

The positive feedback on customer focus and sustainability suggests that Viking Malt's strategic direction aligns with customer values and needs.

Viking Malt's Score on Customer Focus was **8.8** and Sustainability was **8.6 (out of 10).**



VIKING MALT'S CUSTOMER FOCUS IS IN LINE WITH MY EXPECTATIONS



VIKING MALT'S SUSTAINABILITY PROGRAM SUPPORTS OUR OWN SUSTAINABILITY/CSR TARGETS



10 = I fully agree    9    8    7    6    5  
 4    3    2    1=I don't agree at all    cannot say/no experience

# SUSTAINABILITY WITH OUR CUSTOMERS

The only way to succeed is by working together across our value chain.

Viking Malt is committed to advancing sustainability in **partnership** with our customers through several key initiatives. With our Science Based Targets initiative, we ensure our actions align with our customers' ambitions for reducing environmental impact. Furthermore, Viking Malt will start measuring and lowering greenhouse gas emissions of barley cultivation, supporting our customers' carbon neutrality targets for their value chain.

Viking Malt serves as an **integrator** between our customers and farmers, promoting collaboration and communication throughout the supply chain. We believe that by working together, we can implement sustainability prac-

tices that benefit all stakeholders. Viking Malt actively engages with our customers on various sustainability projects, including initiatives such as cover crops and regenerative farming.

With our wide portfolio including malted barley, wheat, oat, rye and faba beans, we strive to improve biodiversity, and offer our customers the opportunity to join us on this journey by diversifying their own product portfolios.

Overall, Viking Malt's approach to sustainability involves proactive collaboration, since it is only **together** that we can make a meaningful impact on the planet.



**STRENGTHEN  
THE VOLUME BUSINESS  
TO ENABLE GROWTH**



**LEVERAGE VIKING MALT'S  
POSITION IN DISTILLING**



**GROW CRAFT & PARTNER**



**STRENGTHEN OUR BRAND**



**ACCELERATE SPRAU®**



# OUR EMPLOYEES

Viking Malt employees are our most valuable asset.

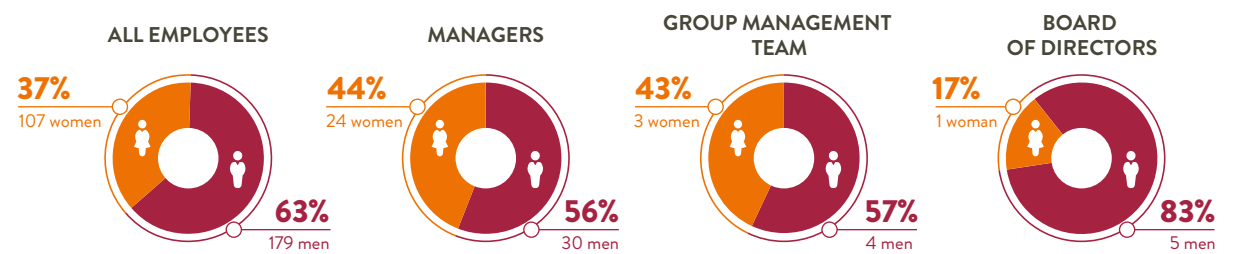
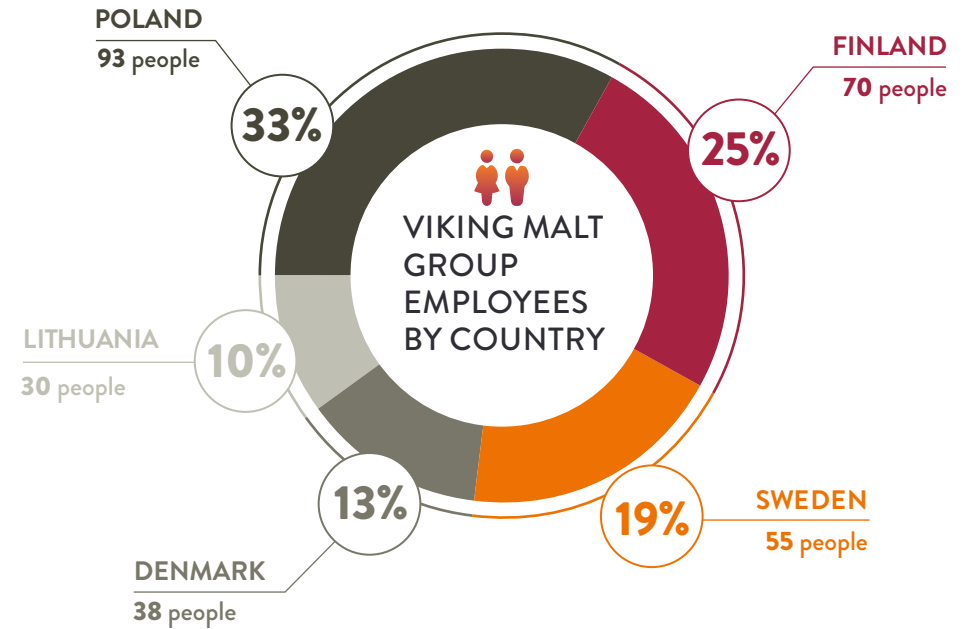
The high competence, expert knowledge and experience give us a competitive advantage. Together we build a strong market position for the whole Viking Malt Group.

We believe that a highly engaged team is the key to success. We use well recognised platform “Workday” to measure work well-being and engagement. It gives us a global indus-

try benchmark based on a database of over 200 million employee responses across over 20 industries around the world. In 2023, our engagement and well-being score was again within the top 5% of the manufacturing industry benchmark.

We believe in diversity and want to build an inclusive work environment where people from different backgrounds can flourish. **We are proud of our gender diversity and well-balanced gender split in a traditionally male-dominated industry.**

As per below, we have a high representation of females in our management, including Group Management Team. Three of our six factories are led by female Site Managers, two of them also being the Managing Directors of their respective countries. Viking Malt Board has one female member.



# FINANCIAL KEY FIGURES

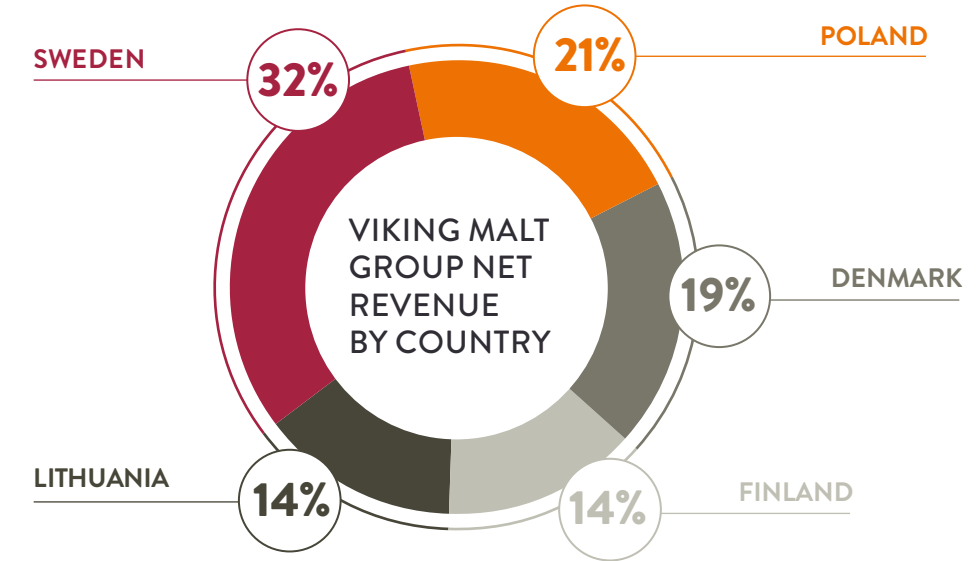
In 2023, we managed to deliver a strong financial result in spite of a geopolitically unstable world and soft demand from our customers.

Our sales volume was 543 kton (compared to 584 kton in 2022) and declined by 7% driven by soft demand from our customers. High inflation, increased interest rates and economic slowdown had an impact on consumer spendings and beer consumption.

Our revenue grew significantly by 15% to 379 M€ (compared to 329 M€ in 2022). Growth of revenue was mainly driven by increased input cost, especially barley and energy. We saw barley and energy costs decreasing and stabilizing during the year. Good crop in 2022 helped our operations to maintain good level of operational efficiency in production. Overall costs increased due to high inflation and closure of old plant and ramp up of new plant in Lahti, Finland.

As a result, we reported strong operational result in 2023. Operating profit increased to 23,4 M€ (compared to 11,1 M€ in 2022) and was at 6,2% (compared to 3,4% in 2022). Net profit increased to 12,4 M€ (compared to 4,1 M€ in 2022) but was impacted by significantly higher financing costs.

In Viking Malt we continued our strategic investments in 2023. Our historical investment in Lahti in a new malting plant was completed by the end of 2023. Project



cost estimate was significantly affected by the higher construction materials prices stretching the company liquidity. Working capital levels remained high in 2023, which was driven by the high raw material costs. We had to secure sufficient inventory levels to ensure the continuity of our operations. The working capital and the higher than planned investment costs had a major impact on Viking Malt's cash flow. To support our liquidity and operations, we acquired additional financing of 20 M€ in 2023 and

we maintained our long-term financing arrangements.

The Group's financial result in 2023 presents how well we have managed to navigate during unpredictable and turbulent times. The solid foundation we have built over the past years has enabled us to adapt to new circumstances. We were able to maintain full operational capability and, more importantly, sustain our ability to generate continued strong financial results and to continue creating value to our owners.

VIKING MALT GROUP  
SALES VOLUME 2023

**543**  
K TONS

VIKING MALT GROUP  
REVENUE

**379**  
M€

OPERATING  
PROFIT

**23,4**  
M€



# SOURCING

The year 2023 started out in a calm way, with crop 2022 performing very well at all our sites and plenty of supply was available.

We did see a lower demand for malt throughout the year, but barley markets adapted to that in a calm way. However the growing season for crop 2023 became somewhat challenging in 4 of our 5 local sourcing areas with Poland being the only exception.

Denmark, Sweden and Finland all started late with the sowing versus 2022, the seed bed was in many areas already dry then and that continued with an extensive drought period throughout April, May and June. Finally, we saw much needed rain arrive, however now too much, and it continued on and off all the way through to September. These facts led to secondary growth in the fields with green kernels as an outcome. Significantly yields reductions were also seen, Sweden reporting the worst crop in 30 years with major quality issues, such as high proteins and sprouted kernels direct from the fields.

In Lithuania, rain managed to arrive just in time giving plenty of volume to create an av-

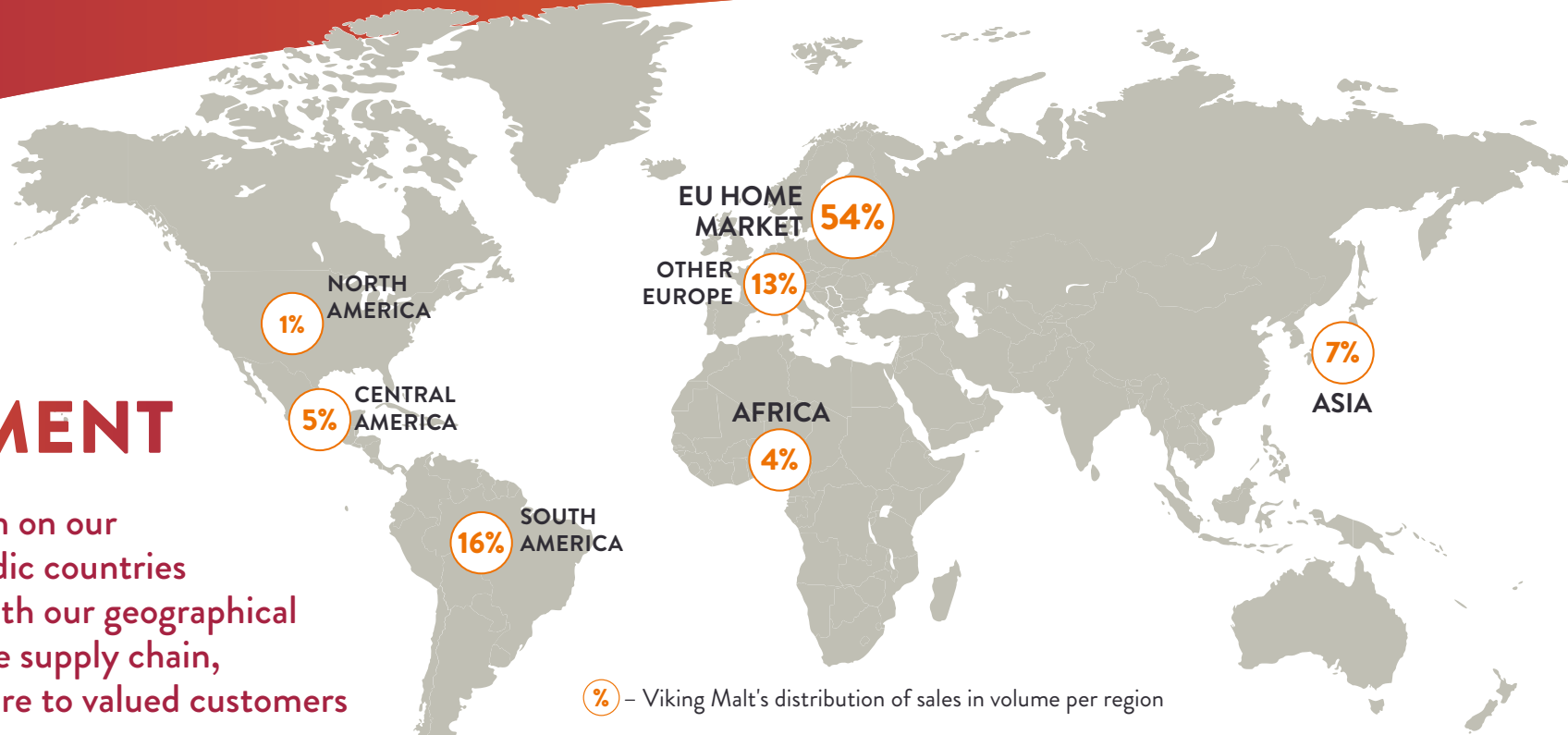
erage crop in terms of yields, but still with proteins on the high side versus optimal. Poland was the positive exception in 2023: in our sourcing areas South East and South West, weather was close to optimal and collected a very healthy and sound crop with good calibration, very nice protein levels and good germination.

Globally, Argentina and Australia produced acceptable crops both crop 22 and crop 23, and with the decline in demand, the world seems to be well balanced on malting barley. This said, also our sourcing area region may have seen the first of several seasons to come where climate will play an even higher role in the outcome both regarding yields as well as varying quality.



# MARKET ENVIRONMENT

We have a strong position on our home market in the Nordic countries and Baltic Sea region. With our geographical footprint and competitive supply chain, we also export a large share to valued customers worldwide.



% – Viking Malt's distribution of sales in volume per region

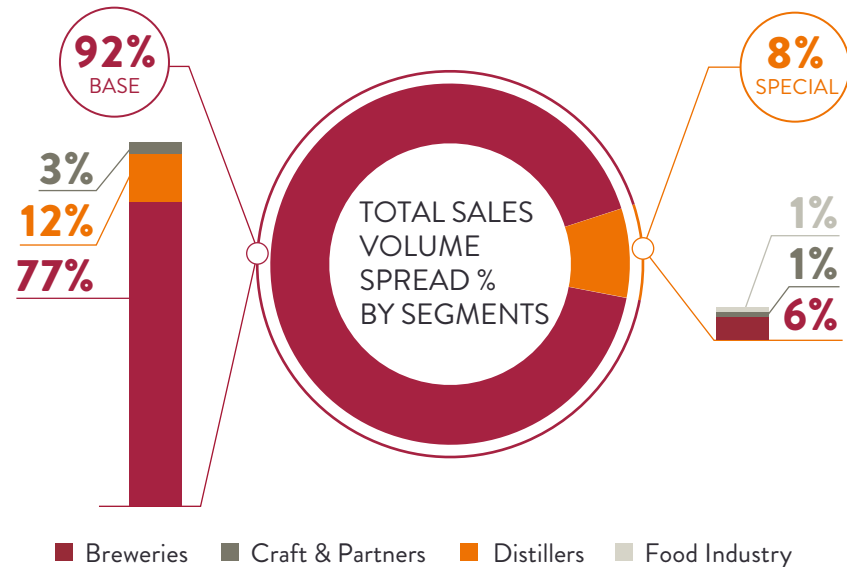
In 2023, 54% of our products were sold on home market, and 13% to other European countries. Our export to Central America & Caribbean was 5%, South America 16%, Africa 4% and Asia 7%.

The malting, beer, and distilling industries in 2023 operated within a dynamic market environment influenced by macroeconomic effects, regulatory changes, and shifting consumer preferences. Most significant for the malting industry was the macroeconomic effect of higher cost of living, which led to shifts in consumer behavior with reduced spending on beers. Especially

premium, craft and special products faced headwinds.

This trend had a direct impact on the demand for malt, as breweries adjusted their production volumes to align with changing consumption patterns. Distilling industry demonstrated a resilience with better performance and a steady demand.

Our Sales declined in volume with 7%, with the Craft & Partner segment experiencing the largest decline of 20%. Sales to Breweries faced a 10% decrease, while Distilleries showed positive growth.



# 2023 – THE YEAR IN HIGHLIGHTS

Finmalt opening



FEBRUARY



BrauBeviale 2023



World Beverage Innovation Awards Finalist

MARCH

CDP scores improved



MAY

140<sup>th</sup> Anniversary



MAY

Rotator blend concept launch

JUNE

Ecovadis Platinum 2023



NOVEMBER

All sites FSSC 22000 certified



NOVEMBER

DECEMBER

# FINMALT

In Lahti, Finland, 2023 marked a significant milestone with the introduction of Finmalt, our noteworthy investment in the local food and beverage industry.

Representing one of the largest commitments to the sector in the past decade, this venture reflects our enduring strategy and forward-looking vision. It also serves as a testament to our steadfast dedication to the Lahti region, where we have cultivated strong bonds with local farmers and the community. The new plant has made it possible to replicate the portfolio of products previously in Viking Malt's portfolio. Malts will be produced with increased efficiency, greater environmental friendliness and high quality.

During spring 2023, we initiated the production of the initial malt batches, progressively ramping up production at the new plant. Ultimately, by December, we ceased operations at the old plant, transferring the entire production volume to Finmalt. We particularly

pride ourselves on the quality of the malt produced in our new factory, which, in accordance with project assumptions, meets high standards, ensuring compliance with customer specifications.

An integral aspect of the project involved ensuring the team's thorough readiness for a seamless commencement of operations at the new plant. We sustained our annual training program for Viking Malt Oy employees, collaborating with the local Training Center to enhance their professional skills in alignment with the Finmalt project.



- 70 000 m<sup>2</sup> land size
- Grain intake end pre-cleaning, capacity 100 tons/h
- Main line 320 tons batch size
- Special line 65 tons batch size
- Annual capacity 85 000 tons
- Wide product portfolio
- Modern and highly automated process

# GROUP MANAGEMENT

The Group Management Team (GMT) manages the business operations and performance of the Group, ensuring that safety, sustainability, quality, environmental issues, as well as evaluation of impact, risks and opportunities are part of the management process.

The GMT prepares and implements Viking Malt's strategy for Board approval, and monitors and coordinates the development projects needed for the implementation of the strategy. The GMT sets and follows annual business KPI's for Board approval, as well as other KPIs that measure the performance of the business and organization.

The decisions of the GMT are implemented by functions and local management teams.



**KASPER MADSEN**  
 CEO / Managing Director  
 Viking Malt Group



**MALIN ANDERSSON**  
 VP Sales



**TEEMU POHJOLA**  
 CFO  
 Secretary of the Board



**ANNIKA WILHELMSON**  
 VP Sustainability,  
 Innovation & Marketing



**TOMASZ MALEC**  
 VP Supply Chain



**PIA VALVE**  
 VP HR & Communications



**JACOB ANDERSEN**  
 VP Sourcing & Procurement

# BOARD OF DIRECTORS

The Board of Directors (BoD) approves Viking Malt's strategy and annual business KPIs, follows KPIs on a monthly basis and the implementation of the strategy at annual strategy reviews.

The competences of the BoD and GMT members cover various sectors, products and geographic locations, as well as environmental, social and business conduct. In

addition, competences of key individuals in all aspects of the business including sustainability are mapped, annually reviewed and developed.

## PÄR-GUSTAF RELANDER

Chairman of the Board, Board Member from May 2013

## JUHANI MÄKINEN

Vice Chairman of the Board, Board Member from March 2010

## NELLA GINMAN-TJEDER

CEO/Eira Hospital, Board Member from May 2014

## PER LINDAHL

Chairman/Lantmännen, Board Member from January 2018

## MAGNUS KAGEVIK

Group President and CEO/Lantmännen, Board Member from October 2019

## JAN EHRENSVÄRD

MD Tosterups Gård, Board Member from April 2021



**SUSTAINABILITY  
SECTION**



# SUSTAINABILITY STRATEGY

Our aim is to ensure profitable growth with sustainable operations, an adaptive product portfolio and superior customer service.

Our sustainability strategy is based on our Values and Purpose, and is in line with our Business Strategy and Policies. It takes into account our stakeholder expectations, and:

- aims to differentiate us from our competitors in a positive way in the future
- focuses on activities that have the greatest impact and are financially sustainable
- will be executed through our Strategic Initiatives and followed-up by the Sustainability Team and GMT. →

Sustainability is an essential pillar in Viking Malt's strategy, having the following focus areas:



## ENVIRONMENT

- Promote biodiversity
- Mitigate climate change
- Preserve water



## SOCIAL RESPONSIBILITY

- Human Rights
- Health & Safety
- Diversity, equality and inclusion
- Training and development



## GOVERNANCE

- Leadership
- Business ethics
- Accurate and transparent accounting



—> According to our Policies we are developing efficient, sustainable and profitable solutions in the entire value chain together with our customers. We cooperate with our suppliers and partners to improve our product quality and food safety. All activities are carried out with respect for the environment. Energy efficiency is a key factor in reducing our carbon footprint, conserving natural resources and ensuring the competitiveness of our business. To ensure sustainable procurement with respect to ethical, social and environmental issues, we have introduced our Supplier Code of Conduct that summarizes the requirements to which Viking Malt Group is committed. Supplier CoC is approved as part of the contractual process.

Viking Malt's Employee Code of Conduct defines our fundamental principles and what they mean for us as a company and all our employees. Employee Code of Conduct is trained regularly.

The Group Management Team is responsible for developing and implementing Viking Malt's Sustainability strategy. The Sustainability Council lead by VP Sustainability is responsible for preparing the sustainability strategy, defining relevant KPI's, sustainability data collection and reporting. In 2023,

“  
To be successful  
in sustainability, we will  
need to work together within  
and beyond our value chain,  
supporting our farmers,  
partners and customers in their  
sustainability journeys.

ANNIKA WILHELMSON,  
VP SUSTAINABILITY,  
INNOVATION & MARKETING

the members of the Sustainability Council were VP Sustainability, Group Sustainability Manager, Group Technical Director, Group Quality Development Manager, Group Financial Controller, VP HR and VP Sourcing. The competences and responsibilities of the Sustainability Council cover all material operations and impacts, risks and opportunities.

In our Sustainability Section you will find a consolidated report including all Viking Malt sites and covering the full year 2023. Our Value Chain is described on page 9.



# VIKING MALT REPORTING PORTALS & TOOLS


Our operations are based on international standards.

We apply integrated management systems, including Quality (ISO 9001), Food Safety (FSSC 22000), Environment (ISO 14001), and Energy (ISO 50001, Denmark only). We are also developing our operations towards Occupational Health and Safety Management System (ISO 45001) and ISO 26000 Guidance on Social Responsibility.


We are taking part in **EcoVadis**, **Sedex** and **CDP** social responsibility platforms and evaluations. We were on a Platinum Level in EcoVadis, as our score has improved from 74/100 to 79/100. Only the top 1% of the companies assessed by EcoVadis reach this

level. From 2015 we have continuously increased our position by fulfilling more demanding and changing criteria. Sedex Management Control Score in average for all sites is on good level 4 out of 5. In CDP we, are reporting both CO<sub>2</sub>-emissions and water efficiency on group level. Our CDP Climate Change Score is “B”, Water Security Score “B” and Supplier Engagement Score is “A”.

We are committed to the **UN Global Compact's** ten principles. We have defined the targets most material to our business and where we can have an effect, working together with our stakeholders towards the **UN Sustainable Development Goals (SDGs)**.



COMMUNICATION ON PROGRESS



This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.





**ISO 9001:2015**  
**ISO 14001:2015**  
**ISO 22000:2018**  
**ISO 50001:2018**  
**FSSC 22000, version 5.1**















# CLIMATE-RELATED RISKS AND OPPORTUNITIES

Viking Malt's exposure to climate-related risks and opportunities has been analysed based on Climate-related risks and opportunities categories defined by the TCFD (Task Force on Climate-related Financial Disclosures).



Viking Malt has analysed the potential impact of climate change on its operations and business environment across the value chain, including the supply chain, own operations and customer/consumer preferences.

The potential long-term impacts of climate change have been analysed through two different scenarios: in the first scenario the global warming is limited to 1.5°C and in the second scenario the global warming has reached 4°C. The risks and opportunities were reviewed in 2023 as part of our ERM process.

## THE MOST SIGNIFICANT CLIMATE-RELATED RISKS

- Increase of energy prices, leading to increased costs.
- Impact of extreme weather conditions on barley growing, leading to volatility in availability and price levels and quality of raw materials leading to increased costs.
- Transition to lower emissions technology in energy production leading to increasing capital investments on renewable energy production and exposure of current asset values.

## THE MOST SIGNIFICANT CLIMATE-RELATED OPPORTUNITIES

- Utilization of renewable energy in production (biofuels, heat recovery, woodchip heat plants) leading to reduced exposure to future fossil fuel price increases.
- Climate change in our region may not affect crops as much as further south in Europe leading to a competitive advantage for us being placed in Northern Europe.
- New ways to cultivate agricultural land to capture carbon, mitigating climate change in the whole value chain and leading to reduced greenhouse gas emissions and less sensitivity in cost of carbon.
- Transition to climate neutrality, leading to a better competitive position to shifting consumer preferences, resulting in increase in revenues and ensuring business model resilience.

# PRELIMINARY MATERIALITY ANALYSIS

The Double Materiality analysis covers Viking Malt’s own operations and value chain. Our Supplier Code of Conduct extends our policies upstream in the value chain. Our Sustainability Strategy includes targets upstream.

Viking Malt’s work to ensure Due Diligence has started with evaluating the impacts of Viking Malt and our value chain on environmental and social matters. Stakeholders were interviewed and impacts prioritized. Financial risks and opportunities arising from these matters were assessed for relevant impacts and mitigation plans will be developed or updated during 2024.

Our main stakeholders are customers, suppliers, employees, authorities, owners and communities. The Double Materiality Analysis was initiated in 2023 and completed in

early 2024. Stakeholder expectation data was collected through interviews with customers, suppliers, employees and partners.

## NETWORKS

We follow developments in our business environment, food safety and quality, and participate in development projects through local and international networks.



Topical European Sustainability Reporting Standards	Material impact on sustainability matters	Type of material impacts
E1: Climate change	Yes	✔ ✘ Positive and Negative
E2: Pollution	Yes	✘ Negative
E3: Water & marine resources	No	–
E4: Biodiversity & ecosystems	Yes	✘ Negative
E5: Resource use & circular economy	No	–
S1: Own workforce	Yes	✔ Positive
S2: Workers in the value chain	Yes	✔ ✘ Positive and Negative
S3: Affected communities	No	–
S4: Consumers & end-users	No	–
G1: Business conduct	No	–



# RISK ANALYSIS

A team representing the different key functions in our organisation has updated our enterprise risk assessment, evaluating the resilience of our strategy.

The landscape of risks overall has not changed, although some new poorly assessed risks were identified and incorporated in the ERM-process, while others were found to be sufficiently managed.

Site-related risks continue to be evaluated through business impact analyses, and continuity and recovery plans have been prepared on site level. Environmental, health and safety, chemical and food safety risks were evaluated as a part of the management process. The management of the identified risks is embedded into our strategic initiatives.

Based on Viking Malt Group enterprise risk management process, the following risks were found to require more focus:



RAW MATERIAL AVAILABILITY ISSUES INDUCED BY CLIMATE CHANGE



INFLATION, INTEREST RATE & GLOBAL ECONOMY



COMPETITION & COMPETITIVE LANDSCAPE

# OUR SUSTAINABILITY AGENDA FOCUSES ON AREAS WHERE WE HAVE IMPACT



## ENVIRONMENT

- Promote biodiversity
- Mitigate climate change
- Preserve water



## SOCIAL RESPONSIBILITY

- Human Rights
- Health & Safety
- Diversity, equality and inclusion
- Training and development



## GOVERNANCE

- Leadership
- Business ethics
- Accurate and transparent accounting



**ENVIRONMENT**

# ENERGY, WATER AND MATERIAL EFFICIENCY IN PRODUCTION

According to our environmental policy we use only selected agricultural raw materials, and we process them efficiently, sustainably and profitably.

We cooperate with our partners to improve the sustainability of the supply chain, including efforts to improve biodiversity. All activities are carried out with respect for the environment. **We work according to a certified Environmental Management System, ISO 14001.**

**We are working to reduce water usage** in our production through implementation of new technology, best practices and knowledge sharing. Various technologies and adjustments in the malting process that will result in significant reduction in water usage are being tested and implemented at our plants.

**We use fossil free and renewable energy** when possible, considering our business environment. We ensure that the energy we use is produced and utilized 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 products and services.

**We are committed to following legal requirements and official regulations** as well as adopted standards and obligations towards customers, and we strive to continuously improve our environmental system and performance. Skilled personnel and professional management of our processes help us to use energy and natural resources more efficiently and to prevent pollution.

We have identified the most significant environmental aspects of our operations and established environmental objectives. Our long-term targets are to:

- Reduce CO<sub>2</sub>-emissions
- Reduce energy and water usage
- Reduce solid waste to landfill
- Increase environmental awareness in the value chain



During 2023 operation of our plants have been done in compliance with environmental legislation and agreed obligations. Our updated sustainability strategy will be implemented through relevant strategic initiatives.

PRODUCING SMARTER

SCIENCE BASED TARGETS

CAPACITY & CAPABILITY EXTENSIONS

PLANNING SMARTER



# SCIENCE BASED TARGETS INITIATIVE

In 2022 we signed up for Science Based Targets initiative. Energy efficiency is a key factor in reducing our carbon footprint, preserving natural resources and ensuring the competitiveness of our company.

Climate change transition plan is one of our important strategic initiatives and followed by The Group Management Team and Board regularly. Our 5 years financial and investment plan includes all major investments related to our transition plan.

The SBTi has approved Viking Malt's near-term science-based emissions reduction target to reduce scope 1 and scope 2 GHG emission by 42% by 2030 from a 2021 base

year, and to measure and reduce Scope 3 emissions.

We have developed a roadmap to meet our science-based emission reduction target. The roadmap includes potential change to use of green power and various projects replacing usage of fossil fuel with heat pump technology or biomass.

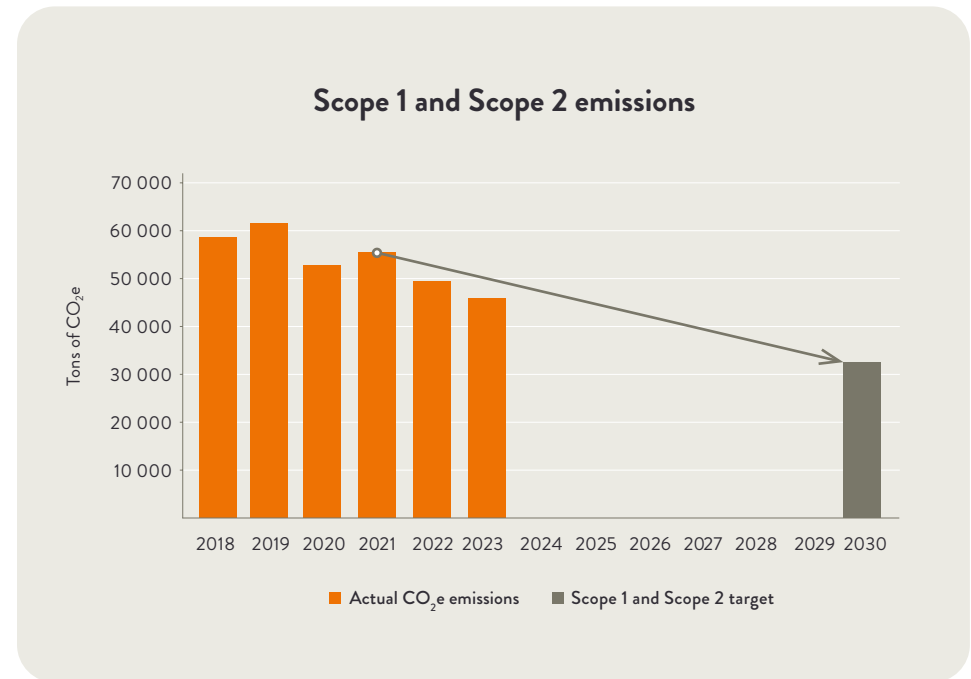
Our science-based targets replace our previous emission reduction targets which were:

- Scope 1: Reduce by 50% by 2025, from a 2018 base year (max 22 kg CO<sub>2</sub>e/t malt)
- Scope 2: Reduce by 25% by 2025, from a 2018 base year (max 43 kg CO<sub>2</sub>e/t malt)
- Heat usage to be minimum 70% from fossil free fuels by 2025.



SCIENCE  
BASED  
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

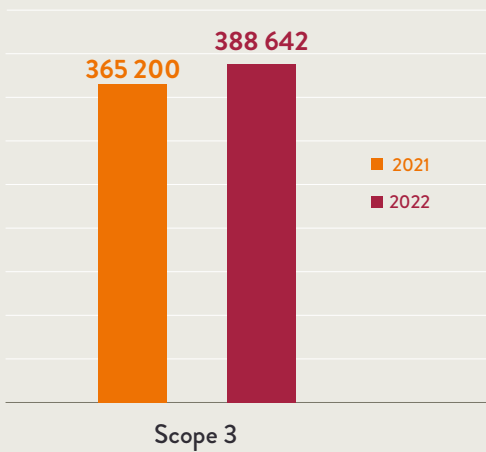


# THE MAJORITY OF OUR TOTAL EMISSION ORIGINATES FROM SCOPE 3

We are committed to measure and reduce our Scope 3 emissions. 77 % of our Scope 3 emissions are from raw materials.

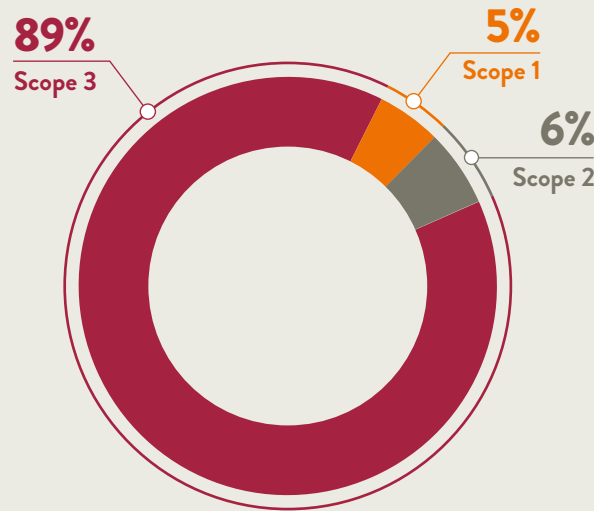
## Total CO<sub>2</sub> emissions in scopes, year 2023 compared to 2022

### Scope 3 in 2021 and 2022 (ton CO<sub>2</sub>e)

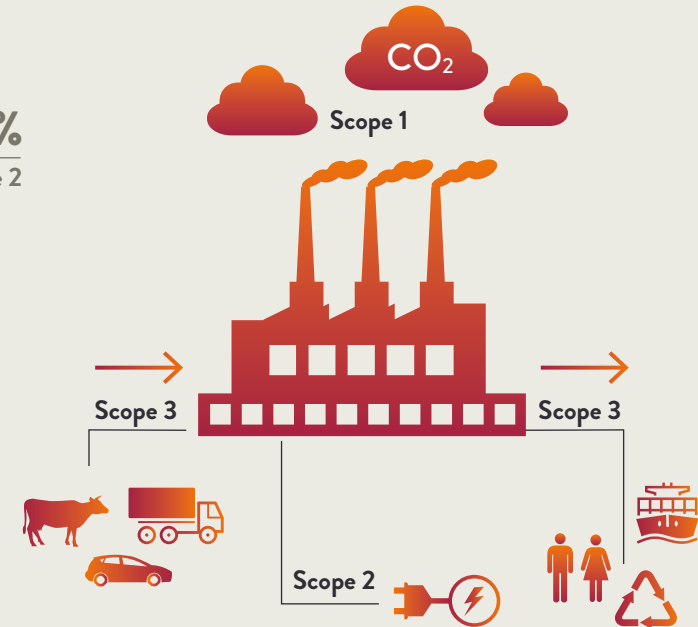


- Scope 3 has increased by 6,4% due to better data on upstream and downstream transportation and increased emission factors of raw materials.
- Our **Scope 3** mapping for year 2023 will be completed early summer 2024.

### Distribution of CO<sub>2</sub>-emissions in 2022 (total: 473.712 ton CO<sub>2</sub>e)



We follow mechanisms and developments within certified green electricity and biogas solutions, including Power Purchase Agreements (PPA's).



# REDUCED SCOPE 1+2 EMISSIONS IN 2023

In 2023 our total Scope 1 and 2 emissions were reduced by 6%.

## Scope 1:

- A 20% reduction from 21 461 t to 17 158 t
- The seen reduction is mainly due to a lower production of Special Malts as well as Pilsner Malt and an improvement seen in specific heat usage for malt production.

## Scope 2:

- A 4% increase from 27.609 t to 28.802 t
- The seen increase here is mainly due to a higher usage of fossil fuel (gas) for heat production in the last few months where our old Niemenkatu plant (Finland) was being decommissioned.
- Also, a higher than planned usage of gas in the start-up phase of our new Finmalt plant (Finland) has resulted in higher emissions.
- The overall reduction in production of malt will affect the Scope 2 emissions.

Carbon footprint from malting process	Unit	2018	2019	2020	2021	2022	2023
<b>Scope 1</b>							
Total – Market Based	tons CO <sub>2</sub> e	24.932	26.416	23.054	23.809	21.461	17.158
Total – Market Based	kg CO <sub>2</sub> e/ton malt	43,0	46,2	41,8	41,7	36,6	30,4
Biogenic CO <sub>2</sub> (Excl. in totals)	tons CO <sub>2</sub> e	17.202	17.895	20.128	18.396	23.716	24.163
<b>Scope 2</b>							
Total – Market Based	tons CO <sub>2</sub> e	33.508	35.118	29.640	31.646	27.609	28.802
Total – Market Based	kg CO <sub>2</sub> e/ton malt	57,8	61,4	53,8	55,4	47,1	51,0
<b>Scope 1 + Scope 2</b>							
Total – Market Based	tons CO <sub>2</sub> e	58.441	61.534	52.694	55.455	49.070	45.960
Total – Market Based	kg CO <sub>2</sub> e/ton malt	100,8	107,5	95,6	97,1	83,8	81,4
Total – Location Based	tons CO <sub>2</sub> e	63.123	60.376	56.655	58.711	54.575	52.594
Total – Location Based	kg CO <sub>2</sub> e/ton malt	108,9	105,5	102,8	102,8	93,1	93,1
<b>Fossil Free Share</b>							
Heat – Market Based	%	52,1	49,9	54,1	51,9	57,6	57,0
Electricity – Market Based	%	71,2	71,6	70,7	69,4	69,3	72,5
<b>Scope 1 + 2 + 3</b>							
Total – Market Based	tons CO <sub>2</sub> e	-	-	-	420.655	437.712	-
Total – Market Based	kg CO <sub>2</sub> e/ton malt	-	-	-	737	747	-
Total GHG emissions per net revenue – Market Based	tons CO <sub>2</sub> e/mill. EUR	-	-	-	1.752	1.330	-

CO<sub>2</sub>-emissions above are found using accounting principles laid out in “Greenhouse Gas Protocol”. Emission factors and data have been updated according to newest data available. Restatement of previous years figures is due to updated emission factors.



The SBTi has approved Viking Malt’s near-term science-based emissions reduction target to reduce scope 1 and scope 2 GHG emission by 42% by 2030 from a 2021 base year, and to measure and reduce Scope 3 emissions.

# WATER AND MATERIAL EFFICIENCY

We are working to reduce water usage for our production through implementation of new technology, best practices and knowledge sharing.

We see a positive development for water usage and in year 2023 we had a record low specific water consumption of only 2,7 m<sup>3</sup> water per ton malt produced. This good achievement was mainly due to efficient water management at our plants using various Best Practices to optimize water usage for the malting process and cleaning operations.

Meeting this target will require that we continue our knowledge sharing and implementation of Best Practice within Viking Malt and that we implement various technical upgrades/re-designs at our plant. Also we will continue to look out for, test and implement various emerging water saving technologies that can help us reduce our water usage further.

For solid waste to landfill we have seen a significant reduction since 2020 following our discontinuation of use of coal for heat production. Our 2025 goal is here to reduce solid waste to landfill by 50% from 2018 base year.

The majority (301 tons or 75%) of solid waste to landfill in 2023 specifically originates from demolition of an old warehouse building at our Halmstad/Sweden production site. Also, in 2023 we had some extraordinary waste to landfill (26 tons or 7% of total) due




to disposal of construction waste from our new malting plant – Finmalt.

We will continue our efforts to reduce our impact here also in the coming years.

 In 2023 we defined our 3-year target for specific water consumption. Target for year 2026 has been set to max. 2,6 m<sup>3</sup>/t.



 Target: reduce solid waste for landfill by 50% by 2025 (from 2018 base year)

Water Usage	2020	2021	2022	2023
Specific Consumption [m <sup>3</sup> /t]	3,1	2,9	2,8	2,7

Solid Waste	2020	2021	2022	2023
Landfill [tons]	526	70	60	399

# SUSTAINABLE FARMING

During 2023, we have continued to support our farmers in regenerative farming principles through seminars and an e-learning platform initiated by Baltic Sea Action Group. Further to this, Walkabouts were introduced on LinkedIn to communicate to a broader audience.

A partnership with Improvin' was initiated to develop mass collection of farmers data to measure and reduce our scope 3 emissions from farming, according to our commitment to Science Based Targets initiative. In the coming years, our main focus will be on introducing the platform in all of the countries where Viking Malt operates.

To better understand the long-term effects of crop rotation on soil quality and grain yields, we have joined a 5-year program with Natural Resources Institute Finland (LUKE), farmers, customers and food companies. Together with Yara, we studied the use of organic-based fertilizers in malting barley cultivation, and found them suitable to use from a malting quality perspective.

We will continue mapping our greenhouse gas emissions from in- and outbound logistics.

Risk assessment and supplier evaluation process development and integration into IT tools is ongoing according to group guidelines in the procurement process. The implementation of our Supplier Code of Conduct continues, to ensure that our Suppliers are aligned with the expectations of the value chain, regarding environmental, social and governance aspects of the business. We have reached our target of 85% of our Suppliers committing to the Supplier Code of Conduct.

Viking Malt continues to be a member of Sustainable Agriculture Initiative SAI and the Cool Farm Alliance.



“

Over the coming years, one of our primary focus areas will be implementing a farm data collection platform across all countries where our company operates.



Impi'ovin'



**SOCIAL  
RESPONSIBILITY**

# HUMAN RIGHTS

As stated in our Employee Code of Conduct, corporate responsibility at Viking Malt Group means we are committed to complying with social, environmental, and financial responsibility in all our businesses.

We respect and treat people as expressed in the UN Declaration of Human Rights, the Rights of the Child, and the Declaration of the International Labor Organization, ILO. Therefore, we do not accept forced labor or child labor.

Our production sites are not in risk countries with **respect to human rights**. 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.

This said, in 2023 we strengthened our processes around securing that human rights are respected.

After internal analysis we decided to implement a process where the identification

documents of new employees are always checked to ensure that the employee has the control over them and to verify the age and this is documented in our HR system. We also launched a new overtime policy that even more clearly than before sets the **rules for the working time**. In addition the anti-harassment policy was re-communicated to all personnel.

In 2024, as part of the due diligence process to be implemented in all areas of sustainability, we will also review all suppliers of HR services, re-train the Supplier Code of Conduct if needed and update contracts with a requirement of the above mentioned actions also for our suppliers. We will do audits by interviewing some subcontracted employees and checking their ID documents and ask about their working times and conditions.







# HEALTH AND SAFETY

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

A safe and efficient work environment considers a person's physical, psychological and social well-being. Continuous improvement is guiding our activities as we promote "Safety First" culture. Based on risk analysis and Safety Notices we evaluate our improvement needs. We continuously follow and report our safety KPI's.

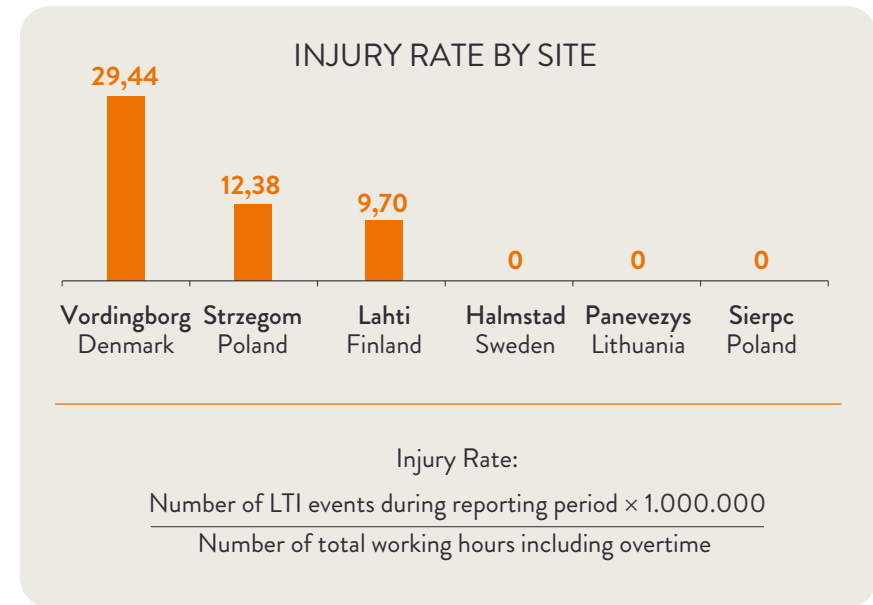
The Injury Rate continues to develop in the right direction and also the number of LTIs and accidents has decreased vs. previous years.

In 2023 we have stabilized the governance model with a Health & Safety Council that

meets quarterly to sets the direction and monitors progress on group level.

In addition, a formal Health & Safety Forum was created with a responsible person from each site participating in monthly meetings with the aim to secure the execution of agreed Health & Safety agenda in a structured and efficient way.

The target for 2024 is to further strengthen the governance model by standardizing the structure and agenda of the local Health & Safety Groups, where also the employees have their representatives.



INJURY RATE  
2023  
VIKING MALT  
GROUP:

8,39

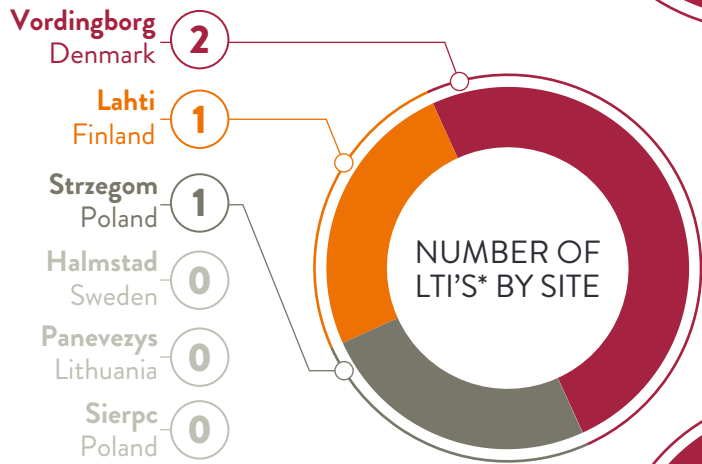
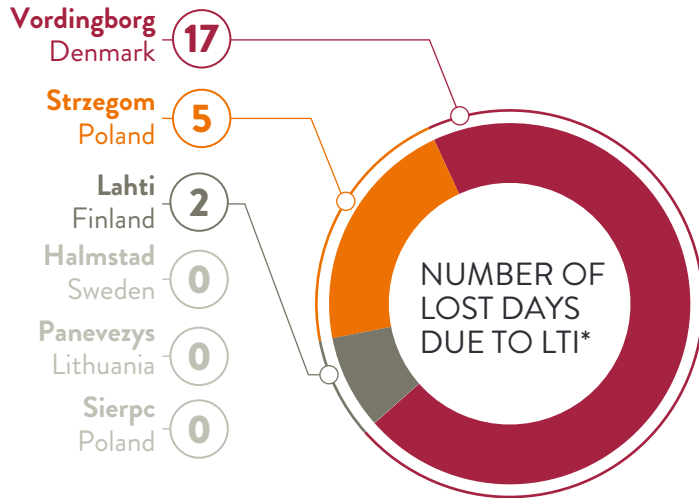
(2022: 10,11)

ABSENCE  
RATE 2023:

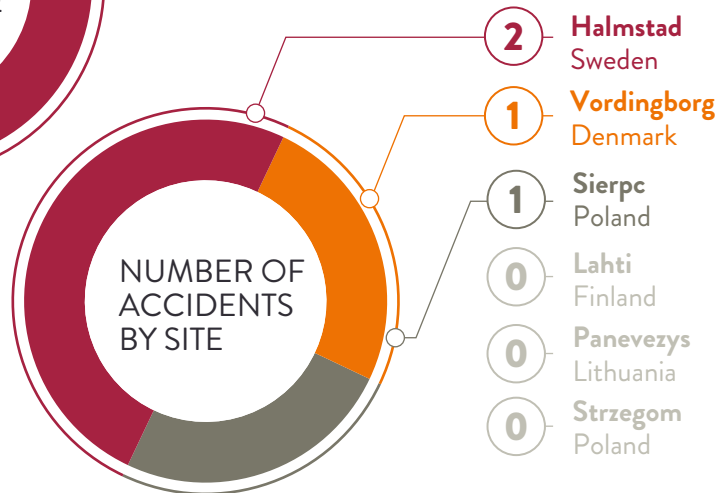
4,6%

INJURY SEVERITY  
RATE 2023:

50,6



\* LTI – Lost Time Injury



➔ **0** NUMBER OF LTI'S AMONG NON-EMPLOYEES

**2** NUMBER OF ACCIDENTS AMONG NON-EMPLOYEES

➔ Additional analysis has been done related to the Injury Frequency Rate, and number of lost days of work due to accidents at work to better understand and react to the health and safety situations.

**Key activities in 2023 were:**

1. Risk management related to major fire and dust explosion. Best practices were benchmarked with Lantmännen and co-operation will continue
2. Building and training in Viking Malt's defined Life-Saving Rules

3. Safety communication development with videos, roll-ups and info screens in production area
4. Emphasis in 2023 was in strengthening the culture and sharing the best 5S-practices efficiently across our production sites.

In order to have more structured and professional approach to Health & Safety Management and to lift it up to the next level we are preparing to be certified according to ISO 45001 standard. Initial audit will take place in Lahti in September 2024.



# DIVERSITY, EQUALITY AND INCLUSION

Our employment policy is based on the principle that every employee is essential regardless of their gender, ethnic origin, age, creed, political convictions, or other corresponding matters.

Equality and diversity are highlighted in Viking Malt’s daily operations and the Group’s recruitment and remuneration policies. We monitor gender equality by following the number of men and women across the company, in management positions, and in the Group Management Team and the Board.

We use Mercer’s International Position Evaluation (IPE) system to have an **objective remuneration structure**. We utilised the Mercer data for the first time in 2023 to confirm that we meet the living wage expectations. With living wage we mean that the wage or salary of the employee is higher than 60% of the median of the lowest paid position in the company. The lowest wage is regulated by the collective agreement or by the minimum wage defined by law, depending on the country.

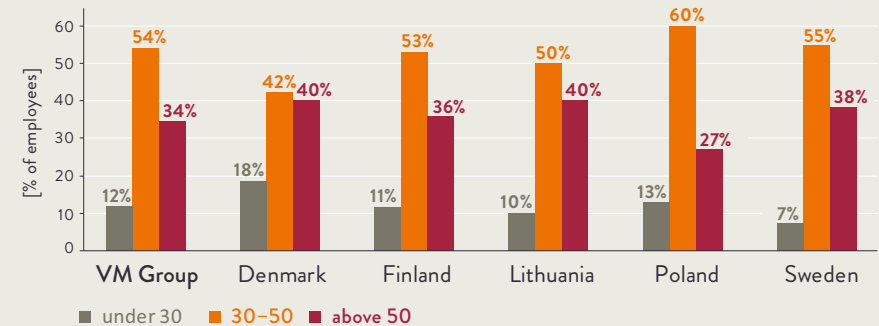
In 2023 all local management teams and the Group Management Team received a face to face training about IPE by an outside consultant. In 2024 we plan to continue our journey to raise the awareness and understanding of

IPE among all employees and being more transparent about this system that secures **fair treatment of the employees** when it comes to compensation. Planned actions include among other re-communication of the key principles of the system to all employees, in depth training of HR team and a project regarding analysis of the key accountabilities of the generic roles in Viking Malt Group.

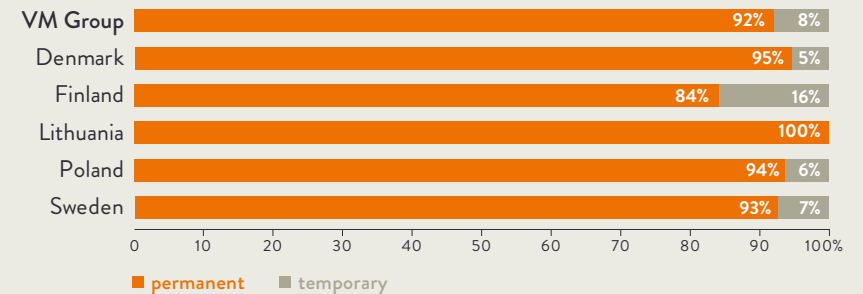
We offer all our employees equal opportunities and provide the same benefits to part-time and full-time employees, including training and development programs. Most of our employees are employed full time with permanent work contracts. Compared with last year the number of **temporary employees has decreased** due to the changes in Finland: Temporary employees were hired to run two factories parallel. Now that the old facility is closed, the number of the temporary employees has decreased. Turnover rate on Group level has decreased mainly driven by decrease in Strzegom, Poland and Lahti, Finland.



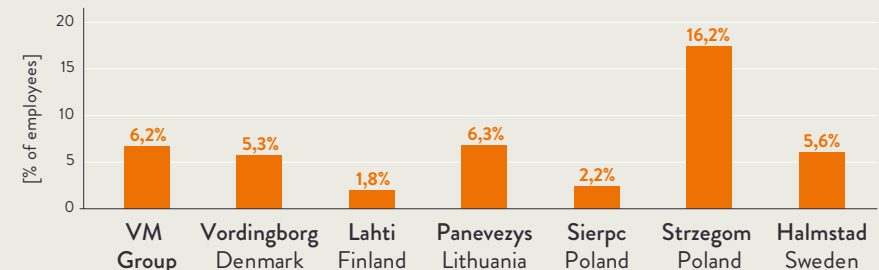
EMPLOYMENT RATE BY AGE GROUP



EMPLOYEES – PERMANENT vs TEMPORARY



EMPLOYEE TURNOVER RATE BY SITE



→ **Peakon/Workday full employee survey** took place in November 2023. The results **continued to be very good**, the overall engagement score was **8,5** which is within the best 5% in the industry. This is the main tool for continuous development in the area of diversity, equality and inclusion. Next full survey takes place in November 2024 and in addition a short bi-annual survey about CSR, especially focused on H&S and wellbeing, is planned. The employee survey tool offers a platform for both anonymous and identified feedback and discussion online. This is complemented by follow-up face-to-face meetings. Action plans are created in the tool and followed up on annual basis.

In 2023 the Recruitment Guideline was updated and all Local Management Teams were trained face to face on site with a special emphasis on data security and how to avoid bias in recruitment and secure fair treatment of all candidates regardless of their background.

### SOCIAL DIALOGUE

We affirm the right of all employees to engage in union activities. We cannot track the number of employees who are unionized because it is illegal to ask about this. In Sweden, Denmark, Finland and Lithuania our employees (excluding top management) are **covered by collective agreements**. Because of this, employer and employee representatives have a formal meeting structure where topics of common interest relating to eco-

nomics and social policy are covered. These countries also have a legally required work safety council which include employee representative and it forms an important channel for the social dialogue.

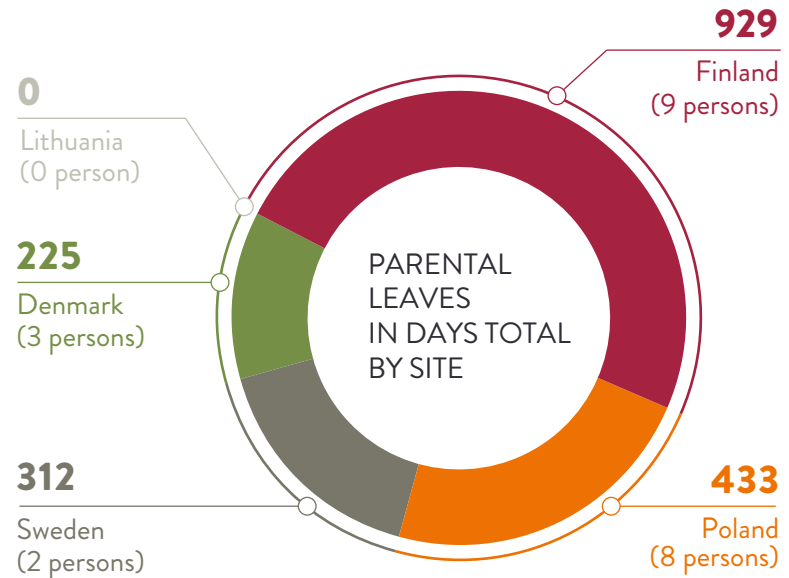
In Poland Social Fund is a legally required financial resource established by employers for the purpose of addressing the social needs of their employees, such as financial assistance for holidays, cultural activities, sports, recreation, and childcare.

Specific benefits and the allocation of funds are decided based on **consultation with employee representatives** ensuring that the use of the fund aligns with the employees' social welfare needs.

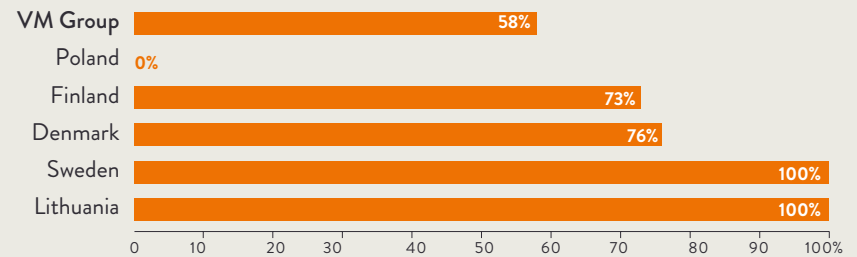
### PARENTAL LEAVES

Our company not only allows but **actively encourages** employees to take parental leave. We have recently initiated monitoring of leave days to better understand and support this important aspect of our employees' lives. By promoting and facilitating parental leave, we confirm our commitment to fostering an inclusive, equal and supportive work environment for all.

More details have been added to the reporting regarding headcount, gender, employment and turnover (Please see page 15). Analysing the data in depth helps us see connections and trends and react in case any risk of unequal treatment or similar concern.



### EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENTS



# TRAINING AND DEVELOPMENT

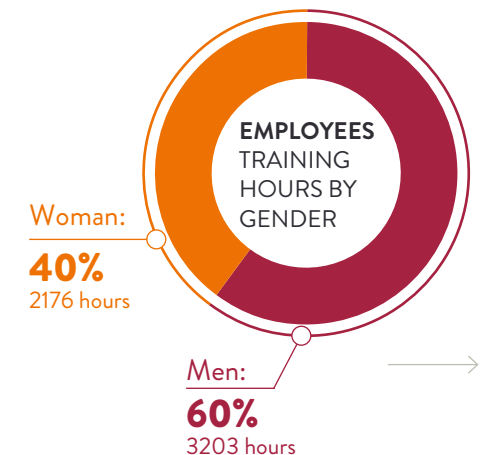
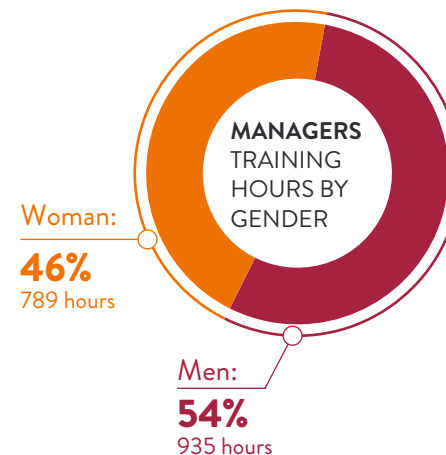
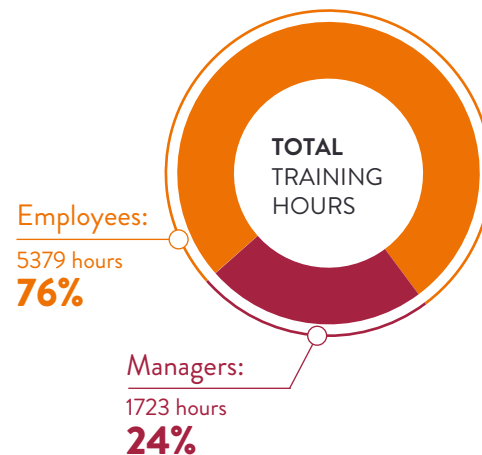
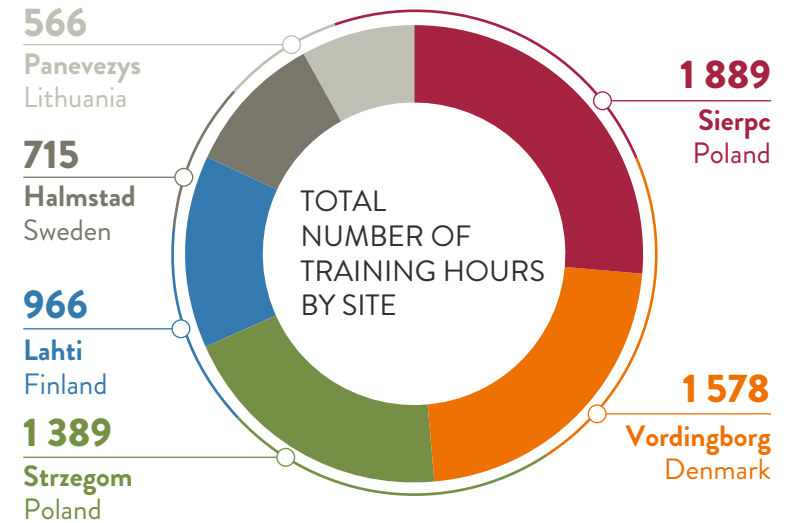
The training hours in 2023 have increased on group level versus year 2022 from 5088 to 7102.

The main driver is the increased training in Safety, IT training for all employees as well as the extensive internal training of QlikSense, our new reporting system.

More details have been added to the reporting of the training hours e.g. analysis by site and by individual to secure we focus on the critical competencies and treat all employees equally.

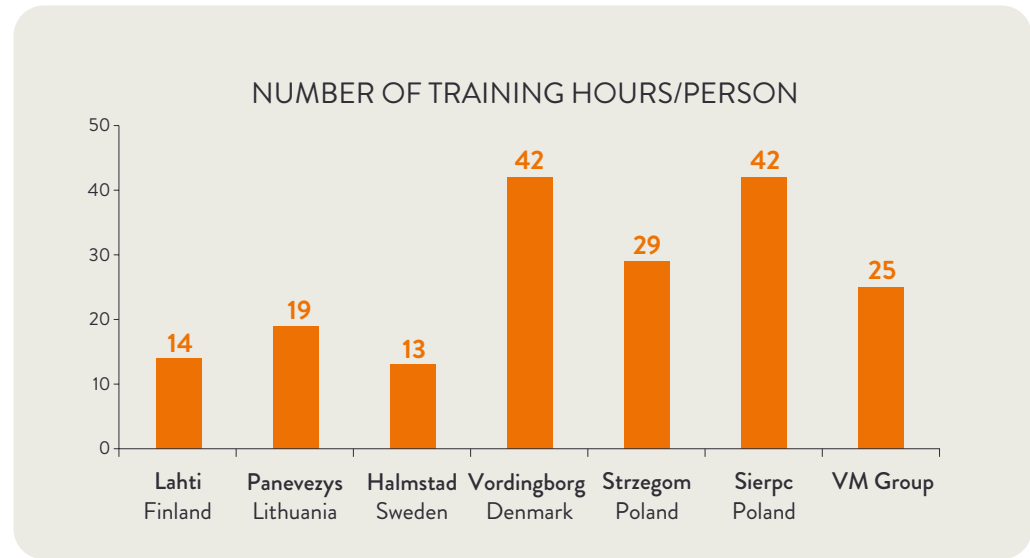
To develop the **competencies of our employees** we started a program to share best practices across the sites. 2 groups of 4 factory operators visited a site in another country. Findings are documented and implementation is followed up systematically.

In April 2023 we launched internal **e-learning platform** – Polttimo Academy. An important initiative starting in 2024 is Viking Malt Academy where the target is to further develop our training system. The first step is focused on malting process and in particular creating a more structured approach to training of our operators.

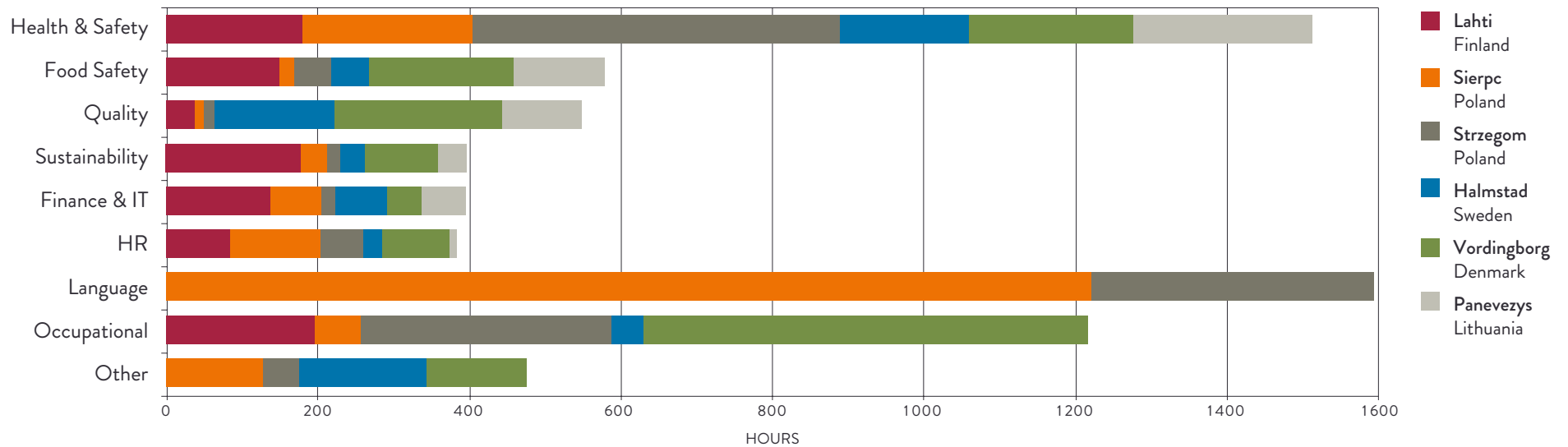




➔ **25** TRAINING HOURS BY PERSON IN 2023



TRAINING HOURS BY SITE AND TOPIC





**GOVERNANCE**

# LEADERSHIP

**Our culture is based on our values: We Care, We Respect, We are Curious and Together we Strive for Success. Our Values were updated with the strategy process.**

In 2023 one of the key targets was to communicate the new strategy. We communicated about our strategy and values regularly in Local and Group all employee meetings and in the Intranet. Values are also an essential part of our Employee Code of Conduct, the training of which repeats every two years to secure that all employees have knowledge of the high standard of business ethics Viking Malt requires.

Our employee survey has a question about how well the senior management communicates the goals and strategies and it scored 8,4/10 which is within the top 5% of the industry benchmark.

Core competencies of Viking Malt business are mapped and in 2023 they were revisited to ensure that they are in line with the new strategy. In the Personal Development Discussions twice a year the competence development, including sustainability, is discussed with every employee.

First People Development Discussion is focused on the target setting and the second one is more focused on the competence development and succession planning. It is the latter that we follow as the KPI.

Compensation and benefits guideline is describing Viking Malt remuneration process including the statement that the Group Management Team members always have sustainability related KPIs. This was the case first time in 2023 and the target was met and it was related to Science Based Targets roadmap. In 2024 the sustainability targets are more functionally focused. Minimum 4% from annual salary is tied to sustainability for management team members in 2024.

Sustainability related KPIs are defined for strategic initiatives for Health & Safety, sustainable sourcing and climate change. All strategic targets are set by management team and annual bonus program is approved by board.



OUR  
COMPETENT  
AND ENGAGED  
TEAM

SIMPLYFING  
THE WAY  
WE WORK





## BUSINESS ETHICS

According to our Employee Code of Conduct, transparency and integrity are cornerstones of operations in our organization.

In 2020 we signed up for Global Compact, and in line with that, our Employee Code of Conduct covers matters of human rights, labor rights, anti-corruption, bribery, food safety, and the environment.

We treat our customers and other stakeholders in a fair manner, and we understand that our customers, employees, and other stakeholders are vital to our business growth.

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 have a Whistleblowing Policy, a defined process for how to investigate potential cases, and an independent Whistleblowing Channel. The channel enables us to follow how well our policies have been implemented, e.g. with respect to matters of human

rights, anti-corruption, and -bribery. Whistleblower process is described, and principles are trained to all employees. Violations are treated fairly and in reasonable time. According to the policy the employee who reported a violation must not be subject to revenge or other negative treatment because of the notification.

In employee survey we ask about Whistleblowing Channel and based on the em-

ployees survey response we re-trained all employees on how to use Whistleblowing Channel. This was done in local language, on each site in 2023. This year one case was reported via the Whistleblowing Channel. We also follow business ethics cases that are reported via other channels and in 2023 one case was reported and resolved. In 2023 we also added the Whistleblowing channel to our external web page.





→ Donations to both local society and worldwide organizations are made annually, and the budget and guiding principles are approved by the Board.

GDPR audit was done by an outside auditor in 2023 and gaps were identified both on group and local level. It is in the action plan to complete the actions so all gaps are closed in 2024.

Based on our internal ethical risks evaluation, our strengths are fair operating prac-

tices, such as relations with stakeholders, fraud prevention, anti-corruption, conflicts of interest prevention, financial accuracy of reporting, and competition law.

We train all management and all relevant employees regarding business ethics. The regularly repeating anti-corruption and competition trainings were launched in Q4 2023. It is in the action plan for 2024 to create more structure around the training by reviewing and updating all policies, setting them into the Viking Malt digital training platform with

an automatically repeating training cycle and good reporting opportunities.

In 2023 an antiharassment guideline was created and communicated to all employees in local language to build a safe culture, increase awareness and secure that all employees know what to do in case they become aware of a harassment case.

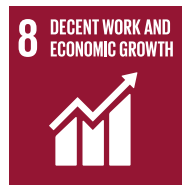
**Employee Code of Conduct describes Viking Malt's anti-bribery and anti-corruption policy.**

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. Internal audits are means to have control on how purchase process is implemented by sites.

During 2023, an internal auditing process has been developed, and two internal audits were performed.

# OUR VIKING MALT – TARGETS AND KPIs

KPIs in Viking Malt	Unit	2020	2021	2022	2023
Absence rate (sick leave hours / scheduled work hours × 100)	%	3,5	5,6	5,2	4,6
Lost Time Injury (LTIs)	No.	6	7	5	4
Personal Development Discussions	%	100	100	100	99,6
Employee survey results		8,1	8,0	8,5	8,5
Number of cases filed through the Whistleblowing Channel	No.	0	0	0	1
Anti-Corruption and Competition Law training	%	–	–	–	57



**Targets:**

- Zero LTI's
- Absence rate maximum 3,5%
- Personal Development Discussions with 100% of employees
- Code of Conduct 100% trained employees in 2024
- Anti-Corruption and Competition Law training 100% in 3 years for a specific group of positions

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Based on  
our internal ethical  
risks evaluation  
our strenghts  
are fair operating  
practices.





**METHODOLOGY  
DESCRIPTION**

# VIKING MALT GHG METHODOLOGY DESCRIPTION

## General approach.

Viking Malt has adopted the Greenhouse Gas Protocol Corporate Standard<sup>1</sup> as the basis for our greenhouse gas (GHG) accounting principles and we voluntarily disclose our full known greenhouse gas inventory, within our reporting boundaries in our annual Corporate Responsibility Report.

In the following, we define our GHG reporting boundaries and accounting principles within the Greenhouse Gas Protocol, Scope 1, 2 and 3.

<sup>1</sup> <https://ghgprotocol.org/corporate-standard>

Greenhouse gas emissions are given in metric tons of CO<sub>2</sub> equivalents (CO<sub>2</sub>e).

The total emissions in tons of CO<sub>2</sub>e (scope 1 + 2) are reported both according to the market-based and location-based approach. The emission reduction targets are set according to the market-based approach. Viking Malt has set a science-based target through the Science Based Targets initiative with the base year of 2021. Specific emissions found as total emissions (scope 1 + 2) divided by the total tons of malt produced by Viking Malt are also reported.

We use financial control as consolidation approach for emissions.

## GHG PROTOCOL SCOPE 1

Direct GHG-emissions from sources that are owned or controlled by Viking Malt, for example, emissions from combustion in owned or controlled boilers<sup>2</sup>, furnaces, and vehicles.

### Coverage:

Covers all six Viking Malt production facilities including own office spaces and fuel used to operate forklifts and company cars (Denmark, Sweden, Poland, Lithuania, and Finland). Three greenhouse gasses are covered for stationary sources: CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O, including CH<sub>4</sub> and N<sub>2</sub>O emissions from combustion of biomass. Emissions are reported both according to the market-based and location-based approach<sup>3</sup>. Only CO<sub>2</sub> is included for mobile sources.

<sup>2</sup> Includes all natural gas consumption at co-gen plant in Vordingborg.

<sup>3</sup> Relates specifically to gas consumption where the residual mix under the market based approach is assumed 100% fossil and the grid-average is applied under the location-based approach.

### Not included:

GHG emissions from leased and rented offices (defined as Scope 3 emissions). Direct CO<sub>2</sub>-emissions related to the use of biomass is not included in the total emissions, however reported separately. CH<sub>4</sub> and N<sub>2</sub>O are not included for mobile sources.

### Data sources:

Data on energy consumption is obtained from invoiced data from our utility providers and/or from readings of meters. Emission factors for coal, natural gas, LPG, diesel and petrol are, where available, based on official national sources. Where these are absent, factors are acquired from the IPCC Guidelines on Greenhouse Gas Inventories.





## GHG PROTOCOL SCOPE 2

Indirect GHG-emissions produced by our suppliers in generating energy that we then purchase for our production, for example, emissions from purchased electricity and heat. We report according to the market-based approach and purchase Guarantees of Origin (i.e., an emission factor of zero is applied) for electricity consumption at selected sites. In addition, emissions related to electricity consumption are also reported based on location-based emission factors.

### Coverage:

Covers all Viking Malt production facilities including office spaces (Denmark, Sweden, Poland, Lithuania, and Finland). Includes CO<sub>2</sub> for all sites. Other greenhouse gasses such as CH<sub>4</sub> and N<sub>2</sub>O are included where data is available.

### Own electricity production:

Own electricity production not directly used by own operations are not sub-

tracted from electricity supplied from the grid.

### Not included:

GHG emissions from leased and rented offices and emissions related to transmissions and distribution loss of energy (both defined as Scope 3 emissions). Emissions related to the use of biomass is not included here nor reported separately.

### Data sources:

Data on energy consumption is obtained from invoiced data from our utility providers and/or from readings of meters. Emission factors for purchased heat is obtained from our utility provider. Emission factors for purchased electricity are acquired from the national energy agencies (Denmark). Where these are absent, factors are acquired from the European Association of Issuing Bodies<sup>4</sup> (Poland, Lithuania, Sweden and Finland).

<sup>4</sup> <https://www.aib-net.org/>

## GHG PROTOCOL SCOPE 3

Indirect GHG-emissions from our purchase of raw materials, products, and services.

### Coverage:

Covers all Viking Malts purchases of raw materials, products and services for all sites. Covers all relevant greenhouse gasses available from data sources. Other environmental parameters are not quantified.

### Data sources and methodology:

A data collection document was sent out to facility managers on each site, where purchase data was obtained from accounting systems. Local transportation data was also collected from each site.

Purchase of raw materials, purchased in large quantities are obtained in physical units while minor purchases are obtained in monetary units (EUR).

Data for transportation of raw materials and final products was collected centrally from Viking Malt covering all sites. Some transportation suppliers could deliver ade-

quate transportation data, while for others, certain estimations had to be made.

Emission factors are mainly from Exiobase<sup>5</sup>. The Exiobase contain emission factors on aggregated commodity groups based on purchases in Denmark. For a given purchase the same emission factor is used for all sites. For purchase of raw materials additional emission factors are found in the Eco-invent database<sup>6</sup>.

For raw materials the following geographic emission factors are used:

- **Barley production:** Germany
- **Fava beans production (Organic):** Switzerland
- **Oat production (Straw):** Finland
- **Oat production, oat grain:** Finland
- **Rye production:** EU
- **Wheat production:** Germany

Purchased transportation services are based on emissions delivered by the transportation provider. GHG-emissions are based on Tank-to-Wheel principle (TTW).

<sup>5</sup> <https://www.exiobase.eu/>

<sup>6</sup> <https://ecoinvent.org/>





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### THE GHG PROTOCOL DEFINES DIRECT AND INDIRECT EMISSIONS AS FOLLOWS

- Direct GHG emissions are emissions from sources that are owned or controlled by the reporting entity.
- Indirect GHG emissions are emissions that are a consequence of the activities of the reporting entity, but occur at sources owned or controlled by another entity.

The GHG Protocol further categorizes these direct and indirect emissions into three broad scopes:

- **Scope 1:** All direct GHG emissions.
- **Scope 2:** Indirect GHG emissions from consumption of purchased electricity, heat or steam.
- **Scope 3:** Other indirect emissions, such as the extraction and production of purchased materials and fuels, transport-related activities in vehicles not owned or controlled by the reporting entity, electricity-related activities (e.g. T&D losses) not covered in Scope 2, outsourced activities, waste disposal, etc.

### HR DATA COVERAGE

The data boundaries for the Injury Rate and Employee Turnover Rate include Viking Malt Group employees only.

### INDEPENDENT ASSURANCE OF GREENHOUSE GAS (GHG) EMISSIONS AND HR DATA

A limited third-party assurance engagement regarding selected HR KPI's and greenhouse gas emissions data for Viking Malt's Scope 1 and 2 emissions disclosed in the Annual Report for the period of 1<sup>st</sup> January to 31<sup>st</sup> December 2023 was performed by PricewaterhouseCoopers Oy.

The independent limited assurance report is available at (<https://vikingmalt.com/about-us/reports/>).





[www.vikingmalt.com](http://www.vikingmalt.com)