



OLVI GROUP'S CORPORATE RESPONSIBILITY REPORT 2019



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OLVI GROUP IN 2019



YEAR 2019 IN BRIEF



SALES VOLUME

718.3 million litres

+2.4%



NET SALES

408.7 million €

+6.4%

AA+
PEOPLEPOWER®
rating in the
employee
survey



Olvi Plc
FINLAND'S
MOST INSPIRING
WORKPLACE
award



NUMBER OF
EMPLOYEES

1,837



OPERATING PROFIT

52.5 million €

+4.7%

ISO 45001
SAFETY
CERTIFICATION
Olvi Plc, Cēsu Alus,
Volfas Engelman

CĒSU ALUS
Platinum rating in the
Sustainability Index for
2019

FACTUM survey for
decision-makers in
the grocery trade:
OLVI PLC the most
sustainable brewery

A. Le Coq
THE MOST
VALUABLE
COMPANY
IN ESTONIA



Expanded selection of
NON-ALCOHOLIC
PRODUCTS



70% GREEN
ELECTRICITY
IN OUR
BREWERIES



MIXED
WASTE
-40%





CEO'S REVIEW:

2019 WAS AN EXCELLENT YEAR

Olvi Group's result continued to improve in 2019. Our focus on profitable and non-alcoholic product categories improved profitability and diversified our product portfolio.

In 2019, Olvi Group's sales volumes reached an all-time high: 718.3 million litres, which was 2.4% more than the previous year. Our net sales, operating profit and profitability also reached their highest levels in the history of our company. Our net sales improved by 6.4% year-on-year, at 408.7 million euros. Olvi Group's number of employees grew by 40 people to 1,837.

The favourable development is based on our strong market shares in our countries of operation, successful launches through innovative product development and the continuous development of our operational efficiency. Demand for our mild alcoholic beverages increased in many of our market areas. Sales of non-alcoholic beverages and water were also good.

In 2019, we made several investments in improving our ability to respond to demand from custom-

ers and consumers. For example, we increased our production capacity of beer in Finland and juice in Estonia. In Lithuania, we opened Olvi Group's first natural mineral water plant in the spring. In addition, we invested in the development of acquired business operations in Finland.

Consumers' interest in non-alcoholic options and healthy beverages continues to increase. We launched several products in these categories in response to consumers' wishes. Particularly successful launches included the world's first non-alcoholic long drink under the A. Le Coq brand, and the Fass-Brause non-alcoholic beer product family by Volfas Engelman.

A sustainable and ethical way of working is an integral part of our values and strategy, and we foster and promote it every day. This enables us to better meet our customers' and consumers' expectations. At the same time, we

maintain our positive corporate culture, ensure the high quality of our products, and strengthen our commitment to our stakeholders.

Promoting sustainable development plays a key role in our operational development and growth. Olvi Group works to be at the forefront of sustainable development. We also foster our reputation as an honest and straightforward brewery and beverage industry company.

Our target for 2020 is to continue growth in all our market areas. This growth will be based on our wide product portfolio and new products in alcoholic and non-alcoholic categories, which appeals to customers and consumers, as well as our sustainable development based efficient production. We work to ensure this by continuing our active sustainability work, using the opportunities offered by digitalisation and technological development. This also

enables us to reduce our environmental footprint.

We work to be an attractive workplace, for both our existing and prospective employees. To create the best possible environment for work and development, we continue to promote well-being at work by paying attention to supervisory work, occupational health, well-being and safety at work, and equal treatment. We also focus on using digitalisation in personal competence development and job improvement.

I would like to thank our customers and partners, as well as our employees in all units, for an excellent year. We greatly appreciate all our stakeholders' input.

Lasse Aho
CEO
Olvi Plc



OLVI GROUP

Olvi is an international brewery and beverage company. Olvi Group consists of Olvi Plc and its six subsidiaries in five countries.

Olvi's story began in 1878, when master brewer William Gideon Åberg and his wife, Onni, established a brewery in Iisalmi, Finland. Their goal was to eliminate alcoholism by offering milder alcoholic beverages to Finns. Finland had 78 breweries at the time. Today, Olvi is the only one that continues to operate as an independent Finnish brewery.

Olvi began its international expansion in 1996 by acquiring a mi-

nority stake in Tarto Õlletehas, a brewery in Estonia. This company is now known as A. Le Coq. Olvi continued its international expansion in 1999 by acquiring a majority stake in Cēsu Alus in Latvia and Ragutis in Lithuania. Today, Ragutis is known as Volfas Engelman.

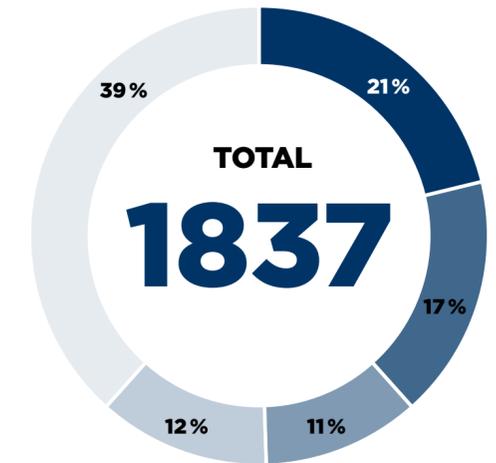
Olvi continued to grow in 2008 by acquiring a majority stake in the Lidskoe Pivo brewery in Belarus. Olvi completed its most recent acquisitions in 2018. These included

a majority stake in Servaali, an importer of alcoholic beverages, and The Helsinki Distilling Company in Finland.

In 2019, Olvi's largest product categories were beer, kvass and soft drinks. In future, the Group aims to increase its sales of water, non-alcoholic and low-alcohol options, and wellness drinks in particular.

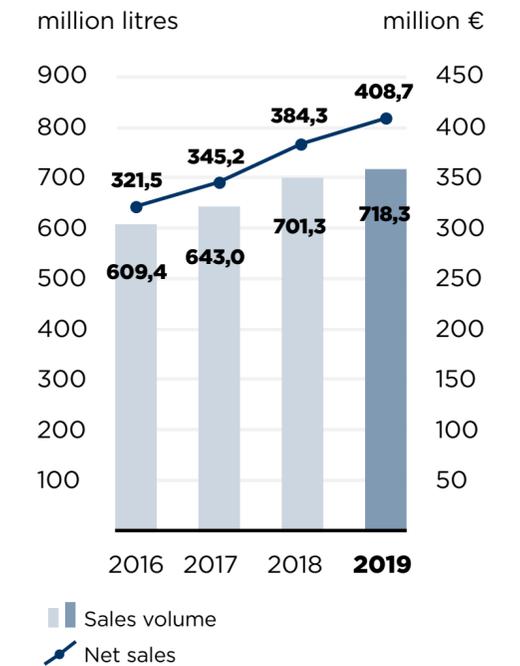


EMPLOYEES BY COUNTRY



- Finland
- Estonia
- Latvia
- Lithuania
- Belarus

SALES VOLUMES AND NET SALES 2016-2019



OLVI PLC

Olvi Plc, the parent company of Olvi Group, was established more than 140 years ago. Today, the company is Finland's third-largest brewery and beverage manufacturer. Olvi's largest product category is beer. In 2019, sales remained strong, particularly for Olvi's mild alcoholic beverages. The sales of premium products also continued to increase. Olvi successfully launched new non-alcoholic products in the long drinks, beer, water and soft drinks categories.

Olvi Plc's market share continued to grow in 2019. During the year, the company invested in production capacity by deploying new fermentation tanks for the production of special beers and acquiring

a filling line for recyclable one-way glass bottle. Its filling line for 30-litre restaurant kegs was also renewed. Olvi Plc was selected as the Most Sustainable Brewery in the FACTUM survey for decision-makers in the grocery trade in Finland. The company was also granted for the first time Finland's Most Inspiring Workplaces award based on its excellent results in the employee survey.

In 2020, Olvi Plc is focusing on further expanding and diversifying its selection of non-alcoholic products. The company will also continue to invest in increasing its capacity by installing a new syrup kitchen and a new line for deposit-based recyclable plastic bottles. In addition, Olvi will update its cer-

tified product safety management system based on the IFS standard.



- **Founded:** 1878
- **Product categories:** Beer, cider, long drinks, other alcoholic drinks, water, soft drinks, energy drinks, sports drinks and wellness product categories



The figures also include Servaali and The Helsinki Distilling Company





SERVAALI

Servaali is one of Finland's largest private importers of alcoholic beverages. Its largest product categories are wine and beer. The company aims to increase its market share in Finland and

expand into new international markets in the near future. Olvi Group's corporate responsibility programme will be integrated into Servaali's operations during 2020.

SERVAALI

- **Founded:** 1995
- **Product categories:** Wine, beer, spirits, cider and other products
- **Olvi Plc's holding:** 80%



THE HELSINKI DISTILLING COMPANY

Before the establishment of The Helsinki Distilling Company, there had been no distilleries in Helsinki for 100 years. The Helsinki Distilling Company's main product category is whiskey.

The Helsinki Distilling Company's products have won a num-

ber of international awards over the years. Helsinki Dry Gin in particular has won several gold medals in Finland and abroad. Olvi Group's corporate responsibility programme will be integrated into The Helsinki Distilling Company's operations during 2020.



- **Founded:** 2014
- **Product categories:** Whiskey, gin, liqueurs and other spirits
- **Olvi Plc's holding:** 67%

A. LE COQ

A. Le Coq is Estonia's largest brewery and beverage manufacturer. Its largest product categories are beer, water, juice and long drinks. The sales of mild alcoholic beverages in particular increased in 2019.

A. Le Coq's largest investments were targeted at capacity increases, such as a portion bag tetra filling line for juice and production equipment for apple wine. The company received ISO 50001 certification for its energy management system.

A. Le Coq has been voted Estonia's most competitive food product company for several consecutive years. In 2019, the company was selected as Estonia's Most Valuable Company for the first time.

In 2020, A. Le Coq is focusing on environmental responsibility projects. The company is also working to renew its image and become even better known for its special beers. In addition, A. Le Coq will obtain ISO 9001 certification for its quality management system.



- **Founded:** 1807
- **Product categories:** Beer, water, juice, long drinks, soft drinks, cider, kvass, sports and energy drinks, other alcoholic beverages, juice concentrates and wellness product categories.
- **Olvi Plc's holding:** 100%



SALES VOLUME
109.5 million litres
-1.1%



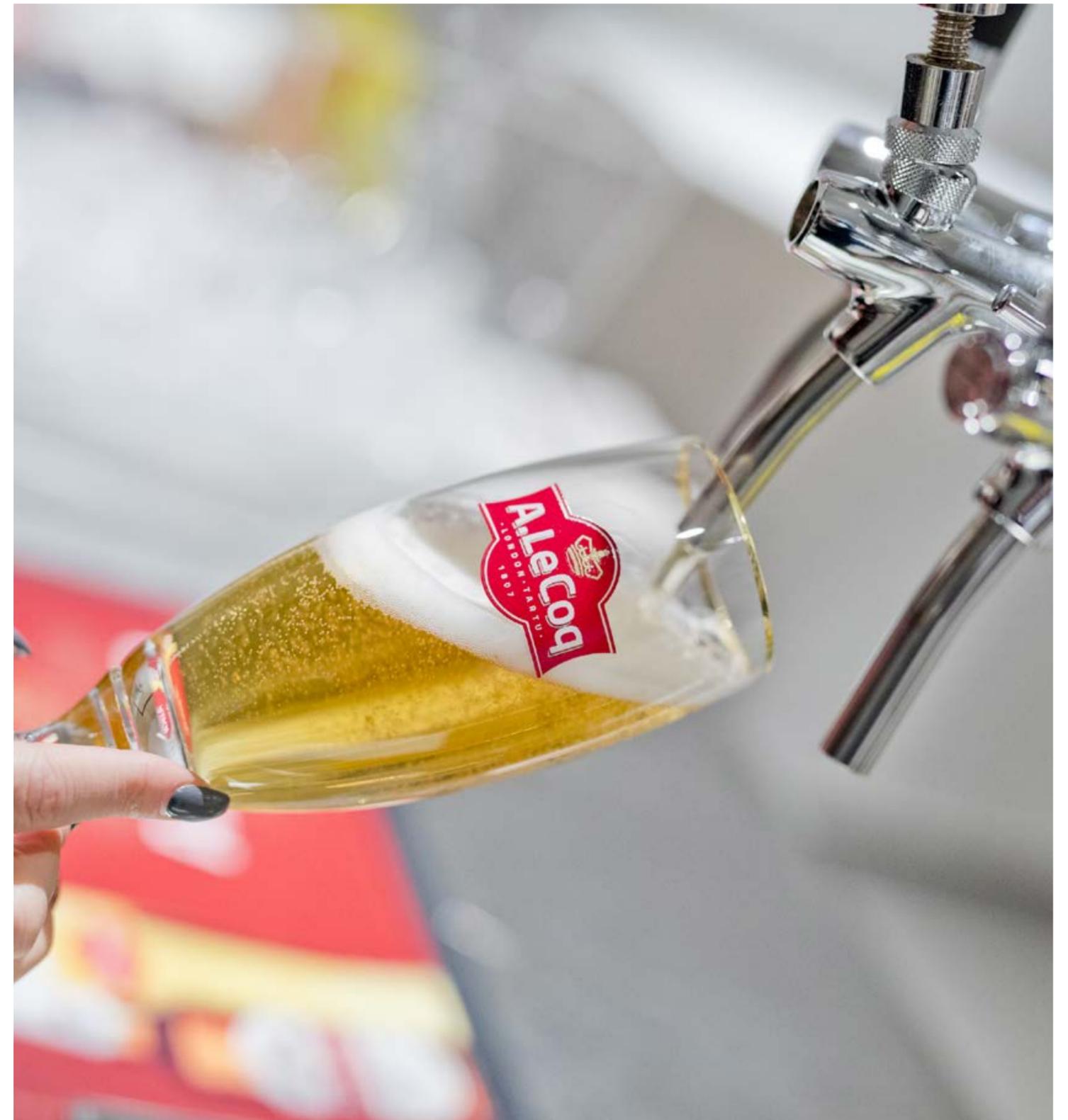
NET SALES
71.3 million €
+1.3%



NUMBER OF EMPLOYEES
311



OPERATING PROFIT
14.3 million €
+2.2%





CĒSU ALUS

Cēsu Alus is Latvia's oldest and largest brewery. Its largest product category is beer. During 2019, the company increased its sales of premium products in its home market, but its sales volumes decreased slightly because of changes in alcohol taxation and tougher competition in higher alcohol content beverages. The company further developed its production by investing in the operation of spirit production and syrup kitchen.

Cēsu Alus received several recognitions in 2019. The company was granted for its growth, excellence and cooperation by the Latvian Chamber of Commerce

and Industry. It also won the Most Equal Company for Seniors special award of the Free Trade Union Confederation of Latvia. The company also achieved its highest sustainability rating, Platinum, in the Sustainability Index listing in 2019 for the third consecutive year.

In 2020, Cēsu Alus is working to increase the sales of profitable products, as well as improving production efficiency through Lean principles in particular. The company also intends to continue its successful sustainability work and is aiming for a Diamond rating in the Sustainability Index listing for 2020.



- **Founded:** 1590
- **Product categories:** Beer, soft drinks, long drinks, cider, water, kvass, energy and sports drinks, juice, other alcoholic beverages and wellness product categories
- **Olvi Plc's holding:** 99,9%



VOLFAS ENGELMAN

Volfas Engelman has become Lithuania's second-largest beverage industry operator in its product categories. Its largest product categories include beer and kvass. In 2019, Volfas Engelman strengthened its market shares in all its product categories, as well as improving the sales of its premium beer products.

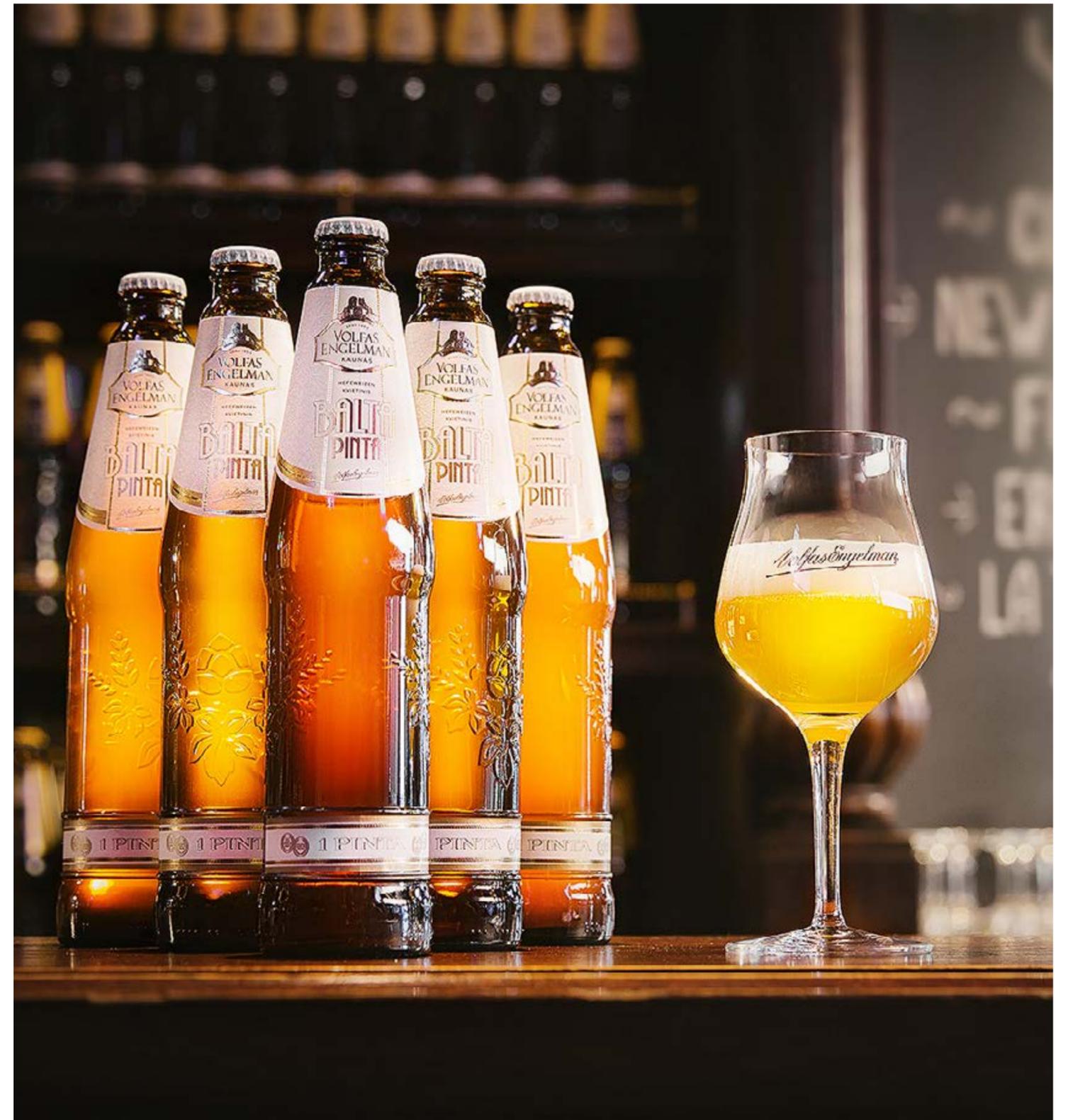
In the spring of 2019, Volfas Engelman took into operation Olvi Group's first natural mineral water plant in Lithuania. Other major investments included increasing the capacity of the brewhouse

process and new ecological and ergonomic forklifts. The company received ISO 90001 certification for its quality system, and FSSC 22000 certification for its food product safety system.

In 2020, Volfas Engelman is focusing on diversifying its selection of non-alcoholic products and increasing the number of its non-alcoholic beers. Volfas Engelman will also obtain ISO 45001 certification for its occupational health and safety system, and ISO 14001 certification for its environmental management system.



- **Founded:** 1853
- **Product categories:** Beer, kvass, cider, long drinks, energy drinks, water, soft drinks, other alcoholic beverages, juice and wellness product categories
- **Olvi Plc's holding:** 99,6%





LIDSKOE PIVO

Lidskoe Pivo is one of the oldest and largest breweries in Belarus. Its largest product categories include beer, kvass and soft drinks. In 2019, the company responded to consumer trends by launching a wellness product family. As part of diversifying its product selections, the company launched new products in its kvass product family.

Lidskoe Pivo's sales – and profitability in particular – developed favourably, and its volumes reached a record level of 233 million litres. During the year, the company

focused on improving its operational efficiency through Lean principles. Lidskoe Pivo was selected as Employer of the Year in its region, Grodno. Consumers selected 'Lidski kvass' as Brand of the Year.

In 2020, Lidskoe Pivo aims to continue its profitable growth. The company is focusing on improving efficiency by deploying a warehouse management system and Olvi Group's ERP system. The company will also invest in a new canning line.



- **Founded:** 1876
- **Product categories:** Beer, kvass, soft drinks, water, wellness and energy drinks, cider, long drinks, juice and wellness product categories
- **Olvi Plc's holding:** 95,9%



PRODUCT CATEGORIES

IMAGES OF PRODUCTS LAUNCHED IN 2019



SALES VOLUME BY PRODUCT CATEGORY

59% Beer

Kvass
11%

Soft drinks
10%

Mineral water
8%

Long drinks
4

Cider
3

Juice
3

Other
2



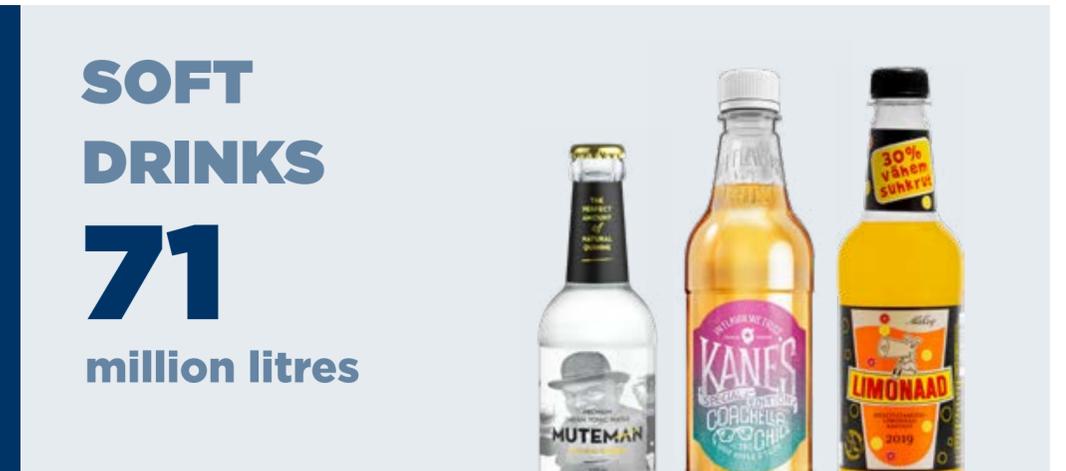
BEER

423
million litres



KVASS

80
million litres



SOFT DRINKS

71
million litres



WATER

54
million litres



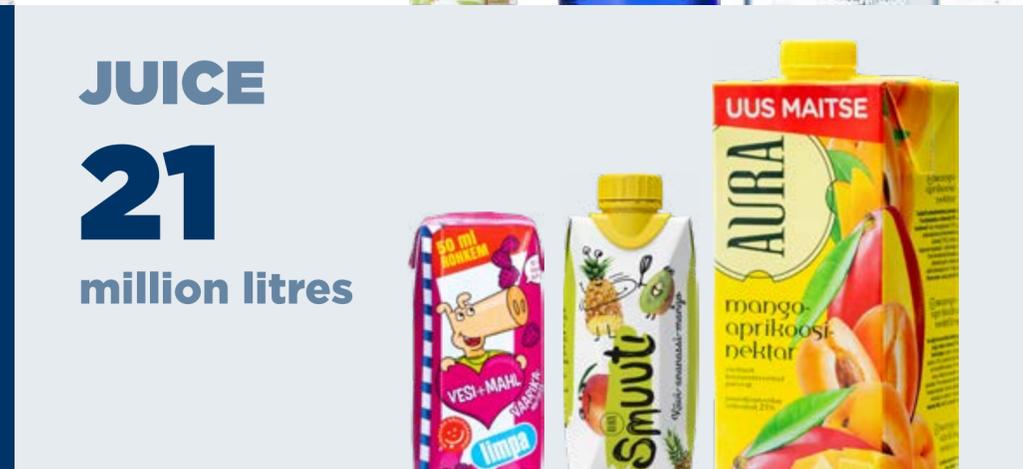
LONG DRINKS

31
million litres



CIDER

22
million litres



JUICE

21
million litres



ENERGY, SPORTS, WELLNESS AND OTHER DRINKS

16 million litres



STRATEGY

Olvi Group's mission is to create positive and enjoyable beverage experiences. Our vision is to be a preferred brewery offering a wide product portfolio.

Our strategic choices determine our work towards our vision. These choices and their implementation reflect Olvi Group's way of working and ways of management, which is based on the Group's mission and values.

STRATEGIC CHOICES

Business strategies are largely similar across Group companies. Olvi Plc approves local flexibility in strategy implementation, as operating environments and competitive situations vary.

Our strategy focuses on strengthening our profitable growth and market position, and on growth opportunities in new markets. We focus on new products that support profitability, as well as investing in increasing the sales of selected products. We invest in innovative product development in both alcoholic and non-alcoholic products.

We optimise our production capacity and improve efficiency by focusing on dynamic production and sales planning, and operational efficiency. The Lean philoso-

phy plays a key role in this respect. Highly competent and motivated employees with the ability for renewal are important for us. We invest in smooth and productive work, well-being at work, training and expertise.

Our strategic targets include leading the way in sustainability in our industry. We focus on further developing the Group's common corporate responsibility programme, action plan and targets.

OUR VALUES GUIDE OUR OPERATIONS

- **Responsibility** – We appreciate responsibility and expect it from all Olvi Group's employees and partners.
- **Localness** – We appreciate local operations and manufacture products for local consumers.
- **Positivity** – A positive attitude is our way of working and responding to challenges. Positivity enables us to convert our targets into results and success in an agile manner.

- **Customer focus** – Our existence is founded on customers' needs. Identifying and meeting customers' needs are at the core of our operations.

Ethical and sustainable way of operation is an integral part of operations in line with our values.

MEGATRENDS

In our operations, we consider the challenges and opportunities arising from megatrends that affect Olvi Group. We have identified global changes that shape our operating environment in the long term. Through our strategy and sustainable operating method, we create the future with the choices we make today.



IMPACT OF MEGATRENDS ON OUR BUSINESS OPERATIONS



IMPACTS

- Stakeholders' expectations are growing throughout the value chain
- Regulations and reporting obligations are increasing
- The scarcity of natural resources calls for resource efficiency and adaptation to climate change

- Automation offers opportunities to improve production efficiency
- Digitalisation is reflected in consumer and customer behaviour
- Services are expected to be available immediately
- The amount of information and data is growing
- Information is distributed, and experiences are exchanged, at an increasing rate

- Changes in exchange rates, raw material prices, the economic situation and import restrictions
- Global trends and product ideas spread rapidly

- Urbanisation continues
- The number of single-person households is increasing
- The population is ageing in certain market areas
- The world's population is growing

- Choices are increasingly made based on naturalness, healthiness, individuality and product origin
- Consumer groups are becoming polarised

OUR RESPONSE

- We consider expectations in our products, packaging and marketing
- We further develop our production in line with sustainable development
- We optimise transport
- We require our partners to operate more sustainably
- We share best practices and strengthen the vitality of local communities

- We continue to apply the Lean philosophy across the Group
- We use big data
- We use multiple channels for consumer communications and better customer experiences
- We have an active presence on social media

- We focus on differentiating ourselves from the competition in selected markets
- We monitor global trends and changes
- We ensure the predictability of the prices and availability of materials through long-term procurement agreements
- We focus on prudent risk management

- We consider new opportunities created by new consumer groups and packaging sizes
- We create new concepts

- We invest in innovative products and new product segments
- We further develop our products
- We consider trends in taste, raw materials and packaging
- We increase consumer insight
- We strengthen marketing, sales and our brand identity

STAKEHOLDERS

We have identified the Group's stakeholders and their key expectations. In addition to their key expectations, many stakeholders are interested in similar themes related to sustainability and responsibility.

CONSUMERS

Our consumers expect sustainable products and operations from us, as well as transparent and reliable product information. We communicate with our consumers via customer service channels, surveys, websites and social media.

CUSTOMERS

Our customers' expectations focus on safe and innovative products, good customer service and reliable deliveries. We interact with customers at customer meetings and events, for example. We further develop our operations based on their feedback.

EMPLOYEES

Our employees expect us to ensure safety at work and maintain well-being at work. We monitor employees' expectations through daily interaction, feedback, internal communication, employee surveys and performance based and development reviews.

PARTNERS AND SUPPLIERS

Our partners and suppliers want a reputable partner, as well as services and solutions that support their competitiveness. We interact with our partners and suppliers through general interaction, meetings, events and audits.

INVESTORS AND SHAREHOLDERS

Our investors and shareholders expect profitable growth and effective risk and reputation management from us. The Annual General Meeting, annual and interim reports, and investor events play an important role in our interaction, as does our investor website.

SOCIETY, AUTHORITIES AND MEDIA

Society expects us to promote a responsible drinking culture, as well as to be a good taxpayer. The authorities' expectations focus on compliance with laws and regulations. The media want us to provide transparent and reliable information and communicate rapidly. We monitor the development of society's and the authorities' expectations. We participate in discussions in the media and cooperate with the media.

ORGANISATIONS, ASSOCIATIONS AND COOPERATION PARTNERS

The expectations of organisations, associations and cooperation partners focus on sustainable operations, commitments and risk management. Our contribution to the development of our industry is also important for them. Interaction takes place through continuous discussions, feedback, meetings, events and cooperation projects.





CORPORATE RESPONSIBILITY



CORPORATE RESPONSIBILITY DIRECTOR'S REVIEW:

SUSTAINABLE DEVELOPMENT AS PART OF DAY-TO-DAY OPERATIONS

The importance of sustainable development in daily choices continues to increase. At the same time, our stakeholders' expectations continue to grow. We seek to promote responsible and sustainable business operations throughout our value chain, from the procurement of raw materials to the environmental footprint of our products and well-being at work.

Understanding and affecting the impacts of climate change are increasingly important for sustainable development. The global Paris Agreement and its goals were negotiated at the UN Climate Change Conference in 2015. A report by the Intergovernmental Panel on Climate Change in 2018 emphasised the urgency of measures to combat climate change.

Olvi Group works to support the fight against climate change and the achievement of climate targets through sustainable business operations. Climate change directly affects Olvi Group's business operations. Global warming is reflected in agricultural production, and Olvi Group depends on agri-

cultural production for raw materials. The impacts of global warming on agriculture vary regionally. Impacts may manifest themselves as better crops, or as crop losses and poorer quality.

Efforts to reduce greenhouse gas emissions are reflected in new and stricter laws, and through technological development. This gives companies possibilities to make their operations more environmentally friendly. Olvi Group seeks to actively engage in this work.

Our sustainability work progressed in many ways in 2019. We have increased our awareness of and expertise in sustainable operations across the Group. To support this

work, we have built management systems and adopted the Lean philosophy more extensively in our operations. We have further specified our targets and developed indicators to monitor our development work.

Our focuses for 2020 include identifying the opportunities arising from the circular economy, as well as calculating our environmental footprint more precisely. We are also focusing on protecting natural diversity in terms of Olvi Group's operations. As part of our sustainability work, we will prepare a Group-wide plan concerning the use of plastic. In addition, Servaali and The Helsinki Distilling Company will be integrated into

Olvi Group's corporate responsibility programme during 2020, meaning that the Group's policies and ethical guidelines will be implemented in these companies.

It is great to see that sustainable development is increasingly an integral part of all operations in our companies and throughout the value chain. Sustainable development calls for cooperation.

Pia Hortling
Public Relations and
Purchasing Director
Olvi Plc

TOWARDS SUSTAINABLE DEVELOPMENT

Promoting sustainable development is key in our strategy, and this is reflected in our day-to-day operations. We seek to further develop our operations and the beverage industry as a whole, and we help our partners, customers and consumers make responsible choices.

Our operations are affected by international megatrends, such as values arising from responsibility and sustainable development, as well as climate change, globalisation, population development and consumption habits. Our sustainability work is also based on international commitments and agreements that bring countries and operators together to promote sustainable and fair development and combat climate change.

We are committed to the principles of the UN Global Compact initiative. These principles guide our work to ensure human rights, labour rights and environmental protection, and to prevent corruption. We also comply with the International Labour Organization's (ILO) fundamental conventions. The ILO monitors its member states' compliance with its conventions and provides support. Our stakeholders' expectations also affect our focuses and targets.

Our stakeholders' requirements and expectations concerning our

company's responsibility throughout the value chain have increased, as have statutory requirements. Ethical production and procurement, fair working conditions and environmental measures are increasingly important for our customers and consumers, in addition to a broad, consumer-focused product selection.

WE COMBINE OUR CURRENT TARGETS WITH THE UN'S MAIN GOALS AND SUB-GOALS FOR SUSTAINABLE DEVELOPMENT

KEY FOCUS AREAS

We prepared Olvi Group's corporate responsibility programme in 2017. Promoting sustainable development has since been one of our key focuses. We determined our key focus areas of responsibility, considering the megatrends and stakeholder expectations that affect our operations.

Olvi Group's corporate responsibility programme has four focus areas:

- Responsible value chain
- Best place to work
- Creating value for stakeholders
- Consumer communications

In addition to these, ethical way of operation across all focus areas is an integral part of our Group and operations

We are committed to promoting the [UN Sustainable Development Goals](#) through our corporate responsibility programme. During 2020, we will combine our current targets with the UN main goals and sub-goals for sustainable development.

In 2020, we will update our materiality analysis, and will further specify our key responsibility focus areas and targets based on the analysis if necessary.



RESPONSIBLE VALUE CHAIN

- Carbon footprint
- Energy consumption and renewable energy use
- Water consumption
- Recycling of materials
- Responsible procurement



BEST PLACE TO WORK

- Corporate culture
- Leadership, supervisory work and workplace skills
- Highly competent employees
- Safety at work
- Occupational health and well-being at work
- Equal opportunities



RESPONSIBILITY THEMES



CREATING VALUE FOR STAKEHOLDERS

- Financial and share performance
- Employment and local presence
- Tax footprint
- Risk management
- Social responsibility



CONSUMER COMMUNICATIONS

- Responsible consumption
- Non-alcoholic and healthier products
- Responsible consumer information
- Product safety
- Responsible marketing





OLVI GROUP'S CERTIFIED MANAGEMENT SYSTEMS

Company	Quality ISO 9001	Environment ISO 14001	Occupational safety ISO 45001	Food product safety FSSCC/ISO 22000	Energy ISO 50001
Olvi Oyj	✓	✓	✓	✓	
A. Le Coq					✓
Cēsu Alus	✓	✓	✓	BRC	✓
Volfas Engelman	✓			✓	
Lidskoe Pivo	✓	✓	STB 18001-2009	✓	

GOVERNANCE

The management of sustainable development begins with our strategy and is based on our values, ethical way of operation and Group-level policies and guidelines.

Our operations are guided by policies approved by the Managing Director of Olvi Plc concerning the environment and safety at work, among other topics. We also consider operating guidelines determined by the various Group functions.

We have determined Group-level key themes, indicators and main

targets for the focus areas. In addition, the Group companies have company-specific focuses and indicators. We have also prepared long-term action plans to achieve the targets for each focus area.

THE MANAGEMENT OF SUSTAINABLE DEVELOPMENT BEGINS WITH OUR STRATEGY

We implement action programmes and measures to promote responsibility in all Group units. Olvi plc's Management Team annually reviews our targets in relation to our strategy, and monitors per-

formance based on the indicators quarterly. Indicators and targets are also monitored by the boards of directors of the Group companies and by subsidiaries' management.

The persons in charge of the focus areas are responsible for monitoring the indicators and implementing measures to achieve targets. Sustainable development is reflected in our day-to-day work through each employee.

OUR WAY OF WORKING

We further develop our problem-solving skills, ways of working and work environment through

development projects. Applying the Lean philosophy and operating models makes work processes smoother and more efficient, as well as reducing waste and maintaining orderliness. This enables us to reduce our environmental footprint, increase our resource efficiency, improve safety at work and further develop our value creation for stakeholders.

Olvi Group's operations are guided by certified management systems. The management systems enable us to focus on operational quality, environmental considerations, occupational health and safety at work and product safety. These are reflected in the management

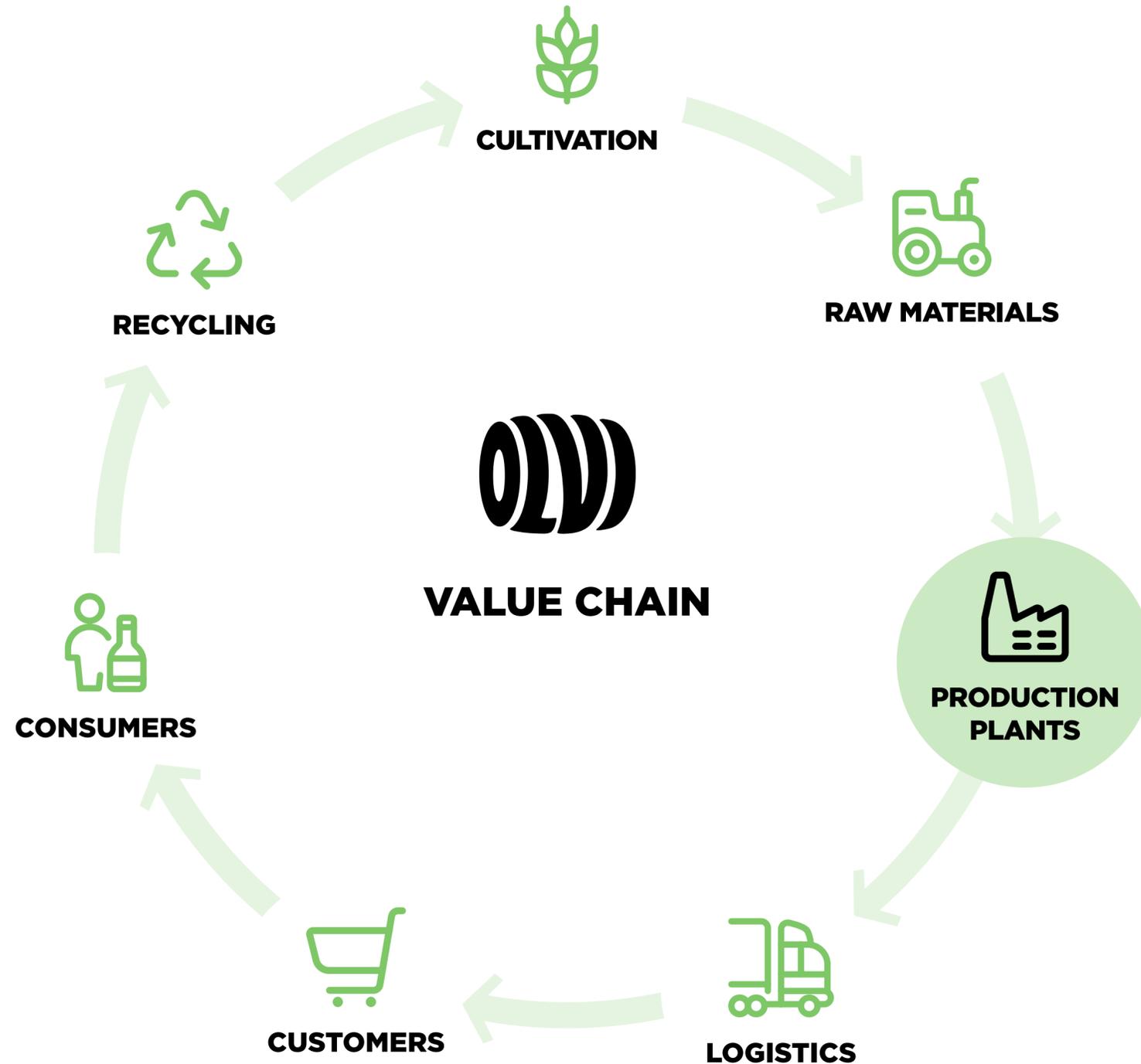
of people and the management, monitoring and development of business matters. We assess the effectiveness of our management systems, as well as their ability to support business operations, through external and internal audits and feedback from the management.

Olvi Group's companies have increased their use of certified management systems annually. Our target is to have certified management systems in place in all Group companies by the end of 2020.



**RESPONSIBLE
VALUE CHAIN**

RESPONSIBLE VALUE CHAIN



We work to continuously reduce our environmental footprint and improve our resource efficiency. The transparency and traceability of our purchases always come first.

The beverage industry uses a substantial amount of raw materials and natural resources. Supply chain management and procurement practices therefore have a substantial impact on the environment, climate and society.

Olvi Group's sustainability footprint is determined throughout the supply chain, covering both its own operations and the entire value chain. Responsible supply chain management involves many areas, and we have identified our most material aspects.

As far as possible, we choose local operators and raw materials. The traceability of raw materials is key. Protecting natural diversity is also important to us. We purchase raw materials only from approved suppliers. Ensuring safety and high quality play a key role.

The safety of employees at Olvi Group's production plants is crucial for us. We have also imple-

mented numerous measures to improve resource efficiency and reduce emissions. During product development, we examine the safety and environmental impacts of the product and its raw materials and packaging materials. Employees' environmental awareness and appropriate ways of working with environmental issues are important for us.

In logistics, we seek to minimise emissions through optimised routes and distribution. We pay special attention to efficient distribution and storage. We work to ensure reliable deliveries and product safety for our customers.

We approach consumers through responsible marketing and clear product information. Promoting responsible consumption is at the core of our operations. The recyclability of our products enables the reuse of materials and the promotion of the circular economy.

THE RECYCLABILITY OF OUR PRODUCTS PROMOTES THE CIRCULAR ECONOMY

REDUCING OUR CARBON FOOTPRINT

Olvi Group engages in continuous action to reduce the carbon footprint. The Lean philosophy and operating models are reflected in improved energy efficiency in our manufacturing process. Digital solutions based on the Lean philosophy also enable the real-time monitoring and optimisation of our steam, heat and electricity use.

EMISSIONS FROM OUR OPERATIONS

Carbon dioxide emissions from production originate mostly from production plants and transports. The most substantial emission sources at a production plant are heating and electricity consumption, as well as carbon dioxide emissions at the cooling stage.

WE FOCUS ON IDENTIFYING THE CLIMATE IMPACTS OF OUR OPERATIONS IN MORE DETAIL

Emissions from transports and distribution are minimised to the best possible extent through optimisation of the delivery chain and routes. We focus on shortening our total transport routes and loading lorries more efficiently.

We also pay attention to emissions from commuting and avoid unnecessary travel. We primarily hold remote meetings. We will renew our Group-wide videoconferencing system in 2020.

We are further developing our emissions reporting to better identify emissions from various production phases and other operations. We are focusing on identifying the climate impacts of our operations in more detail in 2020.

IMPROVED RESOURCE EFFICIENCY

We aim to continuously improve our resource efficiency and reduce our electricity consumption. In 2019, the electricity consumption of Group companies was reduced thanks to energy-efficient choices. Power consumption was 0.09 kWh per litre produced, which was 10% less than in 2018. Due to operational optimisation, the steam and heating energy consumption was reduced by 7% from 2018 to 2019, amounting to 0.13 kWh per litre produced.

LED LIGHTING HAS BEEN INSTALLED IN NEARLY ALL THE GROUP'S PRODUCTION PLANTS

Olvi Group has conducted studies to measure energy consumption more effectively and optimise its use of various energy sources. We focus on reducing energy consumption by modernising equipment, for example.

The Group companies have transferred to LED lighting and intelligent lighting control. LED lighting has been installed in nearly all the Group's production plants.

SUSTAINABILITY ACTIONS

- *Olvi Plc* has joined the Finnish food and drink industry's energy efficiency agreement





We are developing a Group-wide system to analyse and report the consumption of various forms of energy and commodities. The system will enable us to monitor consumption at each process phase in each unit.

Our goal is to increase the share of renewable energy and move to renewable energy in the Group companies as far as possible. We will further study opportunities to use renewable energy, such as solar panels, during 2020.

As much as 70% of electrical power consumed by the Group's breweries is already green. Our goal is for the Group to use 100% green electricity by 2023.

ALREADY 70% GREEN ENERGY IN THE GROUP'S BREWERIES

We are focusing on increasing the consumption of biofuel in the Group companies. We are also developing recovery and recycling of the heat generated in process cooling.

Our long-term goal is for Olvi Group to use 100% biofuels in its energy and heat production by 2030.

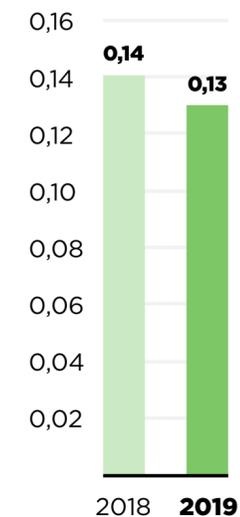
ELECTRICITY CONSUMPTION

kWh / litre produced



STEAM AND HEAT PRODUCTION

kWh / litre produced



The figures do not include Servaali and The Helsinki Distilling Company

SUSTAINABILITY ACTIONS

- *Cēsu Alus* uses biogas for heating
- *Olvi Plc* has a bio-heating plant and 100% renewable EKOenergy, certified by the Finnish Association for Nature Conservation

TARGET

BY 2023
green electricity

100%



TARGET

BY 2030
biofuel in energy and heat production

100%



CASE: RENEWABLE ENERGY AND REDUCED USE OF PLASTIC

A. Le Coq is focusing on reducing its environmental footprint and using materials more efficiently.

“We want to build a better world for future generations by promoting sustainability,” says Tarmo Noop, CEO of A. Le Coq.

Beginning in 2020, A. Le Coq will use 100% green energy in its production plants and warehouses.

“Green electricity is essential to reduce carbon dioxide emissions and fight climate change.”

A. Le Coq has also decided to invest in a biogas plant, which will be deployed in 2021. The

plant will produce biogas from wastewater. The biogas will reduce the need for natural gas by 11%.

To reduce its use of plastic, A. Le Coq will introduce new multi-pack carton for beer during 2020. The new packaging will replace plastic shrink foil, and will reduce the need for plastic by around 25 tonnes annually.

The company is focusing on further optimising the use of plastic packaging.

“This is a continuous process. We have reduced our use of plastic by several tonnes by reducing the weight of each plastic bottle by around 0.5 grams since 2016,” Tarmo Noop explains.

BIOGAS WILL REDUCE THE NEED FOR NATURAL GAS BY 11%



“GREEN ELECTRICITY IS ESSENTIAL TO REDUCE CARBON DIOXIDE EMISSIONS.”

TARMO NOOP
CEO, A. LE COQ





OPTIMISING OUR WATER USAGE

The production of beverages is a water-intensive industry. Olvi Group seeks to reduce its water consumption per litre produced.

In 2019, our water consumption was nearly unchanged from 2018. Our goal is for our water consumption to be under 3.0 litres per produced litre by 2023.

Depending on the location, we use local groundwater or our own wells as water sources. The high-quality groundwater comes from a protected area. We use water sustainably.

Olvi Group cooperates extensively with other industries for cleaner water.

SUSTAINABILITY ACTIONS

- *Cēsu Alus* has reduced its water use by installing a new bottle washing machine
- *Olvi Plc* invested 2.3 million euros in the renovation of wastewater treatment plant

PLANNING AND CHOICES TO REDUCE CONSUMPTION

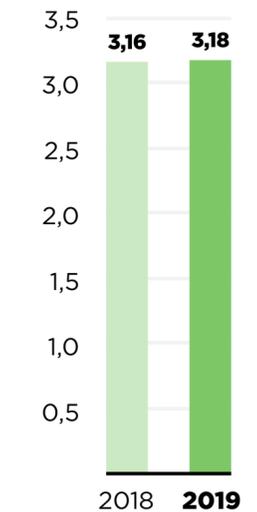
We seek to reduce our water use through production planning. We optimise our water consumption by paying attention to washing, planning of it, detergents and technical equipment solutions. We will increase water recycling in the future.

Wastewater is generated during the various phases of the production process, particularly in connection with washing the production facilities and equipment to ensure a high level of quality and hygiene in production processes. Wastewater is processed in the company's own treatment plant or conducted to wastewater plants for treatment and recycling. In cooperation with municipal wastewater plants, we have improved the efficiency of pre-treatment to improve water quality. This prevents nitrogen and phosphorus, as well as other substances that burden the environment, from entering the wastewater.

We have also improved chemical management in the production process by minimizing losses and optimizing detergent consumption, among others.

WATER CONSUMPTION

litres / litre produced



The figures do not include Servaali and The Helsinki Distilling Company

TARGET

BY 2023

water consumption under

3,0 litres per produced litre





RECYCLING OF MATERIALS

Recycling of materials comprises the use of recyclable packaging materials, recycling of material originating from production, recycling of produced product packages as well as recovery of by-products. The idea of circular economy is one of the most important selection criteria for the procurement of materials.

SORTING AND REUSE

We seek to maximise the reuse of recyclable materials and side streams generated during the production process. In 2019, Olvi Group reduced

its mixed waste by 40% year-on-year as a result of increased sorting.

We are further developing sorting and recycling. The Group companies collect and sort various materials, such as paperboard, glass and hazardous substances.

In addition to recycling, reusing materials as far as possible is also important for us. The Group companies' by-products include spent grain and excess yeast, which we deliver to be used as farm animal feed. We are also exploring other opportunities for their reuse.

RECYCLABLE PACKAGING

We actively cooperate with local organisations to develop recycling systems for packaging. Olvi Plc is one of the owners of Suomen Palautuspakkaus (Palpa), which was founded in 2003. Palpa manages the deposit-based return system for beverage packages in Finland. Estonia and Lithuania also have alike systems, and similar systems are being created in Latvia and Belarus. Based on high recycling rates, these systems are highly effective.

Olvi Group uses recycled plastic in some of its PET bottles. We will increase its use in the future. We will also continue to optimise our use of plastic.

Recyclability is also important in other packaging. Across the Group, raw and packaging materials and chemicals are transported to breweries in recyclable packaging, and we use recycled packaging materials for all our products. Some of the recycled packages are washed and refilled, while some are reused as materials.

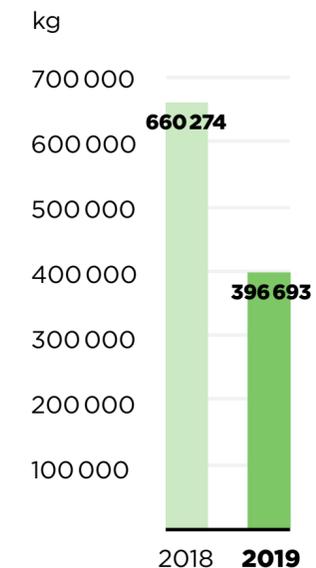
ROAD MAP FOR USING PLASTIC

Ensuring the recyclability and eco-friendliness of materials is an essential part of product development. In packaging materials, we aim to reduce our use of plastic in particular, as well as finding alternative and recyclable materials. We will prepare a road map for using plastic across the Olvi Group during 2020.

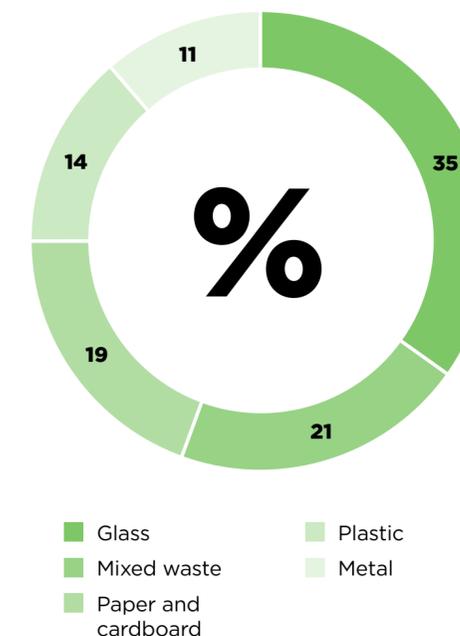
SUSTAINABILITY ACTIONS

- Several Group companies are now using plastic bottles with short-necks
- *Olvi Plc* has reusable bottle trays for plastic bottles and cans

MIXED WASTE



WASTE BY TYPE



The figures do not include Servaali and The Helsinki Distilling Company

DEPOSIT-BASED RETURN SYSTEM - BASED PACKAGES AND RECYCLING RATES



	Finland	Estonia	Lithuania
Plastic bottle	90 %	> 85 %	96 %
Glass bottle	88 %	> 85 %	84 %
Can	95 %	> 50 %	97 %

RESPONSIBLE PROCUREMENT

In addition to increasing sustainability, we are improving the transparency and traceability of procurement. We choose responsible suppliers of raw materials and other materials. To promote sustainability in our industry, we cooperate with local and international operators.

It is important to us that raw materials and packaging materials meet the requirements and expectations of our customers and consumers. The quality of raw materials from approved suppliers is always ensured.

OLVI GROUP HAS COMMON PROCUREMENT PRINCIPLES AND OPERATING MODELS

The Group's procurement principles are defined in our purchasing policy. Suppliers are selected based on predetermined quality standards. Group-level agreements enable us to optimise our time management and financial resources.

At the end of 2019, Olvi Group had 299 suppliers of raw materials and packaging materials. Olvi Group regularly audits its suppliers.

We use local suppliers as far as possible. We use 100% domestic malt barley in Finland, Lithuania and Belarus, and malt barley from the neighbouring markets in other countries. Most of our raw materials and packaging materials come from Finland and the Baltic countries, and from Belarus for Lidskoe Pivo.

CODE OF CONDUCT FOR SUPPLIERS AND PARTNERS

Our partners commit to compliance with our ethical operating methods. Our Code of Conduct for Suppliers and Partners is based on the Group's Code of Conduct.

By the end of 2019, the Code of Conduct had been signed by 91.5% of our contract partners for raw materials and packaging materials. Our goal is to include the Code of Conduct in all of the Group's cooperation and procurement agreements by 2022.

THE CODE OF CONDUCT SIGNED

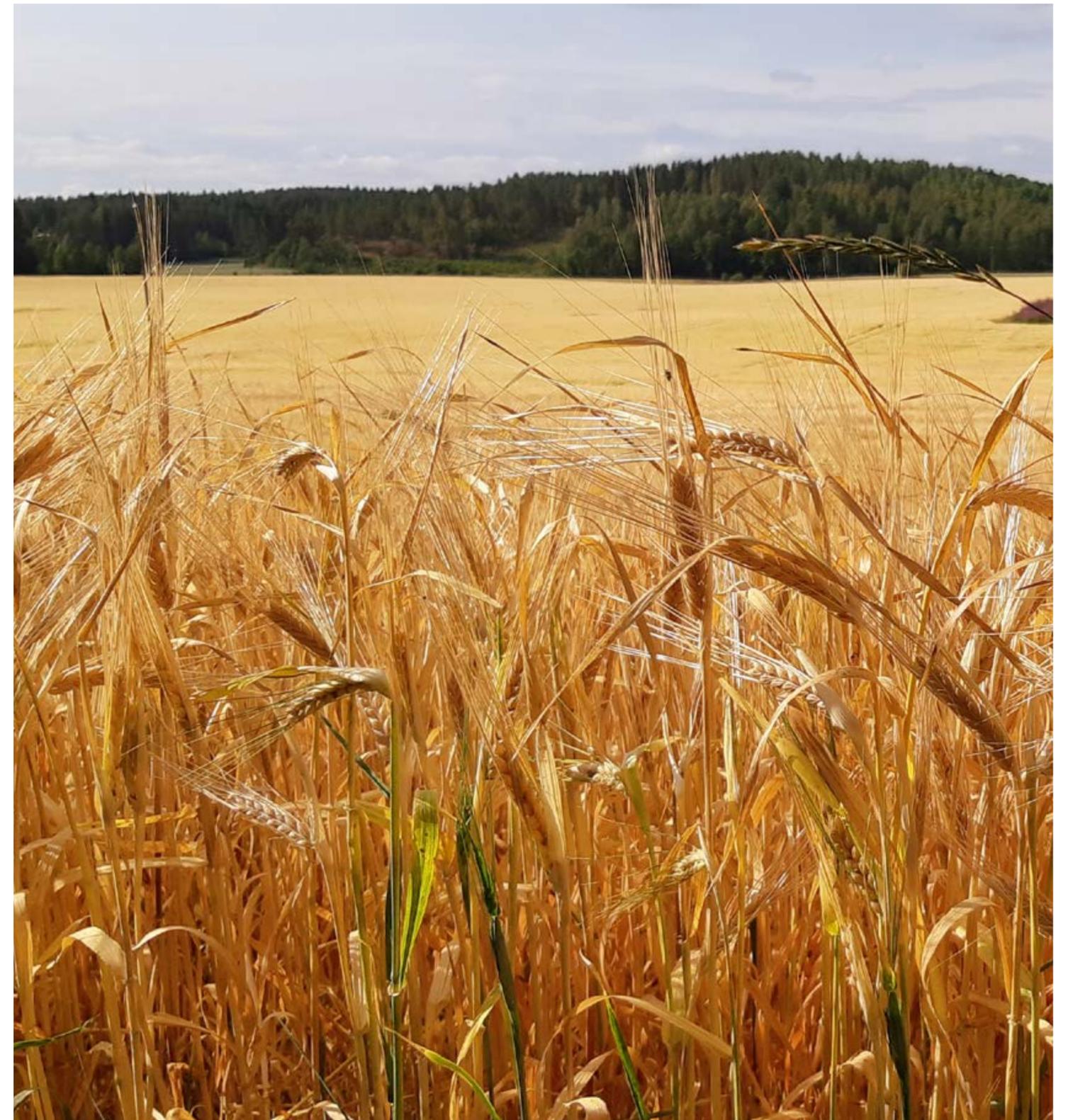


The figures do not include Servaali and The Helsinki Distilling Company

TARGET

BY 2022

All suppliers will have signed the Code of Conduct



A photograph of three people in work attire standing in front of a building. The image is overlaid with a semi-transparent yellow filter. The person in the center is a woman wearing a cap and a jacket with a name tag that reads "Mari Uusimäki". The other two are men in work jackets. The text "THE BEST WORKPLACE" is centered over the image in a large, white, bold font.

THE BEST WORKPLACE

THE BEST WORKPLACE

We aim to be the best workplace for our employees. To create the best possible environment for work and development, we promote wellbeing of our employees by paying attention to occupational health, wellbeing and safety at work and equal treatment.

Our aim is to be a positive, fair and safe workplace. We are a significant local employer in each of region where our production plants are located. We work to be an attractive workplace, for both our existing and prospective employees.

We take care of our employees' well-being, which is based on productive work that runs smoothly, clear goals and responsibilities, and appropriate competence.

In 2019, Olvi Group had 1,837 employees in five countries. Our employees have long-term employment relationships. The average service time is around 9 years across the Group companies. Olvi Group also employs a considerable number of seasonal workers and trainees.

PERSONNEL MANAGEMENT

Olvi Group's personnel management is based on shared values and operating principles. Through

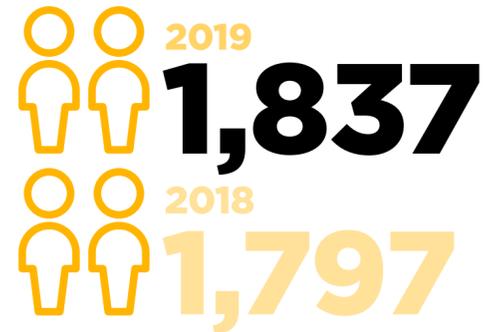
personnel management, we ensure that success factors related to employees materialise in the short and long term.

Olvi Group's business strategies and targets are implemented across the organisation by means of scorecards, performance based and development reviews and regular feedback. The Group's personnel strategy plays a key role in achieving its business targets.

We have a joint personnel policy, with focuses that guide and harmonise our operating models. We aim to ensure our ability to work together and use the Group's resources, expertise and experience. These enable continuous renewal and development.

WE EMPLOY A CONSIDERABLE NUMBER OF SEASONAL WORKERS AND TRAINEES

NUMBER OF PERSONNEL



SUSTAINABILITY ACTIONS

- *Olvi Plc* participates in the Responsible Summer Job campaign



CORPORATE CULTURE

Our goal is to maintain an interesting and professionally developing employer image. We work to be an attractive employer and enable workers to commit to Olvi Group.

Olvi Group's success is supported by enthusiastic and highly motivated employees. We focus on maintaining a positive, innovative and agile corporate culture. Positivity is our way of working and responding to challenges. Innovation keeps us abreast of the times and even ahead of the times. Agility is related to local presence and self-direction. Effective teamwork and independent decision-making play a key role.

Management, supervisory work, competence development and a common way of working are at the core of Olvi Group's corporate culture.

EXCELLENT EMPLOYEE SURVEY RESULTS

Our Group focuses on promoting an open work atmosphere that supports development. An employee survey implemented every two to three years is one of our tools for workplace development and monitoring well-being at work.

The personnel survey of 2019 boosted Olvi Group's PeoplePower rating to AA+. The Peo-

plePower rating indicates a company's success in developing its operations together with personnel, as well as their level of engagement to the company. Our overall result in all Group companies in the survey was markedly better than the national average in each country. 89.4% of our employees responded to the personnel survey.

POSITIVE, INNOVATIVE AND AGILE CORPORATE CULTURE

Our results improved in all Group companies in several areas, such as promoting well-being at work, supporting professional development and involving employees in decision-making. All our results were good compared with the average. Based on the results of the employee survey, we are especially focusing on the development of supervisory work and co-operation.

The overall results of the previous survey in 2016 were also at a very good level across the Group.

STRENGTHENING THE GROUP'S CORPORATE CULTURE

We have many practices in place to support our work culture. We

celebrate successes and achievements together, and many of our companies reward employees for good work.

We also encourage our employees to participate in operational development at the Group companies. All our companies have operating models for continuous development based on Lean principles, and employees are also encouraged to make suggestions for operational development.

In 2020, we are focusing on strengthening our common corporate culture between the Group companies and determining the Group's corporate culture in more detail.

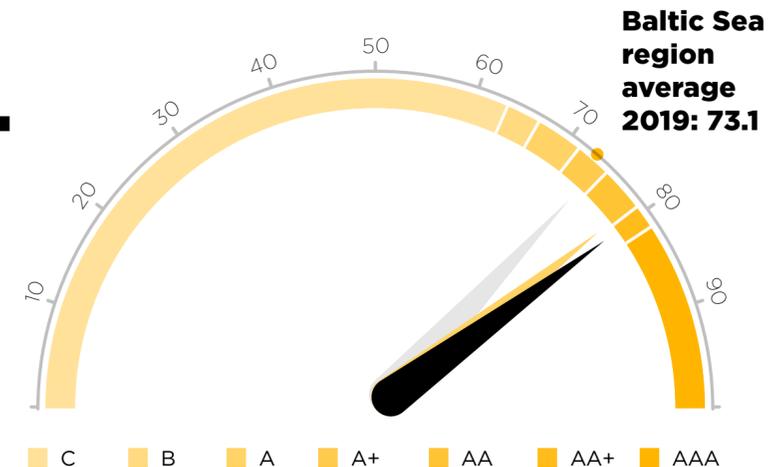
SUSTAINABILITY ACTIONS

- *Olvi Oyj* granted Finland's Most Inspiring Workplaces award based on employee survey in 2019
- *Lidskoe Pivo* has a 'Thank You, Colleague' competition for its employees



OVERALL RESULT OF THE PERSONNEL SURVEY

2019
AA+
2016
AA
2013
A+



Baltic Sea region average
2019: 73.1

○○○ TARGET
○○○ BY 2030

overall result of the personnel survey

AAA





MANAGEMENT, LEADERSHIP AND WORK COMMUNITY PRACTICES

We are continuously developing management, supervisory work and workplace skills to ensure a functional workplace community and a good work atmosphere. Through effective supervisory and workplace skills and an excellent management culture, we can support our employees' performance and development.

Our development of management, supervisory work and workplace practices is based on the feedback from performance based and development reviews. We also monitor trends in the results of the employee survey.

Based on the employee survey results, our employees determine common and department-specific development goals and measures for their workplace communities. Follow-up and communication of the development activities as well as the presence of the whole personnel strengthen the spirit of community and continuity.

Olvi Group has had Group-wide development teams in place for a long time. The teams are responsible for operational development by identifying best practices, seeking synergy benefits and promoting innovation. Each team has experts from all Group companies as members.

THE OLVI ACADEMY SEEKS TO DEVELOP THE GROUP'S OPERATIONS AND EXPERTISE

In 2012, we established the Olvi Academy to further develop the Group's operations and expertise and build a common operating culture. The Olvi Academy's themes for 2019 included the development of management and the corporate culture. In 2020, we will continue with these themes to strengthen the implementation of our strategy and vision.

COMPETENCE DEVELOPMENT

We want to support and to commit our employees to perform as effectively as possible in their work. We take care of our employees' expertise and development. We support these through company-level and Group-level training and operational development.

Training and development are based on our business targets and job requirements. Through these measures, we can also ensure that our employees' competence enables the implementation of our business strategy.

We monitor our employees' skills and development needs through annual performance based and development reviews. Through these reviews, we ensure that our employees have sufficient competence for their jobs, as well as clear goals and responsibilities.

EXPERTISE ENABLES THE IMPLEMENTATION OF OUR BUSINESS STRATEGY

ONLINE LEARNING ENVIRONMENT FOR TRAINING

We introduced a common online learning environment in 2018. The learning environment enables consistent training across the Group.

Online training is available on sustainability, occupational safety and data protection, for example.

We provide new employees with orientation using both traditional personal orientation and modern methods. We pay special attention to orientation, as well as training for instructors. We also collect feedback for operational development purposes.

DEVELOPMENT AND RENEWAL THROUGH TRAINING

We monitor how much time each employee spends on training. In 2019, the Group's employees spent an average of 9 hours at training events, which was equal to the previous year's figure.

In 2020, we are developing the monitoring of training time by focus areas, and will also begin to monitor training hours at Servaali and The Helsinki Distilling Company. We are also focusing on using the opportunities offered by digitalisation for personal competence and job development. In addition, we are continuing our work to share good practices between the Group companies, because we want to improve our operations together and learn from one another.

DIGITALISATION OFFERS OPPORTUNITIES FOR COMPETENCE DEVELOPMENT

SUSTAINABILITY ACTIONS

- *Cēsu Alus* organises Master Classes to increase employees' expertise in selected themes
- *Lidskoe Pivo* offers internal on-the-job training for its employees





SAFE WORK ENVIRONMENT

Our every employee has the right to a safe work environment. We aim to ensure smooth work without accidents. We focus on increasing employees' awareness of and expertise in safety at work.

Early intervention is important to minimise damage and prevent accidents, injuries and occupational diseases. We are continuously working to detect and eliminate risk factors.

IN EVERY OLVI GROUP PLANT EMPLOYEE HAS PROPER PROTECTIVE EQUIPMENT AND SAFETY CLOTHES WHILE WORKING

Sufficient orientation, regular safety training and up-to-date guidelines lay the foundation for a safe work environment. We invest in both job-specific and general safety training and guidelines.

The Group shares a common working safety policy. To ensure operational quality and consistency, all Olvi Group companies will have occupational safety certification in place by the end of 2020.

SUSTAINABILITY ACTIONS

- *Olvi Plc* organized a safety observation campaign for its summer workers
- *Olvi plc* and *Cēsu Alus* have a mobile application for reporting safety observations

AIMING FOR ZERO ACCIDENTS

Every employee at Olvi Group plays a significant role in ensuring a safe work environment. We encourage our employees to actively report safety observations. This is one of the most effective tools to identify and eliminate hazards.

Olvi Group's companies monitor, report and investigate near misses and accidents. Matters related to safety are reported to the management on a monthly basis.

We measure the safety of the work environment based on the total number of accidents and absences caused by accidents. A total of 22 accidents occurred at Olvi Group in 2019, which was 6 accidents more than in 2018. None of the accidents were serious. The Group's accident frequency rate was 6.7 in 2019, when in the previous year it was 4.9. Despite the increase, the overall level was still good and considerably lower than the average for the Finnish food and drink industry, which was 34.8 in 2018, for example.

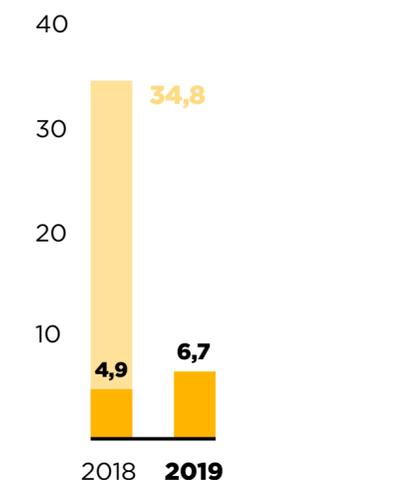
The increase in accidents was largely due to increased internal communication and more advanced systems. These have lowered the threshold for identifying and reporting accidents. To further develop the reporting of occupational accidents, we will create a shared approach to defining accidents during 2020.

ACCIDENTS



ACCIDENT FREQUENCY RATE

Accidents per million hours worked



■ Average for the Finnish food and drink industry

TARGET

Number of accidents year-on-year

-10%

TARGET

BY 2030

0 accidents and accident related absences

OCCUPATIONAL HEALTH AND WELL-BEING

One of our main goals is to ensure employees' working capacity, health and well-being throughout their careers. We are continuously developing our ways of working and our work environment to promote smooth and productive work and eliminate health risks and hazards.

We plan the work, the machinery and equipment used, as well as the work environment and circumstances, so that they do not cause physical or mental health risks or hazards to our employees. We have a substance-free work environment for all Olvi Group's employees.

We seek to identify any factors that affect working capacity as early as possible by, for example, encouraging a culture of open discussion. In terms of sickness absences, we ensure effective treatment, measures and rehabilitation through occupational healthcare.

We measure occupational health and working capacity by monitoring sickness absences. Our goal is to reduce sickness absences year-on-year. In 2019, sickness absences represented 4% of all working hours across the Group. The industry average is 6.3% in Finland.

ENCOURAGING HEALTHY LIFESTYLES

We take care of our employees' well-being at work to ensure their physical, emotional and social welfare. The Olvi Group companies promote well-being at work through various measures, events, occasions and lectures. The topics range from healthy lifestyles to ergonomics and coping at work.

We work to create optimal working conditions and increase the flexibility of work. To promote well-being at work, we explore various work shift arrangements and models in the Group companies.

We also support exercise and recreation in our employees' free time. The Group companies encourage their employees to participate in various sporting events.

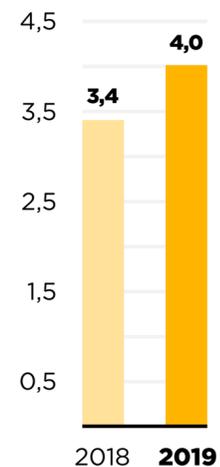
WE AIM TO REDUCE SICKNESS ABSENCES YEAR-ON-YEAR

SUSTAINABILITY ACTIONS

- *Olvi Plc* has an *Olvi Club* for recreation for its employees
- *Olvi Plc*, *A. Le Coq* and *Cēsu Alus* have clubs for their retired employees

SICKNESS ABSENCES

% out of hours of work completed



CASE: CONTINUOUS ATTENTION TO WELL-BEING AT OLVI

Olvi Plc actively invests in well-being at work. Implemented in 2017 and 2018, the Well-being at Olvi project sought to create effective and permanent ways for Olvi to maintain its employees' well-being and working capacity.

The project focused on comprehensively improving well-being, as well as through specific themes. The employees' participation rate was 98%. The project was implemented in cooperation with Ilmarinen, Iisalmen työterveysasema and Vetrea.

Olvi employees' energy levels and coping at work were studied during the first phase of the project. The well-being themes included sleep, nutrition and the prevention of musculoskeletal disorders. In addition, sales professionals discussed matters related to working alone and mobile work.

The second phase focused on maintaining and developing personal competence. During the final phase, Olvi's employees improved their workplace, interaction and communication skills through the Cooperation game.

During the project, Olvi's employees attended lectures and workshops for practical tips on improving well-being.

"We received a great deal of positive feedback on the project. Four key well-being factors were identified during the project: I know, I know how, I can, and I want to. These have been applied to planning performance based and development reviews, for example," says Anne Mäntyhö, HR Manager at Olvi.

In 2019 and 2020, the Well-being at Olvi theme and its four key factors have been and will be applied to the development

of supervisory and expert work. The goal is to provide Olvi's more than 50 supervisors and experts with new ideas for the development of their personal and the workplace community's well-being.

The project focuses on identifying personal ways of working, as well as individual motivation levels and development goals.

THE WELL-BEING AT OLVI PROJECT FOCUSED ON COMPREHENSIVE WELL-BEING DEVELOPMENT



"THE FOUR KEY WELL-BEING FACTORS HAVE BEEN APPLIED TO PLANNING PERFORMANCE BASED AND DEVELOPMENT REVIEWS."

ANNE MÄNTYHÖ
HR MANAGER, OLVI PLC



EQUAL OPPORTUNITIES

Our workplace community offers equal opportunities for all employees. We treat all employees equally regardless of their age, gender, religion, opinions, nationality or other such characteristics.

In 2019, the Group employed 62% men and 38% women. The average age of the Group's employees was 40, and the largest age group was 30-49.

WE TREAT ALL OUR EMPLOYEES FAIRLY AND EQUALLY

To guarantee equal opportunities, Olvi Group applies common ethical guidelines (Code of Conduct). We measure the realisation of equality through a personnel survey. According to the results of the 2019 employee survey, most of the Group's employees feel that they are treated fairly regardless of their gender and age.

We ensure that diversity is also reflected in our companies' boards of directors and management groups. We pay attention to ensuring that their members' work histories, international experience, age and gender are complementary, for the good of the Group's business operations. The members must also have broad-based ex-

perience and diverse professional backgrounds.

The Boards of Directors and management groups of Olvi Group in 2019 comprised 59% men and 41% women.

OPERATIONS BASED ON EQUALITY

Fair and equal treatment is reflected in recruitment, salaries and career development opportunities, for example. Recruitment is always based on carefully considered resource needs as well as the qualifications and competence requirements required for the task. Recruitment supports the achievement of business targets.

WE MEASURE EQUALITY THROUGH EMPLOYEE SURVEYS

Compensation, employee benefits and incentives are always based on current legislation and agreements in compliance with country-specific practices. Factors affecting compensation also include job difficulty and the employee's competence, performance and results.

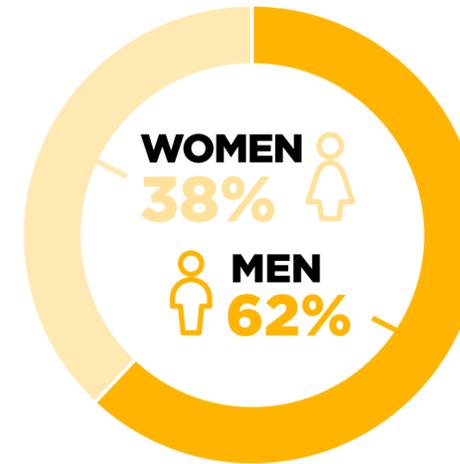
In addition, the Group companies have their own programmes and tools for promoting equality and

non-discrimination. We do not tolerate bullying – that is, behaviour that may give rise to feelings of fear, humiliation or hostility. We address any issues immediately.

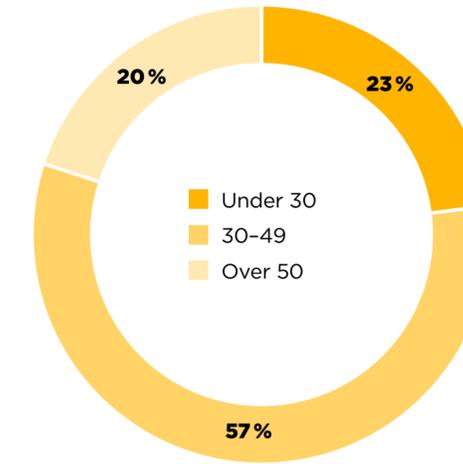
SUSTAINABILITY ACTIONS

- *Olvi Plc* has guidelines for the prevention of harassment and inappropriate treatment

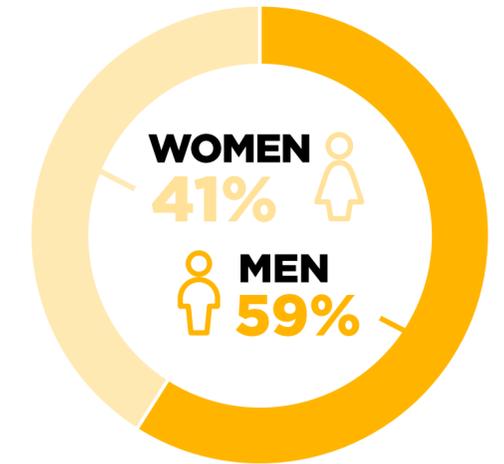
PERSONNEL'S GENDER DISTRIBUTION



EMPLOYEES' AGE DISTRIBUTION



MANAGEMENT'S GENDER DISTRIBUTION





**CREATING VALUE FOR
STAKEHOLDERS**



CREATING VALUE FOR STAKEHOLDERS

Value creation for stakeholders is key for us. The financial and social impacts of our operations are reflected in our operating environment, particularly through employment, tax payments, corporate social responsibility and local presence.

The positive development of Olvi Group's financial and share performance increases our opportunities to create value for stakeholders and communities. We are a growing and developing Group committed to long-term development. We have a strong balance sheet and good profitability.

Our strengths include our respected brands and strong market position. Innovative product de-

velopment and efficient processes also help us create value.

WE ARE A GROWING AND DEVELOPING GROUP

We are increasing the transparency of Olvi Group's tax footprint and value creation model in reporting. Our goal is to increase value creation for stakeholders

by focusing on sustainable operational development, which enables the positive development of our financial and share performance to continue.

The Group is also a stable payer of dividends. Its long-term target is to pay out dividends at an average 40 to 60% of earnings per share. In 2019, the Group paid dividends altogether 18,8 million euros.

EMPLOYMENT AND LOCAL PRESENCE

We employ a considerable number of people directly or indirectly. In 2019, Olvi Group had 1,837 employees. We employ people indirectly in agriculture, packaging and logistics, for example.

It is important for us to work in close co-operation with the local

community and give our contribution to developing its vitality. We choose local suppliers and subcontractors as our partners whenever possible. We support our local communities by using more local raw materials in our products.

WE SUPPORT OUR LOCAL COMMUNITIES BY USING MORE LOCAL RAW MATERIALS

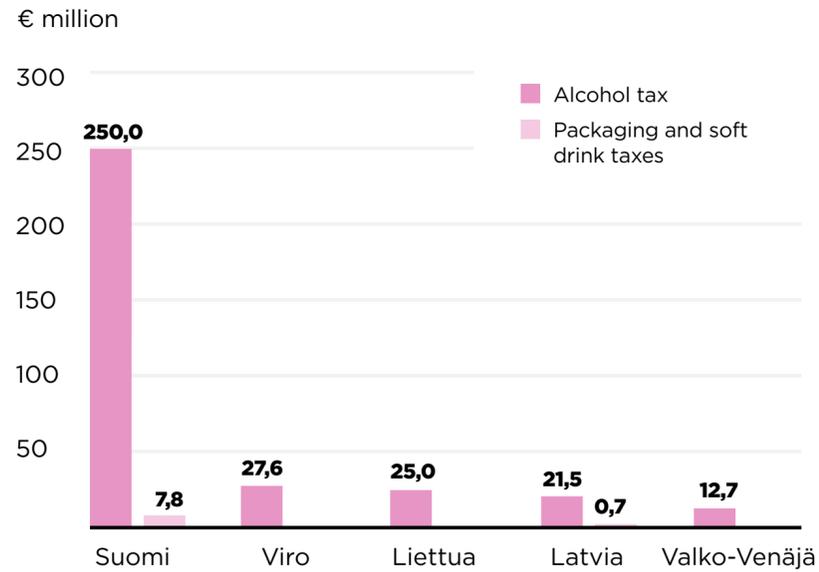
TAX FOOTPRINT

We pay taxes and fees in accordance with local legislation in each of our operating countries. We comply with valid local tax legislation, rules and regulations. We report various forms of tax at Group and country levels.

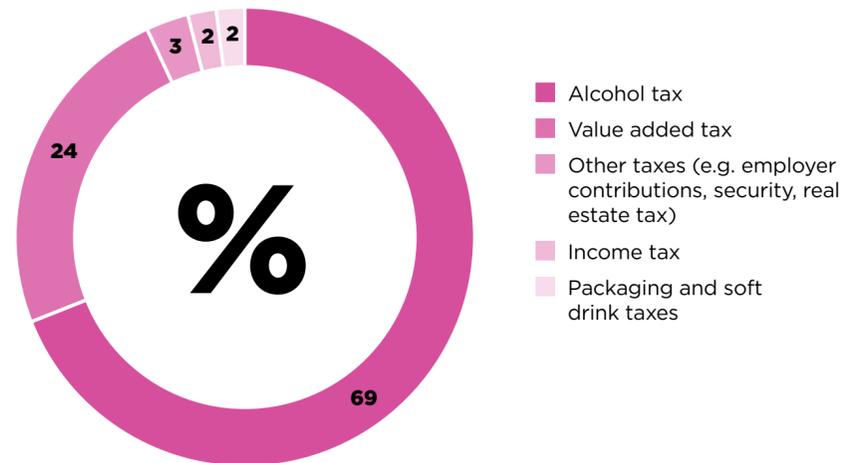
Excise duties represent 71% of all our taxes. The Group's excise duties include taxes on alcoholic beverages, soft drinks and packaging. Within the Group, its companies in Finland paid the highest amount of excise duties. In 2019, the Group paid 345.4 million euros in excise duties, including 257.8 million euros in Finland.

Value added tax represented 24% of the Group's taxes. In 2019, we paid 114.4 million euros in value added tax. The remaining 5% consists of income tax, real estate tax, employer contributions and other taxes. These totalled 28 million euros in 2019.

EXCISE TAX BY COUNTRY



TAX FOOTPRINT 2019



RISK MANAGEMENT

Risk management is a part of Olvi Group's everyday management and operations. Our aim is to ensure the realisation of the strategy and secure financial development and the continuity of business.

Proactive action is one of the purposes of risk management. Its other purposes include creating operating conditions where business risks can be managed comprehensively in all Group companies and at all organisational levels.

Risks are assessed by analysing the probability of their realisation and the potential effects. The effects may be financial but may also impact the company's reputation, personnel, the local community and the environment. Based on risk analysis, we prepare a risk management development plan for continuous proactive operational development and the reduction of operational risks.

**BUSINESS RISKS ARE
MANAGED COMPREHENSIVELY
AT ALL ORGANISATIONAL
LEVELS**

We have divided risks into strategic and operational risks. Olvi Plc's Board of Directors approves the Group's general risk management principles, and the companies' managements are responsible for their implementation.

STRATEGIC RISKS

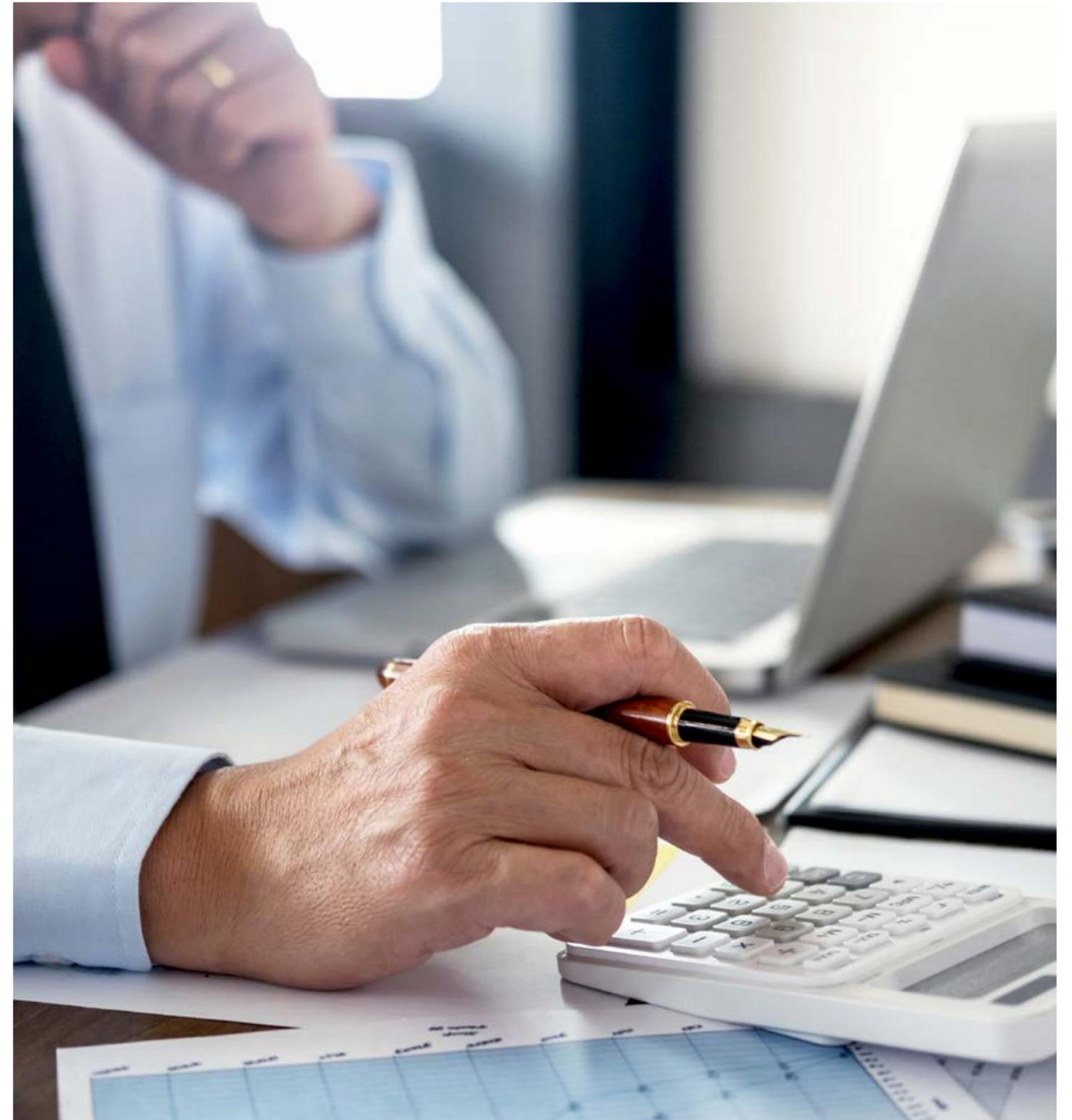
Strategic risks refer to risks related to the characteristics of the Group's business, development objectives and strategic choices. If realised, strategic risks can substantially hamper the company's operational preconditions.

Strategic risks are primarily threats that may prevent the realisation of strategic business objectives. They may also relate to changes in tax legislation and other regulations, the operating environment and foreign exchange markets, for example.

The Group's operations are located in several countries that differ substantially in terms of their social and economic situations and the phases and directions of development. Other short-term risks and uncertainties are related to development of the gen-

eral economic circumstances, changes in the competitive situation, as well as the impacts these may have on the companies' operations.

AIMING TO ENSURE STRATEGY IMPLEMENTATION





PROCUREMENT

- The prices and availability of materials are affected by economic development and changes in crops
- Interruptions in quality and the delivery of materials may hinder business operations and customer relationships
- ▶ **Consistent long-term procurement agreements, sustainable procurement principles and investment in overall quality**



PRODUCTION PROCESS

- Unclear documentation and manual work phases may cause fluctuations in operational quality
- Unclear management and decision-making may lead to inefficiency and poor quality
- ▶ **Use of management systems, operational development, a higher level of automation, and clear goals and indicators**



PERSONNEL

- Risks related to labour availability, employment relationships, key personnel, competence, well-being at work and accidents may hinder business operations
- ▶ **Maintaining and improving the employer brand, ensuring the availability and commitment of employees, maintaining well-being and safety at work, and developing management, training and remuneration systems**



ACTIONS IN VIOLATION OF ETHICAL VALUES

- Non-compliance with our values and operating principles, violations of human rights, as well as corruption and bribery, may lead to risks that could have a negative impact on the Group's stakeholder relations, reputation and financial performance
- ▶ **Ethical guidelines, anti-fraud policy and other operating models**



MARKETS AND CUSTOMERS

- Seasonal changes and characteristics are reflected in fluctuations in net sales and operating profit
- The loss of major customer relationships may have a strong impact on all business operations
- Adverse changes in the operating environment may affect demand for products, the competitive position and consumers' purchasing behaviour
- ▶ **Sales planning, monitoring and active management, a wide selection of products and a broad customer base**

MANAGEMENT OF MAJOR OPERATIONAL RISKS



FINANCE

- Risks related to credit, solvency, capital, currencies and interest rates may have a negative impact on financial performance, equity and solvency
- ▶ **Centralised management of financing to optimise cash flows and financial expenses**



INFORMATION SECURITY AND IT

- Risks related to information technology and systems are manifested as operational disruptions and deficiencies, for example
- ▶ **Operations in line with the information security policy, operating methods and technical solutions to ensure the usability and accuracy of information, as well as regular operational analysis**



ENVIRONMENT

- Environmental risks may arise from wastewater treatment, chemical management and poor waste management, among others. Any materialised risks will have a negative impact on the company's reputation and stakeholder relations and the Group's financial performance, in addition to the environment
- ▶ **The condition of production machinery, appropriate wastewater treatment, sufficient training for employees, and the continuous monitoring and development of the production process**

SOCIAL RESPONSIBILITY

Olvi Group creates value for its stakeholders by operating responsibly in society. All Group companies have operating principles for sponsorship and charity. The Group companies support sporting and cultural events, as well as work for the benefit of children, young people and the elderly.

OLVI FOUNDATION

Olvi Plc's principal owner, the Olvi Foundation, is a non-profit foundation that awards financial support, grants and scholarships annually. The Olvi Foundation was established in 1955 by Olvi's Managing Director and principal owner, E. W. Åberg, and his wife, Hedwig. He assigned the majority of his Olvi shares as basic capital for the foundation.



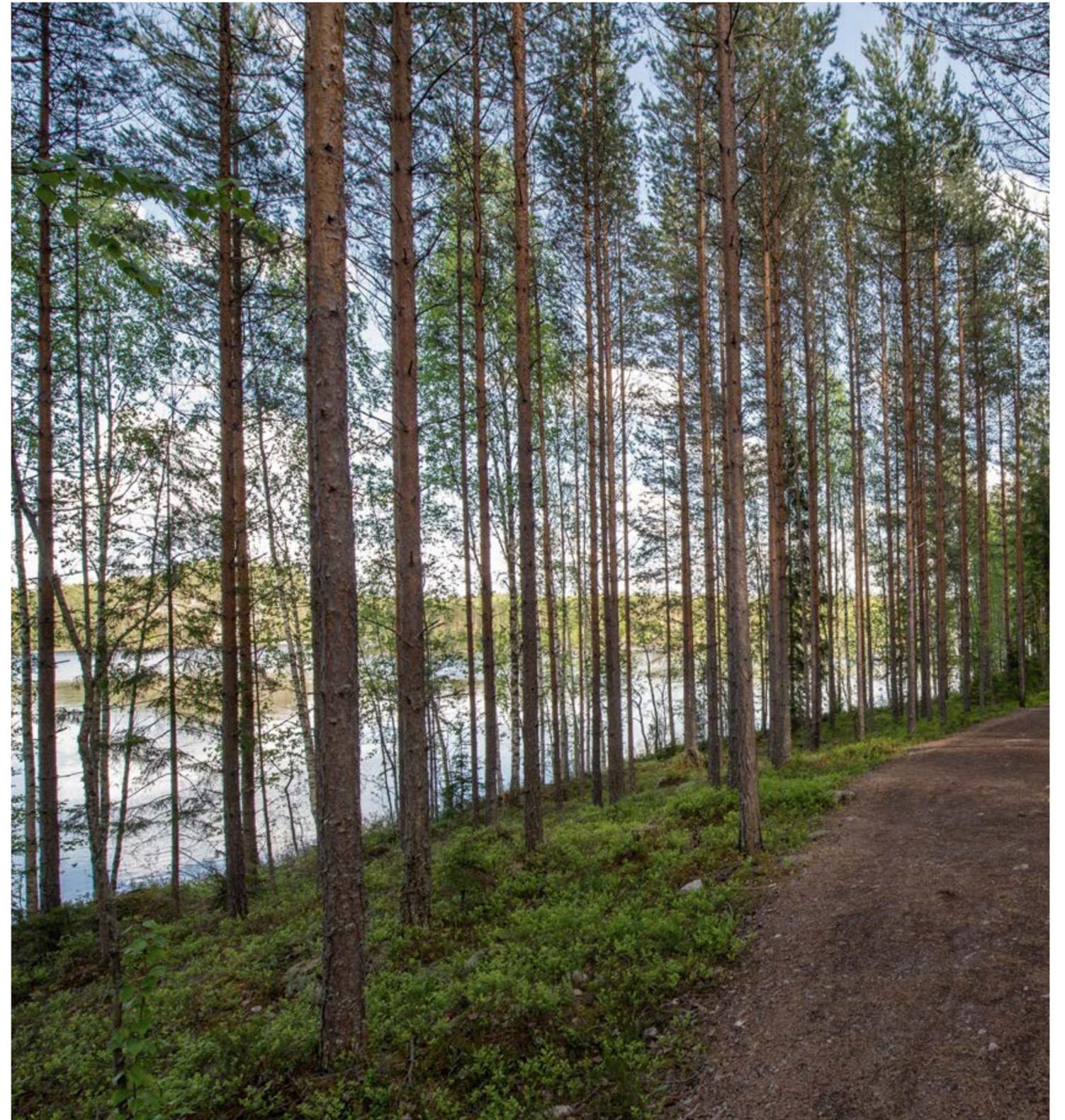
the UEF, which aims to develop broad-based technological skills and inventiveness.

The foundation also supports local heritage work, focusing on the vitality and local culture of the Upper Savonia region. In addition, the Olvi Foundation maintains Finland's only public brewery museum in Iisalmi. The foundation focuses also include the development of the food economy, which includes promoting the sustainable use of natural resources and further developing agriculture and the fishing industry.

The foundation mainly supports operations in Eastern Finland. Other significant recipients of support in Finland include the New Children's Hospital in Helsinki. The foundation donated 2 million euros towards the construction of the hospital.

In 2019, the Olvi Foundation awarded 3.4 million euros in grants, scholarships and financial support. A total of 163 grant applications were approved.

E. W. ÅBERG AND HIS WIFE, HEDWIG, ESTABLISHED THE OLVI FOUNDATION IN 1955





“FUNDING PROVIDES BETTER OPPORTUNITIES TO CREATE A CONSISTENT PROGRAMME FOR RESEARCH, DEVELOPMENT AND TRAINING IN THE AQUATIC SECTOR.”

JUKKA JURVELIN
DEAN OF THE FACULTY OF SCIENCE AND FORESTRY, UNIVERSITY OF EASTERN FINLAND



CASE: RESEARCH INTO THE SUSTAINABLE USE OF WATER RESOURCES

In 2019, the Olvi Foundation funded strategic research into the aquatic environment at the University of Eastern Finland. The project received a total of 2.6 million euros in funding from the Olvi Foundation, the Jenny and Antti Wihuri Foundation and the Saastamoinen Foundation.

“Joint funding from three foundations is a unique resource for us. It provides better opportunities to create a consistent programme for research, development and training in the aquatic sector in Eastern Finland,” says Jukka Jurvelin, Dean of the Faculty of Science and Forestry at the University of Eastern Finland.

The goal is to bring together the expertise of the UEF and its public and private partners to develop an innovation ecosystem for the aquatic sec-

tor. The project strengthens a multidisciplinary approach and the value chain of aquatic research, from the natural sciences to human behaviour and commercialisation.

THE PROJECT STUDIES THE USE OF THE AQUATIC ENVIRONMENT TO PROMOTE BUSINESS AND WELL-BEING

The project focuses on identifying negative factors that affect natural waterways, and coordinating operations and the use of aquatic environments.

“These measures enable the development of well-being and business based on sustainability in Eastern Finland,”

says Mervi Toivainen, Chief Executive of the Olvi Foundation.

The project – ‘The aquatic sector as an accelerator of prosperity and well-being in Eastern Finland’ – will run from 2019 to 2021.

Multidisciplinary aquatic research has a long tradition at the UEF. The university conducts research into water purification and processing and the assessment of impurity risks. Other research topics include climate protection and legislative dimensions.

VALUE CREATION AT OLVI GROUP

RESOURCES



PERSONNEL

- At Olvi Group: 1,837



NATURAL RESOURCES

- Raw materials for products and packaging
- Water
- Renewable energy



INTANGIBLE RESOURCES

- Brands and trademarks
- Product development and innovation processes
- Expertise



FINANCIAL RESOURCES

- Strong balance sheet
- Good profitability
- Stable payer of dividends
- Investments



OWN PRODUCTION

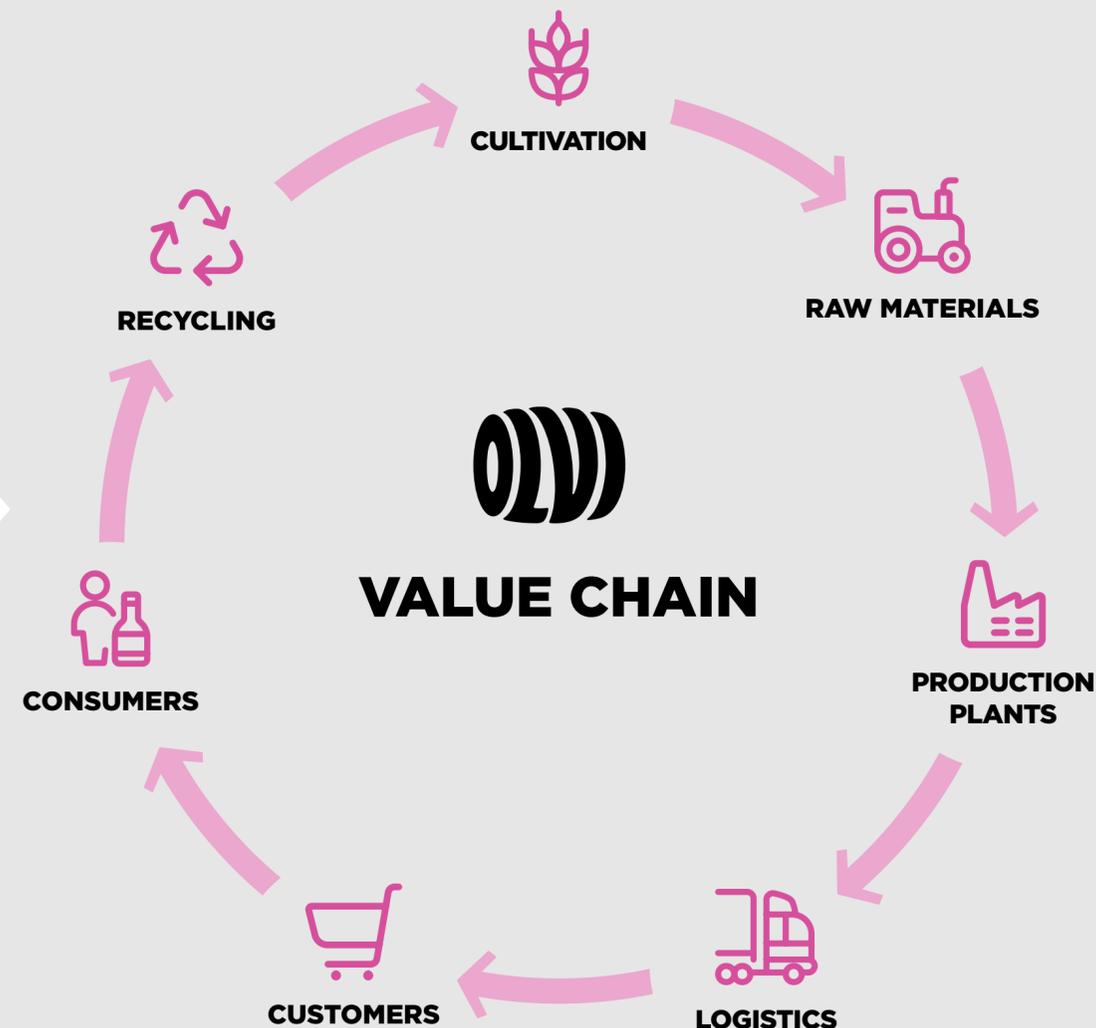
- 5 breweries and beverage factories
- 1 juice factory
- 1 mineral water plant
- 1 distillery



PARTNERS

- Customers
- Suppliers and logistics partners
- Other stakeholders and partners

OLVI GROUP



OUTPUT



FOR EMPLOYEES

- Direct and indirect employment
- An inspiring and healthy work environment for Olvi Group's employees
- An accident-free work environment at Olvi Group by 2030



FOR CUSTOMERS AND CONSUMERS

- A wide selection of alcoholic and non-alcoholic products that responds to consumer trends
- Innovative, healthy and local products
- Refreshing and positive experiences for daily life and special occasions



FOR THE ENVIRONMENT

- Recycling and reusing materials and side streams, and minimising waste
- Optimising water consumption
- Minimising climate emissions



DISTRIBUTION OF FINANCIAL VALUE

- Employees' salaries and fees
- Owners
- Financiers
- Partners
- Business development
- Taxes
 - Excise tax
 - Value added tax
 - Other taxes
- Donations and partnerships



**CONSUMER
COMMUNICATIONS**



CONSUMER COMMUNICATIONS

We are committed in promoting a responsible drinking culture and moderate drinking in all of our operations. Open and responsible communications to consumers is a prerequisite for operations, in addition to product safety.

RESPONSIBLE CONSUMPTION

Great-tasting products that have been produced sustainably and better meet consumers' expectations are crucial for our long-term success.

We guide consumers to enjoy alcohol and other products in moderation. To support responsible drinking, Olvi Group organises activities in each of its countries of operation annually. We also work in close cooperation with national and international beverage industry players and associations to promote the moderate use of alcohol.

NON-ALCOHOLIC OPTIONS AND SMALLER SIZES

More than 20% of consumers in each age group globally are seeking to actively reduce their alcohol consumption. This percentage is highest among people aged 18–34. For 37% of consumers, health is the reason for reducing alcohol consumption (Global Data 2018).

However, consumers do not want to enjoy beverages less frequently. They want to replace alcoholic beverages with non-alcoholic or low-alcohol options (Global Data 2018). We have expanded our se-

lection of non-alcoholic products in response to demand and to promote a responsible drinking culture.

In 2019, Olvi launched the world's first non-alcoholic long drink under the A. Le Coq brand. The non-alcoholic A. Le Coq Long Drink Grapefruit has been a huge success. During the year, we expanded the non-alcoholic beer category when A. Le Coq launched its Premium wheat beer, including in Finland.

New products by Cēsu Alus in 2019 included its non-alcoholic Cēsu Premium beers seasoned with lemon and lime juice and cherry juice. Volfas Engelman launched the non-alcoholic Fass-Brause product family, and A. Le Coq introduced Hoggy's, a non-alcoholic cider. Lidskoe Pivo's new products included kvass seasoned with redcurrant juice.

To promote responsible consumption, we are also including smaller sizes in our product categories. Our goal is to have at least one alcoholic product available in the 0.33-litre size or smaller in all the Group companies' portfolios in the future.

CAMPAIGNS AGAINST DRIVING UNDER THE INFLUENCE OF ALCOHOL:



"The Sober Group Leader"



"Don't drink and drive"

TARGET

To increase the number of **NON-ALCOHOLIC PRODUCTS** in Group companies each year



SUSTAINABILITY ACTIONS

- A. Le Coq and Olvi Plc have the 0.275-litre bottle size in use for beers





“WE HAVE EDUCATED MORE THAN 1,600 TEENS WITHIN THE BE INDEPENDENT PROJECT.”

AGITA KĀRKLINA
COMMUNICATION MANAGER, CĒSU ALUS



CASE: EDUCATION ON RESPONSIBLE CHOICES

In May 2019, Cēsu Alus provided more than 200 young people with education on responsible choices at its 'Be Independent!' event. The event was held at the Liepāja State Technical School for students of the grades 9 to 12 from the Kurzeme region.

At the event, the young people listened to thought-provoking presentations by a young business owner on self-discipline, and by a psychologist on working with young people with substance dependence, for example.

After the presentations, the speakers and the young people participated in a panel discussion

on finding motivation, achieving goals and maintaining mental health.

During the second part of the event, interactive workshops were held for the young people. They created information posters about addiction, took a quiz on the consequences of alcohol dependence, and discussed its prevention.

They also had an opportunity to listen to personal experiences of achieving goals, to learn the basics of breathing and first aid, as well as to get acquainted with the art of improvisation.

“This event was an opportunity to talk with the teens in a relaxed and open environment. I hope that the teens did not only gain inspiration, but also some valuable insights on these serious issues,” says Agita Kārklina, Communication Manager at Cēsu Alus.

In 2019, the event was organized in cooperation with the Liepāja State Technical School, Liepāja Student Council, the Youth House of Liepāja and Liepāja Children and Youth Centre.

Cēsu Alus has organized the Be Independent project since 2012. “We have educated more than 1,600 teens within the project,” tells Agita Kārklina.

MORE THAN 200 YOUNG PEOPLE PARTICIPATED IN THE EVENT TO PREVENT ALCOHOL DEPENDENCY



MORE HEALTHY BEVERAGES

Consumers are increasingly expecting beverage manufacturers to use healthy and natural ingredients. Of all consumers, 43% are actively reducing their sugar intake. Popular consumer trends also include local operations and the origin of products (Global Data).

THE SUGAR CONTENT OF MANY BEVERAGES HAS BEEN REDUCED

In response to consumer trends, we have reduced the sugar content of soft drinks and alcoholic beverages, as well as launching sugar-free products.

In 2019, the Group companies included sugar-free products, such as the Motor Oil energy drink and the Kanes soft drink, in their product portfolio. New products also included products with no added sugar, such as the Tehosport Toffee recovery drink.

We have also increased our investment in water product categories during 2019. Volfas Engelman launched Uniqa water, which is bottled at Olvi Group's new natural mineral water plant in Lithuania. Olvi Plc also introduced the Arctic Silence water product family.

In addition to launching non-alcoholic and value-added products, we have expanded our packaging selection. We aim to further develop our selection of healthier products made from natural ingredients over the next few years.

SUSTAINABILITY ACTIONS

- A. Le Coq offers 0.33-litre and 0.25-litre tetra product



RESPONSIBLE CONSUMER INFORMATION

Product labels and the companies' website provide consumers with clear product information. Ingredient lists and energy content are provided for many of our alcoholic products. With the help of product labelling, every product can also be traced all the way from raw materials to shops.

Our objective is that all packaging of the Group's alcoholic products will carry warning symbols by 2022. The warning signs indicate that you must not drink alcohol if you are underage, pregnant or driving a car. In 2019, most of our alcoholic product packaging had warning signs.

TARGET

BY 2022

**warning labels
in all our alcohol packaging**



In the future, we aim to harmonise the information available on our companies' websites about responsible consumption, packaging information and nutrition content. Nearly all our companies had made this information available on their websites by the end of 2019.

We closely monitor feedback from consumers on our products via various channels and respond quickly. We further develop our operations based on feedback from consumers and customers.

PRODUCT SAFETY

Product safety plays a key role in our manufacturing. By product safety, we mean the safety of the product content, as well as the safety of the product throughout its life cycle. The product must not be harmful to consumers' health in any way.

Olvi Group's product development and quality control functions ensure product safety. Our products

are manufactured following high standards, and they must conform with applicable laws, official regulations and quality standards. Product quality is ensured through sensory, chemical and microbiological analysis.

WE FURTHER DEVELOP OUR OPERATIONS BASED ON FEEDBACK

Ensuring product safety and complying with factory hygiene rules concern every employee in the production chain. The management of product safety risks is conducted through the HACCP (Hazard Analysis and Critical Control Points) system and self-control.

Most of the Group's breweries have certified product safety systems.





RESPONSIBLE MARKETING

Marketing plays a key role in ensuring sustainability. We are committed to responsible product advertising and marketing based on guidelines such as the following:

- The International Chamber of Commerce's Framework for Responsible Food and Beverage Marketing Communications
- The guidelines of Food-DrinkEurope
- The guidelines of the Brewers of Europe
- The guidelines of the Union of European Soft Drinks Associations (UNESDA)
- The guidelines of the European Cider and Fruit Wine Association (AICV)
- The guidelines of local brewery and soft drinks associations

In addition to guidelines and regulations, we observe self-control that is stricter than official regulations in some respects. In this way, we can respond to the expectations of the operating environment and be at the front line in developing corporate responsibility practices for the industry. Marketing ethics applies not only to advertising but also to sponsorship.

The Group did not have any marketing cases violating the principles of responsibility in 2019.

TARGET

No marketing cases contrary to the PRINCIPLES OF RESPONSIBILITY





**ETHICAL WAY OF
OPERATION**

ETHICAL WAY OF OPERATION

An ethical way of operation is a substantial part of our values and business in all market areas. A responsible mode of operation is essential for maintaining trust between Olvi Group and its stakeholders.

We want to maintain our reputation as an honest and trustworthy Group. To ensure the ethical business practices, it is essential that we have up-to-date ethical guidelines and operating models. These determine the basic principles of internal and external ethical business practices.

CODE OF CONDUCT FOR OPERATIONS

Our Code of Conduct describes the foundation of our responsible operations. We comply with the laws and regulations concerning our operations. We promote healthy and effective competition, and comply with current competition regulations. Protecting Olvi Group's tangible and intangible assets is also important.

In our operations, we pay attention to occupational health and safety, as well as working towards a cleaner environment. We also work to ensure that we communicate honestly and respectfully with our stakeholders, and provide our investors with timely and reliable information. The Group companies do not participate in pol-

itics, and we avoid conflicts of interest between our jobs and private lives.

We focus on the equal treatment of our employees. At Olvi Group, everyone is treated equally and respectfully.

We respect international human rights and pay attention to their implementation. We have zero tolerance for forced labour and child labour in our supply chain. We require our suppliers and partners to comply with our Code of Conduct for them.

The Group's management, employees and partners must comply with anti-bribery and anti-corruption laws in all our locations.

WE WANT TO MAINTAIN OUR REPUTATION AS AN HONEST AND TRUSTWORTHY GROUP

We do not pay or offer to pay illegal or inappropriate payments or bribes, nor do we accept them to secure deals or maintain business

operations or for any other reason. The management and employees must not abuse their power to achieve financial or other benefits for themselves.

We guide personnel towards respect for human rights and zero tolerance on corruption and bribery. These aspects are discussed in our personnel policy and our anti-fraud policy. We also provide training on these topics.

CHANNEL FOR REPORTING ETHICAL NON-COMPLIANCE

Since 2018, the Group has had a whistleblowing channel. The whistleblowing channel enables our employees and stakeholders to file a confidential report if they detect non-compliance with our Code of Conduct or values.

Our target is zero tolerance against human rights violations, corruption and bribery. The management has not become informed of a single case of unethical action through this channel or any other means in 2019.

