



**ALTIA'S RESPONSIBILITY
REPORT 2015**

ALTIA
— YOUR 1ST CHOICE —

*Quality beverages are produced using carefully
selected raw ingredients, the best expertise
and sustainable practices.
They are best enjoyed responsibly.*

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Year 2015

Altia in brief

Altia is the leading wine and spirits company offering quality brands in the Nordic and Baltic countries. Altia produces, markets, sells, imports and exports alcoholic beverages.

- Altia's business model is based on offering a strong portfolio of its own brands and a versatile range of international partner brands as well as providing customers with services, which utilize its production, packaging and logistics capacity.
- Altia's home markets include Finland, Sweden, Norway, Denmark, Estonia, Latvia and travel retail. The head office is located in Helsinki.
- Altia has a distillery in Koskenkorva village in Ilmajoki municipality, bottling plants in Rajamäki village in Nurmijärvi and Tabasalu municipality in Estonia, as well as warehouse facilities and offices in its home markets.
- Altia is a growing cognac house with production and aging cellars in Cognac, France.
- Altia is the market leader in spirits and wine in the Nordic and Baltic countries.
- Altia's most significant clients are the Nordic alcohol retail monopolies, international alcoholic beverage companies, alcoholic beverage wholesalers, travel retailers, grocery stores, importers operating in export markets as well as domestic feed and starch clients.
- Altia exports alcoholic beverages to nearly 30 countries, most of which are in Europe. Products are also exported to Asia, North America, the Caribbean and the Middle East.
- In addition to the production, export and import of alcoholic beverages, Altia's business operations include industrial products and services. They improve the efficiency of raw material utilization and the company's production and logistics capacity through synergies with the alcoholic beverage business. Altia's industrial products and services include geothermal fluid, technical ethanol, barley starch, animal feed, logistics services for alcoholic beverages, and the contract manufacturing of alcoholic beverages.

Key figures

380.4

Altia's net sales in 2015 totalled EUR 380.4 million.

879

Altia employed 879 people on average in 2015.

100%

Altia is fully owned by the State of Finland.

99

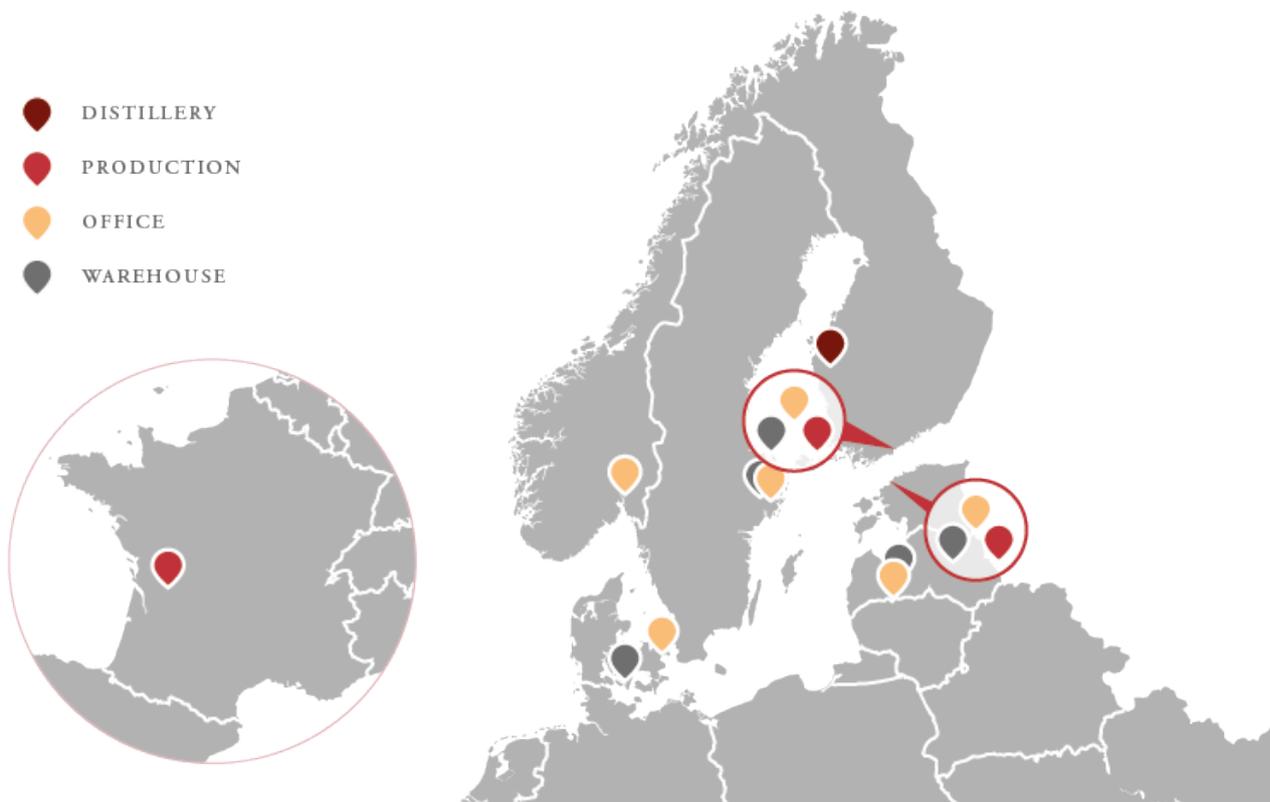
Altia produced or imported 99 million liters of beverages in 2015, part of which are exported (production 72.8 million liters, import 26.5 million liters).

190.7

Altia used a record-breaking 190.7 million kilos of Finnish barley in 2015. Barley is mainly sourced from 1,500 contract farmers.

35%

The new bioenergy power plant at the Koskenkorva distillery reduced carbon dioxide emissions by 35 percent in 2015.



A year of dialogue and development

We want to be a leading alcohol beverage company in the Nordic and Baltic regions, also when it comes to corporate responsibility. For us, responsibility is both a strategic priority and a success factor in business. We are increasingly engaging in dialogue on responsibility with our partners, suppliers and customers. Our efforts in the area of responsibility build sustainable long-term business for Altia.



At Altia, responsibility is part of everything we do — from the Executive Management Team's agenda to brainstorming by the product development team and the planning of our marketing. In 2015, we took significant steps forward in our work on responsibility.

The Koskenkorva bioenergy power plant celebrated its first anniversary in November. It has reduced the carbon dioxide emissions of the Koskenkorva production plant by as much as 35 percent. Finnish barley finds a wide variety of uses at our plant. It is a valuable raw material that we utilize almost completely in our production operations.

At the grand opening of the bioenergy power plant, I emphasized how proud I am of the high level of fuel self-sufficiency of the plant's steam generation, which is expected to be as high as

65 percent. That sense of pride is still strong, as the bioenergy power plant represents a profitable investment that is a significant part of Altia's future. It is a major step for us, but we have also taken many smaller steps forward in other areas of our operations.

Responsible alcohol consumption

Altia is a significant operator in society. We pay a substantial amount of taxes in our operating countries, we make investments, we create stability and jobs, and we work together with other operators to promote a responsible drinking culture.

We are committed to responsible alcohol consumption and its development in all of our operating countries. Through our actions, we want to set an example for other operators in our industry. We participate in campaigns to promote a responsible drinking culture in our various market areas.

We respect the right of adults to consume alcoholic beverages, or to choose not to consume them. Most adults consume alcoholic beverages in moderation in various social settings. We take the negative impacts of alcohol abuse seriously, and we believe society must prevent them through sensible regulation. We are strongly against alcohol consumption by minors.

Transparency through communication and stakeholders

This responsibility report marks the first time that we discuss our corporate responsibility objectives and our progress with respect to them.

Our stakeholders' views regarding our responsibility are of essential importance to us in the development of our operations. In May, we conducted our second stakeholder survey on responsibility. The materiality analysis carried out based on the survey highlighted nine key themes that we will focus on in this report.

Employee well-being and good leadership are among our three most important responsibility themes. I am pleased to say that the results of Altia's annual personnel survey showed a significant improvement. During the year, we have focused on leadership development and increased communication by our management.

Responsibility goes hand in hand with transparency. In 2015, we increased our stakeholder

dialogue in various ways, including the launch of our Twitter account, @AltiaFI, which provides us with a platform for dialogue with our audience and open communications about our operations.

Another change that promotes greater transparency is the Whistleblower channel we introduced during the year. It offers our personnel a secure channel for reporting conduct that is in breach of our Business Principles.

Responsible product development and local production

Altia buys barley mainly from 1,500 contract farmers for use at the Koskenkorva distillery. We have signed the Baltic Sea Action Group (BSAG) commitment. In accordance with the commitment, we encourage farmers to use environmentally friendly practices in agriculture. We also made a concurrent commitment to reducing our water consumption. We favor local production whenever possible.

Responsibility is an important consideration in our product development. We launched non-alcoholic wines during the year, and we are also developing our selection of organic and Fairtrade wines. The Rajamäki plant also received certification in 2015 for bottling Fairtrade wines. We launched our first product manufactured from organic grain spirit produced at Koskenkorva and Finnish organic blueberries: the Rooftop Garden Organic Blueberry Ginger liqueur.

Product quality and safety is the most important theme for our stakeholders as well as everyone at Altia. Responsibility is a key aspect of our product development and the development of our portfolio of partner brands. We believe it will also provide a competitive advantage for Altia going forward.

I hope you enjoy reading our report!

Pekka Tennilä, CEO

Events in 2015

January

- The new bioenergy power plant at the Koskenkorva plant goes online. The bioenergy power plant uses barley husk as its primary fuel. In its first year of operation, the bioenergy power plant reduced the production plant's carbon dioxide emissions by 35 percent and increased its fuel self-sufficiency in steam generation to 46 percent.
- Cooperation negotiations regarding the discontinuation of production at the Svendborg plant in Denmark were completed.

February

- Altia received recognition from the Estonian Minister of Culture for its project to renovate windmills on Saaremaa island to preserve Estonian cultural heritage.
- Altia launched its training program for line managers based on the company's leadership principles. The training brought together Altia's managers from different operating countries and business areas.

March

- Altia's responsibility report was published fully as an online report for the first time.

May

- Altia launched its second stakeholder survey on responsibility. Invitations to take the survey were sent to stakeholders, and the link to the survey was also posted on Altia's website.
- The Koskenkorva plant produced its second test batch of organic spirits from approximately 400,000 kilos of organic barley.
- Altia received a permit for bottling Fairtrade wines at its Rajamäki plant.
- Altia's first own Fairtrade wine, Patchwork, was launched in Sweden.

- Altia signed the Baltic Sea Action Group commitment, which sees Altia commit to promoting sustainable agriculture and the reduction of water consumption.

June

- Production operations were discontinued at the Svendborg plant in Denmark. A total of 26 employees were dismissed, and outplacement services were offered to them.

August

- The first product produced from organic grain spirit at the Koskenkorva distillery was launched. The Rooftop Garden blueberry liqueur became the first organic liqueur in Alko's, the alcohol monopoly in Finland, selection.

September

- Altia's Corporate Responsibility Working Group updated the company's responsibility cornerstones based on a materiality analysis and produced Altia's first materiality matrix. These were approved by the Executive Management Team.
- Altia launched its Twitter account, @AltiaFI.
- Altia Finland organized its annual Partner Seminar for key partners. The theme of the seminar was responsibility.
- Altia made a commitment to continue its project to renovate historically significant windmills on Saaremaa island in Estonia for a period of three years.

October

- Altia defined its view regarding responsible alcohol consumption.

November

- Altia supported ethicality in its operations by establishing an internal whistleblowing channel for reporting unethical or illegal conduct.
- Altia decided that a responsibility statement must be used regularly and consistently in marketing communications in all of its markets.

- All company personnel participated in the Altia Purpose effort, which resulted in 750 ideas and 2,500 comments.
- Negotiations concerning the outsourcing of operations at the logistics center in Brunna were completed with personnel representatives in Sweden.
- The Executive Management Team approved the targets of the responsibility program for the following year.

December

- The results of the Altia Tasting personnel survey improved by six percentage points compared to the previous year. The results improved for all 58 questions in the survey.

Altia's approach

Business environment and Altia's strategy

Altia is the leading producer and importer of alcoholic beverages in the Nordic and Baltic countries. Our competitors include major international beverage industry players, Nordic companies, local importers and small local producers. We value diversity, as it enriches the industry and helps shift drinking culture from a focus on quantity to a focus on quality.

Strategy development in progress

Altia's long-term focus is on profitable growth. Profitable growth is sought by implementing the company's current strategy, which extends to 2016. Its focus areas are brands, innovation, customer insight and leadership development. Altia has also begun to develop its strategy 2020 in a broad-based effort within the organization. The new strategy 2020 will be a seamless extension of the strategy being implemented at present.

As part of the development of strategy 2020, Altia has defined the company's purpose, Let's drink better, which is related to the development of drinking culture in our market areas. Our purpose combines our Nordic heritage with innovation as we contribute to a more responsible drinking culture. A better drinking culture is social, environmentally friendly, innovative, experience-oriented and moderate. It focuses on quality instead of quantity.

We engaged our personnel to generate and discuss ideas on what our purpose could mean for Altia's business. The response was fantastic, with more than 700 ideas and 2,500 comments received. The Executive Management Team has reviewed all of the ideas and they will be implemented gradually over several stages.

The approach based on responsibility and better drinking culture represents a significant business opportunity for Altia. Profitable long-term growth is built from sustainable business operations and the development of a responsible and diverse drinking culture.

Economic climate remains weak

The economic climate in the food, retail, travel and restaurant industries remains weaker than average. This is also reflected on the beverage industry. The markets for alcoholic beverages are stagnant or declining in all of our operating countries, and competition is intense.

Nevertheless, Altia has been successful in capturing market share in several product categories in spite of the difficult market situation. In marketing, Altia has focused on insight into the Nordic consumer, as well as brand building. In product development, attention has been shifted even further towards responsibility and new innovations that create added value. Examples of this include fair trade and organic products launched during the year, as well as non-alcoholic and lower-alcohol beverages, which are increasingly sought by consumers.

Altia also took significant strides forward in improving the efficiency of its operations with regard to production as well as the supply chain. The Koskenkorva distillery, for example, operates at full capacity every day of the year, and the high efficiency creates a cost advantage.

Continued digitalization

Digitalization is a strong trend, also in the alcoholic beverage industry. Consumers in the EU buy alcoholic beverages remotely from online stores. Online sales remain relatively minor and focused on enthusiasts. Nevertheless, e-commerce represents a significant trend in consumer behavior that domestic operators should be able to respond to.

International competitors are currently able to fully utilize social media channels and e-commerce, even towards Finnish consumers. At the same time, domestic operators are partly prohibited by law from participating in this competition in Finland.

The problem of gray imports

The Nordic countries are characterized by strict legislation and taxation of the alcohol industry, while in our other operating countries, Latvia and Estonia, the markets are more liberal. The border trade and gray imports are nevertheless a common feature of all of our operating countries. They are a significant problem in Finland, Sweden and Estonia, for example. In Finland, the value of gray imports exceeds the total sales of the entire restaurant industry. Denmark represents the opposite example; it has achieved a decrease in gray imports by

reducing taxes on alcohol.

A comprehensive reform of Finnish alcohol legislation began in 2015. The process will continue in 2016 and new legislation is expected to enter into force at the beginning of 2017. We hope that the legislative changes will make it easier for Finnish companies in the alcohol industry to operate and pursue success in export markets.

Creating long-term sustainable value at Altia

Inputs



Natural resources

The most important natural resources we use are barley, water and energy.



Physical assets

We have production, logistics and office sites in seven countries as well as aging cellars in France.



Human capital

We employ 842 people with distinctive capabilities and knowhow.



Intellectual capital

We strengthen and grow our key brands. We introduce innovative concepts to the market.



Financial capital

Altia's total assets amounted to EUR 466.7 million in 2015.



Social & relationship capital

We maintain strong relationships with our key partners, customers and suppliers.

Operations

OUR CULTURE

- *Inspiring leadership*
- *Strategic impact*
- *Successful collaboration*
- *Customer centricity*

Efficient processes and an agile organisation

OUR STRATEGY

Serving consumer needs and occasions
Focusing on key brands and partners
Leading the market in the Nordics and Baltics

OUR AIM

We want to be the preferred partner
for our customers. We want our
brands to be loved by
our consumers.

Outputs



Alcoholic beverages

We produce, pack and bottle spirits and wines at our own production plants, and also represent a wide portfolio of our partners' products.



Industrial products and services

We produce barley starch, animal feed, technical ethanol and geothermal fluids, as well as offer alcoholic beverage contract production, bottling and logistics services to our customers.

Outcomes

We offer consumers quality brands that they love. Our products are targeted at adults consuming alcoholic beverages in a responsible way.

We create value to our customers by providing an unique and comprehensive portfolio of quality brands

We create value for our partners by providing consumer insight and brand development.

We create value for our suppliers by developing grain varieties, packaging solutions and flavors together with our suppliers.

We contribute to society by acting responsibly, taking care of taxes and social contributions, and creating business throughout the supply chain. We promote responsible alcohol consumption through industry cooperation.

We cultivate a company culture supporting success. We provide a safe workplace and development opportunities for our employees.

We create financial value to our owners.

Steering of Altia's responsibility work

Altia's responsibility work is guided by Altia's strategy, stakeholders' expectations, our Business Principles and other internal principles and guidelines, as well as the ethical principles of the Business Social Compliance Initiative.

Responsibility topics that affect Altia as a whole are addressed by Altia's Corporate Responsibility Working Group, whose ten members represent different parts of the organization. The Working Group reports to the Executive Management Team. It is chaired by the Senior Vice President for Commercial Operations, who is also a member of the Executive Management Team.

Based on a proposal by the Working Group, the Executive Management Team annually approves the actions to be implemented in the following year.

The actions supporting Altia's responsibility are part of each business' operational plans and their implementation is monitored in the respective management teams.

Performance is monitored with the help of various indicators including, for example, five different environmental indicators from the amount of waste material to water and energy consumption, the sickness absence rate and the accident rate, as well as personnel surveys.

Altia's communications department is in charge of the coordination, development and reporting of corporate responsibility efforts.

Stakeholder interaction and materiality analysis

Our stakeholders' perceptions regarding our responsibility are of essential importance to us. They help us develop and prioritize our operations. We want to be a leading alcohol company also when it comes to responsibility.

We aim to communicate our operations to our stakeholders in an open and transparent manner. We developed our stakeholder communications by launching Altia's Twitter account, @AltiaFI, in September 2015.

In addition to day-to-day stakeholder interaction, we evaluated our stakeholders' perceptions regarding our responsibility by conducting our second comprehensive stakeholder survey. According to the results of the survey, the themes related to Altia's responsibility cornerstones perceived as the most important by stakeholders are product quality and safety, employee well-being, and good leadership.

We conducted a materiality analysis based on the results of the stakeholder survey and our internal assessments, and we also produced our first-ever materiality matrix. Of the responsibility cornerstone themes, nine were highlighted as the most material aspects of our responsibility.

Responsibility cornerstones



Altia & Customers

- Product quality & safety
- Utilizing responsibly produced raw materials
- Traceability of products
- Organic & ethically certified products



Altia & Society

- Responsible marketing
- Advocating responsible consumption
- Economic contribution
- Human rights in supply chain



Altia & Environment

- Minimising own environmental impacts
- Environmentally sustainable logistics chain
- Sustainable agriculture
- Conserving groundwater



Altia & Employees

- Well-being of employees
- Good leadership
- Occupational health & safety
- Rewarding good performance

Stakeholder interaction

Stakeholder survey: Product quality and safety is the most important aspect.

In May 2015, we conducted our second stakeholder survey on responsibility to assess our stakeholders' views on the responsibility cornerstones that guide our responsibility efforts and to support the development of our work in the area of responsibility.

The most important themes among our responsibility cornerstones, as highlighted by our stakeholders, were product safety and quality, employee well-being, good leadership, responsible marketing and the use of responsibly produced raw materials. Product quality and safety was also highlighted as the most important theme in our first stakeholder survey conducted in 2013.

The least important themes according to the respondents were our measures to reduce water consumption and protect groundwater and to minimize environmental impacts by reducing waste volume and developing packaging.

Domestic ownership, production and raw materials was highlighted as the most important theme in the responses to an open-ended question at the beginning of the survey to gauge respondents' opinions on what Altia should focus on in its responsibility efforts.

Overall, the responses of the various stakeholder groups regarding the order of priority of the responsibility cornerstone themes were very similar.

Our contract farmers highlighted the price we pay for barley, which was characterized as being too low and unfair. Altia's barley pricing is influenced by the prices of grain in the world market, and particularly by the development of the market prices of wheat and barley in the EU's internal market. Altia's public market price for barley is competitive compared to other public barley prices.

Some of the survey results support the conclusion that the level of awareness among our stakeholders regarding our responsibility efforts is not yet high enough, which presents us with a good opportunity to develop our communications on responsibility via various channels.

Invitations to participate in the survey were sent by e-mail to 2,238 stakeholder representatives in our operating countries, and a link to the survey was also posted on the company website. We received a total of 238 responses.

The largest respondent group was suppliers at 27 percent, followed by personnel. As expected, the majority of the responses came from Finland (61 percent).

We have not received any other direct feedback in our operating countries with regard to the development of our responsibility efforts, aside from the results of the stakeholder survey.

Issues highlighted in the media and by stakeholders during the reporting period included Finnish alcohol law reform, the gray import of alcohol, consumption that is not reflected in statistics, the organic production of alcoholic beverages, and bioenergy.

Read also:

[Views on responsibility](#)

Stakeholder expectations and channels of engagement

<i>Stakeholder</i>	<i>Expectations</i>	<i>Engagement channels</i>
Owner and political decision-makers	<ul style="list-style-type: none"> • creating economic added value • managing administrative, social and environmental risks • taking employees into account • compliance with international agreements and legislation, refraining from corruption and bribery • introducing the Finnish industry perspective to alcohol policy discussion • transparency • product quality and safety 	<ul style="list-style-type: none"> • reporting • direct contacts
The authorities	<ul style="list-style-type: none"> • compliance with legislation, refraining from corruption and bribery • responsible marketing • product safety, quality and traceability • responsible raw materials 	<ul style="list-style-type: none"> • auditing • reporting • direct contacts
Customers	<ul style="list-style-type: none"> • profitable growth • responsible sourcing • long-term win-win business relationships • trustworthiness and delivery reliability • safe, high-quality and traceable products that interest consumers • environmentally friendly logistics chain 	<ul style="list-style-type: none"> • direct contacts • customer publications, electronic channels • customer training • requests for quotation and contracts • fairs and other events

Personnel

- employee well-being
- good leadership and setting clear goals
- providing development opportunities and career paths
- product quality and safety
- responsible sourcing
- human rights in the supply chain
- responsible marketing
- environmentally friendly logistics chain

- communications with line managers
- other internal communications
- training
- development discussions
- cooperation procedures and occupational safety and health activities
- HR participation in business meetings
- cooperative working groups to develop culture and competencies
- team practices and procedures
- information sessions for personnel

Partners

- profitable growth
- long-term win-win business relationships
- product safety and quality
- employee well-being
- good leadership
- advocating responsible consumption
- human rights in the supply chain
- responsible logistics chain

- meetings and direct contacts
- reporting
- newsletters
- requests for quotation and contracts
- fairs and other events

Farmers and suppliers of materials and raw materials

- long-term win-win business relationships
- product safety and quality
- responsible raw materials
- promoting local sourcing
- sustainable agriculture
- responsible logistics chain
- responsible marketing
- advocating responsible consumption
- good leadership
- employee well-being

- meetings, fairs, events and other direct contacts
- reporting
- newsletters
- requests for quotations and contracts
- farmer extranet

Media	<ul style="list-style-type: none"> • product safety and quality • responsible raw materials • responsible marketing • advocating responsible consumption • good leadership • transparency 	<ul style="list-style-type: none"> • external communications • direct contacts • events
Consumers	<ul style="list-style-type: none"> • product safety and quality • responsible sourcing • employee well-being • good leadership • responsible marketing • advocating responsible consumption • environmentally friendly logistics chain 	<ul style="list-style-type: none"> • marketing • external communications • consumer surveys • products • fairs and other events • consumer feedback
Civic organizations	<ul style="list-style-type: none"> • open and honest dialogue • advocating responsible consumption • product quality and safety • responsible raw materials • responsible marketing • employee well-being • occupational health and safety 	<ul style="list-style-type: none"> • external communications • reporting • events • direct contacts

Materiality analysis

We conducted our second stakeholder survey on responsibility in May 2015. We sent a link to the survey to 2,238 representatives of different stakeholder groups, and the link was also posted on our website. We received a total of 238 responses.

We reviewed the results of the stakeholder survey in our Corporate Responsibility Working Group, which is comprised of 10 members representing different business areas. The Working Group is led by the Senior Vice President for Commercial Operations, who is also a member of Altia's Executive Management Team.

In addition to the results of the stakeholder survey, the core group of the Working Group discussed the impacts of global megatrends and trends related to the development of responsibility in the alcohol industry on the cornerstones of our responsibility, and also reviewed the categories and aspects of the international GRI reporting framework to ensure that our responsibility cornerstones are sufficiently comprehensive.

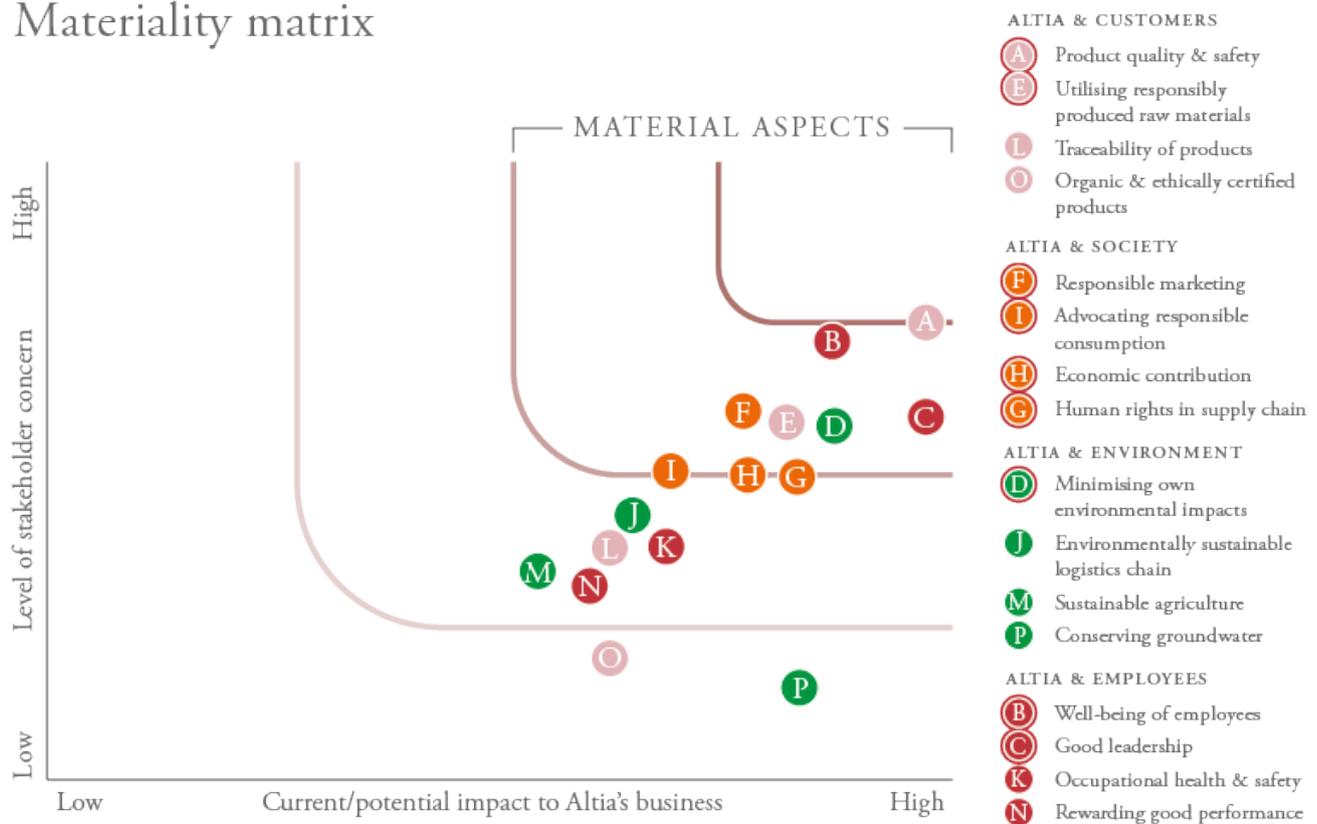
The core group of the Corporate Responsibility Working Group is led by the Senior Vice President for Commercial Operations, who is also a member of Altia's Executive Management Team, with the other core team members being the Product Development and Sourcing Director, who is responsible for the Altia and Customers cornerstone; the Category Director for Spirits, who is responsible for the Altia and Society cornerstone; the HSEQ Manager, who is responsible for Altia and the Environment; and the Director of Leadership and Culture, who is responsible for the Altia and Employees cornerstone.

Based on the analysis, we revised our responsibility cornerstones slightly with regard to the titles and content of their themes, as well as the themes' grouping and location under the cornerstones.

We produced also our first responsibility materiality matrix. The material aspects included nine themes, which are the focus of our report.

Our Executive Management Team approved the updated responsibility cornerstones and the materiality matrix.

Materiality matrix



Background of the responsibility program

In 2013, we conducted our first survey to gauge our stakeholders' expectations regarding Altia's responsibility.

The materiality analysis conducted during the same year consisted of the stakeholder survey, interviews of representatives of Altia's business areas and an evaluation of Altia's responsibility work in relation to competitors. In the materiality analysis we defined the priorities of Altia's responsibility work – Altia's responsibility cornerstones.

Based on the responsibility cornerstones, we created an action plan in late 2014 for developing our corporate responsibility in the coming years. We are now reporting on the progress of these objectives for the first time.

Read more:

Responsibility objectives

Material aspect	Boundary
Product quality and safety	Altia, partners, raw material suppliers
Employee well-being	Altia
Good leadership	Altia
Minimizing own environmental impacts	Altia
Sourcing responsibly produced raw materials	Altia, raw material suppliers, partners
Responsible marketing	Altia
Human rights in the supply chain	Altia, raw material suppliers, partners
Economic impact	Altia
Advocating responsible consumption	Altia

The boundary indicates whether the aspect is material within the company or outside the company.

Objectives and responsibility cornerstones

This is our first report on our responsibility objectives and the extent to which we have achieved them.

Altia defined the cornerstones of its responsibility in 2013. The process continued in 2014 with the setting of objectives and the drafting of roadmaps. Thereafter, responsibility objectives for the coming years were defined in late 2014.

Altia and Customers

Responsibly produced high-quality products are our priority.

- Product quality and safety: ensuring the quality and safety of raw materials and end products.
- Using responsibly produced raw materials: working with suppliers and partners to ensure that products and raw materials are produced in a responsible manner.
- Traceability of products: knowing where the raw materials and products come from.
- Organic and ethically certified products: developing operations and product portfolio to respond to the demand for these products.

Objective	Progress, late 2014–2015
Increasing the share of products and materials sourced from suppliers that are certified for food safety and quality.	The current certification status of suppliers was determined by a general CSR questionnaire. The preparation of roadmaps for further action began. Quality agreements and material quality specifications were completed for some of the products we purchase.
Developing the food safety and quality certification status of Altia's own production plants.	HACCP was carried out at the Rajamäki plant in accordance with ISO 22000, covering part of the standards. ISO 22000 certificate gap analysis was completed at the Rajamäki plant. A project was launched to initiate the ISO 9001 certification process at the Tabasalu plant.
Using responsibly produced raw materials.	A supplier selection tool is partly in use, with plans to expand its use. Packaging material supplier audits have been carried out according to plan, with further plans in place to expand audits to raw material suppliers. Roadmaps were produced to increase the number of suppliers certified for social responsibility for certain product groups in risk countries.
Developing the traceability of products.	A pilot project was launched to collect traceability information electronically. The aim of the project is to improve the documentation and usability of traceability information.
Increasing the product portfolio of organic and ethically certified products.	Rooftop Garden liqueur was launched as the first product manufactured from organic grain spirit produced at the Koskenkorva plant. Fairtrade certification was obtained for wine bottling operations in Rajamäki. Altia's first own Fairtrade wine, Patchwork, was launched in Sweden.

Altia and Society

We participate in public dialogue and advocate a responsible drinking culture.

- Responsible marketing: compliance with applicable laws, regulations and industry codes in each operating country.
- Advocating responsible consumption: communication and cooperation with industry operators to advocate a responsible drinking culture.
- Economic contribution: Generating economic value added in our operating area.
- Human rights in the supply chain: cooperation with other supply chain operators to promote good working conditions.

Objective	Progress, late 2014–2015
Developing guidelines and tools to further ensure responsibility in marketing.	Marketing guidelines, principles and process description were developed and implemented. Training was organized on applicable alcohol legislation and changes thereto.
Advocating responsible consumption.	Altia's perspective on responsible alcohol consumption was launched. The decision was made to begin the systematic use of "Enjoy responsibly" or a similar statement in marketing communications in all of Altia's markets. In Finland, Altia's communications utilize the industry's joint website at nautikohtuudella.fi .
Generating economic value added.	In 2015*, Altia employed 842 (949) people, of whom 470 (498) worked in Finland. Income taxes amounted to EUR 3.9 million (1.2) and the excise taxes paid for products sold by Altia totalled EUR 470.2 million (485.2). Altia purchased 191 million kilograms of Finnish barley, which is about 15 percent of the total Finnish barley harvest. *December 31, 2015

Respecting human rights in the supply chain.

A BSCI (Business Social Compliance Initiative) audit was conducted, commissioned by Alko, on a supplier in Trinidad and Tobago in 2015. Two re-audits were performed due to shortcomings in the first audit. BSCI references and the BSCI Terms of Implementation to be signed by the supplier were updated for use in new supplier contract templates and the process of updating them in existing supplier contracts has begun.

Altia and Environment

We will reduce our environmental impact and promote sustainable agriculture.

- Minimizing our environmental impact: developing our operations and products with the aim of minimizing environmental impact.
- Environmentally sustainable logistics chain: cooperating with suppliers and partners to ensure the environmental sustainability of the logistics chain.
- Promoting sustainable agriculture: cooperation with suppliers to promote sustainable agricultural practices.
- Groundwater conservation: Protecting the groundwater resources at the Rajamäki plant.

Objective	Progress, late 2014–2015
Reducing energy consumption.	<p>The energy consumption indicator decreased from 2014. The energy reviews commenced in 2014 were completed in late 2015. Plant-specific targets for the reduction of energy consumption were set for the three-year period 2016–2018. The bioenergy power plant at the Koskenkorva plant increased self-sufficiency in terms of fuel in steam generation from 20 percent to 46 percent. The use of renewable fuel helped the Koskenkorva plant reduce its fossil carbon dioxide emissions by 35 percent.</p>
Reducing water consumption and improving wastewater quality.	<p>Water consumption relative to production volume decreased at every production facility. Water consumption has been reduced by optimizing washing during production processes and the filtering of products. The environmental objective for improving wastewater quality was not achieved, as the indicators increased at the Rajamäki and Koskenkorva plants. The Rajamäki plant's monthly average for the biochemical oxygen demand of wastewater exceeded the limits specified in the environmental permit twice during the year, while the limit for the amount of solids in wastewater was exceeded three times. Following these instances of environmental permit limits being exceeded, the Rajamäki plant has reduced its wastewater load by improving the biological treatment of wastewater. The environmental permit limits for biochemical oxygen demand and solids in wastewater were also exceeded once. The wastewater quality indicator is not monitored in Tabasalu, Estonia. Altia signed the Baltic Sea Action Group commitment in May 2015.</p>
Reducing waste and improving recycling.	<p>The average waste reutilization rate for Rajamäki, Koskenkorva and Tabasalu was 98.4 percent. The environmental indicator for reducing the waste volume was higher in 2015 due to a change in the reporting method for waste alcohol at the Rajamäki plant. The indicator is therefore not comparable with readings from previous years. Bottle types and shipper cases were harmonized. Lightweight plastic PET bottles were launched in spring 2015.</p>
Increasing the use of recycled materials in packaging and improving recyclability.	<p>Aluminum bottle capsules were replaced with plastic. 95.5 percent of the capsules of PET bottles are made from plastic. Recycled glass is used for all glass bottles. The proportion of recycled glass varies between suppliers, in colored glass it is 70–90 percent depending on the color, and in colorless glass it is 25–70 percent depending on the type of glass.</p>

Promoting sustainable agriculture.

Our Baltic Sea Action Group commitment includes a commitment to promote sustainable agriculture and reduce our water consumption. Altia supports its grain suppliers in various ways, including the Ohraweb online service that provides farmers with quantity and quality information for batches delivered, but also data on the nitrogen and phosphorus collected along with the batch.

Altia and Employees

We want Altia to be an inspiring and safe place to work.

- Employee well-being: supporting the motivation and engagement of personnel.
- Good leadership: developing a leadership approach based on encouragement and collective success.
- Occupational health and safety: ensuring workplace safety.
- Rewarding good performance: recognizing and rewarding good performance.

Objective	Progress, late 2014–2015
Developing communications concerning vision and strategy.	Regular business reviews by the CEO were introduced. Management team roadshows were launched. Key performance indicator updates were provided monthly. Employees were extensively involved in the development of the company's strategy. Success stories were shared on Yammer. All personnel participated in discussing ideas on what Altia's new purpose means in practice. The results of the Altia Tasting personnel survey improved by six percentage points.
Enhancing the leadership skills of Altia managers.	Altia's leadership principles were defined and discussed in management teams. A training program covering Altia's entire operating area was launched. Performance management training was organized for managers.
Developing the equal treatment of employees.	Remote work guidelines and principles were published for Finland.
Enhancing safety culture at production plants.	QSE principles were updated. Occupational safety committee meetings were developed at the Rajamäki plant. Occupational safety was included in meeting agendas at the Koskenkorva plant. Near-miss reporting was developed and the number of safety walks was increased. The use of the electronic system for reporting non-conformities was improved.
Enhancing the recognition and rewarding of good performance.	Corporate responsibility objectives were incorporated into the incentive scheme used at production plants.

Responsibility in action

Responsibility cornerstones

Altia's responsibility work is guided by four responsibility cornerstones and their associated themes:

Altia and Customers, Altia and Society, Altia and Employees, and Altia and Environment.

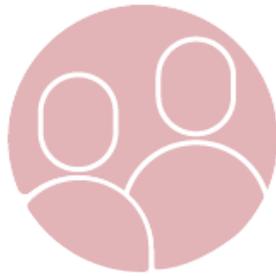
In this section of the report, we review each of the cornerstones separately. Of their themes, we focus on the nine most material aspects identified on the basis of our materiality analysis.

Read more:

Steering of Altia's responsibility work

Stakeholder interaction and materiality analysis

Responsibility objectives



Altia & Customers

- Product quality & safety
- Utilizing responsibly produced raw materials
- Traceability of products
- Organic & ethically certified products



Altia & Society

- Responsible marketing
- Advocating responsible consumption
- Economic contribution
- Human rights in supply chain



Altia & Environment

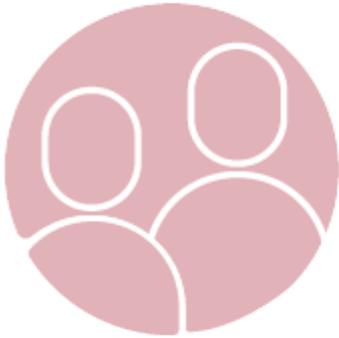
- Minimising own environmental impacts
- Environmentally sustainable logistics chain
- Sustainable agriculture
- Conserving groundwater



Altia & Employees

- Well-being of employees
- Good leadership
- Occupational health & safety
- Rewarding good performance

Altia & Customers



- Product quality & safety
- Utilising responsibly produced raw materials
- Traceability of products
- Organic & ethically certified products

Product quality and safety are crucial priorities for Altia. For example, in wine production operations in Rajamäki, the quality of wine is monitored by sensory evaluation as well as chemical laboratory analyses at different stages of production.

Although recalls are relatively rare, Altia practices actively for these situations with phantom testing, among other things. Last year there were a total of 15 product recalls in all of Altia's markets combined. The recalls were mostly related to taste defects, microbiological fermentation and foreign objects.

Focusing on traceability is an important aspect of ensuring the quality and safety of Altia's products. The products Altia manufactures can be traced down to individual batches of packaging materials and raw materials.

When selecting raw material suppliers, we also evaluate their responsibility by means of our corporate social responsibility survey. We require that our suppliers are certified or externally audited with regard to product safety, product quality and social responsibility.

Altia's largest customers, the Nordic alcohol monopolies, are members of the European Business Social Compliance Initiative (BSCI). The BSCI's ethical principles emphasise working conditions, human rights and environmental protection. Altia is committed to complying with the BSCI's ethical principles in its own operations and throughout the supply chain. BSCI

audits commissioned by the monopolies and focused on risk countries continued in 2015.

Altia is developing its portfolio of organic and ethically certified products to respond to the growing demand for them. In May 2015, the Rajamäki bottling plant received permission to start bottling Fair Trade products. Altia's first own Fair Trade wine, Patchwork, was launched in Sweden. In Finland, Altia launched the Rooftop Garden liqueur, the first product manufactured from organic grain spirit produced at the Koskenkorva plant.

Responsible sourcing

Selecting our wines responsibly

At Altia, we work with well-known wine producers who are able to supply the volumes we need for our products. The biggest wine sourcing countries for Altia's proprietary brands are Australia, USA, Chile, Spain, South Africa and Hungary.

Selecting producers to supply us with wines is done with care. All of our suppliers, whether from a risk country or not, fill in our CSR (corporate social responsibility) questionnaire and sign a contract which includes a BSCI (Business Social Compliance Initiative) clause. When visiting our suppliers, we carry out ocular audits and in countries like South Africa, for example, we visit the vineyards and talk to the farmers and workers supplying the grapes to check that our standards are met. So far our suppliers have done great work. Audits have never brought up any crucial issue that would have ended the cooperation.

Each member of the wine sourcing team is responsible for a group of specific countries, and apart from having an in-depth knowledge of these countries, have also built up networks of producers and brokers to cover all needs.

This means that even if we can't visit a potential supplier on day one, one of our contacts will be able to make sure that everything is as it should be. In time, we visit all of our suppliers and producers.

In particular, suppliers to the monopoly countries are very aware of what is expected of them regarding corporate responsibility. Even so, in some countries the situation has been complicated. Huge steps have been made in recent years in the right direction, however. That said, we must also respect the intricate underlying challenges that many risk countries are faced with. With our suppliers, we work together.

Raw materials – demanding safety and quality

At Altia, we expect certificates from our partners regarding the safety and quality of the products, as well as certificates concerning social responsibility. By communicating openly, we make sure that our suppliers know all the requirements set for the products. In 2015, we

mapped out the certification situation of our suppliers and discussed development plans to implement missing audits.

With new potential suppliers, we use a specific evaluation tool to make sure that they meet all the required aspects. To minimize our carbon footprint, we prefer locally produced products and materials wherever possible.

Through Altia's supply chain, the awareness of CSR issues has been rising during the last years. For example, all actors work towards the efficient use of raw materials and avoid over packaging.

BSCI tests partners' responsibility in practice

Altia's largest customers, the Nordic alcoholic beverage monopolies, are members of the European BSCI. As a supplier to the monopolies, Altia and its sales companies are committed to complying with the BSCI's ethical principles in Altia's own operations and throughout the supply chain.

The ethical principles are included in the Code of Conduct which emphasize working conditions, human rights and environmental issues in the supply chain. These ethical principles are also based on the most recognized international labor standards such as ILO conventions and the UN Global Compact.

In 2015, one audit was conducted in Trinidad & Tobago and two re-audits in South Africa. One supplier with non-conforming results in the first audit in 2014 filled in a self-assessment report on the progress of correcting the shortcomings.

For 2016, audits have already been agreed to be conducted at our suppliers in Guyana and Chile.

At Altia, we have continued implementing the BSCI by updating contracts to reflect the new Code of Conduct and asking our suppliers to sign the BSCI terms of implementation.

The BSCI audits focus on risk countries as listed by BSCI. In 2015, these countries accounted for only 5 percent of Altia's total purchases. The majority of Altia's purchases are made in the EU area, with Finland representing the single largest sourcing country.

FINLAND

31%

THE EU*

82%

RISK COUNTRIES**

5%

*Some EU member states are also considered risk countries. The figure also includes purchases from Norway.

**Risk countries as listed by the BSCI (Business Social Compliance Initiative)

The figures do not include purchases between Altia companies.

Sensory perception and chemistry come together in quality assurance

In Altia's wine production operations at the Rajamäki plant, the quality of wine is monitored by sensory evaluation as well as chemical laboratory analyses.

“In recent times, we have particularly focused on developing the sensory evaluation of wines. At least five people participate in each evaluation session to ensure a reliable result. The evaluators are trained and their sense of taste is tested,” says **Hanna Jatila**, Wine Quality Master at Altia.

Quality monitoring applies to beverages produced at the Rajamäki plant as well as wines produced elsewhere and bottled at the Rajamäki plant. Each wine is tested at multiple stages of the process: upon delivery, during processing, and several times during bottling.

Two evaluation sessions are held at the Rajamäki plant each day, lasting from ten minutes to half an hour depending on the number of products being evaluated. Approximately 3,100 wine samples are evaluated each year.

Limit values are specified by legislation

In addition to sensory analysis, wines are also subject to chemical analyses in a laboratory. In the analyses, special attention is paid to sulphur dioxide content. Sulphur dioxide is a preservative that is subject to legal maximum limits.

Like sensory analysis, chemical analysis also takes place at several different stages of the wine production process. Sensory and chemical evaluation complement each other.

“The most important stage in the quality assurance of wine is accepting delivery. When a batch of wine is delivered, samples are taken for the purpose of sensory analysis. If the wine is found to be defective in taste, for example, the delivery will not be accepted. However, this is quite rare, as only a few batches of wine are returned per year.

Wine quality is also monitored by agreements. The agreements between wine producers and

Altia's wine purchasers include an AQS document that serves as a guideline for the chemical composition of the wine. Cooperation between the parties concerned is essential in quality assurance.

“In the event of changes, such as the introduction of faster and more accurate chemical or microbiological methods, Altia must develop its methods accordingly. It is very rewarding to work with major wine and beverage companies, as they give us new perspectives that help us improve our quality assurance further,” Hanna Jatila explains.

Bag-in-Box wine's quality control process

Process phase	Methods for quality control
Receiving the wine	<ul style="list-style-type: none"> • Product specification from wine producer • Reference samples • Document inspection • Container seal inspection • Oxygen measurement • Sampling <ul style="list-style-type: none"> – Sensory evaluation – Chemical analyses – Microbiological analyses
Wine filtration	<ul style="list-style-type: none"> • Product specification • Sampling <ul style="list-style-type: none"> – Sensory evaluation – Chemical analyses
Wine in bottling tank before packaging	<ul style="list-style-type: none"> • Product specification • Oxygen measurement • Sampling <ul style="list-style-type: none"> – Sensory evaluation – Chemical analyses
Packaged wine	<ul style="list-style-type: none"> • Product specification • Hygiene measurements at packing line • Measurement of filling volume • Air headspace of wine bag • Package markings • Package quality • Stock package quality • Sampling in the beginning of packing <ul style="list-style-type: none"> – Sensory evaluation – Chemical analyses – Microbiological analyses • Sampling in the end of packing <ul style="list-style-type: none"> – Microbiological analyses – Record sample • Once in an hour during packing <ul style="list-style-type: none"> – Oxygen measurement

Spreading the fair message

Fairtrade wines have become a recognized trend in the beverage industry, bringing considerable benefits to workers and their families. Making a difference is also what Altia is aiming for.

Leading the Altia Fairtrade success is Patchwork, a Fairtrade wine part of Fairhills, one of the world's most successful Fairtrade projects in the wine business. Fairtrade and Fairhills are all about improving the quality of life.

“Fairtrade means improved economic conditions for workers and their families. In addition to higher payments, farmers also receive an added bonus that must be used to make investments which benefit the entire community,” says **Carin Widoff**, Senior Brand Manager at Altia Sweden.

This is also the message in Altia Sweden's recently released video, which portrays how the Fairhills project and Fairtrade have changed the working conditions and lives of workers involved in the project.

During the ten years that the project has been active, village life has undergone a remarkable transformation. School and daycare have been introduced, along with functioning medical services, a computer room, a library and training sessions for adults.

Michael Bech-Jansen, Senior Vice President, Commercial Operations at Altia, echoes Widoff, saying Fairtrade products belong to Altia's corporate responsibility cornerstones.

“Altia is driving a responsibility agenda, where investing in long-term responsibility is a way for Altia to develop a sustainable business,” Bech-Jansen says.

Keeping up with rising demand

According to Bech-Jansen, the role of Fairtrade has changed significantly in recent years, with Fairtrade now a true consumer trend.

“Both consumers and customers are becoming more conscious and informed about Fairtrade.

Our biggest customers, Alko in Finland and Systembolaget in Sweden, are continuously increasing their sales of Fairtrade and other ethically certified wines,” Bech-Jansen explains.

Widoff also views responsibility as an increasingly important issue in the wine business, with companies adjusting their portfolios to meet the demands for responsible production.

“Naturally, we try to increase our share of these kind of wines because of the rising demand. We are always part of the blending process, where style and quality are decided. For us, uniqueness and great value are key,” Widoff says.

Altia is constantly on the look-out for new sustainable partners. As the demand for Fairtrade wines increases, so does the demand for Altia's fair trade portfolio.

“Altia's product development and producer/partner business is focused on delivering relevant consumer products which respond to the growing trends in the market. As a natural consequence, Altia works to expand the Fairtrade portfolio in all our markets,” Bech-Jansen concludes.

Altia & Society



- Responsible marketing
- Advocating responsible consumption
- Economic contribution
- Human rights in supply chain

Altia is committed to promoting responsible alcohol consumption. We take a serious stance towards the problems associated with alcohol abuse and acknowledge the importance of the appropriate regulation of alcoholic beverages. Alcohol is only for adults who consume it responsibly and in moderation.

We work with other industry operators in our operating region to promote responsible alcohol consumption in practice. In Finland, the industry's joint nautikohtuudella.fi (*"enjoy responsibly"*) website provides information on responsible alcohol consumption, the detrimental effects of excessive consumption, as well as the risks to different user groups. The "Puhutaan alkoholista" (*"Let's talk about alcohol"*) programme is aimed at preventing alcohol consumption by minors and encouraging people to start consuming alcohol at an older age. Altia's other operating countries, except Norway, have similar joint programmes and websites maintained by industry operators.

The marketing of alcoholic beverages is highly regulated in most of Altia's operating countries. In addition to legal compliance, we are also committed to complying with the advertising standards issued by spiritsEUROPE, the European representative body of the alcohol industry. Altia's marketing communications also advocate moderation in alcohol consumption.

Altia is a significant employer in its operating region. In the end of 2015, Altia employed 842 people, of whom 470 worked in Finland. Altia paid EUR 474 million in excise and income

taxes in its operating region in 2015. Altia is also a significant buyer of domestic barley in Finland. Last year, we company spent EUR 31.7 million in buying 191 million kilogrammes of barley, which represents approximately 15 per cent of Finland's total barley harvest.

Human rights in the supply chain is a shared interest of Altia, customers and consumers. Altia cooperates with its major customers, the Nordic alcohol monopolies, to advocate human rights, and the company also operates according to the same principles.

Altia's role in society

Altia's business operations have a significant impact on various areas of society. Altia is a responsible taxpayer in all of its operating countries.

- **EUR 474.1 million** (EUR 486.6 million)
Altia pays excise and income taxes to society. Excise taxes are not included in Altia's reported net sales.
- **EUR 246.3 million** (EUR 248.9 million)
Share of excise and income taxes paid in Finland.
- **EUR 54.7 million** (EUR 65.2 million)
Altia pays salaries, commissions and other indirect costs to its employees.
- **EUR 216.2 million** (EUR 254.6 million)
Altia buys raw material, goods and services from local and international suppliers.
- **EUR 31.7 million** (EUR 27.8 million)
Altia purchases Finnish barley mainly from its 1,500 contract farmers.
- **EUR 380.4 million** (EUR 426.3 million)
Altia receives revenues from the sales of alcoholic beverages as well as industrial services, feed, starch, technical ethanol and carbon dioxide.
- **EUR 11.3 million** (EUR 16.7 million)
Altia makes investments yearly to develop its business operations.
- **EUR 10.428 million** (EUR 0)*
Dividends to shareholders

*The proposal of the Board of Directors to the General Meeting for the amount of dividends.

Grants and donations: Altia does not give grants or donations with the exception of small-scale participation in events in the plant locations amounting to EUR 0.1 million (0.1 million).

Altia as a taxpayer

Altia is a responsible taxpayer in all of its operating countries. The company also aims to promote the Group's strategic development and support business operations as well as ensure their proper implementation, including from the tax perspective.

The management of tax-related matters is centralised at the Group level, where tax-related decisions are made. In ambiguous situations, the Group consults tax advisors, and verbal or written guidance may be sought from the tax authorities to clarify tax practices.

It is important for the company to comply with all applicable local and international laws and regulations in paying, collecting, remitting as well as reporting taxes. Altia Plc does not operate in tax havens as defined by the OECD, and the company does not practice tax planning aimed at artificially decreasing the taxable profit of the Group or an individual operating country. Practices such as the granting of group contributions within companies operating in the same country, or deducting a subsidiary's tax losses in taxation, are legal and normal tax planning practices that the company will continue to utilize.

As regards transfer pricing, the company complies with local laws and the OECD transfer pricing guidelines. The arm's length principle is applied to intra-group transactions relating to products, services, intellectual property rights and financing. APA (Advance Pricing Arrangement) negotiations are still underway between Altia and the tax authorities in Denmark and Finland concerning the relocation of production from Denmark to Finland. The negotiations began in 2014.

In addition to corporate income tax and value-added taxes, Altia pays a considerable amount of excise taxes mainly in Sweden and Finland. Excise taxes are not included in the company's reported net sales.

As part of corporate responsibility reporting, Altia publishes a summary of taxes and contributions. The summary is prepared in compliance with the guidelines issued by the Finnish Ownership Steering Department in the Prime Minister's Office for country-by-country tax reporting of state-owned companies. The summary is based on information collected from the Group's accounting systems. The summary includes material taxes and contributions by type.

Pursuant to the guidelines, Altia applies the materiality principle in its tax reporting. Accordingly, country-specific information on taxes is presented for Finland and Sweden. They constitute the company's main markets, with approximately 80 percent of its net sales coming from these two countries. Altia's other operating countries do not meet the materiality threshold of 10 percent of consolidated net sales for countries to be reported on separately, and are therefore presented collectively.

Altia's tax footprint

State Ownership Steering Department, report on tax footprint

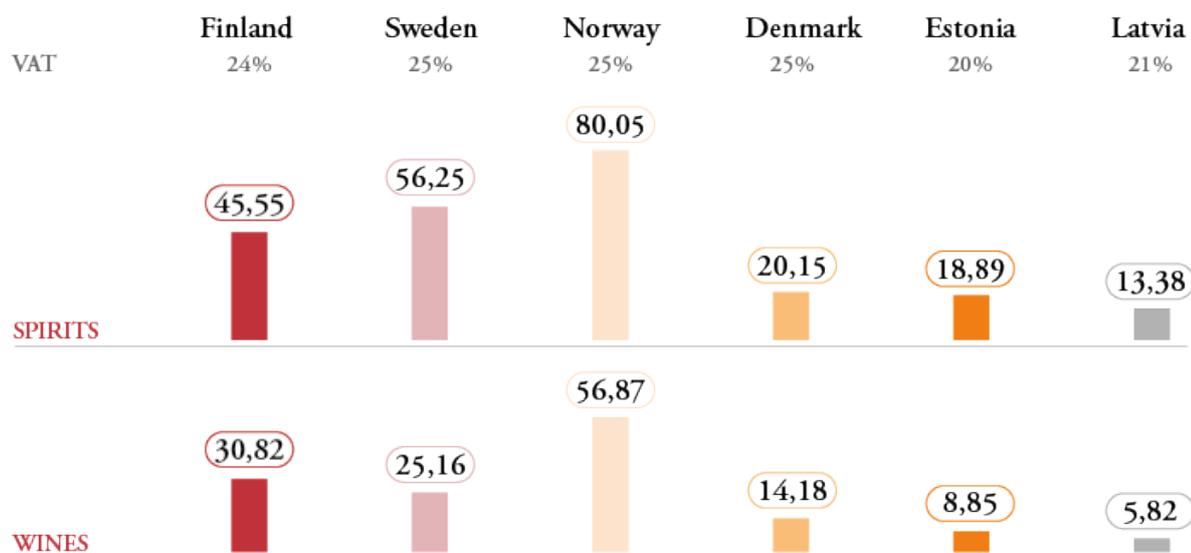
	Data for the financial year 2015				2014			
	Total	Finland	Sweden	Other countries	Total	Finland	Sweden	Other countries
Taxes paid for the financial year, EUR million								
Income taxes	3.9	1.4	2.4	0.1	1.2	0.3	0.3	0.6
Real estate taxes	0.3	0.2	0.1	0.0	0.2	0.2	0.0	0.0
Employer contributions	11.5	7.7	3.4	0.4	13.7	8.7	5.0	0.0
Taxes collected for the financial year, EUR million								
Value added taxes, sales	229.9	124.9	78.8	26.2	265.7	131.3	89.5	44.9
Value added taxes, production	100.7	48.6	21.3	30.8	100.6	51.6	27.7	21.3
Excise taxes	470.2	244.9	150.9	74.4	485.4	248.6	159.4	77.3
Payroll taxes	13.8	7.7	2.3	3.7	16.4	8.1	3.2	5.1
Any other taxes	1.0	0.2	0.7	0.1	0.3	0.2	0.0	0.1

Net sales by country, EUR million		235.1	101.8	95.7		242.4	124.8	111.8	
Profit/loss before taxes by country, EUR million (local)	Local	12.1	4.2	2.0	Local	3.2	3.5	1.5	
Personnel by country*		842	470	131	241	949	498	155	296

*Situation on December 31, 2015

Taxation of alcohol varies by country

ALCOHOL EXCISE DUTY PER LITRE OF PURE ALCOHOL (€) AND VAT%



Views on responsible alcohol consumption

Altia published its views on responsible alcohol consumption in 2015. They are intended to advocate and support a responsible alcohol culture.

- We respect the right of adults to choose to consume alcohol beverages – or choose to not consume them.
- The majority of adult consumers enjoy alcohol products responsibly and in moderation in their social life.
- We take seriously the harm caused by alcohol misuse and support relevant public health measures in preventing and reducing this harm.
- Alcohol beverages should be appropriately regulated. We believe that the most effective measures for reducing the harmful alcohol consumption are evidence-based, effective and they target specific problems.
- We advocate responsible alcohol consumption and market our products in compliance with the laws.
- Alcohol is only for adults who consume it responsibly. We are strongly against underage alcohol use.

Altia incorporates these views into its practical work on a daily basis. We have joined other industry operators in launching websites promoting moderation in alcohol consumption, as well as programmes aimed at preventing alcohol consumption by minors in our operating region.

The local joint industry “enjoy moderately” websites provide information on responsible alcohol consumption, the detrimental effects of excessive consumption, as well as the risks to different user groups, such as young people, pregnant women and those operating vehicles.

Altia's advertising in its operating countries has included various statements advocating responsible consumption. In late 2015, Altia decided to implement statements to promote responsible consumption or health warning logos for consistent and regular use in its marketing communications in all of the company's operating countries.

Influencing attitudes among minors through education

The other cornerstone of Altia's advocacy of responsible alcohol consumption is the alcohol industry's joint "Let's talk about alcohol" programme. The programme is aimed at preventing alcohol consumption by minors and encouraging people to start consuming alcohol at an older age.

The teaching materials are aimed at lower secondary school pupils. They provide a practical tool for teachers to discuss difficult subjects related to the lives of adolescents. The discussions and exercises are aimed at influencing adolescents' attitudes regarding alcohol to promote healthy and moderate views on alcohol.

The teaching materials were originally developed in Sweden in cooperation with the industry and pedagogic experts, and they are based on international research. The programme was launched in Sweden in 2006.

Read more:

nautikohtuudella.fi

drinkwise.se

drinkwise.dk

jootargalt.ee

[spiritsEurope site www.responsibledrinking.eu](http://spiritsEurope.com)

Puhutaan Alkoholista

Prata om alkohol!

Alkoholdialog

Räägime alkoholist

Runajot par Alkohololu

Responsible marketing

Altia's marketing activities are regulated by legislation as well as the marketing guidelines issued by spiritsEUROPE, the European representative body of the alcohol industry.

The marketing of alcoholic beverages is highly regulated in most of Altia's operating countries. In Finland, for example, the marketing of spirits is only permitted at retail locations and to industry professionals. The marketing of alcoholic beverages with an alcohol content of less than 22 percent is also regulated.

In addition to legal compliance, Altia is also committed to complying with the marketing guidelines issued by spiritsEUROPE, the European representative body of the alcohol industry.

In 2015, Altia published marketing guidelines and principles internally, along with a description of the marketing process. Training was also organized for personnel on applicable alcohol legislation and changes thereto.

At the end of 2015, Altia decided to implement statements to promote responsible consumption and/or health warning logos for regular use in its marketing communications in all of the company's operating countries.

During the reporting period, Altia was the subject of one consumer complaint in Estonia concerning advertising decals on a car owned by the company's Estonian subsidiary. Altia reviewed all company car decals in cooperation with its legal advisors and the Consumer Protection Board. Minor changes were made to the decals of a small number of vehicles as a result.

Responsibility in the alcohol trade

Each year, Altia organizes a Partner Seminar for its partners in conjunction with the Mikä Viini! (What wine!) event in Helsinki. The theme of the seminar in 2015 was responsibility.

On September 15, 2015, some 35 of Altia's international partners met at a partner seminar in Helsinki. This marked the fourth time Altia has organized the seminar for the producers whose products it imports and represents. In past years, the seminar's themes have included current topics related to Finnish alcohol law and the alcohol trade. This was again the case in 2015, when the seminar focused on responsibility in the alcohol industry.

"Responsibility is crucial for Altia. Our most significant customer, Alko, requires that producers, the supply chain and importers operate responsibly," says **Nina Jansson**, Partner Director Finland at Altia.

The speakers at the seminar included Minna Alitalo, Purchasing Director at Alko; Leea Rankinen, Vice President of Corporate Responsibility at SOK; Tuuli Kaskinen, Director at Demos Helsinki; and Maria Nymander, Corporate Responsibility & Product Regulation Manager at Altia.

"Alko's message to its partners typically carries the most weight at these seminars, as Alko is our largest customer in Finland."

Altia is committed to the ethical principles of the European Business Social Compliance Initiative (BSCI). They are based on key international agreements, such as ILO principles and the UN Global Compact. The principles emphasize human rights, working conditions and environmental responsibility.

The monopolies in Finland (Alko), Sweden (Systembolaget) and Norway (Vinmonopolet) are members of the association. They require that their entire supply chains commit to the principles.

"The majority of Altia's partners are major international companies that have good processes related to responsibility. Partners in so-called risk countries, in particular, generally have a high level of awareness of the regulations that concern them," Jansson explains.

“Responsible business provides the framework for the trade. The most notable advantage of the partner seminar is that it gives our partners the opportunity to present questions directly to Alko representatives and other key players in the industry. While the theme was familiar to everyone, the partners considered the seminar useful.”

Altia & Environment



- Minimising own environmental impacts
- Environmentally sustainable logistics chain
- Sustainable agriculture
- Conserving groundwater

The most significant environmental impacts of Altia's grain spirit plant in Koskenkorva and its plants in Rajamäki and Tabasalu consist of energy consumption, water consumption, waste water and waste generation. Environmental impacts are mitigated by annually determined measures, the effectiveness of which is monitored by means of environmental indicators.

Koskenkorva distillery's bioenergy power plant, which began full-scale operations in January 2015, uses barley husk as its primary fuel. The use of renewable fuel helped the Koskenkorva plant reduce its fossil carbon dioxide emissions by 35 percent and increase its self-sufficiency in terms of fuel in steam generation to 46 percent in 2015.

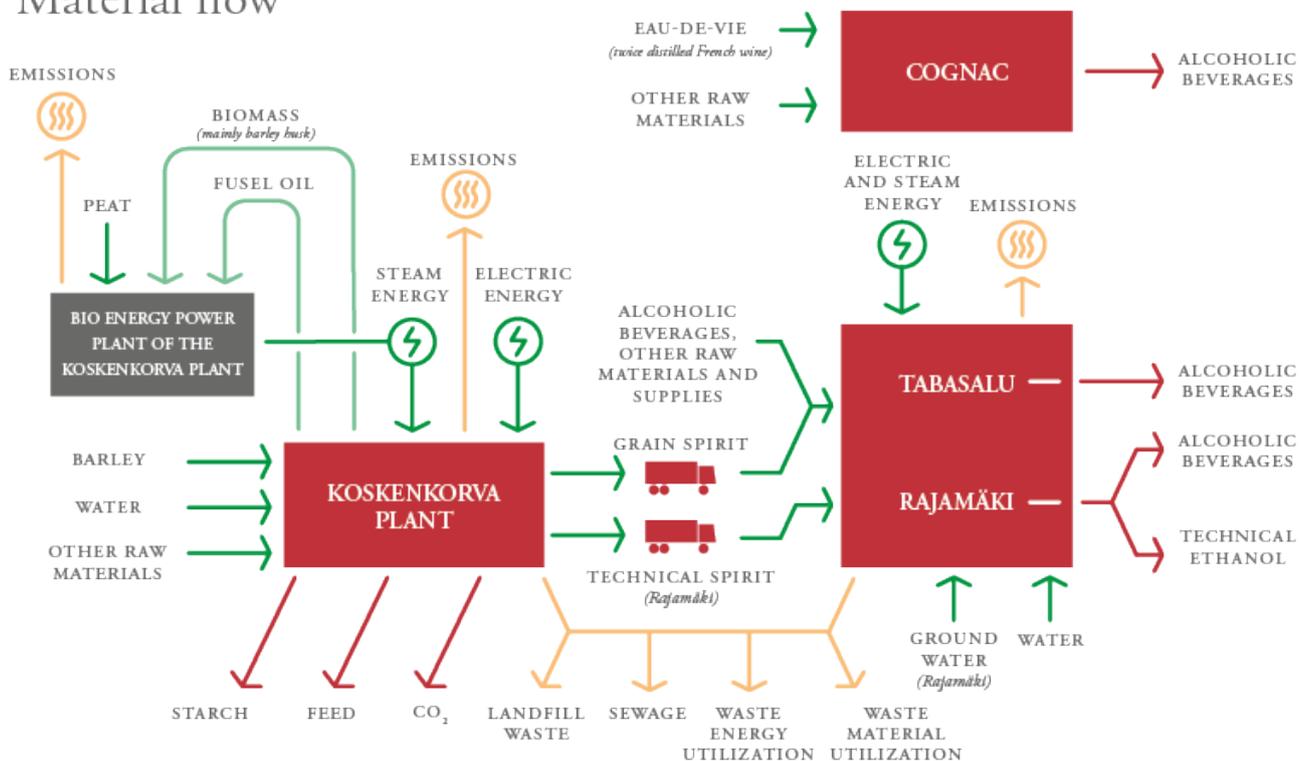
Altia increases the efficiency of its logistics by combining the volumes of Altia's own products and its partners' products as well as by operating close to customers.

Altia is a significant buyer of domestic barley in Finland. In 2015, Altia purchased nearly 191 million kilograms of barley for its Koskenkorva distillery, mainly from the 1,500 contract farmers. This volume represents approximately 15 percent of Finland's total barley harvest. Altia encourages its contract farmers to optimize the efficiency of their operations and use production inputs sensibly, for example, as part of Altia's BSAG commitment made in 2015 aimed at protecting the Baltic Sea.

The clean groundwater at the Rajamäki plant is a key raw material for Altia's alcoholic

beverages. Protecting groundwater and the soil is of utmost importance to Altia. Altia protects its groundwater intake plants in many ways, including owning land in groundwater areas, restricting construction in the areas, and establishing conservation areas.

Material flow



Environmental management systems

Production volumes 2015

In 2015 (2014), the Rajamäki plant in Finland produced 64.4 (65.7) million liters of spirits and wines, the Tabasalu plant in Estonia 5.0 (5.0) million liters, and the Svendborg plant in Denmark 3.4 (8.1) million liters. Production in Svendborg was discontinued in summer 2015, with only the logistics center continuing its operations.

The Koskenkorva plant used 190.7 (190.6) million kilos of domestic barley to produce 22.6 (23.8) million kilos of grain spirit, 55.3 (54.6) million kilos of starch and 60.3 (62.5) kilos of animal feed. The production facilities in Cognac, France are not included in this report.

Certified ISO 14001 environmental system

Environmental management systems at the Koskenkorva plant, the Rajamäki plant and in the technical ethanol unit, as well as in the support functions, sales and marketing at the Helsinki headquarters have been accredited according to the ISO 14001 standard. The Tabasalu plant complies with applicable Estonian environmental laws and regulations.

Environmental systems are developed by means of regular internal and external audits. Energy and environmental considerations are taken into account in planning and executing production processes and investments in production. Senior management meetings regularly review the status of key environmental issues. Environmental awareness among personnel is developed and maintained through environmental targets, various internal communication channels and environmental audits.

Altia Quality, Safety and Environment Principles

Management and implementation of quality, safety and environmental values are the most paramount for Altia. We are committed to continuous improvement of our operations considering the following principle requirements.

- In developing our operations and products, we pay attention to the wishes and needs of our stakeholders, especially our clients and partners. We produce added value by providing profitable, high-quality products and services while taking into consideration the safety and well-being of the environment and our employees.
- We ensure the safety of our own products and products marketed by us, when used in moderation.
- We use first-class and high-grade raw materials in our production process, for example groundwater.
- We particularly invest in:
 - The effectiveness of our business processes
 - Reducing scrapping
 - Ensuring and continuously improving the safety and quality of raw materials and final products
 - Efficient use and recycling of energy, natural resources and materials
 - Preventing environmental degradation and reducing environmental impacts
 - Developing packaging materials and solutions in accordance with the principle of sustainable development
 - Reducing sickness absences and accidents, preventive occupational health care as well as reporting close calls and developing operations based on them
- We comply with the laws, regulations and industry codes of the countries in which we operate.
- The Executive Management Team, the management of each function as well as each employee within his/her sphere of influence is responsible for implementing these principles.
- We promote these principles in our whole supply chain.

Environmental impacts

Altia's environmental impacts and proactive measures related to environmental incidents

Altia's key environmental impacts are defined in assessments of environmental aspects conducted at three-year intervals. In the assessment conducted in 2015, the most significant environmental impacts were identified as energy consumption, water consumption, waste water, waste generation and product wastage leading to quality costs.

Environmental indicators were defined to support the reduction of the most significant environmental impacts, with plant-specific reduction targets set for the three-year period 2016–2018. The achievement of environmental targets is monitored on a monthly basis by means of environmental indicators. Actions to reach the environmental targets are defined for each production plant in the environmental programs prepared on an annual basis.

The cognac production facility in France is excluded from the environmental targets and indicators as its production volume and environmental impacts are significantly smaller compared to the other plants.

An environmental risk assessment was conducted in late 2015 for the Rajamäki plant. Based on the assessment, a proactive plan was produced to support the prevention of potential environmental incidents and emissions.

Environmental indicators 2013–2015

In the environmental indicators for 2013, the figures for the Koskenkorva plant are presented separately and the other plants are combined due to the fact that the environmental indicators for Koskenkorva are calculated per tonne of barley, while those of other plants are calculated per cubic meter of product.

Environmental target	2013		2014		2015	
	Koskenkorva	Rajamäki ⁽¹⁾ , Tabasalu and Svendborg	Koskenkorva	Rajamäki, Tabasalu and Svendborg	Koskenkorva	Rajamäki and Tabasalu ⁽²⁾
Reduction of energy consumption (MWh/m ³ of product or tonne of barley)	0.89	0.33	0.88	0.36	0.87	0.34
Reduction in the use of water (m ³ /m ³ of product or tonne of barley)	4.00	1.54	4.16	1.58	3.90	1.45
Improvement in the quality of wastewater (kg COD/ m ³ of product or tonne of barley) ⁽³⁾	1.94	2.98	1.90	2.20	2.54	2.96
Reduction in waste volume (kg/m ³ of product) ⁽⁴⁾	–	30.52	–	30.32	–	47.52 ⁽⁵⁾
Reduction in the disposal of alcohol (kg/m ³ of delivered product) ⁽⁶⁾	–	3.46	–	4.42	–	3.80

(1) The 2013 figures for Rajamäki exclude the technical ethanol unit.

(2) As production operations were discontinued at the Svendborg plant in 2015, the environmental indicators for 2015 exclude Svendborg.

(3) The waste water quality indicator is not monitored at Tabasalu.

(4) The indicator for waste volume is not monitored at the technical ethanol unit in Rajamäki and the Koskenkorva plant, as it is not relevant to the units in question.

(5) The reporting method for the volume of waste alcohol used in the calculation of the waste volume was changed in 2015.

(6) The indicator for waste alcohol is not monitored at the technical ethanol unit in Rajamäki and the Koskenkorva plant.

Energy consumption and energy efficiency

The energy consumption indicator decreased from 2014 to 2015 at the Koskenkorva plant as well as at the Rajamäki and Tabasalu alcoholic beverage plants. Energy saving measures are a major development area for Altia both in terms of profitability and environmental responsibility. Altia began energy reviews at the Koskenkorva plant and the Rajamäki alcoholic beverage plant in late 2014. The reviews were carried out according to Motiva's instructions. They provided information on the plants' energy consumption profiles and helped identify opportunities for the cost-efficient reduction of energy consumption. The reviews were completed in late 2015.

In 2008, Altia joined the voluntary energy efficiency agreement of the Confederation of Finnish Industries (EK) and the State of Finland. In accordance with the energy efficiency program, Altia is committed to reducing its energy consumption in Finland by 9 percent by the end of 2016, using 2005 as the baseline. In 2015, Altia's energy savings amounted to 237 MWh, or -0.1 percent compared to 2014, and 40,203 MWh, or -17.0 percent compared to 2005.

Water consumption and groundwater protection

Water consumption relative to production volume has decreased at the Koskenkorva plant as well as Altia's other plants compared to the previous year. Water consumption has been reduced by optimizing washing during production processes and the filtering of products. Protecting groundwater and soil is important to Altia, as clean groundwater is a key raw material in the production of alcoholic beverages. Altia protects the quality of water at water intake plants in Finland mainly through the precise monitoring of groundwater quality and surface levels, ownership of land in the groundwater areas of pumping stations, and also with building restrictions, protected areas and monitoring the use of the land. Altia owns two protected mires in Rajamäki. The company's operations do not have any negative impacts on the mires.

Wastewater emissions and exceeding environmental permit limits

Wastewater quality is monitored at Koskenkorva and Rajamäki on a daily basis by measuring chemical oxygen demand (COD) in wastewater samples. The environmental target for improving wastewater quality was not achieved, as the indicators at both plants increased compared to the previous years. Altia will continue its efforts to reduce wastewater emissions.

The Rajamäki plant's monthly average for the biochemical oxygen demand of wastewater exceeded the limits specified in the environmental permit twice during the year, while the limit for the amount of solids in wastewater was exceeded three times. Following these instances of environmental permit limits being exceeded, the Rajamäki plant has reduced its wastewater load by improving the biological treatment of wastewater. The environmental permit limits for biochemical oxygen demand and solids in wastewater were also exceeded once at the Koskenkorva plant due to problems associated with the restarting of the wastewater treatment plant following a shutdown.

No penalties were imposed for exceeding permit provisions or neglecting environmental laws or regulations during the reporting period.

Waste recycling

Altia seeks to decrease waste volume by reducing the amount of disposed packaging material. The environmental indicator for reducing the waste volume was higher in 2015 than in 2014 due to a change in the reporting method for waste alcohol at the Rajamäki plant. Due to the change, the indicator is not comparable with the figures for the previous years. The waste generated at Altia's plants is almost fully utilized as material or energy. The average waste reutilization rate for Rajamäki, Koskenkorva and Tabasalu was 98.4 percent.

Rate of recycling and other reutilization, %		
Unit	2014	2015
Koskenkorva	99.1%	98.5%
Rajamäki	96%	98.2%
Tabasalu	80.5%	83.1%
Svendborg	99.8%	–

Altia's consumption of materials and raw materials

Liquids	2014	2015
Liquid raw material, beverages (m ³)	80,270	73,140
Liquid raw material, technical products (m ³)	14,200	15,260
Materials		
Barley (t)	190,500	190,700
Packaging material (t)	41,657	37,959
Raw materials for products (t)	4,477	5,254
Trading products		
Liquids (m ³)	30,614	25,534
Packaging material (t)	12,470	9,946

Environmental figures 2015

	2015	2014	2013
Use of barley (million kg)	190.70	190.50	173.20
Used fuels/Direct energy consumption			
Natural Gas (GWh) direct ⁽¹⁾ , non-renewable	2.85	3.58	5.40
Peat, direct (GWh) direct ^(1,3) , non-renewable	0.00	0.00	114,453.00
Fusel oil and waste ethanol (GWh) direct ^(1,3) , renewable	0.00	0.00	8.00
Cereal straws (GWh) direct ^(1,3) , renewable	0.00	0.00	24.40
Indirect energy consumption			
Steam consumption (GWh) indirect ^(2,3) , non-renewable	63.69	96.25	0.40
Steam consumption (GWh) indirect ^(2,3) , renewable	81.27	49.28	19.30
Electricity consumption (GWh) indirect ⁽²⁾ , non-renewable	48.15	41.51	40.70

Electricity consumption (GWh) indirect ⁽²⁾ , renewable	5.20	11.49	12.70
District heating (GWh) indirect ^(2,4) , non-renewable	0.13	2.01	–
District heating (GWh) indirect ^(2,4) , renewable	1.71	1.75	–
Green house gases, direct and indirect			
CO ₂ -equiv.emissions / non-renewable (t) direct ^(1,3)	562.29	629.84	38,650.90
CO ₂ -equiv.emissions / non-renewable (t) indirect ^(2,3)	49,534.80	47,202.78	10,480.90
CO ₂ -equiv.emissions / renewable (t) direct ^(1,3)	16,231.00	15,279.00	10,638.00
CO ₂ -equiv.emissions / renewable (t) indirect ⁽²⁾	44,083.54	22,098.21	12,881.00
Significant air emissions			
VOC emission (t)	6.98	6.94	7.20
Particle emissions into air (t)	5.63	8.67	15.50
Water and Wastewater			
Water consumption (1.000 m ³)	1,045.76	1,088.72	1,087.45

Amount of wastewater (1.000 m ³)	329.34	342.28	411.02
Waste amounts (t)			
Hazardous waste ⁽⁵⁾	190.03	37.56	24.18
Dump waste	90.82	141.63	1,996.03
Recycled waste			
Utilized as energy	11,953.63	6,983.88	6,965.10
Other utilization	4,816.37	4,625.08	4,976.20

(1) Direct energy is energy that is used in own energy production or production. E.g. burning non-renewable energy sources.

(2) Indirect energy is bought energy produced outside the reporting organization's organizational boundary that is consumed to supply energy for the organizations' intermediate energy needs.

(3) The change between figures for 2013 and 2014 is due to a change in the calculation method for the power plant at Koskenkorva, the operations of which have been transferred to STEP Oy. Altia will in the future report the information from these operations as indirect energy use and emissions.

(4) District heating not reported in 2013.

(5) At the end of 2014, an oil leakage incident occurred at the Koskenkorva plant, where a diesel oil-water mixture leaked into the protective pool due to a hole in the tank. Due to the failure of the protective pool, the mixture also leaked into the surrounding soil. The defective tank and the protective pool were removed and the soil was replaced with new soil.

First year of full-scale operations at the Koskenkorva bioenergy power plant

In its first year of operations, the bioenergy power plant at Altia's Koskenkorva plant reduced the production plant's carbon dioxide emissions and increased its self-sufficiency in terms of fuel in steam generation.

The 10-megawatt bioenergy power plant, which began full-scale operations in January 2015, uses barley husk as its primary fuel. The bioenergy power plant makes it possible for Altia to utilize practically 100 percent of the barley grain in its year-round production of grain spirit and starch. In 2015, Altia purchased 191 million kilos of domestic barley, or approximately 15 percent of the Finnish barley harvest.

Lower carbon dioxide emissions and higher self-sufficiency in terms of fuel

The use of renewable fuel helped the Koskenkorva plant reduce its fossil carbon dioxide emissions by 35 percent in 2015. The ethanol distillation process requires a significant amount of steam, and more than 95 percent of the climate impacts of alcohol production are generated during the distillation of ethanol.

The plant's self-sufficiency in terms of fuel in steam generation increased to 46 percent for the full year and reached 61 percent in December. Prior to the new bioenergy power plant, the plant's fuel self-sufficiency in steam generation stood at approximately 20 percent.

“At the current rate, we will reach our fuel self-sufficiency target of more than 60 percent by summer 2016. I'm very pleased with the level of commitment and determination our team at Koskenkorva has demonstrated in working to ensure that we reach our shared target,” says plant manager **Antti Snellman**.

In terms of the technology and fuels it uses, the power plant is the first of its kind in Finland.

“We want to participate in the development of renewable field biomasses in Finnish energy production and diversify our core competencies as an industrial user of barley,” Snellman explains.

Promising results in the use of ash

Altia has also investigated the use of ash from the new biomass boiler in cooperation with Pro Agria.

The first test field was established in spring 2015 by spreading approximately 30 tonnes of ash from the boiler over an area of 15 hectares. No significant differences were observed during the growing season between the ash-fertilized field and the control field that used chemical fertilizer. The crop yields measured at harvest were also very similar.

“These tests provide us with a genuine opportunity to develop the circular economy based on returning nutrients to the soil to support the growing of barley,” says **Toni Ylinen-Luopa**, Development Manager at the Koskenkorva plant.

The promising results mean that the fertilizer tests will continue. A new test field was already established in fall 2015, and testing will continue in 2016. The tests conducted in the coming years will provide further information on the effects of the ash fertilizer on the soil, crop yield and quality.

Aiming to optimize the product life cycle

Altia's material efficiency extends from the raw materials used in manufacturing and production processes to the packaging, transport and storage of products.

The aim of Altia's development efforts in the area of material efficiency is to achieve an optimized manufacturing process. Packaging is necessary for protecting the product and reducing wastage, but the excessive use of packaging materials should be avoided. The design of packaging takes into account the environmental attributes and recyclability of the materials used.

"Most of the time, cost-efficiency and environmental friendliness go hand in hand," says **Piia Soininen-Tengvall**, Packaging Development Manager at Altia.

The development of material efficiency is part of the Value Improvement project launched at the beginning of 2015, the first phase of which will continue until the end of 2016. The project covers all of Altia's business operations.

"The aim is to achieve significant savings in the use of materials while improving production efficiency and inventory turnover by creating more modular packaging solutions, centralizing purchasing and harmonizing the use of packaging materials. This involves cooperation both within the organization and with external partners, such as the suppliers of packaging materials," says **Mila Kuvaja**, Sourcing and Packaging Development Manager at Altia.

One concrete example of these optimization efforts is the harmonization of product structures. The company has cut back on features such as engraved and embossed logos and texts on bottle molds, as harmonizing packaging leads to a significant reduction in wasted materials.

For bag-in-box wine packaging, Altia has introduced laser printing at the Rajamäki plant. The packaging markings are left blank, for example where the vintage is indicated, and the information is only printed on the package when it is used. This avoids having to discard the cardboard packaging of bag-in-box wines when a new vintage is introduced or when the alcohol content changes, which reduces the amount of cardboard wasted.

Comprehensive development efforts

Altia has taken a long-term approach to the development of material efficiency. The shift from glass bottles to PET bottles, which are approximately 90 percent lighter than glass, began gradually in 2012 and is still ongoing.

“The Rajamäki plant has also switched from aluminum closures to plastic closures for plastic bottles. Following this change, plastic closures are used for 95.5 percent of our PET bottles. Using a plastic closures for a plastic bottle means better recyclability,” Soininen-Tengvall explains.

The manner in which the product is packed and transported is also significant.

“We have optimized the amount and structure of plastic, glass and corrugated board in our products to minimize empty space. This means we can transport larger shipments and minimize traffic emissions,” Soininen-Tengvall adds.

Protecting the Baltic Sea and other waterways by making a BSAG Commitment

In May 2015, Altia signed the Baltic Sea Action Group Commitment to mark its dedication to even broader protection of the Baltic Sea and other waterways. The focus of the Commitment is on environmentally friendly and high-quality agriculture.

“Altia’s operations have a very substantial impact on the Baltic Sea and other waterways. Altia purchases grain from contract farmers who cultivate some 50,000 hectares of land. The lower the amount of nutrient emissions from farms to waterways, the better,” says **Riku Venhola**, Senior Advisor at BSAG.

According to Venhola, the 1,500 Finnish farmers with whom Altia cooperates in the area of grain purchasing are the key to realizing the Commitment made by the company.

“If the farmers’ experiences of environmentally friendly agriculture are positive, the information will spread quickly. It’s also important to keep in mind that Altia’s operations affect the food supply chain as a whole, from farmers to producers, retailers and, ultimately, consumers,” Venhola adds.

BSAG is an independent foundation focused on the protection of the Baltic Sea. It works with businesses, public officials, policymakers and farmers.

Productive and efficient agriculture

According to **Kari Kiltilä**, the man responsible for Altia’s grain purchasing, the BSAG Commitment represents a sensible step forward—from the perspectives of all parties concerned—in promoting sustainable agriculture.

In practice, this means that Altia encourages farmers to maximize the efficiency of their farming operations, use production inputs sensibly, as well as monitor plant populations during the

growth season and ensure their viability.

“The Commitment does not restrict agricultural activity. Instead, it promotes efficient and more environmentally friendly production. We help farmers in areas such as performing plot-specific nutrient balance calculations to determine the amount of nutrients introduced to fields through the use of fertilizers, and the amount of nutrients removed during the harvest,” Kiltilä explains.

Altia also informs the farmers of the nitrogen and phosphorus content of barley delivered to the Koskenkorva plant. Farmers can then utilize this information in their nutrient calculations. The larger the crop yield of a field, the more efficiently the plants tie up nutrients in the harvested crops. If the nutrients are left in the soil, they will be washed off into waterways, causing eutrophication.

“A high yield of good-quality crops and environmentally friendly farming go hand in hand. This is good for business. It also means that the farming operations are environmentally friendly,” Kiltilä concludes.

Altia & Employees



- Well-being of employees
- Good leadership
- Occupational health & safety
- Rewarding good performance

At Altia, we believe that the success of our personnel leads to the success of the company, and the other way around. We want to build a working community in which our personnel have a high level of well-being and can perform their work safely. Recognizing that each employee contributes to the atmosphere of the working community, we take pride in our relaxed company culture that allows everyone to be themselves. We have defined customer orientation, strategic effectiveness and productive cooperation as the cornerstones of our corporate culture.

Planning related to personnel development is part of Altia's strategy process. Based on the company's strategy, business functions determine their needs annually with regard to leadership, employee communications and competence development.

Dismissals were not avoided in 2015. Due to the discontinuation of contract production at Svendborg, statutory negotiations were conducted in Denmark in 2015. A total of 26 employees were dismissed, and outplacement services were offered to them.

One of the key objectives related to personnel in 2015 was improving communications related to strategy. Communication was developed both at the company level and locally. All of our personnel also participated in discussing ideas on what Altia's new purpose means in practice for our business.

We defined our leadership principles in late 2014 and their implementation in the organization

continued in 2015; for example, the line manager training program launched in the spring was based on the leadership principles.

Altia's occupational health and safety system in Finland has been certified in accordance with the OHSAS 18001:2007 standard. Of the 42 measures defined to support the achievement of sickness absence and accident frequency targets, 67 percent were implemented in 2015. The indicators for sickness absences and accident frequency remained largely unchanged from 2014.

Altia revised its performance-based bonus scheme in 2015. The starting point for the development effort was to create a more incentivizing model that would allow employees to more directly influence the size of the bonus through their performance. In addition to financial rewards, Altia also strives to develop other forms of incentives.

Culture cornerstones

Strategic impact

- Ensure clarity about your role and targets – for yourself and for your stakeholders.
- Be clear about the wanted end results in projects, tasks or meetings.
- Invest enough time for planning the future, not just putting out today's fires.
- Be persistent with the critical tasks, do not give up.
- Be critical in a healthy way, have the courage to say "no".
- Have speed in actions, understand that new things are seldom perfect at the first go.
- Actively learn from best practices, do not invent the wheel again.
- Be proud of your own work and let it show.

Successful collaboration

- Create commitment by involving right people early enough in planning.
- Ensure common goals with key collaboration partners.
- Listen actively to create understanding before presenting own solutions.

- Be open to try out new ways of doing things.
- Show genuine interest in other people and their work.
- Openly apologize when making a mistake.
- Deliver as promised, e.g. setting realistic deadlines and sticking to them.
- Share best practices actively with colleagues in other teams.

Customer centricity

Customer centricity refers both to internal and external customers.

- Invest time to understand your customers' needs and actively look for feedback.
- Give it a personal touch – show real interest in the person.
- Keep your promises – and aim for positive surprises.
- Agree the ways of working and wanted outcomes clearly with your customers.
- Be brave in offering new solutions for your customer.
- Communicate proudly about our products and our work in all situations

Responsible leadership

Setting a common direction

One of the key objectives related to personnel in 2015 was improving communications related to strategy. This was clearly highlighted in the personnel survey conducted early in the year.

Communications were improved in many ways, including regular reviews by the CEO that all members of personnel are invited to participate in, either in person or virtually. The events are also recorded to allow employees to watch them at a convenient time.

Local communications were also an important focus area. The Rajamäki plant, for example, held quarterly reviews by the plant manager that employees were invited to attend, and the plant management has also organized monthly events in the various departments of the plant. Altia also introduced Yammer as a new communications platform to encourage employees to share their views and best practices.

The implementation of strategy was communicated to employees on a monthly basis by updating the results of key indicators on the company intranet. One of the indicators is the “employee pulse”, which measures employee perceptions regarding internal communications. The personnel pulse showed strong positive development during the year.

Late in the year, Altia employees worked to come up with new ideas to develop operations towards making the company's business operations even more meaningful. This was achieved by a virtual tool that gave employees the opportunity to post their own ideas as well as comment and evaluate ideas posted by their colleagues.

The measures led to positive changes, as the results of the Altia Tasting employee survey conducted late in the year improved by six percentage points, with higher scores for all 58 questions.

Managerial work requires continuous learning

The leadership principles defined in late 2014 were implemented in the company in several ways, including discussing them in management teams to determine how to put them into

practice in each organization.

The leadership principles were also incorporated into development discussion practices. Each line manager addresses the management principles when holding discussions with their respective managers regarding managerial work and its development.

A line manager training program was implemented in spring 2015, with managers from various operating countries participating in the program. The program was largely based on Altia's leadership principles.

Every member of Altia's personnel regularly participates in development discussions. The development discussions for white-collar employees include two meetings during the year, and for blue-collar employees, there is one meeting annually. At the development discussions, a personal development plan is created for each employee that defines the most significant development measures with regard to competence development and motivation.

Leadership Principles

Show direction

- Explore future possibilities and opportunities in the business.
- Create plans to achieve company strategy and targets.
- Ensure that team members understand how their work is related to the big picture.
- Create positive attitude towards our brands and company.

Support success

- Help people to achieve their goals by advising and coaching.
- Show genuine interest in people by listening and asking.
- Create learning opportunities for people.
- Ensure best practice sharing across the organization.
- Be a role model for the Altian culture and walk the talk.

Ensure implementation

- Set challenging and clear objectives and follow them up regularly.
- Give open feedback – both positive and corrective.
- Deal with performance problems promptly.
- Push people to look for solutions themselves.
- Recognize good performance.

Responsibility for employee well-being

Actions to prevent sickness absences and accidents

Altia's occupational health and safety system has been certified in accordance with the OHSAS 18001:2007 standard. The certificate covers the Koskenkorva plant, the Rajamäki alcoholic beverage plant, and the technical ethanol business operations, as well as the operations of the head office in Helsinki.

The objectives of the system include the reduction of sickness absence rates and the number of absences caused by accidents. In order to achieve these objectives, a total of 42 actions have been determined for the various locations, and 28 of these (67 percent) were implemented in 2015.

Action plans have also been created for operating locations that are not within the scope of certification, namely the Tabasalu plant and logistic centers, with the exception of Cognac. The programs include, for example, improving ergonomics and communication regarding safety and hygiene issues, improving work efficiency with the new shift model, increasing the safety of forklift traffic, emphasizing the use of personal protective equipment, and speeding up the return from sick leave through the active use of the early support model.

The accident frequency and sickness absence rates are monitored in all of Altia's operating countries, with the exception of France. In 2015, the sickness absence rate was 3.0 percent (2014: 3.0 percent). The logistics center in Sweden had the highest rate (4.9 percent), while the office in Denmark had the lowest (0.3 percent). The accident frequency* for accidents requiring at least one day of absence was 12 (2014: 12).

As in the previous year, the Rajamäki plant had the highest number of accidents. The Rajamäki plant continued to develop the identification of hazards and risks, as well as implement immediate corrective measures. A few isolated accidents occurred in other production locations (Koskenkorva, Svendborg, Tabasalu and the Swedish logistics center in Brunna). There were no fatal work-related accidents in 2015.

*The number of accidents per one million working hours.

Remuneration and incentives support the strategy

Altia revised its performance-based bonus program in 2015. The starting point for the development effort was to create a more incentivizing model that would allow employees to more directly influence the size of the bonus through their performance.

Performance-based bonuses are paid once a year or more often in the form of annual result bonuses or sales bonuses. Blue-collar employees are part of a production bonus scheme. All personnel except those in short fixed-term employment relationships are included in the performance-based bonus scheme. The objectives of the performance-based bonuses are to support the implementation of strategy, reward personnel for good results, and share Altia's financial success.

In addition to financial rewards, Altia also strives to develop other forms of incentives. These include praise and positive feedback, celebrating accomplishments, sharing best practices, including key talents in strategy and development work, as well as offering small tokens of appreciation in recognition of jobs well done.

More information about Altia's remuneration policies, including paid remunerations can be found in the remuneration statement.

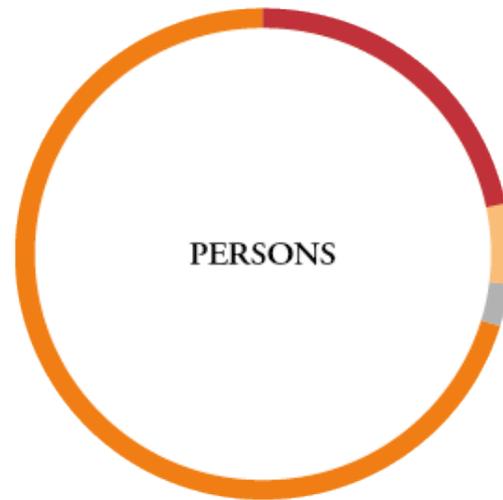
Key employee figures

Average number of personnel by country 2015



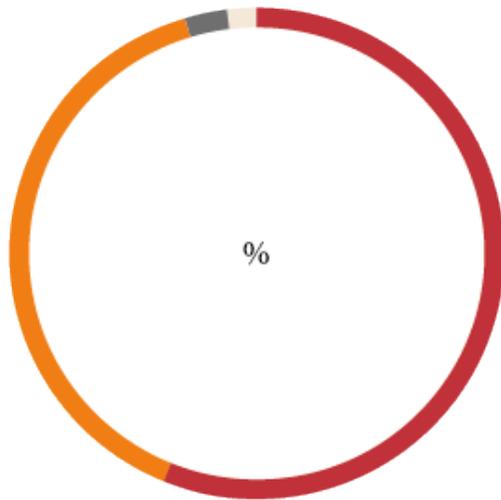
- Finland (477)
- Denmark (58)
- Sweden (139)
- Latvia (63)
- Estonia (85)
- Norway (32)
- France (25)

Personnel by business area 2015



- Altia Markets (191)
- Altia Categories (48)
- Industrial Services (24)
- Supply Chain and Support Functions (616)

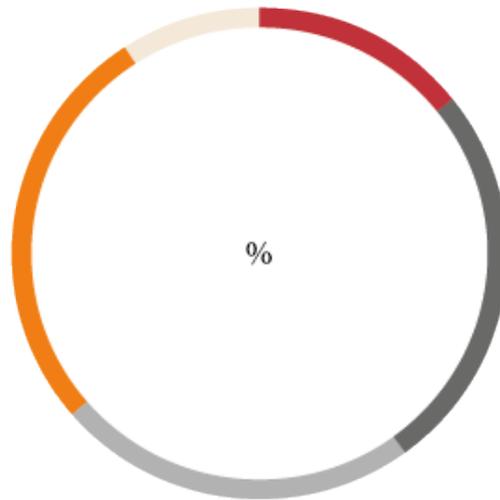
Type of employment 2015



- Permanent 95.4%
- Men 58.9%
- Women 41.1%
- Fixed-term 4.6%
- Men 62.2%
- Women 37.8%

The figures do not include the business functions in France.

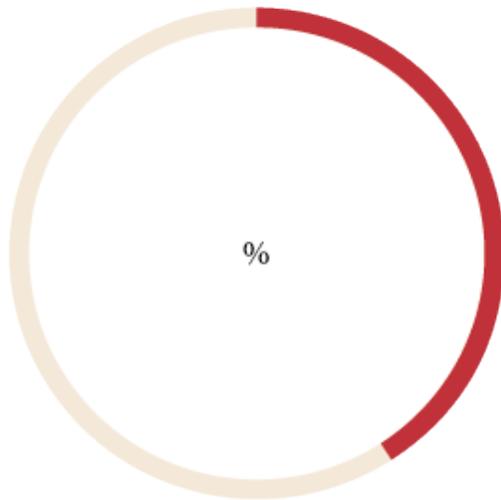
Duration of employment 2015



- Less than 1 year (14.3%)
- 1-4 years (25.9%)
- 5-9 years (23.5%)
- 10-20 years (27.3%)
- over 20 years (9.0%)

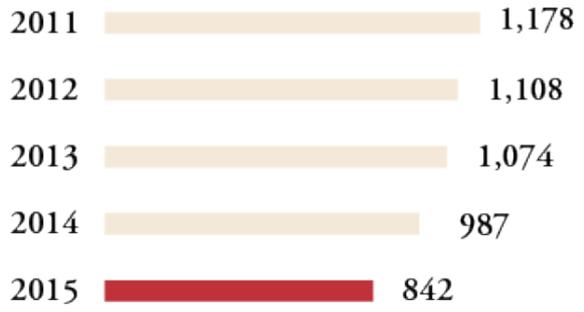
The figures do not include the business functions in France.

Personnel by group 2015



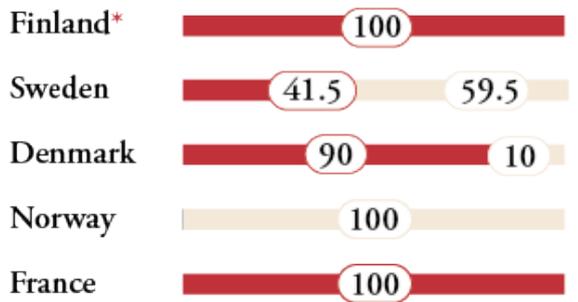
- Workers 40.9%
- Salaries and senior-salaried employees 59.1%

Development of the number of personnel 2011–2015



Average age of personnel: 41.5

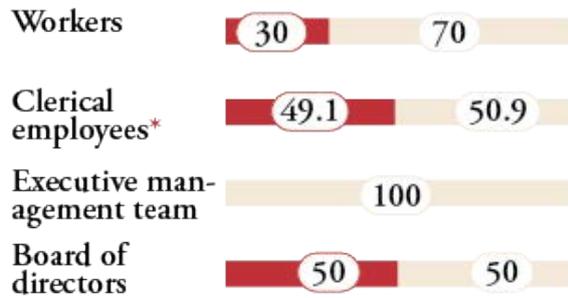
Employees covered by collective agreements, %



- Covered by collective agreements
- Not covered by collective agreements
- * Excluding CEO

Estonia and Latvia are not included because in these countries there are no collective agreements.

Gender distribution, %



- Women
- Men
- * Does not include EMT members

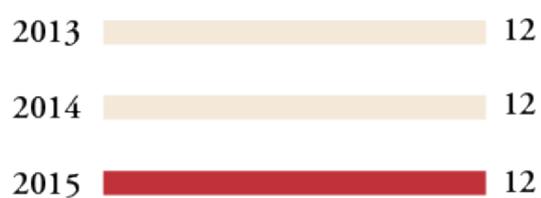
Situation on December 31, 2015

Sickness absences, %



The figures do not include the business functions in France.

Accident rate*



* The ratio of number of accidents to million working hours

The figures do not include the business functions in France.

“A good line manager is genuinely concerned about employees”

The Altia plant in Rajamäki has implemented Altia's leadership principles – Show Direction, Support Success and Ensure Implementation – in day-to-day operations. According to Plant Manager Janne Peltoniemi, the most important thing for a line manager is to be genuine and to ensure that the personnel are committed to shared goals.

The Altia plant in Rajamäki, Nurmijärvi in Finland is the workplace of some 250 employees, most of whom work on the factory's various production lines and in the logistics center. The current organization at the Rajamäki plant has only been in place for about a year, and the plant's operating methods have been revised to a significant extent in recent times.

Altia's new leadership principles have served as a guideline in this process of renewal.

“The leadership principles are the cornerstones of our line management and leadership. We have set challenging and clear targets, the achievement of which is regularly monitored. This also means that we want to strengthen our employer image and take more pride in our work,” says Janne Peltoniemi, Plant Manager at the Rajamäki plant.

Patronage and lowering thresholds

The new leadership principles have been translated to “the plant's own language” and they are also included in development discussions with personnel. Peltoniemi points out that the leadership principles must be reflected in all employees.

The aim of all development efforts at the Rajamäki plant is to engage people from different areas of the organization.

“We want to create a more open and interactive work community. We also want to give everyone the chance to participate in the development of our management, and development in general,” Peltoniemi explains.

The Rajamäki plant has also seen strong cooperation in the implementation of new operating methods. The development of line management, for example, has been geared towards eliminating psychological barriers between different levels of the organization.

“We have also introduced a patronage initiative, which involves members of the management team acting as patrons for specific bottling lines. This means that they have regular weekly meetings with the employees working on the bottling line assigned to them. It also gives them the opportunity to receive first-hand feedback from the employees,” Peltoniemi says.

Communication at the Rajamäki plant has also been improved by using the Yammer platform. The factory has the most active Yammer group in the entire Altia organization. Peltoniemi says good communication is key to having a transparent and open organization.

“A good line manager is genuinely concerned about employees. No matter how many decisions we make at the management level, success always comes down to the commitment of the personnel. In my world, the key is to focus on individual employees,” Peltoniemi concludes.

“The management culture here at the Rajamäki plant is somewhat burdened by history, but the situation has improved significantly over the years. In the logistics organization I work in, good line management depends on highly competent leadership. I appreciate the current approach to management, which involves a strong focus on people skills.

As an employee, I feel that I have the opportunity to generate discussion and influence my work. I would like to see even more openness and justified decision-making, as transparency makes it easier to understand and accept changes. With regard to internal communication, I would like to see summaries of information. At present, important messages sometimes end up being fragmented across multiple channels.”

Markus Hälikkä, Production Controller, Logistics

“I have worked at the Rajamäki plant for ten years. I am pleased with the current management culture here. Changes are not made without listening to the employees' opinions. New decisions are always discussed with those at the factory floor level. Corrective adjustments are also made where necessary.

I am one of four team leaders in the supplies department team, which consists of about twenty employees. Right now I am feeling a little uncertainty with regard to the division of responsibilities, as the organizational changes implemented a year ago left our team with less direct managerial supervision. This creates a certain sense of detachment, and team leaders now have to look into matters that should be handled by a line manager. We have talked about this at length with the management in recent times; for example, with regard to occupational safety. I am confident that this issue will be discussed at the management level and sorted out soon.”

Piritta Mononen, team leader

“In my opinion, the supervision of work at the Rajamäki plant needs to be easy-going, firm and realistic. I work on the production line for bag-in-box wines. I deal with my line managers almost every day, and sometimes I also work with the managers responsible for bottling and maintenance. My experience is that our supervisors and managers are very open to ideas and suggestions. I can talk to them in an honest and straightforward manner, so I am very pleased with things overall.

I will take up the position of team leader myself in January 2016. One improvement I would like to see is some type of orientation training for new employees with regard to the operating methods and framework of supervisory and managerial work at the Rajamäki plant.”

Tuukka Haimakainen, team leader

Koskenkorva switches to 12-hour shifts

Altia's Koskenkorva plant implemented a 12-hour shift work model in May 2015. The new system has been met with 100 percent positive feedback. 'We have a lot of young fathers working at the plant, and the longer stretches of time off make a big difference in arranging family life', says plant manager Antti Snellman.

The first request to revamp the shift work model came from Koskenkorva employees back in 2011. The previous model was the traditional three-shift model consisting of eight-hour shifts.

'Our employees wanted to have more time for their hobbies and achieve a better balance between work and family life', explains plant manager Antti Snellman.

The initiative led to a comprehensive change process that took four years. It began with establishing a working group that visited other companies; for example, in the process industry, or those working in food and energy, to learn more about alternative approaches to shift work.

The employees in the working group became interested in the 12-hour model. It involves employees working two morning shifts from 6 a.m. to 6 p.m., followed by one day off. The employees then work two night shifts from 6 p.m. to 6 a.m., followed by six days off.

'After receiving the green light from occupational health services, the employers' federation and the employee union, we started a one-year pilot in May 2014. All of the feedback we received during and after the one-year pilot was positive. Not a single employee wanted to go back to the old model. Also worth noting is that sickness-related absences declined by 50 percent after the change', Snellman adds.

Altia has about 50 employees at the Koskenkorva plant, with approximately half of them working as operators under the shift work model. The majority of them work in the control room, monitoring plant processes on computer terminals.

'There is plenty to do throughout the day, but it is not physically strenuous work', says process controller **Antti Latva-Hirvelä**.

'I get to spend more time at home with the kids. We don't need to worry about day-care arrangements, and we know my work schedule until the end of the year. If I want some variation, I can trade shifts with my colleagues', he adds.

Fellow process controller **Sami Kokko** echoes his colleague's views.

'I wouldn't change this new model for anything. This is the best shift model I can imagine. I have much more free time than I did under the old model, and the 12-hour workdays don't feel different than the old 8-hour workdays did', Kokko says.

Views on responsibility

Our stakeholders' views regarding our responsibility and its continued development are essential to us. We believe in open dialogue regarding our responsibility and our industry.

We talked to six different stakeholder representatives to understand their views regarding responsibility; for example, how they expect the significance of responsibility to develop in the future, and what their expectations are regarding Altia's responsibility.

- The NGO – Kristiina Hannula, Director, EHYT – Finnish Association for Substance Abuse Prevention
- The Consumer – Tommi Koivisto, author of the Isyyspakkaus blog
- The Partner – Eric Thomas, Corporate Social Responsibility Manager, Constellation Brands
- The Supplier – Mads Elming, Sales and Marketing Director Nordic, Ardagh Group
- The Contract farmer – Silja Vuori
- The Customer – Björn Lindström, Purchaser and Environmental Coordinator, SSP, The Food Travel Experts

Read also:

Stakeholder interaction and materiality analysis

“Finland needs neutral and fact-based discussion on alcohol”

Kristiina Hannula, the Director of EHYT – Finnish Association for Substance Abuse Prevention – would like to see the public discussion on alcohol become less emotional and more fact-based. This could make alcohol a neutral topic of discussion in Finland.

How would you describe the current discussion on alcohol in our society?

The public discussion on alcohol in Finland is highly emotional and sometimes aggravated. The participants tend to put words in each others' mouths. Public health organizations, for instance, are assumed to promote total abstinence, while we in the NGO sector talk about the alcohol industry from our perspective. The discussion should be based on genuinely listening to the other parties' words rather than on making assumptions. This would support more effective interaction between the various parties involved.

How would you like the discussion on alcohol to develop?

I would like to see a balanced discussion on alcohol, along with a balanced alcohol policy and a balanced drinking culture. Alcohol should be discussed in a neutral manner, even though everyone has emotional experiences related to it. Alcohol should be discussed dispassionately to highlight its advantages and disadvantages in a balanced way.

In your opinion, can cooperation between alcohol industry operators and NGOs influence the prevailing discussion on alcohol and drinking culture?

It certainly can, but cooperation must be based on genuine and honest interaction. At EHYT, we have very positive experiences from our cooperation with microbreweries and wine enthusiasts.

In your view, what is the most important aspect with regard to Altia's responsibility?

Altia's operations are in good shape with regard to responsibility as long as communications are based on facts. Altia's responsibility as an industry operator also includes accepting that certain decisions may be positive for the alcohol industry but not beneficial to the Finnish economy as a whole, and vice versa. I think it would be responsible to put that into words somehow. Altia naturally uses its marketing activities to sell its products, and that's fine, but the messages it communicates must not be misleading.

What kind of cooperation would you like to have with Altia regarding responsibility?

Above all, I would like the cooperation to be balanced, which is something I have highlighted in all discussions on alcohol. In future, cooperation between Altia and EHYT could involve joint events, for example. This type of cooperation would require that we are an equal partner with Altia, and both sides would have to make an equal contribution to the financing of any joint events.

The Finnish Association for Substance Abuse Prevention (EHYT) operates throughout Finland and with the entire Finnish population to promote a healthy lifestyle. In addition to the prevention of alcohol, tobacco and drug abuse, EHYT promotes the prevention of the negative impacts of gaming and gambling. EHYT also coordinates the national network of NGOs operating in the area of substance abuse prevention, which is comprised of 40 of Finland's most significant substance abuse prevention associations. www.ehyt.fi

A consumer's wish for Altia: promote a drinking culture based on moderation

“As a consumer, I want to believe that companies do everything they can to operate in a responsible manner, even though aspects such as monitoring the subcontracting chain can be difficult at times,” says Tommi Koivisto, author of the *Isyyspakkaus* (“*Paternity package*”) blog.

What does corporate responsibility mean to you as a consumer?

I think corporate responsibility is an important issue, but I also think that individual consumers don't always understand what responsibility means in practice. When I'm buying a product or service, thinking about the responsibility of the company behind it is not always the first thing on my mind. However, if it later becomes apparent that the company in question has been found to have conducted its business in an unethical manner, I will no longer buy their products or services. Conversely, it pleases me to find out that a company I've supported has received praise or awards for its ethical conduct.

Do corporate responsibility issues affect your consumption behavior?

Most of my purchase decisions are based on needs. As a consumer, I want to believe that companies do everything they can to operate in a responsible manner, even though aspects such as monitoring the subcontracting chain can be difficult at times. When it comes to clothing, I value items that are produced from certified organic cotton, as well as clothing manufacturers that look after the rights of their employees in the countries their clothes are produced in. When I'm choosing a wine, I usually check whether it has been produced organically. For example, if there's a new range of wines out, I tend to go for the one that's organic.

What do you believe consumers will expect from companies in the future with regard to responsibility?

It seems to me that interest in responsibility issues has increased substantially in recent times. For instance, I've read news about the clothing industry indicating that workers in developing countries suffer from poor working conditions. Nevertheless, I don't believe that consumers

will read through corporate responsibility reports before each purchase decision they make in the future.

In your view, what is the most important aspect with regard to Altia's responsibility?

Altia could take a stronger role in promoting a drinking culture based on moderation. Finnish society suffers from many alcohol-related problems, and Altia could respond to this in the company's operations. In my opinion, Finnish society should move towards enjoying high-quality alcoholic beverages in moderation rather than drinking excessive quantities.

Message to Altia

Please continue to provide a diverse selection of products! I hope you will continue to update your product range and keep it interesting.

Tommi Koivisto is the author of the popular Isyyspakkaus-blog, where he writes about his everyday life as the father of a young child. Tommi is also known for his appreciation of good food and drinks. His blog can be found at Isyyspakkaus.com.

“The need to operate in a responsible, sustainable way will only increase in the future – for all companies”

Constellation Brands is an international producer and marketer of wine, beer, and spirits and one of Altia's regional partners. Eric Thomas, CSR Manager at Constellation, tells us that the company is looking forward to continuing to find areas where their and Altia's corporate responsibility strategies are aligned. “We focus our corporate responsibility work in three main areas – sustainability, giving back, and social responsibility,” he says.

What is the role of corporate responsibility in the beverage and alcohol industry?

Constellation Brands, like many companies in the beverage alcohol industry, has strong roots in agriculture. So being good stewards of the land and water is not just the right thing to do – it is vital to our long-term growth and viability. In addition to minimizing our environmental impact, our industry also has an obligation to promote and market our products in a responsible way and give back to the communities where we operate.

Will that role change in the future?

The need to operate in a responsible and sustainable way will only increase in the future for all companies. Constellation has a strong entrepreneurial spirit. We will always be looking for new and more effective ways to do business responsibly. While our specific corporate responsibility initiatives or programs may change, the underlying reasoning behind our efforts will not. Constellation's commitment to CR has been woven into our company's culture and core values since it was founded in 1945.

What is the role of corporate responsibility in Constellation Brands' work in particular?

We focus our corporate responsibility work in three main areas – sustainability, giving back, and social responsibility (responsible consumption). Our CR initiatives are truly employee-driven; employees at every level of our company participate. While we have many facilities, brands, and employees around the world, we all share a common set of values and commitment to responsibility.

From your point of view, what is most crucial for Altia's corporate responsibility work?

It is clear that Altia has a strong commitment to promoting responsible drinking. This is evident in their educational and advocacy initiatives, including their wide range of online resources for consumers. We rely on Altia to keep us up-to-date on industry product regulations in the Nordics and the EU and how we can best comply with any legislative or regulatory changes.

What kind of cooperation would you like to have with Altia regarding corporate responsibility issues?

We are looking forward to continuing to find areas where our corporate responsibility strategies are aligned, so that we can improve and enhance each other's efforts through information and best practice sharing. We find a great deal of value in taking a collaborative approach to corporate responsibility with partners like Altia and others in our industry.

Greetings to Altia

It is rewarding to work with Altia not just because they are good partners from a day-to-day business perspective, but also because of their strong commitment to corporate responsibility.

See Constellation's FY15 CSR report.

“Our goal is to become the leading supplier of inherently sustainable packaging”

Ardagh Group is Altia's long-term packaging supplier and largest vendor measured in terms of spending. Mads Elming, Sales & Marketing Director Nordic at Ardagh Group shares their CSR approach with us.

What is the role of corporate responsibility in Ardagh's business?

We have 89 glass and metal manufacturing production facilities in 21 countries. As a global packaging producer we are very conscious about our corporate responsibility. Effective sustainability and corporate responsibility mechanisms are critical to our growth strategy.

Our goal is to become the leading supplier of inherently sustainable packaging. For instance, our glass facilities in Dongen, the Netherlands, and Massachusetts, USA, operate furnaces that use 90 percent recycled glass, which are regarded as a benchmark for glass production worldwide. I think we are on a right path – as an example we have just achieved an EcoVadis gold level certification for 2015 for our social and environmental performance.

According to your opinion, what kind of responsibility themes will grow their significance in the future?

In our sustainability strategy we have set ambitious long-term targets in the areas of environmental and social sustainability, and these will also have our focus in the future. In 2014, for example, we implemented our Group Code of Conduct and our Group Sustainability Framework Policy. Both of these initiatives help us to regulate the areas of environmental, social and ethical sustainability and are important steps in ensuring that the most effective controlled processes are in place.

From your point of view, what kinds of issues are important for Altia's responsibility work?

We believe that the same focus areas will be of importance to Altia.

Do you wish to have cooperation with Altia regarding responsibility? If you already have cooperation with them, how is it like?

We do not have cooperation with Altia regarding responsibility but would welcome the initiative in order to achieve the most beneficial cooperation for both companies.

Greetings for Altia

We wish Altia all the best for the future and look forward to many years of cooperation.

Read more about Ardagh's sustainability.

“The important thing to me as a farmer is that Altia wants to be a reliable and competitive grain buyer”

The contract farmers that supply Altia with grain are essential for the company's business. According to Mäntsälä-based farmer Silja Vuori, Altia's role as a nationally significant user of grain means that ensuring the success of farmers, the agricultural sector and the rural areas of Finland is an important aspect of the company's responsibility.

What role does responsibility play in the work of a farmer?

Responsibility means that the products sold by farms to industry are appropriate in terms of quality and that they meet the buyer's needs, are delivered as promised, and that their production satisfies both general requirements and the customer's specifications.

For a farmer, responsibility means managing the farm in such a way that it functions well and is successful in the long term. A responsible farmer looks after the farm on the principle that the farm is inherited from the previous generation and borrowed from the next generation. Responsibility in farming operations means that the condition of the soil improves, working methods are enhanced and the farm's operations and finances develop favorably.

Responsibility also means that substances such as fertilizers and pesticides are used appropriately and with care. Altia helps farmers in this regard by providing reports on the amounts of nutrients removed from the fields during harvest. This is one example of how Altia helps farmers make more efficient use of their resources and minimize the negative environmental impacts of their operations. This kind of environmental responsibility is something that today's society is expecting from farmers to a greater extent than before.

What are your expectations regarding Altia's responsibility efforts going forward?

I hope that Altia will continue to develop its business and production operations to remain the

first choice for its customers. By operating efficiently and finding good markets for its products, Altia can continue to be a good and reliable contractual partner for farmers and the grain trade in the future.

As a company, Altia determines what areas of responsibility it emphasizes. I hope that, as a responsible company, it will continue to give due consideration to farmers as contractual partners.

In your view, what is the most important aspect with regard to Altia's responsibility?

The important thing to me as a farmer is that Altia wants to be a reliable and competitive grain buyer. I hope that Altia will define cooperation with farmers as part of its responsibility. Altia's role as a nationally significant user of grain means that ensuring the success of farmers, the agricultural sector and the rural areas of Finland is an important aspect of the company's responsibility.

What kind of cooperation would you like to have with Altia regarding responsibility?

I would like Altia to communicate information to farmers on hopes and needs the company and its customers have with regard to responsibility. They can also communicate information to farmers based on laboratory analyses, which is something they have already done. I believe that this will also help Altia source better raw materials. At the same time, Altia can help farmers select the right varieties and methods to achieve the best possible results.

Message to Altia

As a major grain purchaser, Altia has the opportunity to influence trading practices and pricing in the Finnish grain market. Developing new operating models and utilizing the storage capacity of farms, for example, can benefit both farmers and Altia. They should also promote the broad use of increasingly diverse price fixing mechanisms and grain varieties that suit their purposes to the greatest possible extent.

Responsible cooperation means helping each other to lower the environmental footprint

SSP – The Food Travel Experts, is the leading food and beverage service provider in travel locations around the globe. SSP operates in 125 airports and 270 railway stations in 32 countries. “We believe that a company that does not work with sustainability questions will be having big problems to survive in the future,” says Björn Lindström, Purchaser and Environmental Coordinator at SSP.

What is the role of corporate responsibility at restaurant and cafeteria sector? Will that role change in the future?

As one of the biggest restaurant companies in Sweden it is very important that we have control on all parts of the products we buy. All products need to be safe, right quality and more and more sustainable. To work with sustainability and responsibility is important for our partners, like airports and railway stations, as well stakeholders.

We believe that a company that does not work with these questions will be having big problems to survive in the future.

What is the role of corporate responsibility at SSP in particular?

It is a part of our ISO 14 001 program and always on the agenda in purchasing. We only work with suppliers that have a program for corporate responsibility. We prefer suppliers that are ISO 14 001 certified, like Altia.

From your point of view, what is most crucial for Altia's corporate responsibility work?

To secure that all Altia's own production and supplies from all over the world are responsible in terms of labour, land and environment; to choose the most environmental way for the freight

all over the world and, to have more organic products in the portfolio.

What kind of cooperation would you like to have with Altia regarding corporate responsibility issues?

I wish for more cooperation in helping each other to lower the environmental footprint for example in packaging, delivery solutions and organic products.

Greetings to Altia

Altia has a very good education program for our employees both on web and face to face. We really like the good work you do with better packaging that is lighter and easier to recycle.

Read more about SSP at www.foodtravelexperts.com

Reporting

Reporting framework

Altia's responsibility report 2015 is the company's eighth responsibility report. The report is published once per calendar year in Finnish and English. The report is only published online. No external assurance has been applied to the report.

This report contains Standard Disclosures from the GRI Sustainability Reporting Guidelines. Specific Standard Disclosures concerning the management approach and key indicators are mainly presented for the nine aspects that are the most material to Altia. However, for environment, key indicators are presented more extensively than what is required by the Core framework. The GRI Index illustrates the correspondence between the report contents and the GRI G4 guidelines.

Information on responsibility and the related indicators are disclosed for the whole Group, based on its structure in December 2015, taking into account the exceptions described in the report and below.

With regard to the indicators relating to personnel only a portion of the indicators cover the operations Altia acquired in August 2013 from Cognac, France.

For environmental responsibility, the indicators focus on the environmental impact of Altia's own production, which relate to our operations at the Koskenkorva, Rajamäki and Tabasalu plants.

For the office locations, only figures related to electricity usage and corresponding emissions are reported, with the exception of Oslo and Copenhagen.

For the logistics centers, their electricity usage, district heating and corresponding emissions, as well as water consumption and the amount of waste water are reported.

As to the Koskenkorva plant, the figures for water consumption and the amount of wastewater include all the operators in the plant area; this also applies to energy consumption, with the exception of A-rehu.

Information on emission-related indicators include Altia's operations and emissions arising from

the production of purchased energy, while indicators concerning waste only cover Altia's own operations.

The calculation methods applied and any differences compared to the previous methods are described in more detail in the report.

The report for 2014 was published on March 19, 2015, coinciding with the publication of the company's financial statements.

GRI G4 content index

This report contains Standard Disclosures from the GRI Sustainability Reporting Guidelines.

FS = Financial statements

Code	GRI content	Location / Explanation	Reported fully ● partly ○
General standard disclosures			
Strategy and Analysis			
G4-1	CEO's statement	CEO's review, FS 6-7	●
G4-2	Key impacts, risks and opportunities	Business environment & strategy, CEO's review, Economic impact, Creating sustainable value, Targets of corporate responsibility, Stakeholder interaction and materiality analysis, FS 55	●
Organizational profile			
G4-3	Name of the organization	Altia in brief	●
G4-4	Primary brands, products and services	Altia in brief, FS 4	●
G4-5	Location of the headquarters	Altia in brief	●
G4-6	Countries in which operations are located	Altia in brief	●
G4-7	Nature of ownership and legal form	Altia in brief, FS 78	●
G4-8	Markets served	Altia in brief	●
G4-9	Scale of the organization	Altia in brief, FS 10, 66	●
G4-10	Breakdown of workforce	Altia & Employees – chart No substantial work is performed by self-employed or contractors. There are no significant seasonal variations in employment numbers.	●
G4-11	Percentage of employees covered by collective agreements	Altia & Employees – chart	●
G4-12	Organization's supply chain	Altia & Environment, Responsible sourcing	●
G4-13	Any significant changes regarding organization's size, structure, ownership or supply chain	FS 13, Production at the Svendborg plant in Denmark was discontinued.	●
G4-14	Addressing the precautionary impact	Environmental impacts	●
G4-15	Externally developed charters, principles or initiatives endorsed	Responsible sourcing	●
G4-16	Memberships of associations	Altia companies in Finland, Sweden, Norway, Denmark, Estonia and Latvia are members in local alcohol industry associations. Altia is a member also in BNIC, the cognac producer's association.	●
Identified material aspects and boundaries			
G4-17	Report coverage of the entities in the consolidated financial statements	FS 22-23, Reporting framework	●
G4-18	Process for defining the report content and Aspect Boundaries	Materiality Analysis	●
G4-19	Material aspects identified	Materiality Analysis	●
G4-20	Aspect boundaries within the organization	Materiality Analysis	●
G4-21	Aspect boundaries outside the organization	Materiality Analysis	●
G4-22	Restatements of information	Altia & Environment	●
G4-23	Significant changes in the scope and aspect boundaries from previous reports	Reporting framework	●

Code	GRI content	Location / Explanation	Reported fully ● partial ◐	
General standard disclosures				
Stakeholder engagement				
G4-24	List of stakeholder groups	Stakeholder interaction	●	
G4-25	Basis for identification and selection of stakeholders	Selection is based on internal questionnaire.	◐	
G4-26	Approach to stakeholder engagement	Stakeholder interaction, Business Principles	◐	
G4-27	Key topics and concerns raised through stakeholder engagement	Stakeholder interaction, Views on responsibility	●	
Report profile				
G4-28	Reporting period	Reporting framework	●	
G4-29	Date of most recent report	Reporting framework	●	
G4-30	Reporting cycle	Reporting framework	●	
G4-31	Contact point for questions	Contact information	●	
G4-32	GRI content index	GRI index	●	
G4-33	Policy on external assurance	Reporting framework	●	
Governance				
G4-34	Governance structure of the organization	FS 78-80	●	
G4-36	Positions with responsibility	Steering of Altia's responsibility work	●	
G4-38	Composition of highest governance body	FS 79-80	●	
G4-39	Position of the Chair of the Board	FS 79-80	●	
G4-40	Nomination and the selection process for the highest governance body	FS 79	●	
G4-42	Highest governance body's role in setting purpose, values and strategy	FS 79	●	
G4-48	Approving the Sustainability report	CEO and CFO have been in the Sustainability report's steering group. Report is approved by the Board.	●	
Ethics and Integrity				
G4-56	Organization's values, principles and codes	Business Principles, Leadership Principles, Culture Cornerstones, QSE Principles, BSCI Code Of Conduct	●	
G4-58	Reporting concerns about unethical or unlawful behavior	Key events in 2015	◐	
Specific standard disclosures				
Economic indicators			Altia's material aspect	
G4-EC1	Direct economic value generated and distributed	FS 18, Altia's role in the society	●	Economic impact
Environmental indicators				
	Disclosure of management approach (DMA)	Altia & Environment	●	
G4-EN1	Materials used by weight or volume	Environmental impacts – chart	●	Minimizing own environmental impacts
G4-EN3	Energy consumption within the organization	Environmental impacts – chart	●	Minimizing own environmental impacts
G4-EN6	Reduction of energy consumption	Environmental impacts	●	Minimizing own environmental impacts
G4-EN8	Total water withdrawal by source	Environmental impacts – chart	●	Minimizing own environmental impacts
G4-EN13	Habitats protected or restored	Environmental impacts	●	
G4-EN15	Direct greenhouse gas emissions (Scope 1)	Environmental impacts – chart	●	Minimizing own environmental impacts
G4-EN16	Indirect greenhouse gas emissions (Scope 2)	Environmental impacts – chart	●	Minimizing own environmental impacts
G4-EN21	Significant air emissions	Environmental impacts – chart Only VOC and particles reported.	◐	Minimizing own environmental impacts
G4-EN22	Total water discharge by quality and destination	Environmental impacts – chart Only quantity reported.	◐	

Code	GRI content	Location / Explanation	Reported fully ● partly ◐	
Specific standard disclosures				
G4-EN23	Total weight of waste by type and disposal method	Environmental impacts – chart	●	Minimizing own environmental impacts
G4-EN25	Hazardous waste transported, imported, exported, treated	Environmental impacts – chart Only the amount of hazardous waste.	◐	Minimizing own environmental impacts
G4-EN29	Monetary value of fines and number of sanctions for non-compliance with environmental laws and regulations	Environmental impacts	●	
G4-EN32	Percentage of new suppliers that were screened using environmental criteria	35%. The figure includes bulk wine suppliers, raw material suppliers and partner brands.	◐	Utilizing responsibly produced raw materials
G4-EN33	Significant negative environmental impacts in the supply chain	70 packing material, 50 food ingredient and 46 partner brand suppliers filled in the CSR questionnaire in 2015. No significant negative impacts were found out based on the results.	◐	Utilizing responsibly produced raw materials
Social indicators				
Sub-category: Labor practices and decent work				
	Disclosure of management approach (DMA)	Altia & Employees, Responsible sourcing	●	
G4-LA9	Average hours of training	Information not available	-	Well-being of employees
G4-LA11	Percentage of employees receiving regular performance reviews	Responsible leadership	●	Good leadership
G4-LA12	Composition of governance bodies and breakdown of employees per employee category	Altia & Employees – chart	●	
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	35%. The figure includes bulk wine suppliers, raw material suppliers and partner brands	◐	Utilizing responsibly produced raw materials
G4-LA15	Significant negative impacts for labor practices in the supply chain	70 packing material, 50 food ingredient and 46 partner brand suppliers filled in the CSR questionnaire in 2015. No significant negative impacts were found out based on the results.	◐	Utilizing responsibly produced raw materials
Sub-category: Human rights				
	Disclosure of management approach (DMA)	Responsible sourcing	●	
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association or collective bargaining may be violated or at significant risk.	Responsible sourcing Altia has not identified these kind operations and suppliers.	●	Human rights in supply chain Utilizing responsibly produced raw materials
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor	Responsible sourcing Altia has not identified these kind operations and suppliers.	●	Human rights in supply chain Utilizing responsibly produced raw materials
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor	Responsible sourcing Altia has not identified these kind operations and suppliers.	●	Human rights in supply chain Utilizing responsibly produced raw materials
G4-HR10	Percentage of new suppliers that were screened using human rights criteria.	35%. The figure includes bulk wine suppliers, raw material suppliers and partner brands.	◐	Human rights in supply chain Utilizing responsibly produced raw materials
G4-HR11	Significant negative human rights impacts in the supply chain.	70 packing material, 50 food ingredient and 46 partner brand suppliers filled in the CSR questionnaire in 2015. No significant negative impacts were found out based on the results.	◐	Human rights in supply chain Utilizing responsibly produced raw materials
Sub-category: Product responsibility				
	Disclosure of management approach (DMA)	Responsible marketing, Altia & Customers, Altia & Environment, Quality control of wine production	●	
G4-PR2	Number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products	There have not been any these kind of incidents.	●	Product quality and safety
G4-PR8	Number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications	1. Based on a consumer complaint on advertising decal on one company car in Estonia, all company car decals were reviewed together with legal agency and Consumer Protection Board. Minor changes were made to the decals of a small number of vehicles as a result.	●	Responsible marketing
				There does not exist any appropriate GR indicator for Advocating responsible consumption.

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