



# United Nations Global Compact Communication on Progress

Olvi Group 2021

COMMUNICATION  
ON PROGRESS



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

We welcome feedback on its contents.



# Statement of continued support

I am pleased to confirm that Olvi Group reaffirms its support to the Ten Principles of the United Nations Global Compact on human rights, labour, environment, and anti-corruption. These all four aspects belong to the foundations for our responsible operations.

In this Communication on Progress, we describe our company's efforts to implement the Ten Principles into our strategy, culture, and day-to-day operations. The document includes a description of practical actions and a measurement of outcomes. More detailed information on our sustainability can be found on our sustainability report. In addition to sustainability report, we are committed to share this information with our stakeholders through other channels such as on our website.

Sincerely yours,



Mr. Lasse Aho

CEO

Olvi Plc



# Implementing the Ten Principles into Strategies & Operations

Sustainability is an integral part of Olvi Group's strategy. Our strategic targets include leading the way in sustainability in our industry. Sustainability is also one of our values: We appreciate sustainability and expect sustainability from all Olvi Group's employees and partners.

Ethical business practices are an integral part of all our operations. These are crystallised in the Group's ethical guidelines (Code of Conduct). We require our suppliers and partners to comply with our Code of Conduct for Suppliers and Partners.

Olvi Group's operations are guided by certified ISO's management systems. We assess the effectiveness of our management systems, as well as their ability to support business operations, through external and internal audits and feedback from the management. In addition, we have Group-level policies and guidelines approved by the CEO of Olvi plc.

Olvi Group has a risk management policy and risk management guidelines defining the policy in more detail. Olvi Group's risks are divided into strategic, operational, financial and compliance risks. Sustainability risk management belongs to one of our focus areas in our sustainability program. We are seeking to create a separate operating model for identifying risks and opportunities related to sustainability.

The whole organization is involved in managing sustainability. Olvi plc's Board of Directors approves Olvi Group's strategic priorities and goals, as well as their indicators. The Board monitors performance based on the indicators quarterly. Olvi plc's CEO and Management Team approve longer-term sustainability priorities and goals and their indicators. The Supervisory Board monitors the implementation of the sustainability program in the Group companies and contribute to its practical application in cooperation with the managing directors.

Olvi Group's Sustainability Team is responsible for coordinating the sustainability program for the Group companies. Olvi plc's Sustainability Director, Olvi plc's Sustainability Team and the persons in charge of the focus areas of the sustainability program are responsible for determining, developing and promoting the sustainability action plan. In addition, they are responsible for monitoring, reporting and communicating the sustainability targets and measures. The relevant teams are also responsible for monitoring the indicators and implementing measures to achieve the goals. Sustainable development is reflected in our day-to-day work through each employee.

We are a member of the UN Global Compact initiative and are committed to its principles. We are committed to promoting the UN Sustainable Development Goals through our sustainability program. We have combined our targets with the Sustainable Development Goals. Our sustainability work is related to eight goals in particular:

- Goal 3: Good Health and Well-being
- Goal 4: Quality Education
- Goal 6: Clean Water and Sanitation
- Goal 7: Affordable and Clean Energy
- Goal 8: Decent Work and Economic Growth
- Goal 12: Responsible Consumption and Production
- Goal 13: Climate Action



- Goal 17: Partnerships

It is also important for us to hear the expectations and needs of our key stakeholders in terms of sustainability. In 2021, we carried out an extensive materiality analysis based on Olvi Group's sustainability program.



# Human Rights

**Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and**

**Principle 2: make sure that they are not complicit in human rights abuses.**

Olvi Group respects international human rights, such as the Universal Declaration of Human Rights, and pay attention to their implementation. Our target is zero tolerance against human rights violations.

Our Code of Conduct covers the most relevant principles to us, including human rights. Code of Conduct is based for instance on International Labour Organization's (ILO) fundamental conventions and UN's Global Compact principles. Olvi Group's shared procurement principles and operating models are defined in our procurement policy.

We require our suppliers and partners to comply with our Code of Conduct for Suppliers and Partners, which is based on the Group's Code of Conduct. With our Code of Conduct for Suppliers and Partners, we expect our business partners to commit to the same requirements respecting human rights. Suppliers are selected based on predetermined quality criteria and we regularly audit our suppliers. Our goal is to include the Code of Conduct in all of the Group's cooperation and procurement agreements during 2022.

We provide our employees and management with guidance on respecting human rights. We also provide training on this topic for them. Code of Conduct is part of our Sustainability e-learning course.

Our employees are obligated to report any illegal or unethical acts they become aware of, primarily to their line manager or some other supervision or manager of the company. Olvi Group also has a whistleblowing channel as an early warning system to reduce risks. The whistleblowing channel enables our employees and stakeholders to file a confidential report if they detect non-compliance with our Code of Conduct or values. The whistleblowing service is provided by an external partner WhistleB, Whistleblowing Centre, to ensure anonymity. All messages will be processed in confidence.

## **A measurement of outcomes**

In 2021, we did not receive any reports through the whistleblowing channel. We monitor the number of suppliers committed to the operating principles. With regard to raw materials and packaging supplies, 95.9% of contracting partners of Olvi Group had signed the Code of Conduct in 2021.



# Labour

**Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;**

**Principle 4: the elimination of all forms of forced and compulsory labour;**

**Principle 5: the effective abolition of child labour; and**

**Principle 6: the elimination of discrimination in respect of employment and occupation.**

Olvi Group's personnel management is based on shared values and operating principles. Management and supervisory work, and common ways of working are important aspects of Olvi Group's corporate culture.

We respect international human rights and employees' rights. Olvi Group companies comply with international and national legislation, collective bargaining agreements and international agreements such as the International Labour Organization's (ILO) fundamental conventions.

Our Code of Conduct describes the foundation of our responsible operations, including the freedom of association and collective bargaining, the elimination of forced labour, child labour, occupational health and safety and equal treatment of personnel. We also have a joint personnel policy. The policy provides guidelines on general HR management practices such as recruitment, pay, leadership and competence development.

Olvi Group has zero tolerance for forced labour and child labour in its supply chain. Our Code of Conduct for Suppliers and Partners includes labour principles, and we expect our business partners to commit to the same requirements respecting human rights and employees' rights. Suppliers are selected based on predetermined quality criteria and we regularly audit our suppliers. Olvi Group's shared procurement principles and operating models are defined in our procurement policy. Our goal is to include the Code of Conduct in all of the Group's cooperation and procurement agreements during 2022.

Olvi plc and many of the subsidiaries have certified occupational health and safety management system (ISO 45001). In addition, joint occupational safety policy guides the work. For safe work environment, our long-term target is zero accidents and accident related absences by 2030. In 2023, we aim to reduce occupational accidents by 10%. For occupational health, our target is to reduce sickness absences year-on-year.

To ensure a safe work environment, Olvi Group invests in safety training and guidelines. We focus on increasing employees' awareness of and expertise in safety at work. We have safety training as an e-learning course, and we encourage our employees to actively report safety observations. We are continuously working to detect and eliminate risk factors. We monitor, report and investigate near misses and accidents. Matters related to safety are reported to the management on a monthly basis.

Olvi Group wants to ensure employees' working capacity, health, and well-being throughout their careers. We plan all work and the machines and equipment, as well as the working environment and working conditions, in a manner that eliminates any adverse effects on physical and mental health. In terms of sickness absences, we ensure effective treatment, measures, and rehabilitation



through occupational healthcare. The Olvi Group companies promote well-being at work through various measures, events, occasions, and lectures. We work to create optimal working conditions and increase the flexibility of work by for example exploring various work shift arrangements and models.

Olvi Group's workplace community offers equal opportunities for all employees. Taking diversity into account is also important to us. All employees are treated equally regardless of their age, gender, religion, opinions, nationality, or other such characteristics. Fair and equal treatment is reflected in recruitment, salaries, and career development opportunities, for example. By addressing inappropriate behavior, we ensure a good working environment for everyone. The Olvi Group companies have own programs and tools for promoting equality and non-discrimination.

Our employees are obligated to report any illegal or unethical acts they become aware of, primarily to their line manager or some other supervision or manager of the company. Olvi Group's whistleblowing channel enables our employees and stakeholders to file a confidential report if they detect non-compliance with our Code of Conduct or values.

### **A measurement of outcomes**

We have two key indicators for the safety: Accidents per year and accident frequency. A total of 28 accidents occurred at Olvi Group in 2021, which was 8 accidents more than in 2020. The Group's accident frequency rate was 7.5 in 2021 (5.8 in 2020). The increase in numbers is explained by the inclusion of the Vestfyen brewery in the 2021 figures and the fact that more attention was paid to safety culture and reporting incidents.

We measure occupational health and working capacity by monitoring sickness absences. In 2021, sickness absences represented 5.2% of all working hours (4.8% in 2020). The number of sickness absences increased as a result of the impacts of the pandemic.

The realisation of equality is measured through a personnel survey. According to the results of the most recent employee survey, most of the Group's employees feel they are treated fairly, regardless of their gender and age. We also follow demographics of management and employees by different diversity factors. In 2021, the Group employed 62% men and 38% women. The management teams and members of the Boards of Directors consisted of 55% men and 45% women.

In 2021, Olvi Group did not receive any reports through the whistleblowing channel. We monitor the number of suppliers committed to the operating principles. With regard to raw materials and packaging supplies, 95.9% of contracting partners of Olvi Group had signed the Code of Conduct in 2021.



# Environment

**Principle 7: Businesses should support a precautionary approach to environmental challenges;**

**Principle 8: undertake initiatives to promote greater environmental responsibility; and**

**Principle 9: encourage the development and diffusion of environmentally friendly technologies.**

Olvi Group works continuously to reduce our environmental footprint and to improve our resource efficiency. Olvi Group's sustainability program includes reducing carbon footprint, optimizing water usage, and promoting the circular economy. Responsible procurement is also one of our focus areas.

Our operations are guided by certified management systems. Olvi plc and many subsidiaries have ISO 14001 (Environment) and ISO 50001 (Energy). We assess the effectiveness of our management systems, as well as their ability to support business operations, through external and internal audits and feedback from the management. The management and development of environmental issues is realised through development programs and target setting. Development of environmental affairs is carried out in sound co-operation with local authorities, and our operations are in compliance with all local environmental laws and regulations.

Pursuing an increasingly clean environment has also been included to our Code of Conduct. We take environment into account in running our business and our employees help improve our performance in environmental matters by complying with the company's instructions. Olvi Group's environmental policy states our principles related to environment such as efficient use of materials, transition to renewable sources of energy and staff awareness. We provide training on different environmental issues.

For third parties, requirements to reduce negative impacts on the environment are stated in Code of Conduct for Suppliers and Partners. Environmental issues are also considered in our procurement policy. Suppliers are selected based on predetermined quality criteria and we regularly audit our suppliers. Our goal is to include the Code of Conduct in all of the Group's cooperation and procurement agreements during 2022.

To mitigate climate change, Olvi Group reduces emissions throughout the value chain and progress towards carbon neutrality. Our short-term target is to have carbon neutral factories by 2023. Our long-term target is to reduce carbon dioxide emissions from the value chain by 40% in 2030.

The direct carbon dioxide emissions of our production are mainly generated by production plants. The most significant sources of emissions from our production plants are heating, steam and electricity, as well as carbon dioxide emissions generated during the fermentation process and production phase at our breweries. Most of Olvi Group's emissions come from the value chain and the packaging and raw materials used. We therefore seek to focus on reducing emissions in cooperation with our value chain partners.

Planned carbon dioxide recovery and reuse reduce emissions in terms of both released and purchased carbon dioxide. Olvi Group aims to minimize our greenhouse gas emissions from





transportation and distribution by optimizing our distribution chain and routes. For example, we focus on loading lorries more efficiently and monitoring opportunities to use fossil-free fuels for heavy transport. We also pay attention to emissions from commuting and seek to minimize travel. We will seek to reduce flights and business travel days by 50% compared with 2019, excluding sales and store work.

Olvi Group can reduce the emissions through renewable energy solutions in electricity and the production of heat and steam. We aim to use 100% green electricity by 2023. Our long-term target is to use 100% renewable energy in our steam and heat production in 2030.

Olvi Group has conducted studies to measure energy consumption more effectively and optimize its use of various energy sources. We focus on reducing energy consumption by modernizing equipment, for example. At the Group level, we are continuing to develop a monitoring system to analyze and report consumption of various forms of energy and commodities. We are also seeking to increase the recovery and recycling of the heat generated in the production process. The Group's first solar power system and solar panel plant were introduced in 2020, and the next one is already being planned.

Olvi Group seeks to reduce its water consumption per litre produced. Our target is to use less than 3.0 water per litre of finished product in 2023. We optimise our water consumption by paying attention to washing, detergents, planning and technical equipment solutions. In cooperation with municipal wastewater plants, we have improved the efficiency of pre-treatment to improve water quality. We also reuse wastewater in the production of biogas. In the future, we will increasingly invest in reducing our water footprint and supporting biodiversity.

Olvi Group seeks to operate in line with the principles of the circular economy wherever possible. In packaging materials, we aim to reduce our use of plastic in particular, as well as finding alternative and recyclable materials. The packaging of many of our products is made from recycled materials. PET bottles containing 100% recycled plastic are used for selected products. Our goal is to use recycled plastic at least 25% in our packaging in 2025. Across the Group, raw materials and chemicals are transported to breweries in recyclable packaging, and we use recyclable packaging for all our beverage products.

Olvi Group seeks to maximize the reuse of material fractions and side streams generated during the production process and further develop sorting and recycling. Reusing side streams is important to us. By-products include mash and surplus yeast, which we deliver for use as farm animal feed or for biogas production, for example. We actively cooperate to develop local recycling systems for beverage packaging.

## **A measurement of outcomes**

For reducing our environmental footprint, Olvi Group measures the amount of emissions, electricity consumption, the amount of green electricity, and steam and heat consumption.

In 2021, we focused on examining the climate impacts of our operations in more detail, and the Group participated in the CDP's climate emission reporting to measure the emissions of our operations. Olvi Group achieved a "B" rating in its first CDP's reporting assessment on a scale from "A" to "D-". This time only Olvi plc reported emissions from its value chain (Scope 3). We will publish the results of 2021 emissions on our website later in 2022. In 2022, our reporting will cover the entire Group, also in terms of the value chain. We have also started work to determine our science-based climate targets (SBTi).



The Group companies' electricity consumption decreased slightly as a result of operational efficiency and energy-efficient choices. Electricity consumption was 0.085 kWh per litre produced in 2021, representing a decrease of 4.5% from 2020. Of the electricity used by the Group's breweries, 68% was green in 2021. The proportion has decreased from the previous year, following the inclusion of Vestfyen. Steam and heat consumption increased by 4.4% from 2020 and was 0.148 kWh per litre produced. The increase was largely due to the product portfolio and weather conditions. We seek to reduce our steam and heat consumption to and below the 2020 level.

Olvi Group monitors the water consumption and used materials. In 2021, our water consumption decreased by 1.3% from 2020. This is our second consecutive year below the target we set for 2023. The use of recycled plastic is increasing in packaging materials. We monitor the volumes of the material fractions generated. In 2021, the amount of mixed waste continued to increase because of new companies. However, the relative volume per litre produced continued to decline.

Our suppliers shall commit to Code of Conduct for Suppliers and Partners. We monitor the number of suppliers committed to the operating principles. With regard to raw materials and packaging supplies, 95.9% of contracting partners of Olvi Group had signed the Code of Conduct in 2021.



# Anti-Corruption

## **Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.**

We want to cherish our reputation as a Group known for its honesty and reliability. To ensure the continuity of ethical business practices, it is essential that we have up-to-date ethical guidelines and operating models. The Group's management, employees and partners must comply with anti-bribery and anti-corruption laws in all our locations. We support for international and regional legal frameworks, such as the UN Convention against Corruption.

Olvi Group's target is zero tolerance against corruption and bribery. Our Code of Conduct includes principles concerning fighting corruption and bribery. These aspects are also discussed in our anti-fraud policy.

We do not pay or offer to pay illegal or inappropriate payments or bribes, nor do we accept them to secure deals or maintain business operations or for any other reason. The management and employees must not abuse their power to achieve financial or other benefits for themselves. We do not accept business gifts and hospitality if they are interpreted as bribes.

All third parties that have a contractual relationship with Olvi Group must meet the company's high standards for quality and ethics. Our suppliers shall commit to Code of Conduct for Suppliers and Partners that includes anti-corruption. Suppliers are selected based on predetermined quality criteria and we regularly audit our suppliers. Our goal is to include the Code of Conduct in all of the Group's cooperation and procurement agreements during 2022.

In addition to providing guidance on preventing corruption and bribery, Olvi Group provides training on these topics for employees. Code of Conduct is part of our Sustainability e-learning course. In 2021-2022, we organized a broad training on the competition legislation.

The Group's corporate social responsibility director is responsible for the Anti-Fraud Policy and for the Policy's assessment at regular intervals and its updating as necessary, and for guiding local management on how to implement the Policy.

Our employees are obligated to report any illegal or unethical acts they become aware of, primarily to their line manager or some other supervision or manager of the company. Olvi Group's whistleblowing channel enables our employees and stakeholders to file a confidential report if they detect non-compliance with our Code of Conduct or values.

### **A measurement of outcomes**

Olvi Group has an adequate internal control system and effective control measures. We also conduct risk-based due diligence audits on third parties. All suspected cases of fraud, bribery or corruption (including those reported anonymously) are investigated thoroughly, regardless of the suspected person's position, the duration of their service or their relationship with Olvi. The appropriate corrective measures will be undertaken on the basis of the observations, including induction or disciplinary measures.

In 2021, we did not receive any reports through the whistleblowing channel. At Olvi Group, the



number of suppliers committed to the operating principles is monitored. With regard to raw materials and packaging supplies, 95.9% of contracting partners of Olvi Group had signed the Code of Conduct in 2021.

