

Strong economy creates conditions for social and environmental responsibility



Altia's goal is to be the leading actor in its operating area. As a leading and responsible actor, our starting point is to achieve compliance with the industry's best practices and adapt standards relating to the key competitors at the minimum.

We have set ambitious long-term objectives for Altia concerning financial responsibility. It provides a solid basis for future development and creates conditions also for social and environmental responsibility. The economy is the foundation of everything, but the creation of real added value relates essentially to the solidarity, cooperation with all the people working towards our common goals.

The priorities for the next three to five years are growth in the Nordic and in the Baltic countries as well as in Eastern Europe, and rationalization of the supply chain and development of personnel's expertise.

THE YEAR OF DEVELOPMENT - 2011

Year 2011 was time of development for Altia. We created plans for our HR activities in the coming years and the close cooperation with our personnel paid off, when we agreed to harmonise the wage structure. The harmonisation ensures that everybody has an equal and fair salary in the production plants in Finland. In Sweden and Denmark, Altia's 280 new employees worked a full first year as part of our organisation.

We can be very proud of the development of material efficiency in our Koskenkorva plant. We use our valuable raw material barley effectively utilising all the fractions to produce grain alcohol, starch and feed. We further enhance material efficiency at all our plants.

The environmental objectives for the year 2011 were realised as we planned; we managed to reduce the chemical oxygen demand (COD) of waste water and the value of disposable packaging material. Considering the reduction of water and energy consumption, the overall objectives were achieved, although in some units we did not achieve the objectives set for each facility.

Protection of groundwater and soil is important to us, due to the fact that clean groundwater is a central raw material for producing alcoholic beverages. Thus we applied conservation for the Kurkisuo area located close to the water pumping area at the Rajamäki plant during 2011. Altia has protected other swamp areas for the same reason in the past.

TAXATION OF ALCOHOL INCREASES

Climate change affecting to grain and grape harvests and prices, consumers' growing interest in the products' country of origin, ecological factors and product safety as well as the environmental impacts of production and transportation are the underlying factors affecting responsibility. These will be reflected in consumer behavior in the future, and also in Altia's production, use of energy, transportation, packaging and choices related to purchasing.

The societal climate, economic situation and restructuring of agriculture towards larger production units create risks, but also opportunities for the business. A number of our operating countries tighten constantly taxation of alcohol, which means that traveller imports and cross-border trade will increase. In addition, the restrictions relating to the country-specific advertising regulations will expand, although alcoholic beverages are marketed across borders on the internet.

Significant growth is not expected in the Nordic markets of alcoholic beverages with the exception of a slight increase in wine sales. According to our strategy, we are looking for growth in our operating area through company and brand acquisitions. We aim to achieve geographical growth in the growing market of Eastern Europe in the coming years.

RESPONSIBILITY FOR THE WHOLE SUPPLY CHAIN

The Nordic Alcohol Monopolies, Alko in Finland, Systembolaget in Sweden and Vinmonopolet in Norway, have been working for years together to ensure responsibility of the purchasing activity. The ethical principles adopted by the Monopolies highlight working conditions, human rights and environmental issues as well as measures against corruption.

During 2011, we started a pilot project with Alko in Chile, through which we are looking for experiences in evaluating responsibility issues relating to supply chain with multiple stages. We have also implemented a system, which is used to collect information on responsibility issues of our partners who deliver alcoholic beverages.

WE FURTHER DEVELOP OUR REPORTING

Our development as a responsible actor is directed by the Council of State decision-in-principle made in November 3, 2011 on Finnish state ownership policy. The underlying factors of the ownership policy are socially and economically sustainable business result as well as increasing the shareholder value in a sustainable and responsible way, which manages to take into account different stakeholders.

The owner also emphasises transparency, which should be reflected in the company's reporting, remuneration and activities in general. According to this goal, we have released a detailed salary and remuneration report relating to the year 2011.

The indicators considering the reporting of responsibility issues were determined in the decision-in-principle. Our reporting does not yet correspond to all new requirements of the owner, but we will seek our possibilities to further develop our reporting.

Antti Pankakoski
CEO

Framework for sustainable development



FINANCIAL RESPONSIBILITY

- profitable, competitive and efficient business operations
- creating economic value for the owners
- creating well-being near the plants



ENVIRONMENTAL RESPONSIBILITY

- continuous decrease of the load caused by the operations and continuous improvement of the condition of the environment
- ensuring the quality of raw materials used, the quality of groundwater in particular
- environmentally sound and economical use of natural resources



SOCIAL RESPONSIBILITY

- well-being and personnel development
- work safety
- product safety
- responsible marketing



Framework and definition of reporting

This is the fourth responsibility report of Altia and it has been prepared in accordance with sustainable development recommendations in the Global Reporting Initiative (GRI, G3) reporting framework. Recommendations have been taken into account in the best possible way. Responsibility is described from the view point of the whole Group, with the exception of environmental obligations which focus on the environmental impacts of Altia's own production.

The previous responsibility report was published as a part of the annual report 2010. Altia will publish its responsibility report in the context of annual reporting also in the future. Corporate responsibility is reported with the corresponding indicators as in the previous reports. In addition, the indicators required by the owner will be added to the report if the information is available concerning the year 2011.

Altia's opportunities to monitor and affect the environmental impacts of the production chain "from field to bottle" are essential and significant for Altia's own production in proportion to the products imported from partners from all over the world. Risks and opportunities related to own production are also in other respects significant compared to those of imported products.

STAKEHOLDERS

The probable stakeholders using the report are Altia's key stakeholders: owner and political decision-makers, authorities, customers, personnel, partners, farmers as well as material and raw material suppliers.

OWNER AND POLITICAL DECISION-MAKERS

The State of Finland owns 100 percent of Altia. The Ownership Steering Department of the Prime Minister's Office is responsible for the company's corporate governance. In addition to the instructions and orders given by the state-owner, the company complies with the Finnish Corporate Governance Code 2010 with the exception mentioned at the end of Altia's corporate governance and control statement 2011 (financial statement page 86).

The owner expects Altia to:

- create economic value added to the owner taking into consideration stakeholders
- pay special attention to personnel and environment
- manage administrative, social and environmental risks
- fulfill international agreements and regulations

Our key interaction channels towards the owner and political decision-makers are:

- reporting
- interaction between the entity and the owner

AUTHORITIES

Altia's activities are monitored by regulatory authorities. The key regulatory authorities are authorities who monitor sales and distribution of alcoholic beverages, food authorities as well as environmental and safety authorities, who require compliance with legislative and other regulatory requirements as well as product safety from the Altia Group.

Our key interaction channels towards the authorities are auditing processes and reports.

CUSTOMERS

Our customers are retail sales monopolies in Finland, Sweden and Norway, wholesalers of alcoholic beverages, restaurants, grocery stores, travel sales and importers in export market. Altia also produces and packages alcoholic beverages to other alcoholic beverage companies. In addition to alcoholic beverage customers, our customers are customers of starch and feed products, and customers of chemical and pharmaceutical industry concerning technical ethanol.

The expectations of our customers relate to profitable growth of the business, long-term and mutually beneficial business relationships, high-quality products which customers are interested in as well as trustworthiness and delivery reliability.

Our key interaction channels towards our customers are:

- customer meetings and other personal interaction
- customer magazines, electronic channels
- customer training

PERSONNEL

Our own personnel expects Altia as an employer to take actions that maintain and develop job satisfaction and safety, as well as to perform high-quality leadership and offer development and career possibilities. Employees are also interested in the company's future plans and their impact on employment.

Our key interaction channels towards our personnel are:

- leadership communication
- internal communication
- training
- development discussions
- cooperation and health and safety issues at work
- HR presence in executive management teams of the businesses
- cooperation groups especially relating to the development of culture and knowhow
- team practices
- personnel information

PARTNERS, FARMERS AS WELL AS MATERIAL AND RAW MATERIAL SUPPLIERS

Alcoholic beverages supplying partners, barley farmers, and material and raw material suppliers are waiting for profitable business growth, mutually beneficial, developing and long-term business relationships, as well as good liquidity from Altia.

Our key interaction channels towards our partners, farmers as well as material and raw material suppliers are:

- meetings, events and other personal interaction
- reporting and newsletters
- requests for proposals and contracts
- fairs and other events
- farmer extranet

CERTIFICATES

Altia's management system has been approved by Lloyd's Register Quality Assurance to the following Quality, Environmental and Safety Management System Standards: OHSAS 18001:2007, ISO 14001:2004 and ISO 9001:2008.

The scope of this approval is applicable to Altia's alcoholic beverages, grain spirits, barley starch, technical ethanol and feed business processes in Finland including the related technical and administrative support functions.

In Denmark, the Svendborg plant has been approved by Lloyd's Register Quality Assurance to the following Quality and Environmental Management Standards: ISO 14001:2004 and ISO 9001:2008.

The scope of this approval is applicable to wine and alcoholic beverage bottling and distribution. Bottling takes place in accordance with Good Manufacturing Practices (GMP) to the appropriate extent. In addition, the plant has International Food Standard, version 5 product safety certificate which has been approved by SAI Global.

€ \$ £ — Financial responsibility

For Altia, financial responsibility stands for creating added value to the shareholders. Sound financial performance enables persistent development of operations and investing in the well-being of employees. Profitable growth, good customer relationships, ongoing development of brands and cooperation with the partners, skilful personnel, development of practices and processes, as well as knowledge of consumers form the basis for creating added value.

Added value to the stakeholders

DIRECT EFFECT:	ALTIA 2011 (2010)	INDIRECT EFFECT
<p><i>Customers:</i> Altia receives revenues from the sales of alcoholic beverages as well as industrial services, feed, starch, technical ethanol and carbon dioxide.</p>	<p>EUR 524,8 million (EUR 487,9 million)</p>	<p><i>Customers:</i> Altia offers to its customers unique and the most comprehensive product range of its operating area.</p>
<p><i>Employees:</i> Altia pays salaries, commissions and other indirect costs for employers.*</p>	<p>EUR 73,1 million (EUR 63,7 million)</p>	<p><i>Employees:</i> Altia builds for its personnel of more than 1,100 persons a corporate culture which helps to support work-related well-being.</p>
<p><i>Suppliers:</i> Altia buys raw material, goods and services from local and international suppliers.</p>	<p>EUR 324,1 million (EUR 313,0 million)</p>	<p><i>Suppliers:</i> Altia creates additional value for suppliers by the joint development work between varieties of grain, packaging solutions and flavor selections of the products.</p>
<p><i>Public sector:</i> Altia pays excise and income taxes to society. Excise taxes are not included in turnover. **</p>	<p>EUR 534,1 million (EUR 475,5 million)</p>	<p><i>Public sector:</i> Altia takes financial responsibility by taking care of taxes and social contributions and creating jobs in Altia and for suppliers.</p>
<p><i>Investments</i></p>	<p>EUR 6,1 million (EUR 106,4 million)</p>	
<p><i>Dividends to shareholders ***</i></p>	<p>EUR 7,192 million (EUR 0 million)</p>	

* Altia paid in total EUR 33,2 (20.4) million to its farmer partners for the barley used.

** Taxes paid in Finland amounted to EUR 249,5 (254.6) million.

*** The Board of Directors proposes to the General Meeting that it pays EUR 7,192 million as dividends from the net income in 2011.

Grants and donations: Altia does not give grants or donations with the exception of small-scale, EUR 0,1 (0.1) million, participation in events in the plant locations. Grants and donations are not distributed to any political parties or actors.

Environmental responsibility

Key environmental impacts of Altia are related to the Koskenkorva grain spirit plant as well as the operations at the alcoholic beverage plants in Rajamäki and Svendborg in Denmark, which was acquired in 2010. The Tabasalu alcoholic beverage plant, which serves the Baltic markets, has significantly lower production volume than the other plants, thus its environmental impacts are also smaller.

The Koskenkorva plant, which is Finland's largest user of barley, used 180.2 million kilos of barley for production in 2011. This amount was used to produce 22.3 (23.9) million kilos of grain spirit, 49.6 (39.2) million kilos of starch and 63.4 (56.8) million kilos of feed. The Rajamäki, Svendborg and Tabasalu plants produced 53.9, 34.3 and 4.3 million litres of alcoholic beverages.

At the Koskenkorva, Rajamäki and Svendborg plants as well as relating to the support functions, sales and marketing of the Helsinki headquarters, the environmental management systems have been accredited with the ISO 14001 standard. The Tabasalu plant complies with the applicable Estonian environmental standards and regulations issued by the authorities. Environmental systems are developed through regular audits and common practises, such as harmonisation of the assessment of environmental aspects. Energy and environmental aspects are taken into account in planning and execution of production processes and investments in production.

The Quality, Safety and Environmental principles were updated during the reporting period in 2011 to coincide better with the Group's operations. The environmental targets and environmental programmes for the operations in Finland and Denmark were also updated for the time period of 2010–2012. The environmental targets were as follows:

- reduction in the usage of energy in relation to production,
- reduction in the usage of groundwater in relation to production, and
- reduction in chemical oxygen demand (COD) of waste water in relation to production.

In addition, the environmental targets for sales and marketing in Finland was to reduce the value (EUR) of disposable packaging material.

Target levels have been defined for all environmental targets. Environmental targets for 2011 were realised according to the plan concerning the reduction in chemical oxygen demand of waste water as well as reduction in the value of disposable packaging material.

Concerning the usage of energy, the Koskenkorva plant performed better than the target level and respectively the Rajamäki and Svendborg plants were slightly below the target level. The Koskenkorva plant succeeded in achieving better usage level of groundwater than the target level, the Svendborg plant was almost consistent with the target whereas Rajamäki did not reach the target level. Part of the reason for this was the changes in the waste water amounts which were included to the target. For the year 2012, the method of determining the usage of water will be defined more precisely for Rajamäki.

PROGRESS IN ENERGY SAVING

The energy costs for the Altia's plants (excluding logistics centres and office space) amounted to approximately EUR 7 million in 2011. Energy saving measures are a central development area for Altia both with regard to business profitability and environment.

The target level of reduction in the use of energy is based on the voluntary energy efficiency agreement of the Confederation of Finnish Industries (EK) and the State of Finland, which Altia joined in 2008.

In accordance with the energy efficiency program, Altia is committed to reduce its use of energy by 9% from the level of 2005 by the year 2016. By the end of the year 2011, energy saving amounted to 2,554 MWh or 5,5 % compared to the level of 2010 and 6,852 MWh or 13,1 % compared to the level of 2005.

ENVIRONMENTAL INVESTMENTS AND OPERATIONS DEVELOPMENT

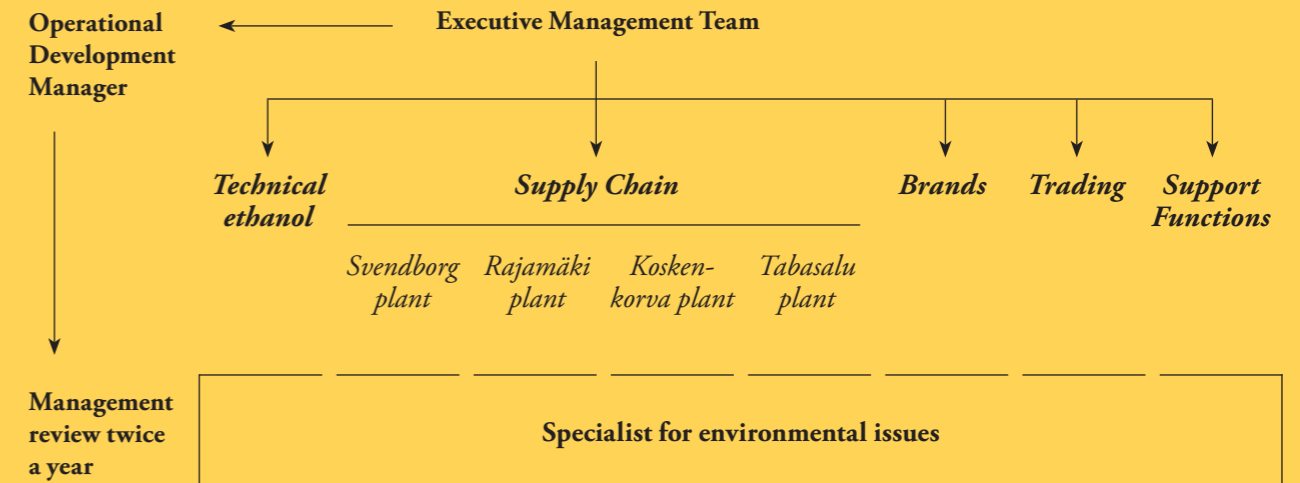
In 2011, the environmental investments made in the Rajamäki plant amounted to EUR 1.25 million. The most important targets of the investments were a partial renewal of clean water pipelines, the separation of the rainwater from the waste water in the plant area through changes in the sewer system, the utilisation of the waste energy from compressed air and steam network for heating the water, survey of the leakage points in the compressed air network, constructing a new waste station in the plant area and dismantling redundant buildings or discontinuation of their heating.

Optimisation of the use of waste water pools completed during the previous year was continued in the Koskenkorva plant. In addition, water and waste pipelines were improved as well as internal water circulation of processes were made more efficient, which reduced the use of water and the amount of waste water. The heat recovery was made more efficient by installing condensers to the process. To the water separation of the fibre, a new system was installed, which made it possible to reduce the energy used in drying and at the same time the plant's hygiene level was enhanced. The stone peeling project of barley was launched and through the project it will be possible to attain more barley peels in the future for burning purposes in the power plant. Renewable and burnable fractions, such as barley peel and distillation fractions, are utilised in the energy production of the Koskenkorva plant, which takes part in emissions trading.

FURTHER INFORMATION ON THE ENERGY EFFICIENCY AGREEMENT:

www.ek.fi/ek/en/energy_and_climate/energy_efficiency.php

Environment, Quality and Safety Organization



The sewer system in the Svendborg plant was also renewed to separate rainwater from waste water. The quality of the waste water was enhanced for example by removing the amount of the sediment through filtering. Energy saving was improved by making a survey of the optimal use of the air conditioning as well as of the temperature reduction potentials of the natural gas boiler.

Altia Group Company A-Pullo Oy centrally managed the bottle return system for refillable alcoholic beverage bottles in Finland. At the same time, Altia prepared to implement a return system for recyclable glass bottles, which means for example finishing the washing of the bottles and thus reducing the amounts of energy usage, detergents, water and waste water in the Rajamäki plant.

WORK TO PROTECT GROUNDWATER AND SOIL

Protection of groundwater and soil is important to Altia due to the fact that the clean groundwater is a central raw material for producing alcoholic beverages. Altia protects water pumping plants in Finland with land ownerships at the groundwater areas of the pumping plants as well as with the construction limits relating to these areas, the environmental protection areas, making statements relating to the construction works or the use of land at the neighboring areas as well as with the help of monitoring the land-use of the areas. At the Svendborg plant in Denmark, Altia uses tap water from the municipality, which meets the standards of drinking water as well as the regulatory requirements.

The Company applied conservation during the reporting period for the Kurkisuo area which is located nearby of the Rajamäki plant's water pumping area. The area designated as a nature conservation area would be 144.1 hectares.

Kurkisuo is important area for the threatened plant species and for the types of swamp nature in Uusimaa. Despite surrounding drainages, many types of swamp nature have survived in natural state. Kurkisuo is a part of the raise bogs in the coastal areas of Finland and is one of the ten nationally important swamps.

In Petkelsuo in Hyvinkää, Altia has a 7,5 hectares wide conservation area that is part of the national swamp protection programme. Altia's operations do not affect the nature of the protected area.

ENVIRONMENTAL COMMITMENTS MATERIALISED

Environmental commitments as well as the target levels adjusted by the municipality realized in the Rajamäki, Koskenkorva, Svendborg and Tabasalu plants during 2011.

Environmental accidents and deviations are recorded in deviation reports and repairing measures are regularly monitored. During 2011, no significant environmental damages took place and stakeholders did not present any environmental concerns. No penalties were paid during the period under review from overrunning the permit provisions or neglecting environmental laws or regulations.

EMISSIONS TRADING

Distilling is energy intensive activity, which emphasizes the importance of emissions trading for Altia. Approximately 90 % of the energy used in Altia's production is used in the Koskenkorva plant, where grain spirit is distilled from barley.

Altia's emission allowances received in 2011 amounted to 54,632 CO₂ tonnes, and the actual emissions amounted to 38,863 CO₂ tonnes. The total quantity of emission allowances at the end of 2011 was 80,413 CO₂ tonnes, including unused emission allowances worth of EUR 1.17 million from the prior years.

Altia's quality, safety and environmental principles

- In developing our operations and products, we pay attention to the wishes and needs of our clients and partners. We produce added value by providing profitable, high-quality products and services while taking into consideration the safety 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 groundwater and other high-grade raw materials in our production process.
- We particularly invest in:
 - the effectiveness of our business processes
 - efficient use and recycling of energy, natural resources and materials
 - preventing environmental degradation
 - improving work safety, preventive occupational health care and reporting close calls
- Our marketing strategies comply with the CEPS Charter on Responsible Alcohol Consumption and the EFRD Common Standards for Commercial Communications.
- We value an honest and open relationship with our stakeholders.
- Complying with relevant laws, decrees and authority regulations are at the core of our operations.
- Each one of us promotes activities in accordance with quality, safety, and environmental policies in our work and at our workplace.

HIGH WASTE RECYCLING RATE

The waste recycling rate for Altiä's plants was high. The average waste recycling rate was 89.2 % in Rajamäki, Koskenkorva and Svendborg. The target of reducing the amount of waste in Finland is carried out by reducing the amount of disposable packaging material. In addition, the unqualified quality requirements, for example the unpacked products from the incorrect packaging are distilled in order to be applicable for technical use.

PRODUCTS PACKED NEAR CONSUMERS

Many of the Altiä's own wine products are transported as large batches to the bottling plants, where they are packed by Altiä and which are also located close to the consumers. By operating like this, we will be able to rationalise transports, since the bottles do not have to be transported from the country of origin.

WE ENHANCE MATERIAL EFFICIENCY

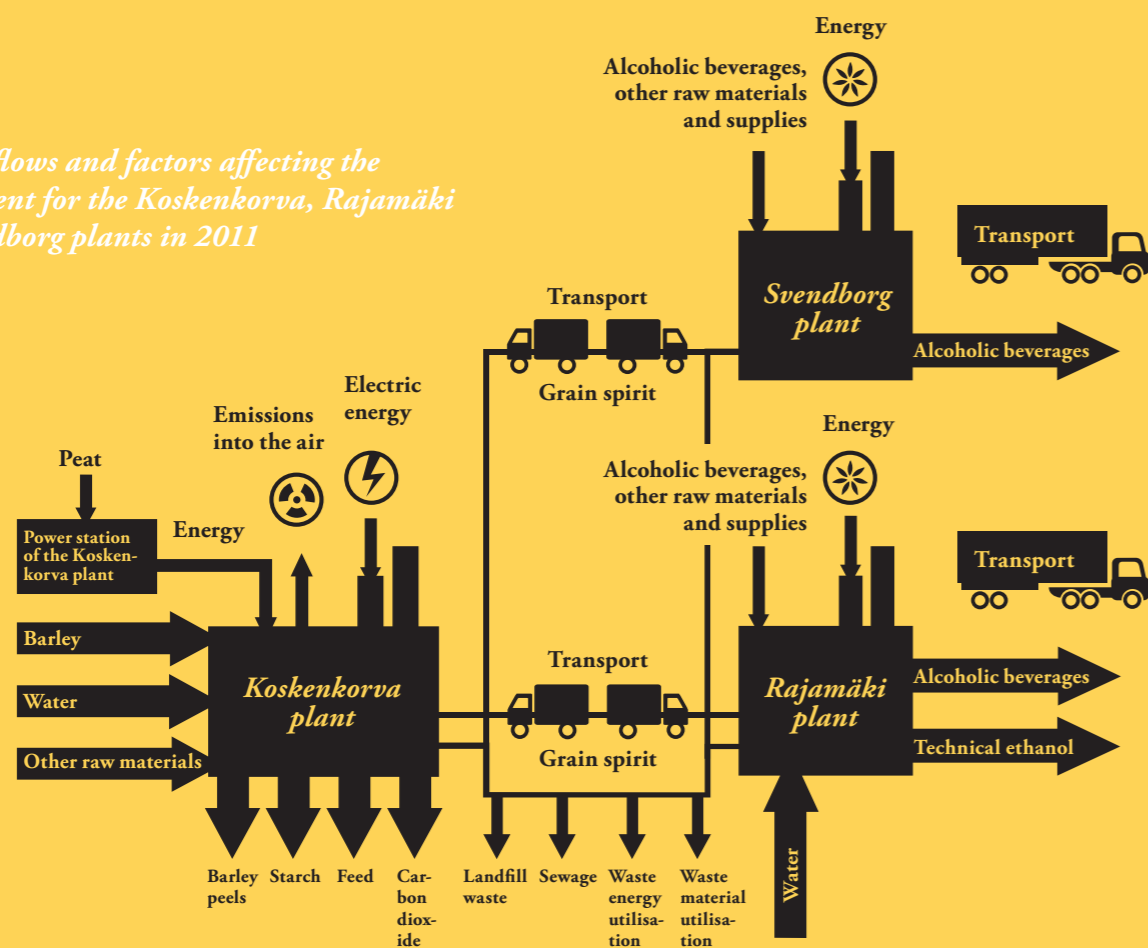
Altiä measures the production efficiency and hence also the material efficiency. The main indicators are cents/litre and in the Koskenkorva plant cents/ton of grain spirit. The rationalisation work is carried out in every

process stage with separate operations. Indicators and their utilisation in business operations will be further developed.

Material efficiency is at its peak regarding the utilisation of our valuable raw material, barley seed in the Koskenkorva plant. It is utilised 100 percently to produce grain spirit, starch and feed. The remaining peels are burned in the power station of the Koskenkorva plant.

The environmental awareness of the personnel is developed and maintained through intranet, environmental objectives and their follow-up meetings, bulletin boards of the plants and through environmental audits.

Material flows and factors affecting the environment for the Koskenkorva, Rajamäki and Svendborg plants in 2011



Key environmental figures for production 2009 - 2010

	2009	2010
Use of barley (million kg)	116	164
Natural gas (GWh)	1	5 482
Steam consumption (GWh)	150	165
Use of electricity (GWh)	45	51
Water consumption (1000 m ³)	1 076	1292
Amount of waste water (1000 m ³)	479	533
CO ₂ emissions / fossil (t)	39 039	48 475
CO ₂ emissions / renewable (t)	8 354	9 501
SO ₂ emission into the air (t)	23	23
NO _x emissions into the air (t)	41	48
VOC emissions (t)	6	6
Particle emissions into the air (1000 t)	3	3
Waste amounts (t)		
– hazardous waste	12	35
– landfill waste	138	1 255
– utilised waste		
– energy utilisation	4 879	5 857
– other utilisation	7 016	6 698
Environmental costs (EUR million)		
– investments in environmental protection	0,1	0,9
– costs of environmental protection	1,6	2,2
– profits from environmental protection	0,6	0,9

Key environmental figures for production 2011

	2011
Use of barley (million kg)	180
Natural gas (GWh) ⁽¹⁾	4 607
Steam consumption (GWh) direct ⁽³⁾	0
Steam consumption (GWh) indirect ⁽⁴⁾	161
Electricity consumption (GWh) direct	4,3
Electricity consumption (GWh) indirect	41,5
Light Fuel Oil consumption (GWh) ⁽²⁾	0
Water consumption (1000 m ³)	1 210
Amount of waste water (1000 m ³)	456
CO ₂ emissions / fossil (t) direct	44 977
CO ₂ emissions / fossil (t) indirect	2 327
CO ₂ emissions / renewable (t) direct	9 279
CO ₂ emissions / renewable (t) indirect	0
SO ₂ emissions into air (t) direct	22,6
SO ₂ emissions into air (t) indirect	0,2
NO _x emissions into air (t) direct	45
NO _x emissions into air (t) indirect	2
VOC emission (t) direct	0
VOC emission (t) indirect	8
Particle emissions into air (1,000 t) direct	0,003
Particle emissions into air (1,000 t) indirect	0,004
Waste amounts (t)	
– Hazardous waste	4 6,5
– Landfill waste	1 629
– Recycled waste	
– Utilized as energy	5 486
– Other utilization	7 407
Environmental expenses (EUR million)	
– Environment investments	1,3
– Environment costs	1,5
– Environment income	1,2
– Environment responsibilities	

Figures for 2009 do not include the Svendborg plant.

So far, there is no consistent information available concerning Altiä's measures to reduce greenhouse gas emissions, consumption of important materials relating to the operations (by weight or volume), transportation of products and materials and significant environmental impacts resulting from the commutes.





Social responsibility



The key areas of Altia's social responsibility are its own personnel, responsible marketing as well as product safety. Our social responsibility is expanded to include the whole production chain of products, since the Finnish, Swedish and Norwegian alcohol monopolies have incorporated a Code of Conduct based on the principles of the labor organization ILO in their contracts.

Altia has approximately 1,200 employees in six different countries. The operating principles of our personnel policy include fairness, openness, internationality and equality. Internationality means equality between countries, which increases the diversity of management. Improvement of managerial work and leadership is our current development undertaking.

RIGHT PEOPLE IN THE RIGHT POSITIONS

Our personnel target is to enable the best possible performance of our personnel as well as a corporate culture promoting success. Altia follows labor market contracts and develops its personnel policy continuously and with initiative.

During 2011, our key human resources procedures included the integration of 280 professionals into Altia's organization after the company acquired, in addition to wine and spirits trademarks, production and logistics operations in Sweden and Denmark. Another major accomplishment was the harmonization of wage structure, which ensures equal and fair salaries in the production facilities in Finland.

Promoting the achievement of business goals by assuring the recruitment of the right persons and by ensuring the commitment, motivation and continuous development of personnel forms the core of our personnel strategy. Year 2011 was a year of reorganization for our human resources function. Performance Culture, knowledge development, optimal organization, uniform procedures throughout the operating area and communication were defined as the focus areas for 2012 - 2014.

PERFORMANCE CULTURE

In the end of 2011, Altia prepared to commence Group-wide Performance Culture work as part of its human resource operations. The topic was chosen as one of Altia's strategic focus areas in 2012 and the work will continue until the year 2015.

Performance Culture includes among others the story of Altia and the basic pillars of corporate culture, good leadership, human resources promise, remuneration policies, clear indication of direction and an organization enabling this. Special attention is paid to desired behavior. A survey covering all operating countries was conducted to outline the operational plan for the Performance Culture work. Based on the survey, Altia's personnel are willing to build a common Altia and they expect their work community to be professional, cooperative and flexible.

KNOWLEDGE DEVELOPMENT

As a responsible employer, Altia wants to offer its personnel opportunities to develop. Seven new internal trainings are being prepared as part of the first stage of knowledge development. We are also simultaneously drafting the grand lines of knowledge development to ensure sufficient knowhow of the personnel and its ability to change.

Development discussions are held with all members of the personnel during the year. Development discussions related to setting and achievements of goals for the entire year are held in the spring. Development discussions held with the personnel in the fall relate to knowledge development.

OPTIMAL ORGANIZATION

The optimal organization we pursue takes advantage of collective knowhow and is flexible and low in hierarchy. It is essential to have the persons with the right knowledge in the right roles. We utilize strategic projects and change support as tools towards optimal organization.

UNIFORM PROCEDURES THROUGHOUT THE OPERATING AREA

The key processes of human resource work, among others compensation, orientation, recruitment and development discussions, will be uniformed, which will facilitate managerial work in the future. Providing equivalent level of professional support for all supervisors and the whole personnel, transparency, uniform tools and compliance with the legislation are central in human resources processes. The same principles are followed throughout the operating area, applying the principles locally when necessary.

OPEN COMMUNICATION AND DIALOGUE

We want to emphasize open human resources communication to ensure the prerequisites of work and availability of information. At the same time, we are building corporate culture and Altia's employer image. The development of a new and more interactive intranet was started in 2011.

The shop steward meeting between Altia's senior management and shop stewards is arranged at least twice a year. The topics discussed in the meetings include, e.g. Altia's performance, future prospects, business operations, matters related to the position of the personnel and common plans.

WE PROMOTE EQUALITY

We ensure that equality is realized in our daily operations with several different actions. We develop the working conditions to be suitable for both men and women. Tasks are not intentionally classified as either women's or men's work. Open positions can be applied by both women and men. Job advertising is conducted in a way that it promotes the gravitation of both women and men to open positions. The employer promotes women's and men's equal placing in different tasks as well as creates uniform opportunities for all for further education and advancing career.

The employer executes the principle of equal remuneration, which means that equal remuneration is paid to women and men for the same work. Diverse work skills are developed fairly. Benefit and remuneration practice is equal to everyone. Well-being at work, worker protection and occupational health care are developed evenly for both women and men. The employer ensures that no one becomes a target for sexual harassment or bullying at the workplace.

There were seven members in Altia's Board of Directors, of which three were women. (In 2012, there are four women in the Board of Directors.) Of the six members in the Executive Management Team, one is a woman.

In Altia, employment relationships are mainly based on contracts of indefinite duration. The turnover of personnel varies by countries and is relatively low especially in the plant locations. Corresponding benefits are offered to full-time and temporary employers regarding the central functions.



PERFORMANCE AND PRODUCTION BONUS PROGRAMS

Altia's entire personnel are part of either annual performance bonus or production bonus programs. Altia's clerical and managerial employees and management are part of annual performance bonus program applied in Altia Group. The potential annual performance bonus is based on budgeted operative performance targets at the Group level.

Other working employees are part of production bonus program. The profit for the period 2011 included a performance bonus provision of EUR 5.4 (4.0) million with social expenses. Based on the profit for the comparable period, annual performance bonuses of EUR 4.1 million including social expenses were paid in 2011.

Altia Group's Executive Management Team and the key personnel of business operations are part of a long-term incentive plan executed in accordance with the guidance on management remuneration and retirement benefits in a State-owned company. The profit for 2011 included a provision of EUR 2.5 (1.1) million with social expenses relating to the plan in question.

REORGANIZATION AND LAYOFFS

Terminations of employment are aimed to be avoided. In potential employment termination situations, the discharged are supported when applicable by using a replacement service. The occupational health care also provides special support if needed. There were no layoffs during 2011.

WELL-BEING AT WORK

Due to the circumstances no personnel survey was exceptionally carried out during 2011 but it is planned to be conducted again in 2012.

The personnel's ability to work and well-being were supported with early support model as well as a health campaign and work ability day in Finland. Common events for the personnel are also arranged in other operating countries on a yearly basis.

OCCUPATIONAL HEALTH AND SAFETY

Absence from work due to illness in Koskenkorva and Rajamäki plants were below the average in the food

industry. Sick leaves are tried to be reduced by e.g. the application of the early support model. In the Svendborg plant, the sick leave rate is higher than in Finland. Altia's plants in Finland have a plant specific accident frequency and sick leave rate targets. The targets were not reached during 2011.

The number of accidents at work and near-miss situations is regularly monitored in Altia. There were no employment related fatalities during 2011.

Altia has arranged its personnel a comprehensive occupational health care exceeding the requirements stipulated by legislation in the whole operating area. In Finland, the benefits also include extensive medical expense insurance.

OUR MARKETING IS RESPONSIBLE

Marketing alcoholic beverages is highly regulated in many of our countries of operation. In addition to legal regulation, Altia Group has voluntarily committed to execute in its alcoholic beverage marketing the actions to reduce the harmful effects of alcohol enshrined in the Roadmap 2015 published by the European Confederation of Spirits Producers (CEPS), as well as to follow EFRD's (European Forum for Responsible Drinking) Common Standards on Commercial Communication. The main principle is that alcohol beverages can be marketed in a responsible and appropriate manner only to adults.

Further information:
www.efrd.org and www.europeanspirits.org

OUR PRODUCTS ARE TRACEABLE

Consumer should always ensure the safety and origin of acquired alcoholic beverage. Altia's products are safe when consumed with reason. We analyze a product we have produced or imported for free if a consumer has a reason to doubt the authenticity of the product. One should contact the nearest police authority if fraud or methanol is suspected.

Altia's own products are continuously traceable to the specific production lots of the packaging and raw material producers. Continuous quality control is part of the company's risk management process. The Group has a product liability insurance covering all business units for any unexpected accidents.

Methanol analyses documented on a daily basis are taken from the certified production process of Koskenkorva plant. In addition, ethanol samples are analyzed in the official alcohol inspection laboratory of the EU, Alcohol Control Laboratory (ACL). Besides the analyses in the grain spirits production plant, Rajamäki plant examines every received raw material lot. Also Svendborg bottling facility and Tabasalu plant have their own quality control laboratories.

During 2011, the Rajamäki alcoholic beverage plant produced spirits and wines in total of 53.9 (54.9) million liters. Svendborg alcoholic beverage plant produced 34.3 (33.8) million liters of alcoholic beverages. The total production of Tabasalu alcohol beverage plant in Estonia was 4.3 (3.2) million liters.

Koskenkorva plant used 180.2 (164) million kilos of domestic barley to produce 22.3 (23.9) million kilos of grain spirits, 49.6 (39.2) million kilos of starch and 63.4 (56.8) million kilos of forage.

Cognacs and wines were subcontracted for 3.0 (0.5) million liters.

ETHICAL PRINCIPLES OF MONOPOLIES' PROCUREMENT

Alko and other Nordic alcohol monopolies have created common ethical principles for responsible procurement. The goal of the alcohol monopolies' responsible procurement is to ensure that the products sold by the monopolies are produced in socially acceptable production conditions.

In accordance with the goals of the Inter-Nordic project, the alcohol monopolies incorporated the ethical principles (The Business Social Compliance Initiative Code of Conduct) as part of the contracts with alcohol beverage suppliers from beginning of 2012. Altia's sales and marketing companies have signed an assertion, based on which they are committed to the social and environmental regulation of the Code of Conduct.

The companies need to ensure that the Code of Conduct is followed throughout their supply chain. In Altia, this is executed by the sales and marketing companies collecting an electronic questionnaire from their partners with information on how they have taken care of the focus areas of the Code of Conduct, mainly the labor and human rights based on ILO's principles, in their own operations. If deficiencies are detected, the partners are supported in the development work of responsibility where necessary.

Altia launched a pilot program with Alko in Chile in the fall of 2011, in which Alko audits our significant wine producer and its suppliers of grapes. The pilot aims at gaining knowledge and experience for responsible development of operations.

We follow responsible business principles

As an international company, Altia wants to ensure that the guidance on business principles is explicit. Our business operations must be honest, incorruptible and fair.

BUSINESS PRINCIPLES

Standard of Conduct

We operate honestly, with integrity and openly.

Legality

We comply with the laws, regulations and industry codes of the countries in which we operate.

Employees

We respect and promote basic human rights and international labour standards in accordance with the United Nation's Universal Declaration of Human Rights and the most central agreements of the International Labour Organization. We respect diversity and promote equal treatment and equal possibilities in recruitment, employment, personnel development and career advancement independent of race, religion, political opinion, gender, age, nationality, sexual orientation, marital status and disabilities. We do not employ child labour or forced labour.

We hire, employ and promote employees based solely on the competence and skills required to handle the tasks. We strive to offer all our employees safe and healthy working conditions. We are committed to working with employees to develop and enhance each individual's skills and capabilities. We respect individual privacy and the confidentiality of private information, as well as our employees' freedom of association.

We are committed to responsible alcohol consumption and behave accordingly. We acknowledge responsibility for the company's success and reputation.

Consumers

We offer products and services, the price and quality of which generate value for consumers. The products are safe when used responsibly. All Altia companies observe

the regulations in the Charter on Responsible Alcohol Consumption published by the European Confederation of Spirits Producers CEPS, as well as EFRD's (European Forum for Responsible Drinking) Common Standards on Commercial Communications.

Shareholders

We operate according to the accepted principles of corporate governance.

Business Partners

Altia maintains mutually beneficial relationships with its suppliers, customers and business partners. Our business relationships are based on honesty and trust. We guarantee the confidentiality of ours and our business partners' business secrets, as well as preserve all confidential information that we acquire in our operations. We expect our business partners to observe principles consistent with our own.

Environment

We take care of the environmental impacts of our operations and strive to reduce the environmental impacts of our operations as part of our sustainable business.

Competition

We believe in tough but fair competition and support the development of appropriate competition legislation. We observe the principles of fair competition and all applicable regulations in our operations.

Business Integrity

We do not offer or accept, whether directly or indirectly, bribes or other improper benefits for business or financial gain. Similarly, we may not offer or accept any gifts or payments, which can be perceived as bribing. We do not support, whether directly or indirectly, political parties or organisations. We also do not participate in financing individual candidates' election campaigns.

Conflicts of Interest

We avoid tasks or financial interests which could conflict with our responsibilities to the company. We may not misuse our position to gain an advantage for ourselves or others.

Observance – Monitoring – Reporting

Altia's Board of Directors has approved these Business Principles which are part of our corporate culture. Compliance with the business principles is an essential element in the success of our operations. It is the task of Altia's Executive Management Team to ensure that all employees know, understand and observe these principles. Day to day responsibility is delegated to the management of the operating companies and functions. They are responsible for implementing these principles, if necessary through more detailed guidance tailored to local needs. If we consider that our operations may not be in line with the Business Principles or if we suspect any irregularities, we will consult our supervisor or his/her supervisor.

We welcome any feedback on this report. Please contact corporate communications at communications@altiacorporation.com.

Comparing the report to the recommendation by Global Reporting Initiative

1. Strategy and analysis		Included	Page	Economic performance indicators		Included	Page
1.1	CEO's statement	yes	30 - 31	EC1	Direct economic value generated and distributed	yes	35
1.2	Key impacts, risks and opportunities	yes	30 - 31	EC3	Coverage of the organisation's defined benefit plan obligations	yes	46, FS 12-13
2. Background description of the organisation				Environmental indicators			
2.1	Name of the organisation	yes	56	EN1	Materials used, by weight and quantity	partly	41
2.2	Primary brands, products and/or services	yes	FS 4	EN3	Main sources' direct energy consumption	yes	41
2.3	Operative structure of the organisation	yes	FS 10-11, 61	EN8	Source-specific overall consumption of water	yes	41
2.4	Location of the organisation's headquarters	yes	FS 22	EN11	The location and size of owned, leased and controlled land in conserved areas or their vicinity as well as in high biodiversity areas outside conserved areas	yes	38
2.5	Number and names of countries where the organisation operates	yes	FS 8-9	EN12	The key impacts of the organisation's operations, products and services on conserved areas and high biodiversity areas outside the conserved areas	yes	38
2.6	Nature of ownership and legal form	yes	FS 84	EN16	Direct and indirect overall greenhouse gas emissions by weight	yes	41
2.7	Market areas	yes	FS 8-9, 22	EN20	Nitrogen and sulphur dioxide emissions (NO and SO emissions) and other significant emissions into air, by type and weight	yes	41
2.8	Scale of the reporting organisation	yes	FS 5, 10	EN22*	Overall weight of waste by type and disposal method	yes	41
2.9	Significant changes in the organisation	yes	FS 4	EN24	As regards waste that has been classified as hazardous in Appendices I, II and VIII of the Basel Convention Annex, the weight of transported, imported, exported or treated waste and the relative proportion of waste shipped internationally	partly	41
2.10*	Awards received in the reporting period	yes	51	EN28	Regarding the neglect of environmental legislation and regulations, the monetary value of the significant fines imposed and the overall number of other penalties	yes	38
3. Report parameters				EN30*	Environment protection's overall expenses and investments by type	partly	41
REPORT DESCRIPTION				Social indicators			
3.1	Reporting period	yes	33	LA1	Total workforce by employment type, employment contract and region	yes	46 - 47
3.2	Date of most recent previous report	yes	33	LA3	Benefits provided for full-time employees that have not been provided temporary or part-time employees	yes	45
3.3	Reporting cycle	yes	33	LA12	The percentage of employees with whom regular performance and career development reviews are carried out	yes	44
3.4	Contact point for ordering the report and making related questions	yes	50	S6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	yes	35, 49
SCOPE AND LIMITATIONS OF THE REPORT				S7*	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes	yes	51
3.5	Report content specification	yes	32- 33	2.10	The company did not receive any awards during the reporting period.		
3.6*	Boundary of the report	yes	33	3.6	Environmental indicators are reported regarding plants excluding separate logistics centers.		
3.7	Any specific limitations on the scope or boundary of the report	no		3.10	The report does not include diverging information compared to the previous reports.		
3.10*	Explanation of re-statements	yes	51	3.11	The reporting for 2011 included in the table on page 63 is more extensive than previously.		
3.11*	Significant changes from previous reporting periods in the scope, boundary or measurement methods	yes	51	4.2	The Chairman of the Board is not part of the executive management.		
GRI CONTENT INDEX				4.4	A representative of the owner acts as a member of the Board.		
3.12	GRI content index	yes	51	4.15	The selection is based on an internal questionnaire.		
4. Governance, commitments and engagement				EN22	The reported plants do not include information regarding Estonia.		
GOVERNANCE				EN30	The reported plants do not include information regarding Estonia.		
4.1	Governance structure of the organisation	yes	FS 84-85	S7	No legal proceedings or other actions regarding restrictions on competition took place.		
4.2*	Indicate whether the Chair of the highest governance body is also an executive officer	yes	FS 88, 90				
4.3	Number of members of the Board who are independent and/or non-executive members	yes	FS 88				
4.4*	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	yes	52, FS 88				
STAKEHOLDER ENGAGEMENT							
4.14	List of the organisation's interest groups	yes	33 - 34				
4.15*	Interest group determination and selection basis	partly	33 - 34				
4.16	Approaches to stakeholder engagement	yes	33 - 34				

* Comments

FS = Financial Statements