

HELSINKI MILLS

- Since 1934 -

HELSINKI MILLS CORPORATE SUSTAINABILITY REPORT 2020



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1. Introduction

Helsinki Mills is a fourth-generation family-owned business, established in 1934. Our vision is to feed people in harmony with the planet, for generations to come.

The three lines of business at Helsinki Mills are consumer retail products; industrial products; and hotel, restaurant and catering products. Domestically, the Helsinki Mills consumer brand is Myllärin. Internationally, we operate under the Helsinki Mills brand.

Helsinki Mills has three production plants located in Järvenpää, Vaasa and Närpiö. The Järvenpää head office and Vaasa facility have mills, and Närpiö has a cereal production facility.

Responsibility is one of our core values and we have promoted our corporate sustainability in various areas for decades. This is the first written sustainability report we publish.



1.1 COVID-19 pandemic

The past year has been an exceptional one for the world. The COVID-19 pandemic has driven societies to crises, and extreme measures across the globe. The pandemic landed in Finland in February 2020, hitting in full force in March.

The situation has severely tested our production capability, both in terms of a demand surge in the spring of 2020, and in terms of operation in a state of emergency. At the time of writing, uncertainty remains the order of the day.

Helsinki Mills has performed well under these circumstances. Since production can only be performed on site, remote work has only been possible for parts of the company. A strong emphasis on health safety measures has been vital.

Cautionary measures have succeeded so far, with zero cases of infection within Helsinki Mills' facilities.

2. Corporate Sustainability at Helsinki Mills

The values of Helsinki Mills are continuity, responsibility and cooperation. Feeding humanity sustainably is our mission, business model, and everyday operation.

This is the first sustainability report in Helsinki Mills' history. While sustainable development has been a guiding theme in the company's operation, external communication about sustainability has been conducted on a daily and direct basis instead of standardized reporting. In future years, an annual sustainability report will be produced.

In 2020, the strategic foci of sustainability at Helsinki Mills were climate sustainability and value chain responsibility. New endeavors were carried out in both themes.

While all the United Nations Sustainable Development Goals are interlinked, Helsinki Mills directly influences the following goals:

- zero hunger
- good health and well-being
- decent work and economic growth
- industry, innovation and infrastructure
- responsible consumption and production
- climate action
- life on land

The SDG's provide a clear framework on the global level. In terms of operational sustainability thinking, Helsinki Mills' primary point of view is that of inputs and outputs. In simple terms, this means what goes into the company and what comes out of it. This sustainability report is structured accordingly.



3. Inputs

What did Helsinki Mills use in 2020? The basic inputs were raw materials, energy, and labour. Other minor inputs included water, office supplies and other procurements such as hygiene products and furniture.

3.1 Raw materials

3.1.1 Grain

The main raw materials of Helsinki Mills are grains: oat, wheat, rye and barley. Oats are milled at the Vaasa production facility and wheat, rye and barley at the Järvenpää production facility.

In 2020, Helsinki Mills purchased a total of 95 000 metric tons of grain. Wheat was the largest grain category in terms of purchases, followed by oats, rye and barley, respectively.

99% of the grain purchased was grown in Finland, and 1% came from the Baltics. All grain used in the domestic market was Finnish. Most of the procured grain came from direct market purchases, while roughly one fifth came from our approximately 100 contract farmers. Dividing procurement between contract farmers and the free market secures supply and competitiveness, improves continuity, and enhances risk management.

We value good relations with our suppliers, and Finnish farmers are the backbone of our food security.



3.1.2 Organic grain

Helsinki Mills is proudly the largest organic grain refiner in Finland. Approximately one quarter of our product portfolio consists of organic products.

As a pioneer in organic milling, we see organic farming as a key tool in protecting biodiversity. There is ample scientific research highlighting the beneficial link between organic farming and, for example, insect populations. Organic and intensive farming need to be carefully balanced to produce large enough yields, while also sustaining biodiversity and soil quality. With current technology, this is the only way to feed humanity for generations to come.

In order to be certified organic, producers must pass an audit conducted by Finnish authorities.

Approximately one third of all grain procured by Helsinki Mills in 2020 was organic. The milling process is the same as for traditionally farmed grain.

3.1.3 Other ingredients

In order to produce healthy and tasty products, Helsinki Mills procures ingredients from a variety of suppliers. These are important business relations that we strive to maintain and develop on a daily basis.

A total of 123 different ingredients were purchased in 2020. These included a selection of ingredients such as spices, fruit, oils, seeds, etc. The ingredient we procured the most was raw gluten, used widely in baking products.

In recent years, increasing emphasis has been put on identifying and managing risks related to specific products and production environments. Risks include labour exploitation, child labour and other human rights violations. It is of paramount importance to root out such crimes entirely.

Having analyzed the risks related to specific products and countries of origin, in 2020 we further trained our staff, and updated our internal procurement policy and external ethical policy for suppliers. Case-by-case analyses of product risks are conducted on a regular basis.

3.1.4 Packaging

Helsinki Mills' packaging is designed from the perspective of product safety, as well as preservability, sustainability, and cost-efficiency. Balancing between the different demands for packaging requires careful consideration. Helsinki Mills only uses entirely recyclable packaging.

There are four different types of packages used: small paper bags, cardboard boxes, large paper bags and industrial bags. Breakfast cereals and certain muesli products are packaged in plastic bags inside the carton to secure the product quality throughout the logistic chain.

In printing paper bags we are gradually moving into expanded gamut printing which requires significantly less colour and washing detergents – and is thus more sustainable. The possibility of using the EGP method in printing cardboard boxes has been investigated, but is not available in large scale yet.

3.2 Energy

Helsinki Mills electricity comes from 100% renewable sources. Since the 2010's, Helsinki Mills has used hydroelectricity for all of its production facilities. This is a choice for the climate. Though exact figures vary depending on the source, hydroelectricity has one of the lowest emission coefficients of electricity sources. This is also why our carbon footprint is relatively small.

In 2020, the three production facilities used a total of 9,887.36 MWh of electricity. The largest consumption occurred in Vaasa with 5,124.91 MWh, followed by Järvenpää with 4,371.75 MWh and Närpiö with 390.70 MWh. Electricity consumption saw an increase of approximately 10% from 2019 due to increased production.

In addition to electricity, the Järvenpää facility consumed a total of 217.766 MWh of heat energy. This heat energy was produced with district heating.

Since 2013, the Vaasa production facility has produced all of its heat energy using a bio-combustion plant. Inedible oat shells, a side product of refining oats, are burned to produce heat energy. This replaces the need for approximately 5,000 liters of gas oil annually.



3.3 Labour

A motivated, capable and healthy staff is at the heart of Helsinki Mills. At the end of 2020, Helsinki Mills employed a total of 95 people: 47 of them worked in Järvenpää, 39 in Vaasa and 9 in Närpiö.

3.3.1 Helsinki Mills as an employer

Helsinki Mills' employer policy is guided by our values: responsibility, continuity and cooperation. All employees are treated equally, and equality is promoted through systematic planning. Since our staff are our most valuable resource, we strive to develop their wellbeing, safety, knowledge and capabilities.

A total of approximately 50 training sessions were conducted in 2020. Topics varied widely from comprehensive product quality training to operating a defibrillator. Emergency scenario drills were conducted at all sites.

For employees, 2020 required tremendous personal resilience due to the COVID-19 pandemic. Helsinki Mills is grateful for the perseverance our staff continues to show.

Throughout 2020, the severity of the epidemical situation oscillated in Finland, and Helsinki Mills enacted health safety measures accordingly. The spring was a time of remote work and severe caution, but the summer and autumn saw fewer cases and relaxed restrictions. Starting in December, COVID-19 cases surged again and stronger restrictions followed.

3.3.2 Employee satisfaction

In 2020, employee satisfaction was to be measured with a biannual survey. Due to COVID-19, postponing the survey to 2021 was decided.

The previous survey was conducted in 2018. The average satisfaction was 8.1 on a scale of 1-10, with an increase from 7.9 in the previous survey. The results showed the greatest satisfaction in the area of employee health and wellbeing, with most improvement needed in the area of internal communication. Thus we increased the resources in internal communication.

3.3.3 Gender equality

In 2018, Helsinki Mills produced its first gender equality plan. The findings were mostly positive, with some clarification needed in compensation policies. A recommendation of establishing standardized pay categories was given to clarify the situation.

In 2020, the gender equality plan was to be updated, but due to the pandemic we decided to postpone the update to 2021.

3.3.4 Smoke-free work environment

In December 2020, Helsinki Mills implemented a smoke-free workplace policy. This meant prohibiting the use of all tobacco products on all company premises and during working hours. Helsinki Mills offers to pay for tobacco substitutes such as nicotine products for those employees who decide to quit smoking.

4. Outputs

What did Helsinki Mills produce in 2020? The primary output was our products. In order to produce these, waste and greenhouse gases were also generated. Others include taxes, charity and other minor outputs.

4.1 Products

In 2020, we milled a total of 95,866 tons of grain, namely oats, wheat, rye and barley. Approximately one quarter of all milled grain was organic. Again, this included organic oats, wheat, rye, and barley.

Throughout its history, Helsinki Mills has only produced cereal-based, vegetarian products. The single animal-based ingredient we use is honey.

4.1.1 New launches

In 2020 we launched a total of seven new products, five of which were gluten-free.

Vegetable Meal Oats completed the Myllärin Meal Oats range. A new range of gluten-free portion-packed porridges was introduced, with flavours old and new.

Two new products were launched within the Myllärin Moomin range: a new flavour of portion-packed porridge; and an oat-based, milk and egg-free, spinach pancake mix.

Five out of the seven new launches carry the 'Hyvää Suomesta' -label, and three new launches are entitled to 'Sydänmerkki' indicating scientifically proven health benefits.



4.1.2 Product safety and quality

Product safety and quality are absolutely vital to Helsinki Mills.

Safety is the base on which quality is built upon. A safe product adheres to its labels and includes nothing else. Quality means producing tasty, practical and innovative products. Quality always stems from customers' needs, and we must correspond to the expectations of our clients at all times.

Helsinki Mills is committed to constantly improving and developing its quality and safety systems. Each year, measurable quality and safety goals are set, and progress monitored. Staff are regularly trained in safety and quality.

A certified quality system supports best practices and quality improvements. All of Helsinki Mills' production facilities have the FSSC22000 certification. In 2019, work to implement the IFS certification began.

For a single product, quality control begins with inspecting raw materials upon arrival. Our most important raw material is pure Finnish grain, which is inspected upon delivery.

Throughout the production process, quality is controlled throughout by sampling the product stream and monitoring system performance. The finished products are then sampled for inspection by our laboratory, before releasing them for sale.

In 2020, the most important goal in the domain of product quality was achieving compliance with the IFS standard. The IFS audit is scheduled for 2021.

The greatest challenges in changing certification schemes under COVID-19 came from organizing the necessary training and communication.

Under the new quality system, Helsinki Mills has further improved the quality management of raw materials, updated product specifications and renewed the mapping of space, equipment and process management. In 2021, the project will continue with consolidating the new processes and further strengthening safety culture.



4.1.3 Nutrition

Cereals form the basis of a healthy and balanced diet as an important source of energy, carbohydrates, protein and fibre; as well as a range of micronutrients, such as vitamins E and B, magnesium and zinc. There is evidence that suggests that regular consumption of cereals have many positive health effects.

The key reasons for investing in oats are their healthiness and suitability for nearly everyone's diet. Oats are rich in proteins and fiber and have a high value of beta-glucan. When the oat is cultivated and processed so that it has no contamination with other grains, it is suitable for a gluten-free diet.

4.1.4 Allergens

We handle gluten in all our production plants and in addition also sulfites in Vaasa and Närpiö. The usage of allergens on production lines is separated to different time frames and the line is cleaned in between thoroughly according to specified procedures.

Production of the products that contain other allergens, such as, milk, eggs and nuts, is outsourced. This way we can guarantee that there is no contamination.

4.2 Waste

The Järvenpää facility produced a total of 88.9 tons of waste in 2020. The largest category of waste was biodegradable waste, comprising 40.1 tons of waste. The vast bulk of this came from the inedible parts of grain. The second largest category was energy waste, comprising 36.9 tons of waste. The third largest category was mixed waste, comprising of 9 tons of waste. The remaining categories, such as glass and plastic, were of significantly smaller amounts.

In Vaasa, a total of 78.8 tons of waste was produced in 2020. The largest category here was energy waste which totaled 41.2 tons. The second largest category was wood at 21.2 tons, and the third largest cardboard, at 11.6 tons. The large quantity of wood waste came from renovation projects and broken wood pallets. The Vaasa production facility produces significantly smaller amounts of biowaste since it reuses inedible grain parts for energy production.

Unfortunately, our waste management provider in Närpiö does not provide statistics of waste amounts. Thus, the Närpiö facility remains unaccounted for. Its waste output is expected to be significantly smaller than those of Järvenpää and Vaasa. This is because the Närpiö cereal production plant uses mostly preprocessed materials, thus producing mostly recyclable packaging waste.

Our waste management provider for the Järvenpää and Vaasa facilities is Remeo. Remeo's mission is to increase circular economy solutions, visioning a world where no material is gone to waste.

What can not be consumed by people, can often be consumed by other animals. That is why Helsinki Mills selected animal feed companies to utilize the parts of grain that can not be milled for human consumption.

In 2020, we sold a total of 26,797.3 tons of grain stem husks and hulls to our partners. These are mixed into other animal feed and passed onwards.

4.3 Greenhouse gases

2020 opened a new path between Helsinki Mills' and carbon negativity. In early 2020, we calculated the CO₂ footprint of our production facilities for the previous year. In 2019, the greenhouse gases emitted by three production sites amounted to approximately 279 tons of CO₂. This equals roughly the annual emissions of 30 Finnish people.

Since the energy we use comes from one of the least emissive energy forms, hydroelectricity, cutting down on emissions can only be done marginally. The path to carbon neutrality – and eventual negativity – then comes through compensating our footprint.

In August, our production footprint for 2019 was compensated through a reforestation scheme in Ethiopia.

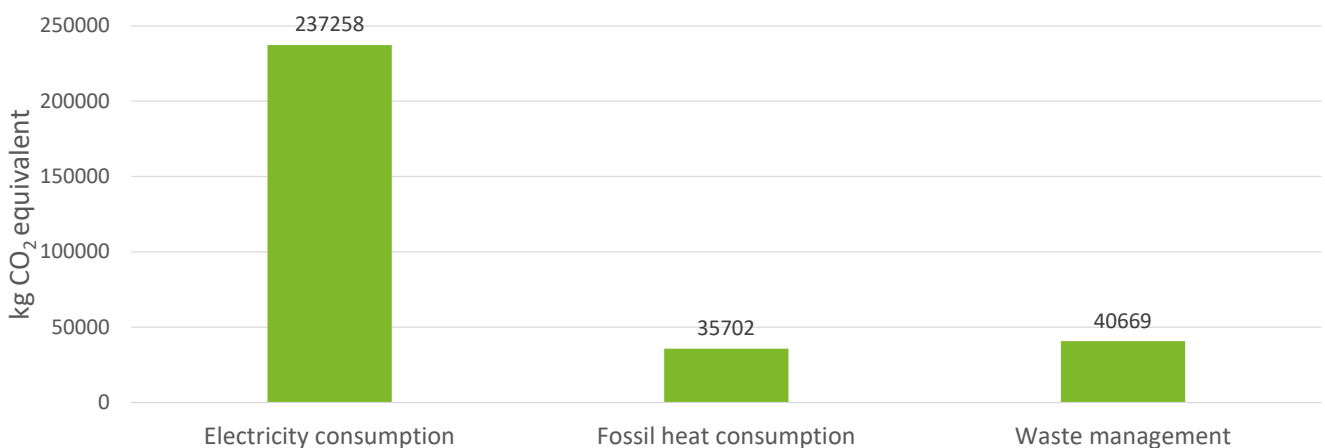
However, mitigating climate change requires more. Starting in March, we began cooperating with the Natural Resources Center of Finland in calculating Life Cycle Assessments for chosen products. This work was completed in October. Having mapped the footprints of a number of products, work is now under way to produce carbon neutral or even carbon negative products.

In calculating the footprint of 2020, we expanded the scope, including the emissions from waste management. This led to a 12% increase in our footprint to a total 314 tons, which amounts to approximately 3.2kg of CO₂ for every ton of products.

Helsinki Mills' greenhouse gas emissions were produced by different production processes as follows:



Our carbon footprint consists of the following green house gas emissions



The carbon footprint of 2020 will be compensated in April 2021 through Finland's oldest compensation provider Nordic Offset.

The final objective of our climate work is carbon negativity. Achieving this is demanding, and a timeline is yet to be decided. A crucial milestone will be Scope 3 carbon neutrality, which we strive to achieve by 2034, to celebrate our 100th anniversary.

4.4 Investments & taxes

The major investment decided in 2020 was the expansion of the Vaasa production facility. The building of new grain silos combined with additional warehouse space was begun in December. This work is expected to be completed in September 2021. The total value of the investment will amount to approximately two million euros.

In 2020, Helsinki Mills paid a total of 384,259.73 euros in corporate taxes.

4.5 Charity and social projects

As mandated by the Helsinki Mills' owners' strategy, an annually decided amount of profit is to be donated to charity.

After thorough revision, this year's donation was made to Save the Children through its Finnish branch, Pelastakaa Lapset ry. The amount was 10,000 euros which is to be used for reducing famine in East Africa. This year, swarms of locusts have devastated farming in the area. Coupled with political crises and food cost surges, the nutritional situation has been dire. Helsinki Mills continues striving to sustainably feed humankind and expects to make a similar donation in 2021.

Domestically, Helsinki Mills participated in the Finnish 'lunch for the children' campaign organized by the company Venner. Breakfast products were donated to university students seeking support and education in healthy eating, while other cereal products were donated throughout the country in various projects.

With regards to campaigning, dedicated Myllärin products were part of Kesko's 'Tuottajalle kiitos' project, which aims to support Finnish farmers. Helsinki Mills and Myllärin products participated in the 'Meidänmeri' campaign to rehabilitate the Baltic Sea. Awareness of the EU Organic Label was spread by taking part in the 'Luomu. Se on hyvä merkki' campaign, alongside Pro Luomu.

Other social endeavours included familiarizing school children with the food industry through the Yrityskylä learning environment and 'Maistuva päivä' event at the Järvenpää mill. We also published the 'Viljelijän vuosi' ('A farmer's year') web article series to depict oat farming from the farmer's point of view.

5. Conclusion

This is the first corporate sustainability report in Helsinki Mills' 87 years of history. Henceforth, an annual report will be standard practice. Several aspects of this report may not be comparable in the future, when the COVID-19 pandemic has finally reached its end. However, this is no excuse to elude critical evaluation.

The best performance in Helsinki Mills' corporate sustainability was undoubtedly in the field of climate outputs. Implementing scope 2 neutrality was a major leap forward in achieving scope 3 neutrality by 2034 and carbon negativity following this. Expanding the calculation and compensation of the footprint of 2020 is a sign that Helsinki Mills' climate endeavors are on track.

Other successful areas of corporate sustainability were in risk management, and product safety and quality. Improving risk management, especially in the area of ingredient procurements, has

been a strategic emphasis in the past year. In product safety and quality, the push towards IFS compliant systems has remained on schedule even during the pandemic.

Most improvement is needed in the area of planning employee equality and wellbeing. While equality and wellbeing have been found to be on a solid basis in the past, scheduled updates were not carried out in gender equality planning nor measuring employee satisfaction. The reason for this was COVID-19, an external factor. It is of paramount importance to conduct the scheduled updates as soon as possible.

Sustainability is an ever-ongoing task. Helsinki Mills strives to continually improve performance and to use the best possible inputs to produce the most sustainable outputs. We have come a long way – but there is always more to do!

Sources:

- (1) E.g. McKeivith, Brigid (2004): Nutritional aspects of cereals. Nutrition Bulletin, Vol. 29, Issue 2. Available at: <https://onlinelibrary.wiley.com/doi/full/10.1111/j.1467-3010.2004.00418.x>
- (2) GHG-protocol scope 2. Efforts to expand to scope 3 calculations are under way
- (3) <https://registry.goldstandard.org/credit-blocks/details/133475>





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Helsinki Mills Ltd
Puurtajankatu 34
FI-04440 Järvenpää, Finland

www.helsinkimills.fi