



SUSTAINABILITY REPORT 2023

 ARVID NORDQUIST

Table of Contents

INTRODUCTION & BACKGROUND

- 3. REFLECTIONS FROM ANDERS NORDQUIST, CEO OF ARVID NORDQUIST
- 4. HIGHLIGHTS 2023
- 5. THIS IS ARVID NORDQUIST

SUSTAINABILITY IN OUR VALUE CHAIN

- 8. BODEGA ARGENTO
- 9. KWV
- 11. NISSIN FOODS

OUR SUSTAINABILITY CHALLENGES

- 14. A CHANGING WORLD
- 15. SUSTAINABILITY IS INTEGRAL TO OUR WAY OF WORKING
- 17. SUSTAINABILITY RISKS IN OUR VALUE CHAIN
- 20. STAKEHOLDER ANALYSIS
- 24. MATERIALITY ANALYSIS

FOCUS AREAS & RESULTS

- 26. OUR SUSTAINABILITY STRATEGY
- 27. OUR ACTIONS TO REDUCE OUR EMISSIONS
- 29. OUR ACTIONS TO REDUCE OUR ENVIRONMENTAL FOOTPRINT
- 31. OUR ACTIONS TO SAFEGUARD HUMAN RIGHTS

SUSTAINABILITY PROJECTS

- 34. OUR COFFEE IS CARBON OFFSET TO 100%
- 37. ARVID NORDQUIST COFFEE INDUSTRY WINNER IN SUSTAINABLE BRAND INDEX 2024

SUSTAINABILITY REPORT 2023

Our sustainability policies are formulated to consider the social, environmental and economic elements of the value chain but we focus our efforts on safeguarding the health of our planet and protecting human rights.

We set sustainability targets and offer full disclosure of our results via the CPD platform. We are also signed up to the Science Based Targets initiative (SBTi).





Dear reader,

In a world where environmental challenges are ever more pressing, I believe it is increasingly important to take stock of where we are on our journey toward becoming a sustainable business. This sustainability report aims to set out our commitments and initiatives and to evaluate our progress in integrating sustainability principles into our operations.

As part of a family business stretching several generations back, I feel a great responsibility towards the generations to come. By continuously improving our knowledge of how we can make a difference and by identifying opportunities for transitioning to a more sustainable business, I believe we are increasing the company's future prospects and competitiveness.

For many years, we have focused on contributing to the positive development of our region, reducing our environmental footprint, and on offering sustainable products. To meet the growing demand for our coffee brand, we are investing in a new coffee roastery. To reduce the environmental footprint, we are constructing our new roastery out of wood and we will use the latest

environmental technology to operate in an energy efficient way. However, I know that our sustainability work is never done; it is a never ending journey. This report reflects our commitment to continuously improve our way of doing business. By setting out our initiatives and results, I hope we will inspire others, and encourage a common approach to building a fairer and more sustainable world for the future.

I would like to take this opportunity to thank all our suppliers, brand owners, partners and other stakeholders who have been open and transparent in contributing content to this report.

Kind regards,

A handwritten signature in gold ink, reading "Anders Nordquist".

Anders Nordquist
CEO, Arvid Nordquist HAB

WE USE RENEWABLE SOURCES FOR 81.4% OF OUR TRANSPORT.

THE AIM IS TO REACH 100% BY 2025.



traceable

WHERE PALM OIL IS USED, 98% IS TRACEABLE.



WITH THE PURCHASE OF ROUGHLY 2,700 TONS OF FAIRTRADE CERTIFIED AND ORGANICALLY GROWN COFFEE, WE HAVE CONTRIBUTED AROUND 33 MILLION SEK IN EXTRA PREMIUMS TO COOPERATIVES AND SMALL-SCALE COFFEE GROWERS.

33 million

ARVID NORDQUIST IS ONE OF THE LARGEST BUYERS OF FAIRTRADE CERTIFIED COFFEE IN THE WORLD.



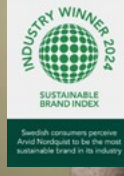
WE HAVE REDUCED EMISSIONS LINKED TO OUR COFFEE BUSINESS, FROM FARM TO CUSTOMER, BY 11% SINCE 2014. SCOPE 1, 2 AND 3.

-11%



100% certified

ALL OUR COFFEE IS 100% CERTIFIED BY RAINFOREST ALLIANCE, FAIRTRADE AND (IN SMALL VOLUMES) 4C.



ARVID NORDQUIST COFFEE INDUSTRY WINNER IN SUSTAINABLE BRAND INDEX 2024.

industry winner



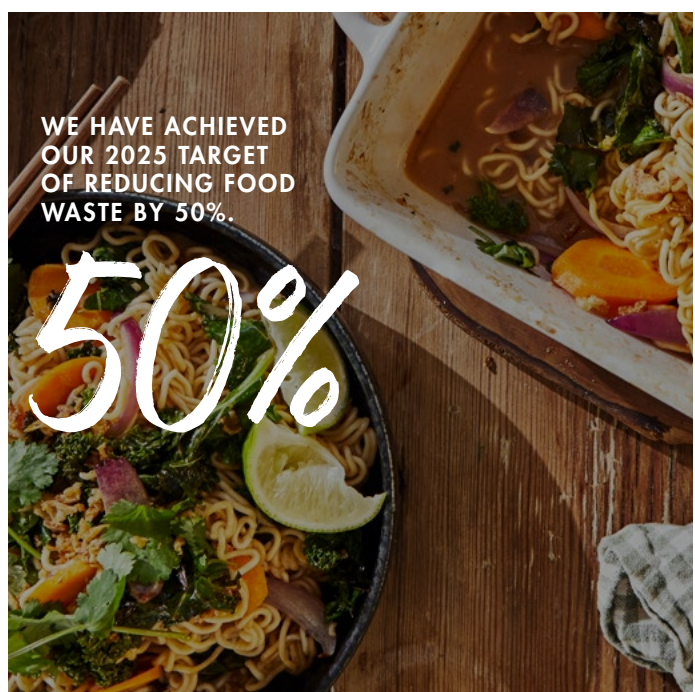
WE LEAD THE ORGANIC COFFEE CATEGORY IN SWEDISH RETAIL.

organic



HIGHLIGHTS 2023

TO TABLE OF CONTENTS



WE HAVE ACHIEVED OUR 2025 TARGET OF REDUCING FOOD WASTE BY 50%.

50%



WE HAVE CUT EMISSIONS RELATED TO BUSINESS TRAVEL BY 32% (COMPARED TO THE BASE YEAR 2019).

THE TARGET WAS -15% BY 2025.

-32%



WE HAVE INCREASED THE RECYCLED PLASTIC CONTENT OF OUR NON-FOOD RANGE BY 55.7%.

This is Arvid Nordquist

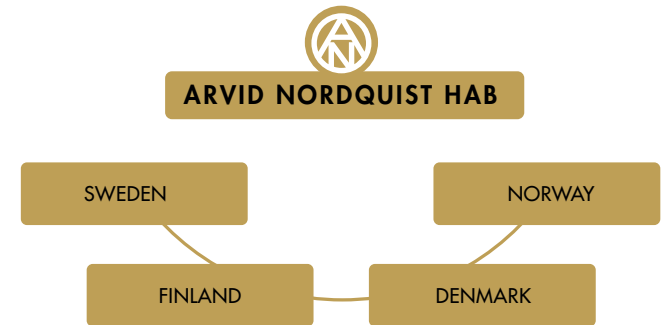
Arvid Nordquist is a third-generation family business. Founded in 1884, we provide consumers with great taste experiences and quality products.

We represent 40 brands produced around the world. Though Arvid Nordquist has enjoyed strong growth in recent years, we stay true to our family values: taking responsibility and respecting each and every individual. Our portfolio includes brands we own, develop, and produce, such as our own coffee brand roasted inhouse. Equally important are the international brands that we are proud to represent in the Nordic region. Some of these are iconic classics and many are also family businesses – just like us.

We operate in four product categories: Food, Wine & Beer, Coffee and Non-Food. Thanks to country-specific sales and marketing organisations, we cover the entire Nordic region. Our customers include the grocery trade, the restaurant sector, and office-supply & catering as well as the brand owners we represent. We strive to inspire our customers and consumers whether they are doing business with us or are at home preparing dinner or doing the laundry.

VISION

We are the best partner – our customers feel inspired by us. We offer strong brands, high quality, good value, and great service while keeping people and the environment in mind.



Number of employees	324
Founded:	1884





Sustainability in Our Value Chain

Photo: TOSO S.P.A.

BODEGA ARGENTO

One of Argentina's Largest Producers of Organic Wine



Comprising several vineyards in Cruz de Piedra, at the foot of the Andes, in the Mendoza region of Argentina, Bodega Argento is one of the country's largest producers of organic wine, offering a portfolio of high-quality sustainable wines that are sold in 55 countries.

Since the start, the vineyard has worked on the basis that each vineyard is unique, with its own history, individual microclimate and characteristic qualities, all of which lend the different wines their own identity. Rooted in a tradition of organic winemaking, Bodega Argento has continued to develop the range, with a strategy of offering a fully sustainable range. This strategy is divided into four focus areas, within which everyone involved shall: a) contribute to the well-being and development of employees, b) create positive change in society, c) contribute to a transition to regenerative methods in cultivation and wine production, and d) ensure a sustainable value chain by complying with Bodega Argento's ethical, social and environmental code of conduct.

"All the Bodega Argento vineyards are organic."

All the Bodega Argento vineyards are organic, certified by Fairtrade and Sustainable certified by Bodegas de Argentina. The Fairtrade standard ensures sustainable working conditions, addressing issues such as forced and child labour, the right to freedom of association and collective bargaining, the fight against discrimination, and workers' empowerment. Bodegas de Argentina is a third-party audited sustainability certification that includes environmental, social, and economic criteria. The standard was developed in 2012 and is one of Argentina's most recognised and reputable sustainability certifications. Bodega Argento is also a member of the UN Global Compact and reports annually on the winery's progress with regard to the Compact's ten principles, including human rights,

working conditions, the environment and anti-corruption.

In 2018, Bodega Argento launched a research project on cover crops, which was later developed to include regenerative farming methods. In 2022, everything came together under the Matrizviva research programme, a joint venture with the School of Agronomics at the National University of Cuyo and the National Institute of Agricultural Technology. One of the projects involving the study of various flowers has discovered that certain species can be used as a natural defence against infestation. In 2019, Bodega Argento began planting these flower varieties between their rows of vines. Every year, all the vineyards conduct a series of soil analyses to develop sustainable cultivation methods. The aim is to create an environment with high biodiversity, good soil health and an ecosystem that ensures optimum root growth. The research programme has been a cornerstone of the way Bodega Argento has developed its organic farming to reflect the unique terroir of each vineyard.

The Mendoza region is being affected by climate change, with reduced snowfall in the mountains and thus reduced access to fresh water. All the vineyards use drip irrigation to conserve water resources and have their own weather stations and precision tools to fine-tune and direct water use to the vineyard that needs it most, depending on the type of soil and the vineyard's location.

Another priority sustainability issue for Bodega Argento is their waste management, as part of which the company has mapped all its waste streams and developed processes to reduce them. In 2022, they achieved their goal of only 5 percent of the total waste going to landfill, with the remaining 95 percent being reused or recycled. One third of the organic

waste is composted and the rest is used as raw material for other industries that produce tartaric acid, among other things. All the glass, cardboard and plastic used on the farms is sorted and recycled. They also have two projects that link the circular economy with social sustainability: one is creating gift bags made from recycled material and the other is for inmates in one of the local prisons to produce different kinds of craft products from recycled plastic ribbon. In addition, Bodega Argento lets other vineyards in the area use their facilities and circular solutions to help reduce waste from the industry as a whole. Bodega Argento believes that cooperation and transparency are the only way to secure a sustainable future and is therefore an active member of several organisations and networks that work to achieve a sustainable wine industry. Among other things, they co-founded the Sustainable Wine Roundtable, an organisation that promotes increased sustainability in the wine sector. They are also active in Bodegas de Argentina and a member of the Argentine Institute of Social Responsibility and Sustainability.

Bodega Argento's goal is to be a leader in sustainable wine production in Argentina, continuing to grow as a company while at the same time contributing to sustainable development. They have come a long way and have received awards for both their wines and their sustainability work. Through their commitment to sustainability, they strive to create a sustainable future for their employees and the society and environment in which they operate.



Photographer: Raphael Cameron

KWV

A Wine and Spirits Producer that Cares about the Local Community

The KWV wine cooperative was founded in 1918 in response to the deep crisis that hit the South African wine industry at the time. Headquartered in the town of Paarl in the Western Cape wine region, the company is now one of the country's largest wine and spirits producers, buying grapes from contracted growers throughout the Cape wine growing region.

Their wide range includes the well-known classic KWV Roodeberg and finer wines such as Laborie, Cathedral Cellar and The Mentors. Sustainability has long been a core element of the company's work, with three focus areas:

1. Social responsibility
 - helping people locally and regionally
2. Fair working conditions
 - for all agricultural employees
3. Sustainable farming practices

Social responsibility

South Africa faces major social challenges, with a massive housing shortage, unemployment, large migration flows, political instability and a lack of sustainable infrastructure to all, including electricity generation and water. This affects the whole of society and all business activities in the country. Like many other companies, KWV runs initiatives and provides support where the state cannot and is investing in various social projects to strengthen the local community. For a long time, the company has been active in the Paarl region, in a drive to improve living conditions for vulnerable people, with a focus on children and mothers at different stages of life. This support includes maternity care, child care, preschool provision and support for children who have dropped out of school to be re-integrated back into the school program. Some examples of projects are Khula Development Group, the Pebbles Project, Athlone House

of Strength Paarl Youth Initiative and the Elevation Program. In addition through the organisation Rise Up, KWV helps individuals to realize their business ambitions and hopefully support themselves and their families. Through microloans and mentoring, people's dreams can come true and small businesses come to life. One initiative which has grown into a functional business with KWV's support is LET'S GO Shuttle Services, which offers transport services.

Fair working conditions

KWV ensures that the contracted growers comply with Amfori BSCI's Code of Conduct by requiring them to be WIETA certified (Wine and Agricultural Ethical Trade Association). WIETA is a recognized organization operating in the South African wine industry and related sectors to promote fair working conditions and provide a platform for dialogue on ethical trade. The organization represents trade unions, civil society, producers and brand owners and has a Code of Conduct that members must follow. The Code sets out criteria on compliance with South Africa's occupational health and safety legislation and requires the company's or organization's management system to reflect sustainable ethical principles, policies and practices. In addition to areas such as a ban on forced and child labour, anti-discrimination work, the right to organize and the right to a written contract and fair payment, the framework also includes requirements that worker housing not only meets prescribed safety, health and sanitation standards, but also supports the right to dignity and family life. KWV requires that all grape and bulk wine suppliers including the required seasonal labour all should be certified in accordance with WIETA's standard, whereby WIETA conducts regular audits to ensure compliance.

KWV is regularly audited in accordance with BSCI's Code of Conduct on behalf of major buyers such



as Systembolaget and Walmart. In all agriculture, but particularly in countries with poor adherence to environmental and labour laws, it is important to have processes in place to reduce the risk of human rights and environmental violations. KVV works closely with WIETA and Fairtrade to ensure sustainable working practices and to deal with any violations, while further developing South Africa's wine industry. KVV also produces Fairtrade-certified wines using grapes from Fairtrade-certified vineyards. In addition to WIETA's requirements, the Fairtrade standard includes an extra premium (payment) to the grower and a focus on strengthening workers' empowerment, alongside environmental requirements.

Sustainable farming practices

All the grape and bulk wine suppliers contracted to KVV are certified in accordance with the internationally recognized Integrated Production of Wine (IPW) standard, which ensures environmental sustainability. This comprehensive standard for sustainable farming includes requirements for reducing the use of chemicals, measures to promote biodiversity and climate-related measures, plus careful use of natural resources

and water. KVV's production facility is also IPW certified, and its viticulturists work closely with the contracted growers to improve both the quality and sustainability of their crops.

KVV is an active member of the Confronting Climate Change (CCC) initiative, a climate footprint project developed to support the South African fruit and wine sectors by identifying and responding to risks and opportunities associated with carbon emissions, conducting workshops and providing assistance. CCC has also developed a calculator to measure climate emissions linked to cultivation and production. Through this project, KVV has made producers aware of what needs to be measured and aims to have a system for registering relevant data in the supply chain up and running in 2024. By understanding where carbon emissions occur, KVV can work to reduce them and thus the company's climate impact. One major step in reducing KVV's carbon footprint has been to introduce lightweight glass bottles, which reduces raw material use, emissions from transport, logistics costs and energy consumption. It also improves the working environment and makes handling easier.

However, the biggest climate challenge is the unpredictable electricity supply in South Africa, with constant power outages negatively impacting both businesses and the country's economy. KVV, like most companies in South Africa, has been forced to buy diesel generators so that production is not interrupted by power outages. The backup generators unfortunately increase carbon emissions but are essential for continued operations and staff retention. Solar energy can only partially reduce dependency on the national grid, due to the size of the plant, but KVV is investing in solar panels in the coming years.

The EU will soon require large and listed companies to report on the social and environmental risks they face, as well as how their activities affect people and the environment. KVV is working with the organization South Africa Wine (SA Wine), and the independent accreditation bodies IPW and WIETA, to establish an industry mechanism that can meet these EU requirements in a standardized report.



NISSIN

A Sustainable Future

Nissin Foods is one of the world's largest producers of ramen and soba noodles under the brands Demae Ramen, Cup Noodles, Soba Bags & Soba Cups.

Founded in Japan in 1968, the company has 36 production sites in 17 countries and sells to more than 100 countries around the world. Arvid Nordquist has partnered with Nissin Foods for 10 years. We market and distribute their portfolio in Sweden and Norway.

In their environmental strategy, EARTH FOOD CHALLENGE 2030, Nissin Foods sets out the initiatives to reduce their impact on the climate and the world's limited natural resources.

To counter the challenge of increasingly depleted natural resources, Nissin Foods sources raw materials with the least possible environmental impact, to conserve natural resources and to contribute to a world without waste. All the focus areas have targets attached to them, which are to be achieved by requirements for the Group's raw material procurement and through measures to reduce waste.



In 2020, Nissin Foods joined the Science Based Targets initiative (SBTi), committing to reduce carbon emissions in line with the Paris Agreement’s 1.5-degree target. To achieve this, carbon emissions will need to be cut by 42 percent in Scopes 1 and 2 and 15 percent in Scope 3 by 2030, from the base year of 2020.

In order to achieve the SBTi goal, Nissin Foods has started switching all its production facilities to renewable electricity, purchasing raw materials with a lower climate footprint and switching to recyclable packaging. Since February 2021, Nissin Foods has participated in the RE100 international initiative, which aims to procure 100 percent of the electricity used in business activities from renewable energy sources. To accelerate efforts to achieve the targets set out in the EARTH FOOD CHALLENGE 2030, they set two targets for procurement of renewable energy, see graph to the right.

In accordance with its environmental policies, Nissin Foods will implement ISO 14001-certified environmental management systems at all production facilities.

Nissin Foods Sustainable Procurement Policy

With an emphasis on ensuring good product quality, Nissin Foods drew up a Green Procurement Policy in 2007 that focused on sourcing raw materials with less environmental impact and traceability from raw material to finished product. In 2017, the procurement policy was further developed with a focus on sustainability. The new policy covers food safety and respect for the environment and human rights, with a special emphasis on the purchase of palm oil, an ingredient in Nissin’s products that is associated with major environmental and social risks. The company supports the NDPE (No Deforestation, No Peat, and No Exploitation) policy, which entails the following commitments: consent to be obtained from indigenous peoples and local communities; ban on preparing land by burning vegetation; work against unsustainable working practices; protection of High

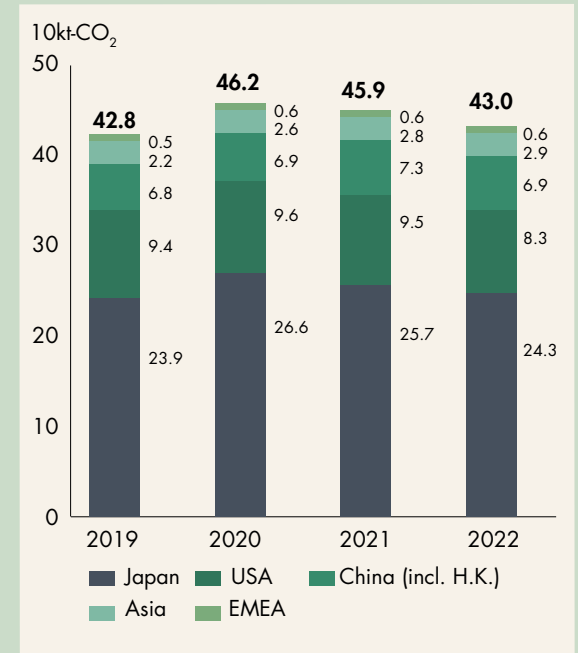
Conservation Value (HCV) areas, High Carbon Stock (HCS) areas and peat lands. In practice, this means that all the palm oil in Nissin Foods Europe’s products is RSPO-certified, and thus traceable and verified by a third party.

“Requires its suppliers to comply with environmental laws, regulations and agreements.”

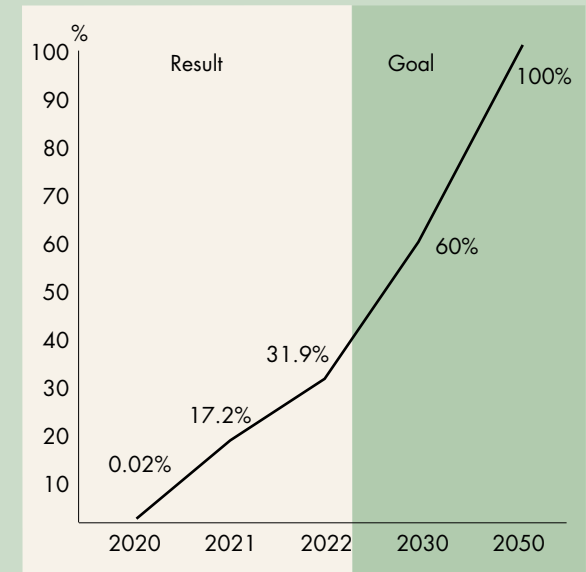
Nissin Foods requires its suppliers to comply with environmental laws, regulations and agreements and all relevant international standards. In addition, they must reduce their use of energy and resources, while also striving to use recyclable or recycled materials and those that facilitate waste management. As part of Nissin Foods’ work to reduce their climate footprint, they also require suppliers to implement their own impact reduction measures. Furthermore, suppliers are expected to have a quality management system in place for food systems and must not use materials that may be harmful to human health.

Nissin Foods supports the UN Declaration of Human Rights, the UN Global Compact and the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work. The company continuously conducts Human Rights Due Diligence and engages with local communities where they operate to address any negative impacts from the company’s operations throughout the value chain. Nissin Foods Europe is affiliated with SEDEX (Supplier Ethical Data Exchange) and Eco Vadis, two organizations that work on assessing and reviewing companies’ sustainability performance. Eco Vadis is more focused on assessing and certifying companies’ efforts regarding the environment, labour law, ethics, and sustainable procurement, while SEDEX primarily engages in creating transparency and facilitating the sharing of information about ethics and working conditions within suppliers’ networks. Nissin Foods Europe won the silver medal on EcoVadis in 2023.

CO₂e-emissions (Scope 1+2)



Procurement of renewable energy



Our Sustainability Challenges

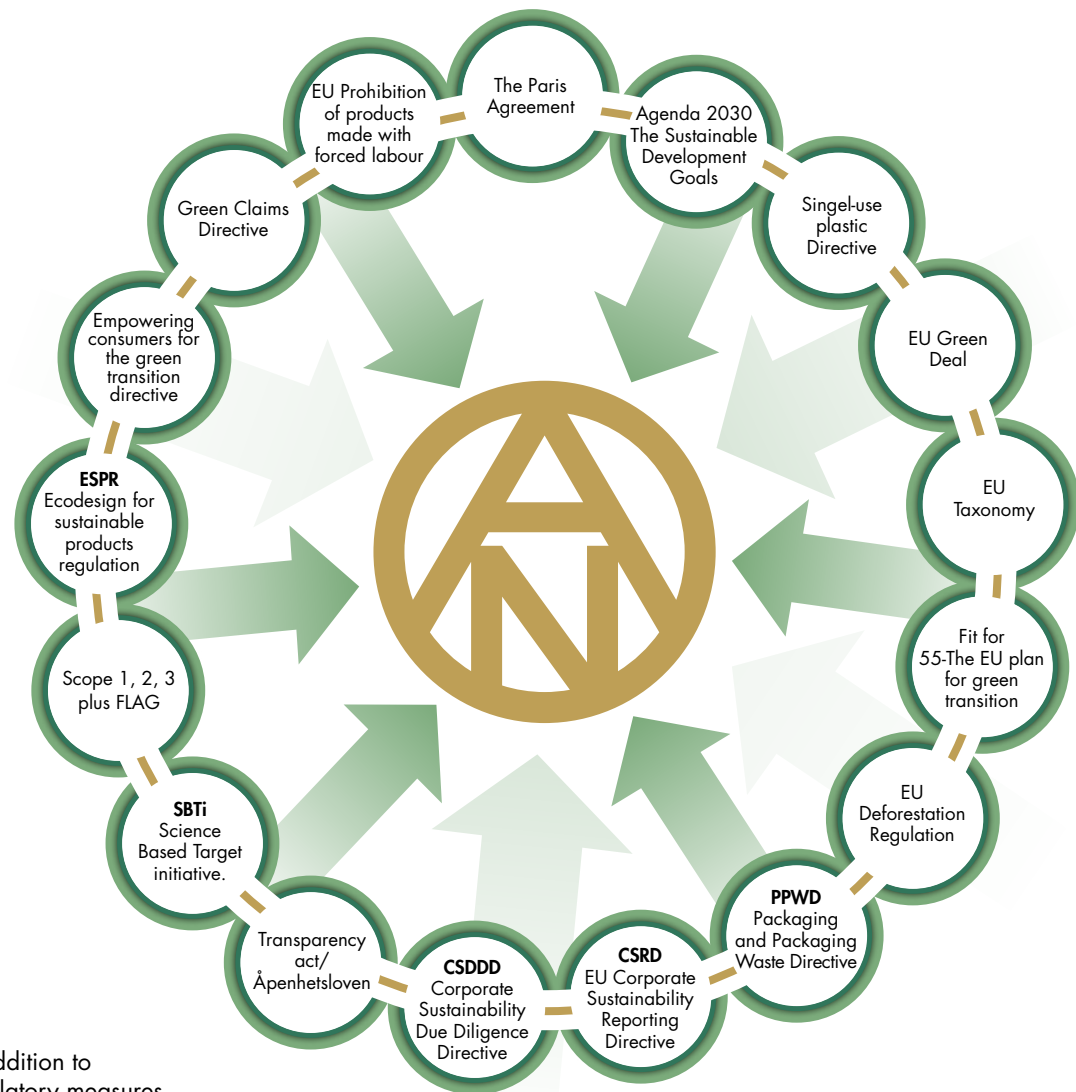
A Changing World

We live in a world of constant change. In the area of sustainability, regulatory changes are underway which will have a major impact on the way in which businesses operate.

The EU's ambitious sustainability strategy, the European Green Deal, aims to integrate sustainability into different policy areas and promote the transition to sustainable practices. It is a key ambition to become the first climate neutral continent by 2050, and the EU has identified milestones and formulated EU-wide directives and regulations to realise its ambition.

Focus areas include:

1. **Clean energy and reduced emissions:** the EU will promote renewable energy production, energy efficiency improvements, and electrification to accelerate the transition away from fossil fuels. Each nation must reduce its emissions by 2030.
2. **Circular economy:** the EU will reduce its waste by enabling recycling and reuse and by encouraging greater resource efficiency in both packaging and product design.
3. **Biodiversity:** the EU will protect and restore ecosystems by promoting sustainable stewardship.
4. **Sustainable transport:** the EU will lower emissions from transport by offering improved public transport options and by supporting electrification of all transport, and improvements to shipping.



In addition to regulatory measures, financial incentives are introduced to meet the targets. In 2024, new regulations will determine the way in which businesses are able to promote sustainability to their consumers. In addition, efforts are strengthened to eliminate unfair business practices. The aim is to help the consumer make informed and more sustainable choices.

The green transition has a direct impact on how businesses operate, and it creates an increased focus on environmental, social, and corporate governance

(ESG) and report on ESG initiatives. Many companies already work in accordance with the OECD's guidelines for multi-national companies. However, the new reporting requirements place greater demands on transparency when it comes to due diligence; that is, how a business identifies, prevents, mitigates and reports on sustainability risks. This is a challenge for many industries with complex and global value chains, not least the food industry.

Sustainability is Integral to Our Way of Working

Our values guide everything we do and, as a 100 percent family-owned business, we naturally adopt a long-term strategy. Although the formulation of our values has evolved over time, the core message remains the same: we exist for our customers, and we must be their best partner. We deliver quality and we do so with people and the environment in mind.

Arvid Nordquist strives to incorporate sustainability into all relevant decisions and processes. Furthermore, we expect all our employees to contribute to this effort, regardless of their role.

Environmental management system

Arvid Nordquist is ISO 14001 certified. It is the world's most recognised environmental management system and helps us accelerate our sustainability strategy as internal and external auditors push us to continuously improve. Being environmentally certified for 19 years has enabled us to make substantial progress on our aim to become ever more sustainable. It has also helped us put in place efficient internal audit- and environmental-management systems. Our coffee production is also FSSC 22 000 certified, and our Food and Wine & Beer business areas is IP Food certified.



Photo: Sustainability Group: Wilhelm Nordquist, Anette Wyrén, Kaj Lönnberg, Peter Dannqvist, Thomas Hummelgren, Lisa Jörnstedt, Jan Kleven, Joachim Malmberg, Anders Lerche Frederiksen, Fredrika Dannqvist, Ola Liljeqvist, Erica Bertilsson, Jenny Nilsson, Tomas Skenbäck, Carl Johan Svaton.

Missing in photo: Malin Bolander, Erik Juhlin, Maria Kesitalo, Eirik Klemetsen, Cecilia Mèrus, Ira Nyström.



Sustainability is integral throughout the company

POLICIES SUPPORTING OUR SUSTAINABILITY STRATEGY

Our code of conduct underpins our sustainability strategy. It is defined according to Amfori – Business Social Compliance Initiative and sets the rules for how we conduct our business. It also outlines what we expect and require of our suppliers and business partners. In addition to our code of conduct, we have several policies with a bearing on sustainability.

BOARD OF DIRECTORS

Ultimately responsible for the organisation and management of the company. Ultimately responsible for the company's strategy, risk management and external reporting.

CEO & MANAGEMENT TEAM

Our CEO & Management Team together are responsible for the company's sustainability strategy and sustainability management. They decide on policies and are responsible for statutory reporting and ensuring we deliver on our targets. Our Management Team naturally includes our Director of Sustainability.

SUSTAINABILITY DEPARTMENT

Ensures implementation and defines key performance indicators to support Arvid Nordquist's sustainability strategy. Coordinates and monitors sustainability work both internally and externally.

Acts as an advisor to Arvid Nordquist's Sustainability Group.

SUSTAINABILITY GROUP

The Sustainability Group includes representatives from most departments and from all the countries in which we operate. The group implements and develops the sustainability work: Proposes new targets and develops strategies to be adopted by the Management Team.

ORGANISATION

All department heads are responsible for ensuring that suppliers comply with the company's Code of Conduct, Environmental Policy, Human Rights Policy, and quality requirements.

Our Quality Manager verifies and develops the quality and food safety strategies adopted at the Arvid Nordquist's coffee roastery.

Supplier controls

EVALUATION

We evaluate the supplier's ability to meet our requirements in terms of production capacity, business competences, delivery accuracy, product quality, sustainability, and price point.

SUPPLIER'S DECLARATION

We conduct a desk study of the risks associated with the supplier's operations in terms of product safety as well as its impact on the environment and steps taken to protect human rights. The supplier signs our code of conduct.

DATA COLLECTION

We collect data via our Technical Information Sheet which sets out product and sustainability-related questions. These help us conduct a materiality analysis to identify the company's sustainability risks. Based on our analysis, we assess the extent to which supplier and product comply with our policies regarding sustainability, product safety and governance.

RISK ASSESSMENT

To assess the risks posed to our portfolio of brands, we evaluate the policies our suppliers have in place to protect the environment and climate. We evaluate each producer's progress towards a more sustainable future on an annual basis.

Human Rights Due Diligence is carried out on all launches for the Norwegian market and on producers in risk countries and/or produced with risk raw materials. The purpose is to map how human rights and decent working conditions are complied with, and demonstrate how the supplier reduces its risk for violations.

Evaluation/scoring of our supplier's food safety policies. All our suppliers are evaluated annually to ensure that they meet the prescribed food safety requirements. The exact process is dictated by the certification carried by the supplier in question.

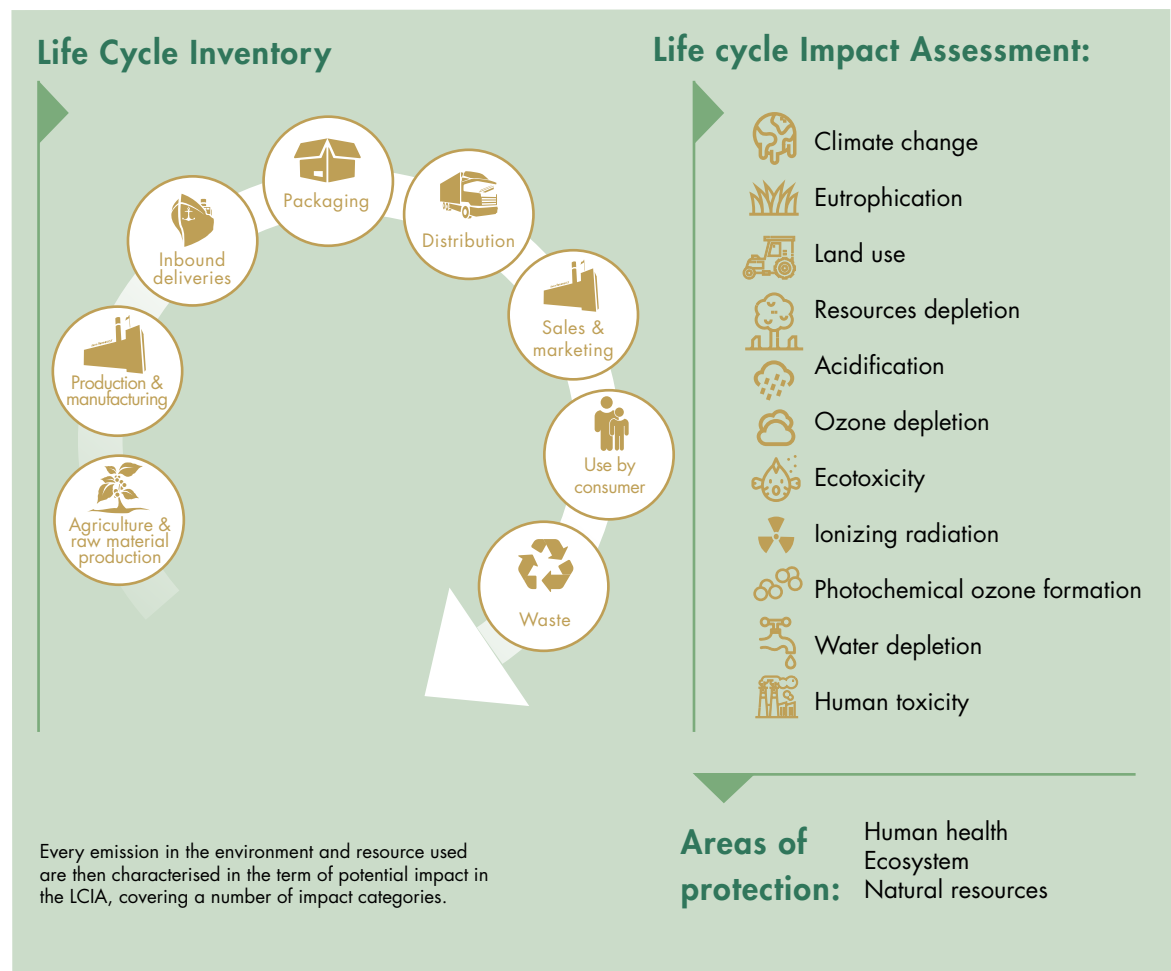
Sustainability Risks in Our Value Chain

It is crucial to consider the complexity of our portfolio when setting our sustainability goals and evaluating our footprint. Each brand is different and comes with unique sustainability challenges.

Our portfolio includes our own brand, Arvid Nordquist Coffee & Tea. In addition, we represent a wide selection of food brands and alcoholic beverages. To a greater or lesser extent, these producers share the sustainability challenges we face ourselves. However, we also work within the Non-Food category with partner-brands including laundry detergents, house cleaning products, skincare, and batteries. These brands contend with different challenges to those met by food- and beverage brands.

It is recommended to conduct a life cycle assessment (LCA) to assess the full environmental impact of a product. Typically, 11 categories are examined to pinpoint and calculate emissions and resources depleted throughout the life cycle of the product. To map the general environmental impact of our product portfolio, we draw on a selection of LCAs, each adapted to the different product categories we carry.

For each stage of a product life cycle (e.g. resource extraction, manufacturing, use, etc.) data on emissions into the environment (e.g. CO₂, benzene, organic chemicals) and resources used (e.g. metals, crude oil) are collected in an inventory.



In food production, by far the greatest impact originate from the agricultural practices which inevitably result in greenhouse gas emissions, and carries the risk of loss of biodiversity, overuse of water, and careless use of chemicals. Energy consumption is the key concern when it comes to processing the raw goods. Energy consumption is also a key concern at the stage where consumers prepare and consume the final product. At the final stage, choice of packaging determines the impact; both in terms of materials used and whether they are recyclable. With wine and beer, unlike other types of food & beverage products, packaging is a key to the environmental footprint. The glass bottle remains the most common choice for alcoholic beverages. Glass bottles are energy-intensive to produce but also heavy and as a result their distribution generate considerable emissions. Throughout the life cycle, the use of natural resources, finite

or renewable, is a crucial aspect, highlighting the need to work with resource efficiency and circularity throughout the product life cycle.

We carry a diverse portfolio of Non-Food products including laundry detergents, house cleaning products, home fragrances, skincare and batteries. It is not possible to provide an overall picture of the environmental risks associated with these product groups. Instead, we have had to rely on LCAs or other impact studies for the categories.

For laundry detergents, our volume-driver in the Non-Food category, the most relevant life cycle stages to consider include purchase and manufacture of chemical ingredients; their transport to the processing plant; product use; and the treatment of laundry wastewater. The usage stage together account for more than 50

percent of the total impact in four of the five most relevant sustainability indicators for the category: climate change, acidification, resource depletion (primarily fossil raw material) and particulate matter. To reduce the environmental impact of laundry detergents, producers should aim to minimising water used for production. They may also seek to create resource-efficient products, though more concentrated cleaning agents carry a higher risk that consumers overdose. However, the biggest potential to decrease the impact of laundry detergents lies outside our direct control: with consumers and waste-water policies. It is crucial that consumers do not overdose; that they seek to reduce the number of wash-loads; that they wash at lower temperatures and where possible use renewable electricity to power their washing machines. It is also vitally important that the laundry wastewater is handled in the most sustainable way possible.

Key sustainability factors	Coffee	Food	Wine & Beer	Laundry & Cleaning	Skin care	Batteries
Greenhouse gas emissions agriculture	●	●	●			
Greenhouse gas emissions packaging			●			
Greenhouse gas emissions along whole value chain				●	●	●
Contribution to eutrophication	●	●	●			
Chemical use and soil degradation	●	●	●			
Land use and biodiversity loss	●	●	●		●	
Water resource depletion	●	●	●	●	●	
Human rights/employment practices/occupational health and safety	●	●	●			●
Fossil resource depletion				●		
Acidification				●		
Particulate matter				●		
Non-readily biodegradable chemicals				●	●	
Plastic usage – circular packaging				●	●	
Use of chemicals				●	●	
Unsustainable extraction of environmentally hazardous minerals						●
Ecotoxicity from waste						●
Waste management						●

We have identified 17 main sustainability factors in terms of human rights/employment practices/occupational health and safety.

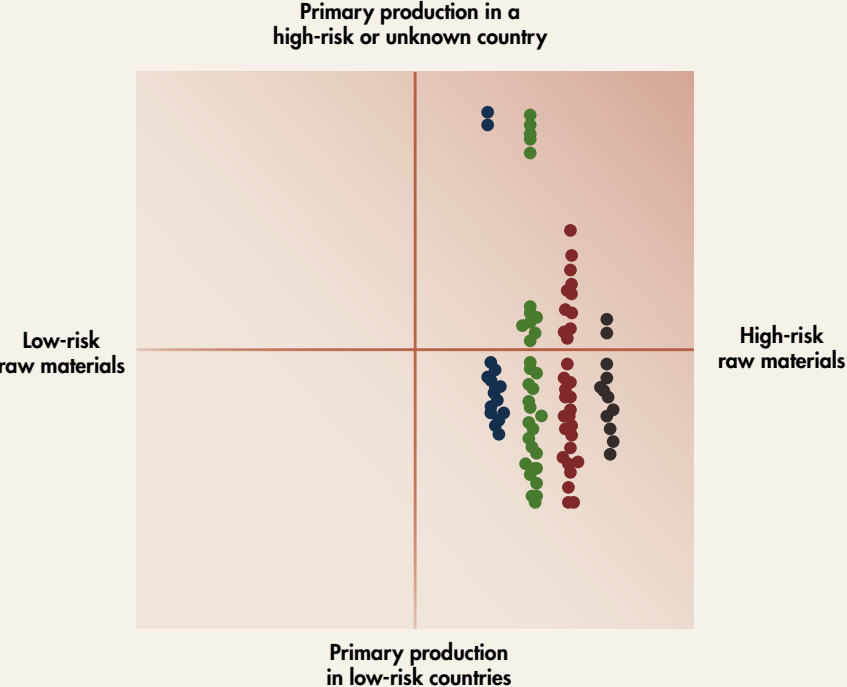
The model shows how our various product areas Coffee, Food, Wine & Beer, Laundry & Cleaning, Skin care and Batteries relate to these risks.

Source:
LCA analysis Coffee,
The EU consumer footprint developed by the
Joint Research Centre of the European Commission,
LCA analysis Nordic Monopolies,
AISE Sustainable Charter,
Eco beauty score,
Literature reviews.

Mapping of human rights risks and working conditions

In addition to the environmental risks inherent to our diverse product portfolio, we also have risks linked to working conditions, work environment and potential violations of the UN Declaration on Human Rights resulting from our business activities. Arvid Nordquist's coffee is roasted and packed in Sweden, and we have offices in Sweden, Norway, Finland and Denmark. In general, the Nordic region experience few problems with employment malpractices or poor occupational health and safety conditions. However, coffee beans are grown in countries known to violate international conventions. Whatever the crop, agriculture in low-income countries is linked to social and ethical challenges. Below is an inventory of primary production and risky raw materials in our portfolio, divided into our different product groups.

- Non-Food
- Food
- Wine & Beer
- Coffee



Stakeholder Analysis

The field of sustainability has seen major changes in recent years. Regulations and legal requirements are increasing in number as a direct result of the EU's Green Deal, a strategy with a major impact on our business and on our customers.

As many of our customers and partners, we have committed to reducing our emissions in line with the Paris Agreement, that is we aim to reduce our emissions by 50 percent. To achieve our goal, we need open reporting based on a credible calculation of our climate footprint. And naturally, these commitments impact our business.

"Each year, we analyse what is important to our key stakeholders."

However, climate change is not the only issue important to our business, our community, and the planet. Each year, we analyse what is important to our key stakeholders. Understanding the topics impacting our stakeholders and business partners, help us determine which sustainability initiatives to prioritise.

Our efforts to align our sustainability efforts to stakeholder's priorities have paid off. Our grocery customers in Sweden rank Arvid Nordquist first for sustainability in our categories, according to the industry survey Kedjeattityder DVH Sverige 2023 by Gradient Benchmark. Among the largest grocery customers in Finland, we are ranked in the top 10 in a survey by the same company.

Our stakeholder surveys have identified the following topics as the most important:

- **Reduced carbon emissions.**
- **Reduced environmental and social impacts of primary production.**
- **Recyclable and resource-efficient packaging and the development of circular business models.**
- **Renewable transport.**
- **Responsible business practices and due diligence.**

Customers

How did we engage:

- We are an active member of our trade associations' sustainability groups (Swedish Food Federation, DLF SE, DLF NO and SVL) and of DLF SE's logistics group
- Participate in collaborative groups
- Supplier meetings
- Meetings

Key topics:

- Price offer to end customer
- Our roadmap to halving our climate footprint
- Safe products
- Need for climate footprint on product and other data to deliver on new reporting requirements
- Increased transport efficiency, packaging, boxes and pallets
- Phasing out fossil-based and non-recyclable plastic packaging
- Reduced food waste
- Increased focus on sustainability certified products
- Discontinuing use of palm oil or only using traceable certified palm oil
- Phasing out harmful chemicals and microplastics in cleaning and hygiene products. Strong focus on PFAS
- Suppliers are expected to comply with Amfori BSCI's Code of Conduct
- Developing healthier products with less salt, sugar and saturated fat

What do we do:

- We support the trade associations' roadmaps for a more sustainable industry
- Member of the Swedish drinks industry's climate initiative, DK1
- Collaboration in working groups on climate calculations
- ISO 14001 certified FSSC and IP Food certified
- Target for fossil-free business
- Investment in sustainability certifications
- Halved our food waste
- Target for recyclable packaging by 2025
- Target to halve AN Coffee's emissions
- Sustainability reporting and SBTi targets
- We have reduced food waste by 50 percent

Consumers

How did we engage:

- Brand campaigns
- Social media
- Consumer contact
- Consumer surveys
- Social media
- Interest organisations (Fairtrade, KRAV, etc.)

Key topics:

- Inflation, more expensive food
- Climate and environment
- Trust in the brand
- Health and healthy food & drink
- Interest in cooking and international cuisine

What do we do:

- Investment in sustainability certifications
- Responsive in social media channels
- Value personal contact through consumer service
- Transparent reporting under Norwegian Transparency Act in Norway
- Clear list of ingredients and dosage instructions
- Increased range of alcohol-free drinks
- Resource-efficient and climate-smart packaging
- Support the industry organisation's "Talk about alcohol" and "Drinkwise" initiatives
- Take producer responsibility through affiliation with Näringslivets Producentansvar (NPA)

Authorities & Permit issuers

How did we engage:

- Indirectly through active participation in our trade associations, through which the authorities work, and through direct contact in connection with the checks applied to Arvid Nordquist as a food producer

Key topics:

- Environmental aspects within the framework of the European Green Deal
- Responsible business (care for employees and the environment, increased responsibility in the value chain, high food safety, traceability and transparency)
- Legal compliance

What do we do:

- ISO 14001 certified
- FSSC 22000 plus IP Food certified
- Sustainability reporting
- SBTi targets
- Target to halve AN Coffee's emissions
- Transparent reporting under Norwegian Transparency Act
- Target for fossil-free business
- Development project for improved traceability

Brand owners

How did we engage:

- Business-related follow-up meetings
- Follow-up meetings on sustainability work
- Daily contact

Key topics:

- Meeting contractual requirements
- Growth, good representative of the brand
- Working preventively and having procedures and skills to handle emergencies in order to effectively reduce the extent of these and any damage to the brand
- Customer demands in the Nordic market
- Arvid Nordquist's capacity to deliver

What do we do:

- Gather information about the brand owner's sustainability work in AN's business system
- Communicate increased customer demands
- Regular follow-up meetings

Employees & future employees

How did we engage:

- Employee surveys
- Workplace union representatives
- Sustainability group
- Internal auditors
- Sports club
- Performance appraisals
- Management forum
- Conferences

Key topics:

- Arvid Nordquist relocation and construction of new roastery
- Company development
- Competitive terms
- The company's responsibility for employees and in the value chain
- Compliance with guidelines and policies related to the environment, climate, human rights and anti-corruption

What do we do:

- Protect the company's culture
- Quarterly information
- Collective agreements
- Active sustainability work
- Communication of sustainability work within the company and externally
- Clarify policies
- Sustainability training for all employees
- Internal audits
- Transparent reporting of results from employee survey
- Trade union



Trade unions

How did we engage:

- Workplace union representatives
- Direct contact on specific issues

Key topics:

- Safe and secure workplace
- Psychosocial and physical working environment
- Workload
- Ensuring that employees' interests are taken into account in the event of organisational changes
- Benefits

What do we do:

- Safety committee
- Employee survey that monitors psychosocial well-being
- Follow-up of employee attendance
- Fitness allowance for all employees
- Contributions to the company's own sports club
- Free gym access

Owners

How did we engage:

- Daily contact

Key topics:

- Conducting responsible business
- The company's relocation and construction of a new roastery
- Sustainability work at the forefront
- Improved profitability and growth
- Care for employees

What do we do:

- Strong values linked to long-term thinking, responsibility and commitment – walk the talk
- High Five strategy document with ongoing follow-up
- Guidelines and policies on responsible business
- ISO 14001 and FSSC plus IP Food certified
- Management review regarding environmental and food safety
- Project groups on relocation and information to the entire company and to the trade union workplace representatives
- Sustainability reporting
- Customer surveys on how Arvid Nordquist is perceived

Standard owners

How did we engage:

- Regular meetings and contact
- Participation as a consultation body for changes to standards
- Participation in seminars and events

Key topics:

- EU deforestation regulation
- Increased need for climate data
- Supply and demand for Rainforest Alliance certified coffee (RA)
- The tough requirements of the new RA standard
- Impact of inflation in agriculture
- Arvid Nordquist's long-term sourcing strategy and volume development
- That Arvid Nordquist acts responsibly in the market and pays fees

What do we do:

- Committed to sourcing 100 percent sustainability certified coffee beans
- Aim to grow our Fairtrade and organic certified range
- Well-developed cooperation with selected cooperatives and farms
- Projects for collecting primary data in coffee farming

Farmers and local communities in primary production

How did we engage:

- Meetings during travel and direct contact with cooperatives or farm owners
- Via standard owners and local unions
- Via trading companies
- Via NGOs

Key topics:

- Living wage and decent working conditions
- Assistance with investments and skills development
- Better paid for raw materials
- Longer contracts

What do we do:

- Committed to sourcing 100 percent sustainability certified coffee beans
- Aim to grow our Fairtrade and organic certified range
- Well-developed cooperation with selected cooperatives and farms
- Projects to promote transition



Interest organisations

How did we engage:

- We keep up with publications
- Industry organisation meetings
- Direct meetings
- Collaborations on calls for proposals

Key topics:

- The climate crisis
- The global food system
- The Sustainable Development Goals
- HREDD
- Swedish companies' responsibility in the value chain and compliance with the OECD's fundamental principles
- Deforestation and biodiversity loss
- Use of chemicals
- Circular business models

What do we do:

- Arvid Nordquist observes the Amfori BS-CI's code of conduct as well as the OECD guidelines for multinational enterprises on responsible business conduct
- AN supports the call for a CSDDD and corporate responsibility in the value chain
- AN commits to buying 100 percent sustainability certified coffee through Rainforest Alliance, Fairtrade and 4C
- AN supports female coffee farmers through volume commitments and extra premiums
- AN undertakes to ensure that the palm oil in the portfolio is RSPO certified
- ISO 14001 certified
- Transparent sustainability reporting
- SBTi targets
- Halving target for AN Coffee
- Climate calculations
- Climate compensation through tree planting and forest projects
- Transparent reporting under Norwegian Transparency Act
- Target for fossil-free business

Industry organisations

How did we engage:

- Member meetings
- Participation in expert groups
- Participation in consultation groups
- Participation in seminars and industry meetings

Key topics:

- Responsible industry
- Roadmap towards fossil freedom or climate neutrality
- Helping with consultation responses
- Creating political understanding of the needs of our industry
- Skills supply

What do we do:

- Active members of the Swedish Food Federation (LI), Dagligvaruleverantörernas Förbund (DLF) in Sweden and Norway, Sveriges Sprit & Vin Leverantörer (SVL), Kemi och Hygienföretagen (KOHF) and the European Sales & Marketing Association (ESMA)
- Founder member of CEISA – Circle of Specialty Food Distributors
- Support DLF's roadmap towards a fossil-free food industry and LI's Sustainability Manifesto, as well as the cooperation project on the drinks industry's climate initiative (DKI)

Suppliers

How did we engage:

- Regular meetings
- Supplier controls

Key topics:

- Fulfilling contractual requirements
- Creating joint sustainability projects that benefit both parties
- Communication about collaboration
- Working preventively and handling emergencies in order to effectively reduce the extent of these and any damage to the brand

What do we do:

- Responsible business
- Welcome and implement joint projects, e.g. transition to fossil-free value chain, transition to fossil-free plastic, transition to biogas
- Continuous traceability tests

Academia & research

How did we engage:

- Participates in research studies in academia and student theses
- Through development projects
- Through industry organisations

Key topics:

- Tools to support the transition of the food system
- Circular business models
- Increased traceability

What do we do:

- Conducted study on climate tools for coffee farmers together with Rainforest Alliance, the ECOM trading company and the NGO Taking Root
- Several papers on Arvid Nordquist's responsibility and climate work in the coffee value chain
- Development of industry-wide method for climate carbon calculation of food
- Development project for improved traceability

Materiality Analysis



Evaluating the sustainability-related risks affecting our business and understanding which of these risks are of the greatest importance to our stakeholders combine to make us well equipped to continuously develop, improve and implement our sustainability strategy.

With the guidance of LCA-analyses and stakeholder mapping, we can summarize that Arvid Nordquist's main sustainability aspects are:

- Greenhouse gas emissions
- Human rights/employment practices and occupational health & safety in the value chain
- Land use and biodiversity loss
- Supply chain governance
- Water resource depletion
- Chemical use and soil degradation in agriculture
- Resource-efficient and circular packaging solutions
- Terrestrial and marine eutrophication
- Readily biodegradable chemicals (Non-Food)





Focus Areas & Results

Our Sustainability Strategy

Our sustainability strategy is currently focussed on three core areas: combatting climate change and reducing carbon emissions; providing sustainable products and transparent product communication; and last but not least securing a healthy work-place and good working conditions across the value chain.

For each focus area, we set ourselves measurable KPI. On the following pages we'll tell how we work towards these goals and report on the results we have achieved.

Strategy

LINK TO GLOBAL GOALS

Our goals



Take climate action and reduce CO₂e emissions.

- CO₂e reduction
- Renewable energy



- 100% fossil-free operation 2025
- Reduced energy use
- 100% fossil-free transport
- All products in the portfolio are covered by climate targets
- Reduced food waste
- Increase the proportion of organically grown coffee



Provide sustainable products and transparency around content.

- Sustainable water management
- Sustainable agriculture and land use
- Preservation of biological diversity and nature
- Sustainable materials & waste



- 100% sustainable certified coffee
- 76% of sales are third-party verified sustainably produced
- 100% traceable palm oil
- 100% recyclable packaging
- Increase the proportion of organically grown coffee



Healthy work environment and good working conditions throughout the value chain.

- Good working conditions
- Equal opportunity for all
- Healthy lifestyle



- Work for healthy and wholesome employees
- Increased employee satisfaction
- Zero vision for workplace accidents
- All suppliers must comply with Amfori-BSCI's code of conduct and have third-party follow-up whether production takes place in a risk country.
- Even gender distribution and equal opportunities to senior positions
- Support female coffee growers



Our Actions to Reduce Our Emissions

Greenhouse gas emissions from the lifecycle of our products are the key contributor to our carbon footprint. At the same time, our operations are directly affected by climate change; a major risk to our business.

The world needs to phase out the use of fossil fuels to halt global warming, and we are playing our part. It is important to us at Arvid Nordquist that we take responsibility for reducing our carbon footprint as we continue our journey towards a more sustainable future free from fossil fuels. We are active members of several industry collaborations aiming to minimise the environmental impact. We are proud to support DLF and Fossil Free Sweden's Roadmap for Fossil Free Competitiveness – Food Retail Sector, as well as the Transport Challenge and the Plastics Initiative. Together with the Swedish Brewers Association, the Swedish Spirits & Wine Suppliers, and Systembolaget, we participate in the drinks industry's climate initiative focussing on reducing the carbon footprint of the beverage industry. Together, we identify and implement sustainable solutions and report on our progress. Finally, we are affiliated with the Science Based Targets initiative and report our environmental data through CDP.



For more than a decade we have endeavoured to reduce the emissions from our coffee operations, the operation of our offices and our own transport. Today, our sustainability initiatives also include the third-party brands we distribute.

"We have reduced emissions linked to our coffee business, from farm to customer, by 11 % since 2014."

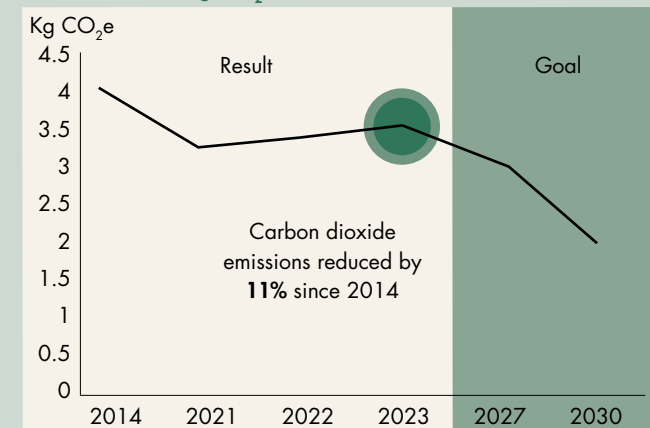
We have reduced emissions linked to our coffee business, from farm to customer, by 11 percent since 2014, including all emissions from, cultivation, production, and transport from farm to our customers' loading bays (Scopes 1, 2 and 3). Our success is partly due to a constant commitment to reducing greenhouse gases emitted by our roastery and packaging material. However, our decision in 2014 to exclusively buy sustainably certified coffee was the real game changer. Preventing deforestation and preserving biodiversity are key priorities for the Rainforest Alliance. Being Rainforest Alliance certified has thus enabled us to drastically cut emissions associated with deforestation.

"Our goal is to achieve a 50 percent reduction in the greenhouse gas emissions associated with our coffee production by 2030."

Coffee

- ✓ Since 2014, 92 % of our coffee has been verified as deforestation-free.
- ✓ Since 2017, we have **roasted our coffee beans exclusively on biofuel**.
- ✓ Since 2009, our business has relied solely on **wind- and hydro-based electricity** and energy certified "Good Environmental Choice" by the Swedish Society for Nature Conservation.
- ✓ Our coffee packaging is made of **ISCC-certified renewable plastic** derived from Finnish tall oil, a by-product of the pulping process sourced from sustainably managed forests.
- ✓ With the move to our new roastery – planned for 2025 – we aim to **reduce the energy consumption** per kg of roasted coffee **by 10 %**.
- ✓ We support a transition to **regenerative farming methods**; a move documented to further **reduce the carbon footprint** of the coffee lifecycle.
- ✓ **Where we cannot cut emissions, we off-set through forestry projects** in coffee-growing countries. Read more on page 34-36.

Plan for reducing CO₂e emissions



Goal Arvid Nordquist	Results 2023
100 percent renewable transport by 2025.	81.4 percent
We will cut emissions from our inbound deliveries by 10 percent, from the base year 2020.	We achieved a reduction of 2.6 percent in ton per kilometre.
By 2025, company cars are to be 100 percent electric or hybrids. In 2023, it was 80 percent.	80 percent
It is our goal to reduce emissions related to business travel by 15 percent, from the base year 2019.	We managed a 32 percent reduction despite business being back to normal after the pandemic. This substantial reduction is due to an increased frequency of meeting digitally rather than physically. Both for internal conferences and when interacting with suppliers.

Goal Food & Confectionery	Results 2023
By 2025, all brand owners will have sustainability targets and transparent reporting in place or be signed up to the Science Based Targets initiative.	94 percent of Arvid Nordquist's volume meets the target.
All packaging material will be 100 percent recyclable by 2025.	97 percent

Goal Wine & Beer	Results 2023
By 2025, all brand owners will have climate targets and transparent reporting in place or be signed up to the Science Based Targets initiative.	74.8 percent, based on volumes in the category; a major increase compared to 2022 as we in 2023 were entrusted more brands from Asahi's portfolio, e.g. Peroni, Pilsner Urquell, Grolsch and Asahi Super Dry. Asahi is signed up to the Science Based Targets initiative.
All packaging material will be 100 percent recyclable by 2025.	97 percent

Goal Non-Food	Results 2023
All brand owners will have climate targets and transparent reporting in place or be signed up to the Science Based Targets initiative.	100 percent of Arvid Nordquist's volume meets the target.
All packaging material will be 100 percent recyclable by 2025.	88 percent
Plastic packaging is to be made from 75 percent recycled plastic by 2025.	56 percent. The category has made major advances in 2023, with an increase of no less than 17.3 percentage points. This is thanks to A+, which now comes in 99 percent recycled plastic, and SC Johnson's Duck toilet cleaner and Pledge floor cleaner, both of which now come in bottles with 50 percent recycled material. The latter is also produced using renewable energy.

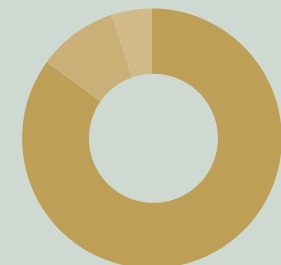
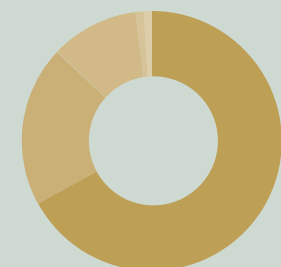
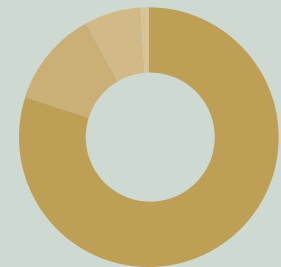
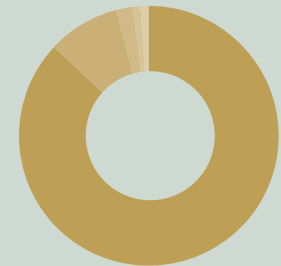
Summary per product area and per activity (market-based, ton CO₂e)

	Per activity	ton CO ₂ e/year	%
Coffee	Production	57 755	87.5
	Incoming third party supplies	6045	9.16
	Packaging material	1534	2.32
	Premises or area	261	0.395
	Distribution	194	0.294
	Company-owned vehicles	119	0.18
	Business trips	63,3	0.0959
	Totalt	65 970	100

Food & Confectionery	Production	44 912	79.9
	Packaging material	6858	12.2
	Incoming third party supplies	3925	6.98
	Distribution	252	0.449
	Business trips	157	0.28
	Company-owned vehicles	90,7	0.161
	Premises or area	7,56	0.0134
	Totalt	56 202	100

Wine & Beer	Packaging material	17 971	67.2
	Production	5271	19.7
	Incoming third party supplies	3033	11.3
	Distribution	261	0.977
	Business trips	140	0.523
	Company-owned vehicles	49,2	0.184
	Premises or area	2,84	0.0106
	Totalt	26 727	100

Non-Food	Production	57 706	84.7
	Packaging material	6734	9.89
	Incoming third party supplies	3266	4.8
	Distribution	216	0.317
	Business trips	87,5	0.129
	Company-owned vehicles	80,4	0.118
	Premises or area	5,35	0.00785
	Totalt	68 096	100



Calculation of CO₂e emissions in production for Food, Non-Food and Wine & Beer is done with templates.



Our Actions to Reduce Our Environmental Footprint

The major contributors to our environmental footprint include emissions to land and water, land use and biodiversity loss, water use and chemicals.

Arvid Nordquist has long addressed this challenge by growing the share of sales from products with third-party sustainability certification. Buying sustainability certified raw materials is a good way to ensure that the cultivation and production is environmentally friendly and that employees are treated fairly and receive fair pay.

“Buying sustainability certified raw materials is a good way to ensure that the cultivation and production is environmentally friendly.”

The certifications dictate how to maintain soil quality, how to reduce the use of water and chemicals, and how to produce in a resource-efficient way while

treating employees fairly. In addition, third-party sustainability certification helps us to communicate to consumers in a simple and transparent way, so that they can more easily make informed choices.

We are aware that this does not fully reflect the sustainability measures taken in our product portfolio, as some of our product categories lack a comprehensive sustainability certification. In addition, we fail to capture the significant improvement potential of initiatives not linked to a standard, e.g. investments into regenerative agriculture. In order to capture the benefits from such initiatives, we look into how our brand owners tackle their sustainability challenges, e.g. implementation of soil care programmes, measures taken to promote biodiversity, use of water management programmes, choice of chemicals and chemical management, waste management systems and, last but not least, the use of recognised environmental management systems.

With the purchase of roughly 2,700 tons of Fairtrade certified and organically grown coffee, we have contributed around 33 million SEK in extra premiums to cooperatives and small-scale coffee growers.



Coffee

- ✓ **100 percent sustainability certified coffee;** Rainforest Alliance, Fairtrade, and in small volumes, 4C standards.
- ✓ Our purchasing policy includes requirements to adopt regenerative farming methods, sustainable water use and reduced use of chemicals. The implementation of these requirements is verified by third-party audits.
- ✓ **92 percent** of our coffee has been **verified as deforestation-free** since 2014.
- ✓ We target the share of organic sales on the OOH channel to reach **50 percent in 2025**. For 2023, we achieved 41 percent, an increase of 3 percentage points.
- ✓ In the grocery trade, we aim to have **higher growth in organic coffee than the category**. In 2023, the segment lost 21 percent and we lost 12 percent.

Food & Confectionery

Of the brands in our food and confectionery portfolio:

- ✓ **22 percent of sales are sustainably certified.** The target is 65 percent by 2025.
- ✓ **43 percent have an internationally recognised environmental management system**, and they account for an equal share of sales.
- ✓ **46 percent have taken measures to protect biodiversity**, and these brands account for almost 67 percent of sales.
- ✓ **50 percent** of the brands in the portfolio have implemented systems for **sustainable water** use, and they account for 70 percent of sales.
- ✓ **22 percent** have reported that they operate a **soil care** programme.
- ✓ **98 percent** of the palm oil used is **traceable**.

Wine & Beer

Our Wine portfolio contains a high level of sustainability certified producers and growers. Taking care of the soil and providing the best conditions for the vine's development is an art. In order to produce tasty wines, the grapes need to be nurtured throughout the growing process using a variety of techniques. With many wine-producing regions, not just in our portfolio but more generally, facing water supply challenges, farmers have responded by developing soil care programmes and sustainable water use programmes.

- ✓ **42 percent of the portfolio is sustainable certified based on sales** – the standards they work under cover the key sustainability challenges that exist within the wine industry.
- ✓ **55 percent have soil health** programmes.
- ✓ **51 percent have sustainable water use programmes**, based on our sales.
- ✓ **Just 4 percent** of our sales in the product area come from producers that **have an environmental management system certified in accordance with ISO 14001 or similar**.

Non-Food

80 percent of the turnover in our Non-Food product portfolio includes products in the laundry and cleaning category from our brand owners BlueSun and SC Johnson. Both are signed up to the programme for sustainable laundry and cleaning products, known as the Charter for Sustainable Cleaning, operated by the International Association for Soaps, Detergents and Maintenance Products (A.I.S.E). The programme includes commitments to reduce energy use, water use, the use of non-readily biodegradable substances and to reduce waste and plastic use. Both BlueSun and SC Johnson demonstrate positive progress over time on all parameters.

- ✓ **All brands** in the Non-Food portfolio, except Duracell, are **produced** in facilities **with ISO 14001 or EMAS Plus certification**.
- ✓ **37 percent** of our sales volume carries the **Nordic Swan Ecolabel**, certifying compliance with **strict criteria concerning ingredients, biodegradability, transparency and performance**.
- ✓ SC Johnson works with the same type of **transparency and ingredient criteria**, but without using labelling. The website **Whatsinsidescjohnson.com** states **exactly** what each SC Johnson product contains in **35 different languages**.
- ✓ **Almost 50 percent of our sales volume of Duracell batteries is Nordic Swan Ecolabelled**. This means that they meet stringent environmental requirements in areas such as the use of recyclable materials, reduction of harmful chemicals, good energy performance, reduced climate emissions in production and transparent product information.

Our Actions to Safeguard Human Rights & Good Working conditions

Our initiatives to safeguard human rights and ensure good employment practices are integrated into our entire business operation, covering both our own organisation and our suppliers.

Within Arvid Nordquist

We are a value-driven organization focusing on people, teamwork, quality and sustainability. Our employees are our most important asset, the working environment within Arvid Nordquist is characterized by respect and trust for the individual as well as openness, participation and cooperation between management and employees. As guidance, Arvid Nordquist has a work environment policy.

Overall objective:

No one should suffer injury or ill-health because of their work.

“Together, we create a working environment that encourages employees to take initiative and continuously develop.”

Together, we create a working environment that encourages employees to take initiative and continuously develop, and where everyone feels safe and welcome. We monitor the company’s employee attendance rate and we conduct regular employee surveys. The combined feedback is charted on our

Barometer Index to enable an overall assessment of job satisfaction across the company and to ensure that we are on the right track in realising our goals.

Occupational health and safety policies forms a natural part of our daily routines formulated to ensure good working conditions, committed managers and employees, and high levels of job satisfaction.

The following general working environment guidelines apply at Arvid Nordquist:

- The working environment must be designed to suit the individual and their unique circumstances and needs.
- The individual should be given opportunities to participate in and influence the design and adaptation of their own workplace and working environment.
- Duties at Arvid Nordquist should, as far as possible, be interesting and stimulating.
- Employees should have sufficient knowledge and be offered the training needed to be able to carry out their work safely.

We promote a healthy lifestyle by encouraging employees to exercise during working hours, activities in our sports club, lunch subsidies and we offer a fitness allowance. We aim to avoid accidents and operate a zero-tolerance policy when it comes to discrimination.

In 2023 we have implemented a digital onboarding programme to ensure that all staff receive the necessary information and that everyone feels welcome at Arvid Nordquist. All employees with managerial

responsibility received training on how best to promote a healthy environment for their departments during the year.

“We collaborate closely with our brand owners.”

We collaborate closely with our brand owners, suppliers and stakeholders to ensure the continued improvement of employment practices across the value chain.

The Amfori BSCI Code of Conduct forms an integral part of our supplier control process. It is applied to all our business partners and their subcontractors, as well as to ourselves. It is our job to ensure that the products we put on the market have been produced with respect for the human rights. In addition, we have a policy in place to further strengthen and clarify the responsibility of all employees and management to observe the human rights at all times and to minimise the risk of violations.

Prior to entering into a new relationship and/or before launching new products, our supplier control process maps suppliers’ initiatives to ensure compliance with the UN Guiding Principles and helps us identify risks in their value chain and allows us to take action where necessary.

We believe that third-party certifications such as BSCI, SEDEX or similar provide the best protection when producers are based in countries with a high number

of human rights violations and unfair employment practices. As such, brand owners or suppliers working to these standards are ranked as low risk. Of course, violations may occur, but a third-party certification programme ensures that processes are in place to provide support to those affected.

We send control-questions to our brand owners and suppliers with production of raw materials in countries classified as risky in the CSR Risk Tool (MVO Nederland) and Global Rights Index and who are not third-party certified. The responses help us assess whether the brand owner or supplier has good, minimal or inadequate measures in place to ensure compliance. If scored 'minimal' or 'inadequate' we discuss ways to improve before moving forward. We consider low risk any brand owner or supplier with raw materials or production in countries that classified as low risk according to CSR and Global Rights Index. Our Norwegian portfolio is subject to the Norwegian Transparency Act, and the risk assessment of Norwegian portfolio is published on our website in Norway.

Coffee & Tea

For our own brand, Arvid Nordquist Coffee Roastery, we buy 100 percent sustainable certified coffee; either Rainforest Alliance, Fairtrade, or - in small volumes - 4C. These standards observe due diligence and promote better living conditions. Arvid Nordquist Tea is EU Organic certified, a standard which does not include any requirements to monitor compliance with human rights. In conclusion only 1.2 percent of our coffee and tea volume are produced in risk countries without third-party audits of compliance with key standards related to human rights and fair working conditions.

Food & Confectionery

95.5 percent of sales in the Food & Confectionery product area have processes in place to reduce the risk of unsustainable working conditions and human rights violations, or have their supply chain in low-risk countries. The remaining 4.5 percent have production or source raw materials from risk countries without third-party control or that we lack information. This figure comprises chilli peppers farmed in Africa, cocoa with no sustainability certification and cereals of unspecified origin.

Wine & Beer

72.1 percent of our wine and beer sales are generated by businesses either operating in low-risk countries or from businesses with processes in place to maintain safe working conditions and reduce the risks of human rights violations. 28 percent are produced in countries classified as risky when it comes to securing fair working conditions and protecting human rights, and where the risk is not minimised through third-party audits or through clearly defined human right policies. The figure is mainly made up of producers in Italy. We are currently mapping the procedures and processes each producer has in place to minimise the risk of violating our Code of Conduct.

Non-Food

In the Non-Food category, all brand owners with production in risk countries have third-party audits to ensure compliance with the Code of Conduct.

Anti-Corruption Work

Corruption and unethical business practices act as a direct barrier to fair and sustainable business transactions. We are aware that our industry face risks of corruption. The purchasing and sales departments are most at risk but risks also exist in the value chain. We manage these risks in the same way as other risks in our supply chain; that is by adhering to the Amfori BSCI's Code of Conduct and through our sustainability certifications. We conduct careful audits of our suppliers and monitor all purchases of goods to reduce the risk of corruption, while recognising that it cannot be completely eliminated. In addition, we have an Anti-Corruption Policy covering any internal risks in accordance with the guidelines set out in the "Code to Prevent Corruption in Business". The anti-corruption policy is part of our On Boarding program, where the employee receives a film about anti-corruption work that shows situations that may where care should be taken.



Sustainability Projects

Our Coffee is Carbon Offset to 100%

The production of coffee creates climate-impacting emissions all the way from growing to consumption.

These emissions arise from factors such as land use change, the use of artificial fertiliser, fuel consumption, energy consumption, the manufacture of packaging materials, transport, electricity use when brewing coffee and finally, waste. To work out the emissions, a life cycle analysis is carried out, in which all greenhouse gas emissions are calculated at every stage.

Here at Arvid Nordquist, we have been calculating the emissions of our coffee since 2011. Since then, we have also come a long way in reducing our emissions along the value chain, but we still have climate-impacting emissions remaining. To compensate for these, we purchase carbon offset certificates.

We primarily choose carbon offsets in projects linked to tree planting or land and forest management. We also choose to do this in countries from which we buy coffee. The projects are certified and third-party audited by Plan Vivo, Gold Standard and Verra, all three of which are well-respected standards for carbon offsetting. Many of these projects are located in coffee-growing regions, enabling us to further promote improved living conditions in the communities in which we operate.

We have three different projects from which we purchased carbon offsetting in 2023. See the next page.



Project: Communitree

Tree-Planting in Nicaragua

Since 2011, all Arvid Nordquist coffee has been carbon offset to 100 percent. One of the first projects invested in at the start was CommuniTree, a replanting scheme in Nicaragua.

Nicaragua is one of the poorest countries in Latin America and one of the countries from which Arvid Nordquist buys its coffee. The planting of trees allows us to give something back to the country and its citizens in places where coffee is grown. The trees bind carbon dioxide, have a positive environmental impact, create jobs and also offer new revenue streams for the people involved.

The CommuniTree project in Nicaragua was initiated and is run by the Canadian non-profit organisation Taking Root and has been developed in accordance with the Plan Vivo standard. Third-party verification has been carried out to show that the project meets the requirements of the standard.

The project helps smallholder farmers to plant trees alongside their crops according to an agroforestry model in an area of almost 3000 hectares. Over the 13 years that the project has been running, the project has expanded and the number of smallholders has increased from 22 to around 800. In addition, the project creates jobs for around 2000 seasonal workers each year and 40 full-time employees in the organisation. The project thus contributes to economic development in an underprivileged region with many smallholders who lack financial resources. The farmers are also able to participate in workshops

to learn about everything from tree pruning to local environmental and forestry laws. The project collaborates with a local carpentry that makes use of timber thinned out from the plantations to make various wood products that can then be sold in markets. This has been possible through close cooperation along the chain, from smallholders and the local community in Nicaragua via Taking Root in Canada to the retailers and buyers of the carbon offsets in Sweden.

The project uses an AI-based measurement method that monitors planted trees and farms digitally, while the platform measures the CO₂e bound in the forest via mobile phone, making it cost-effective and easy to use. Each hectare of the project can be linked to a landowner and visualised in the FARM-TRACE software, providing powerful communicative value for investors. In 2018, CommuniTree was presented at the Food and Agriculture Organization of the United Nations in Rome, and that same year the project's founder was awarded the Meritorious Service Cross by Canada's Governor General.

More than 3 million tonnes of CO₂e have been sequestered so far thanks to this operation, and the project continues to grow year on year. The project's model is so successful that consultants from CommuniTree train the Nicaraguan government and other authorities in their methods of supporting smallholders.

In 2023, Arvid Nordquist purchased 7347 tonnes CO₂e from the project (credits).



Photo: Zeromission



Photo: Zeromission

Tambopata-Bahuaja Biodiversity Reserve Project

Forest Conservation in Tambopata, Peru

The Tambopata-Bahuaja Biodiversity Reserve is a REDD+ forest conservation project verified by the Verified Carbon Gold Level Standard and certified to the Climate, Community and Biodiversity Gold Level Standard (CCBS).

The project is situated in Peru's rainforest; an area particularly in need of forest and biodiversity conservation. The project is developed and implemented by the Peruvian NGO, AIDER, in collaboration with the local people whose livelihoods depend on the land.

Since the start of the project, 573 299 hectares of rainforest in the Amazon have been protected. So far, the project has helped to preserve the habitat of 30 unique and endangered species, for instance the giant river otter, jaguar and giant armadillo.

The project's focus on sustainable and forest-friendly agriculture also supports local communities, contributing EUR 4.8 million to the local economy. This has been achieved by developing COOPASER, a farmer-run cooperative that provides post-harvest infrastructure, quality control and a path to market for local farmers. The project has supported 460 jobs, 30 percent of which are held by women.

Within the Tambopata project, Arvid Nordquist purchased 32 000 tonnes CO₂e from the project (credits) in 2023.



Photo: Zeromission



Photo: Zeromission

Project: Siaya Efficient Cookstove Project

Energy efficient cook stoves for Siaya communities, Kenya

According to the UN, indoor air pollution is one of the most common causes of premature death across the globe. Inefficient and hazardous wood-fired stoves and open fires are the major culprits.

In the rural communities of the Siaya region of western Kenya, cooking is traditionally done on an open fire; a method requiring a lot of firewood and generating a vast amount of indoor air pollution. This project helps families install locally made cook-stoves financed by community savings and loaning groups.

With a new efficient stove, a family will use 40-50 percent less fuel which in turn minimises the pressure on local forests and reduces carbon emissions. The stove will also improve in-door air quality lowering the risk of premature death, and it frees up time otherwise spent collecting firewood. The stoves are made by local craftsmen using locally available materials. To date, over 160 permanent jobs have been created through the project. In addition, the stoves are financed via micro-loans provided by the mostly women-led savings and loan groups. As such the project promotes the financial and social empowerment of women.

The project is certified to The Gold Standard.

In 2023, Arvid Nordquist purchased 7238 tonnes CO₂e from the project (credits).

Arvid Nordquist Coffee industry winner in Sustainable Brand Index 2024

Just as our sustainability report was going to print, we were informed that Swedish consumers see Arvid Nordquist Coffee as Sweden's most sustainable brand in the beverage category.

The Sustainable Brand Index is Europe's largest study of brand sustainability, measuring how sustainable Swedish consumers consider brands to be. In this year's study, Arvid Nordquist Coffee is ranked number one in the beverage industry. In the overall survey, Arvid Nordquist comes in at number 55 out of a total of 438 brands studied.

We are extremely pleased with the verdict from Swedish consumers. Working on sustainability has always been important for Arvid Nordquist, and we have spent almost 15 years focusing on reducing our climate footprint and monitoring the conditions in our value chain. This is a joint effort that encompasses the entire company, from every bean purchased, through our roastery and out to the store and consumer. We are happy and proud that our sustainability work is being recognised and that consumers appreciate what we do.



Swedish consumers perceive Arvid Nordquist to be the most sustainable brand in its industry

The Sustainable Brand Index study involves more than 80,500 respondents and over 1,600 brands in 36 different industries. In Sweden, a nationally representative sample of 29,000 respondents was interviewed about 438 brands, based on market share in their industry. The ranking shows how brands are perceived in terms of sustainability, with the UN Sustainable Development Goals at its heart. The study has been conducted annually since 2011.

Photo:
Jenny Nilsson - Marketing Director
Coffee & Tea,
Wilhelm Nordquist - Purchasing Director
Coffee,
Erica Bertilsson - Sustainability Director
Arvid Nordquist.

*“If we surrendered to earth’s intelligence
we could rise up rooted, like trees.”*

Rainer Maria Rilke, *The Book of Hours*