

Systembolaget and The Sustainability Platform

Dear producer and grower,

We hope this document provides a good understanding and knowledge of how we at Systembolaget work to ensure a sustainable range of beverages through traceability, systematic risk analysis and follow-up activities. Let's start from the beginning with a short description of what Systembolaget is.

This is Systembolaget

Systembolaget is a state-owned company that has a monopoly on the off-trade market in Sweden for alcohol beverages. We operate through our 446 stores in Sweden, and we have sales of SEK 31 billion.

Systembolaget exists to reduce the harm of alcohol consumption. Systembolaget is brand neutral which means that we must not discriminate against or favor any supplier, manufacturer or brand. Simply put, everyone should be treated equally and according to the same rules regarding pricing, purchasing, how products are displayed in the store and how they are evaluated based on sustainability.

Systembolaget has about 800 Swedish importers and countless producers from more than 100 countries.

Systembolaget does not produce its own products (private label).

Everyone who works in our supply chain is expected to follow the principles in Systembolaget's code of conduct. We want to work together with you to ensure that our range consists of products that are sustainable – regarding quality, ethics, human rights and environment.

Systembolaget in brief

Employees: 5 845, at least three in every municipality

Stores and agents: 446 stores and approximately 490 agents

Active drinks suppliers: approximately 800

Items: approximately 16,900; 2,500 in the fixed range, 12,200 in the available for order range, and 2,200 in the temporary range, 1,800 of which are in the local and small-scale range

Customer visits to stores: 126.2 million

Visits to digital channels: 63.1 million (systembolaget.se, omsystembolaget.se and the Search and Find app)



The Sustainability Platform and who sees what

The base of our sustainability work is in the so-called Sustainability Platform. The information that we gather is intended to deepen the understanding of the status of the sustainability work in our supply chain, and to identify where our support such as education, audits, advisory etc., is mostly needed.

The collection of information is more secure than previous Excel files, as it takes place directly in the Sustainability Platform. Entities in the supply chain have a unique identification number with a contact person who can themselves be responsible for providing correct information in the Sustainability Platform. Each entity always has full insight into what information is available about it.

The information you provide to the Sustainability Platform is shared with the Swedish Importers that added you to the supply chain of a given product. However, information about which different supply chains you are a part of is considered confidential and is only accessible for you and a few employees at the Sustainable Supply Chain unit at Systembolaget.

Information such as statistics of a certain country or product category will only be shared with others in aggregated form. Information containing personal data, e. g. name, contact information, will be processed by Systembolaget when necessary for the purpose of purposive communication and information.

The information will be processed in accordance with the European General Data Protection Regulation (the GDPR).

More information about Systembolaget's processing of personal data and contact details to the Data Protection Officer at Systembolaget can be found in the Sustainability Platform.

The Network of the Sustainability Platform

When an entity is added to a supply chain, this entity is accessible (only searchable by using identification number) for all other Importers and Co-mappers in the Worldfavor network. This means that other Importers and Co-mappers can find and add an entity **that already exists in the Worldfavor network**. Please note that it is not possible to see information about which other supply chains this entity is included in.

The information that Growers and Actual producers provide by answering the requests sent by Systembolaget will only be shared with the Importers and Co-mappers (if added by an Importer) that added them in the supply chain of a product they deliver to Systembolaget as well as a limited number of employees at the Sustainable Supply Chain unit at Systembolaget.

Sustainable supply chain – why it is important

We all have a responsibility to minimise our negative impact and maximise our positive impact, including both the environmental, social and human rights aspect. This is ensured throughout our operations, and hence, throughout our products' supply chains.

The direct and indirect impact that occurs within the supply chain is a key focus area for Systembolaget. Accordingly, we are working systematically to develop, influence, and monitor sustainability in the supply chain in a transparent way. And you are an important part of that chain!

Systembolaget's operations are global and our supply chain is sometimes complex. The majority of our 800 Importers, who supply over 16,900 products for our range, have sub-suppliers and they, in turn, have sub-suppliers of their own. In other words, there are a great many people who work to produce and deliver the drinks that Systembolaget sells. This means that our indirect impact on the climate and environment – from cultivation, through drinks production and transportation, to packaging – is substantial.

Direction and strategic initiatives

The Swedish state is the owner of Systembolaget, and our owner demands that we consider environmental and social aspects in our purchasing process. Since Systembolaget's products are produced on a global market, our sustainability work should also be carried out globally and reach all essential entities in the supply chain.

The information we gather in the Sustainability Platform is the foundation of our understanding to the status of sustainability in our supply chain. We need that understanding to identify where our support is mostly needed and to ensure sustainability throughout our supply chain.



Traceability and the Sustainability Platform – what’s in it for you?

Traceability is not a goal, but a prerequisite in order to work proactively with transparency, risk analysis and incident management in an efficient, relevant and resource-efficient way.

Through a systematic work with traceability in the Sustainability Platform, we can....

- ✓ Highlight good examples. Eg. by labeling.
- ✓ Conduct continuous improvement work at all stages of the supply chain.
- ✓ Rapid response to incidents if we find out about irregularities/incidents (most critical risks are at grower level).
- ✓ Make targeted educational programs if we see patterns in shortcomings at producer and grower level.
- ✓ Create transparency (in the long run). Our customers are increasingly demanding to know where the products they buy come from and that they are produced in a good way!

The Sustainability Platform enables:

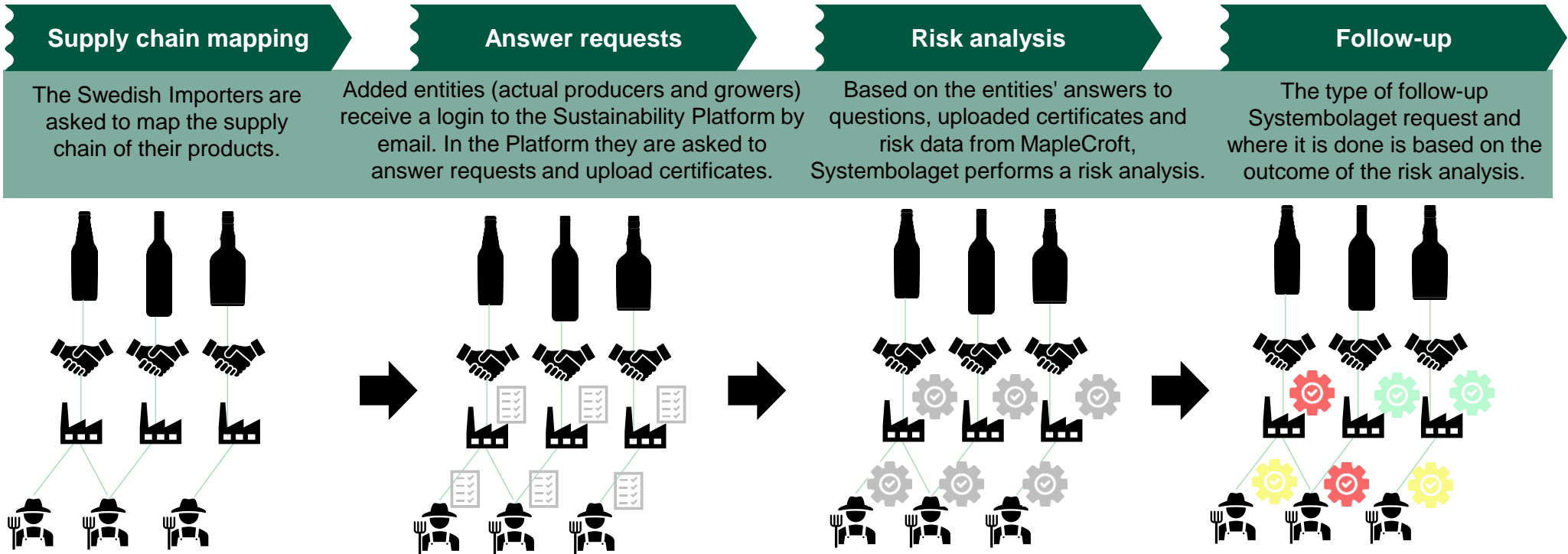
- Efficient information collection
Actual producers and growers of several products in Systembolaget's range only need to answer questions and upload certificates once, and the information only needs to be updated in the event of changes or at Systembolaget's reconciliations.
- Analysis of the products' supply chains
You can analyze the information that concerns your supply chain directly in the Sustainability Platform and follow changes over time. This can facilitate follow-up of KPIs and other relevant information to your sustainability report or other equivalent sustainability communication.



"At work, when we use pesticides, we have no protective clothing."

- Winegrower

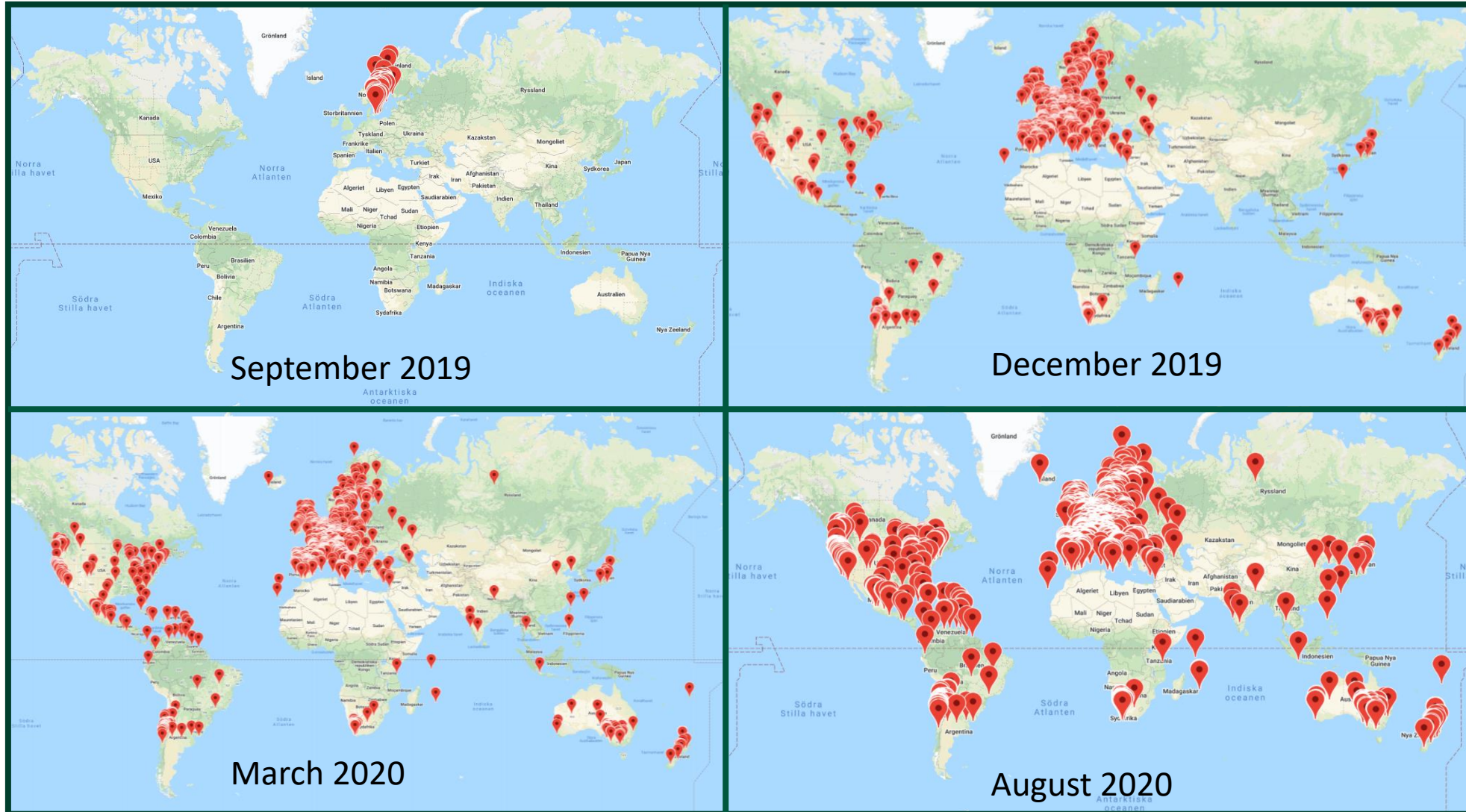
How does it work? Process for traceability and risk assessment



The information in the Sustainability Platform is the basis for Systembolaget's risk assessment of products and what follow-up that is relevant. The information is also relevant to recognize the efforts needed to continuously contribute to improvements in the supply chain (e.g. training and support in developing action plans). By mapping the supply chain and by answering requests we can also highlight good examples.

The process is conducted in four different steps and we will go through each of them on the following slides.

Mapping: The number of mapped entities in the supply chain is increasing sharply. From 200 to 4 300 entities globally in 2019.



Answer requests

All requests we send out has a purpose in our work to ensure sustainability in our supply chain. Below you find some of the requests and a short summary of their purpose. If you want a list of all requests, how often you need to update them and their purpose, please ask your Swedish importer to send it to you.



1. Product Mapping

We kindly ask you to map the supply chain of the specified product. Please be as detailed as possible. For the reporting year 2019, the minimum requirement is to map the supply chain ...



Certificates

In this section we kindly ask you to state yes/no for any standards you been audited according to/ certificates you are certified by. If yes, please upload a valid copy of the certificate/audit...



Code of Conduct

In this section we kindly ask you to confirm that you have read and understood the content of amfori BSCI Code of Conduct and Terms of implementation. Please note that not signing t...



Company information

In this section we kindly ask you to provide information about your company.



Questions about your production

In this section we kindly ask you to provide information about your production.

Product mapping: This request is sent to the Importers to gain traceability for each product, which is a prerequisite for being able to drive effective improvement in the supply chain.

Certificates: This request is sent to all Actual producers and Growers within the supply chain to give the entity an opportunity to show what certifications/standards they work according to and thus be able to reduce potential risks.

Code of Conduct: This request is sent to all Actual producers within the supply chains because compliance with and a consensus on the code's principles is the cornerstone for further improvement work in the supply chain.

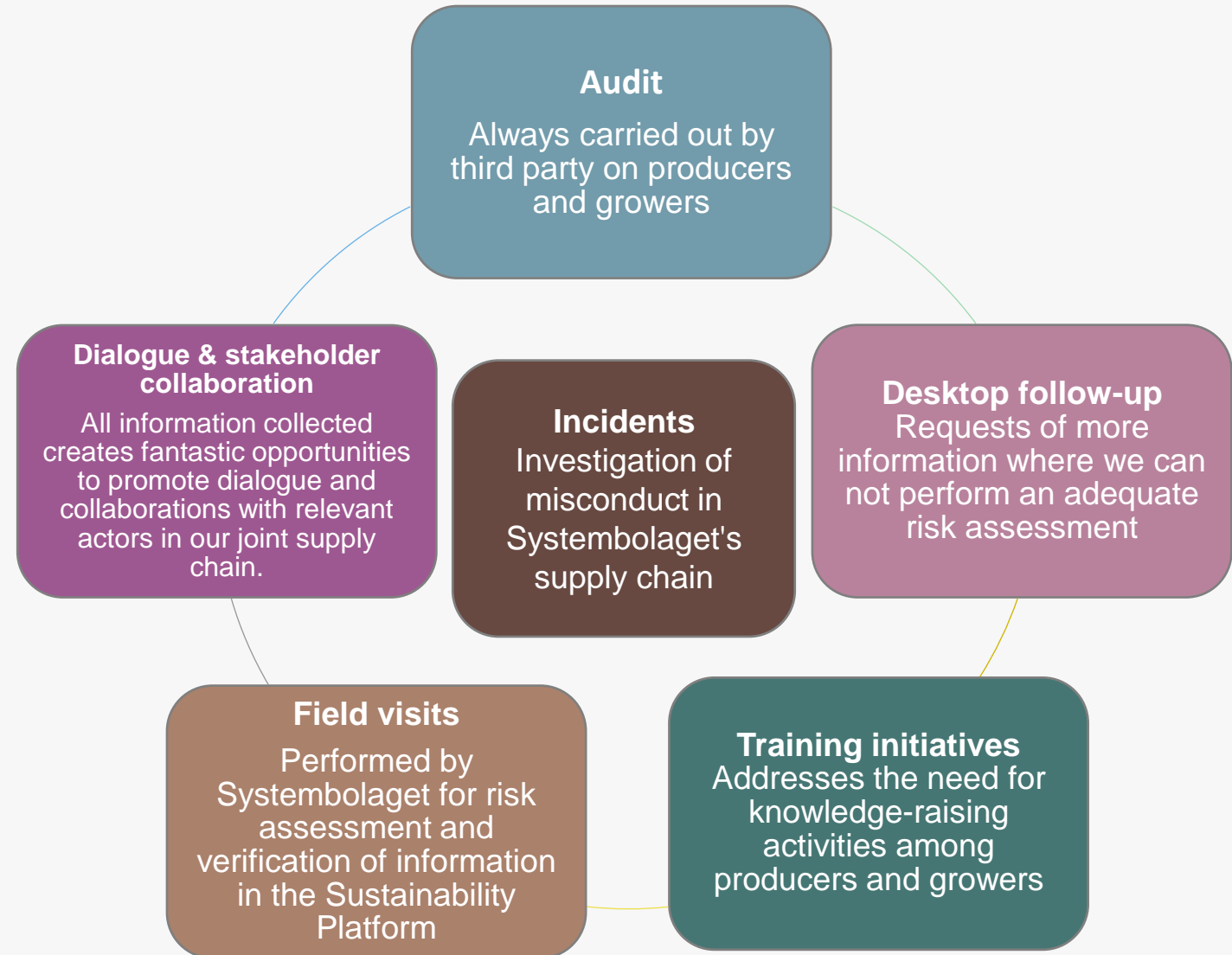
Company information and Questions about your production/farming: Is sent to all Actual producers and Growers within the supply chains to get an idea of the situation at the entity related to workers and environment and if there are any specific risks that we need to consider.

Follow-up

Risks that are followed up can be divided into two types:

1. Risks because we do not know a particular entity (e.g. growers) or that an entity has not fulfilled assigned requests to a sufficient extent (at least 75% of the requests). That is, insufficient information to make a risk analysis.
2. Risks we see based on information received about identified entities. These are based on the result of Systembolaget's risk analysis.

The follow-up is a tool to raise the level of sustainability among everyone in the supply chain, not to carry out "penalty".



...and finally:

We at Systembolaget want to thank all of you, for your effort in the Sustainability Platform!

We believe that we can make a change in our supply chain and that our goal, to sell products that are produced without harming the people or the environment behind it, is achievable. However, this is not without challenges and we need you, every producer and grower, to be onboard in this journey.

Together we have already reached far, in this video you can see what you have accomplished so far:

<https://vimeo.com/474652703/4a9c7f8014>

Finally, a special thanks to you from our director of the Assortment and Purchasing Department Sara Norell:

<https://vimeo.com/465048229/8309c2ee89>

Please contact your Swedish Importer with questions regarding the information provided.

Lastly, many thanks from us at Systembolaget working every day to utilize the Sustainability Platform and the information you provide in it.

Kind Regards,

The Sustainability Specialists

At the Assortment and Purchasing Department

Systembolaget



Anna Johansson-Strid



Emma Dahlkvist