

### PROGRESS 2020/2021

# Certified coffee makes a difference – for people and the planet

Of all the coffee we purchased this year, for the production of our own brands as well as for Private Label, 81 per cent was certified (organic, Fairtrade, Rainforest Alliance, UTZ or combinations of these). This means that 4 of 5 beans are now certified!

The purchases of organic coffee has contributed to the conversion of an area equivalent to 11,771 football fields to organic production without any artificial fertilizers and pesticides.

With our purchases of 3,000 tonnes Fairtrade certified coffee, we have contributed with approximately SEK 28 million in premiums to cooperatives including extra payments for organic farming for small-scale coffee farmers.





## Strides for certified in Denmark

The past year, we took strides in Denmark with our brand Peter Larsen Kaffe. The share of certified products increased from 47 to 92 per cent, which we are extremely proud of. The substantial increase consists principally of Rainforest Alliance certified coffee. It contributes to more farmers getting the opportunity to a sustainable livelihood and the promotion of biodiversity in the producing countries.

All products within the Löfbergs brand are certified since 2019.

## Democratisation of the value chain of coffee

As the first coffee roaster in the world, we are becoming a part of Era of We – the world's first digital platform that brings all players of the value chain of coffee together and increases the value for farmers and consumers. Coffee farmers get the opportunity to market themselves directly towards coffee roasters and consumers through Era of We.



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# Coffee packaging in recyclable mono-material about to become a reality

We are really close of having recyclable packaging. Together with a supplier, we have developed a prototype of a coffee package made of PE mono-material. The mono-material structure makes it possible to reuse, recycle and circulate the packaging many times. The prototype has passed all quality tests this far, and we are now scaling up the tests to make sure the new packaging can reach all coffee-lovers very soon!





## New state-of-the-art roastery for whole beans lays the foundation for continuous growth

On the 1st of July 2021, we finally opened the doors to our new, modern roastery for whole beans. The biggest investment in our 115-year history. The roastery has achieved an Environmental Building Silver certification and all energy comes from renewable sources.

## Milestone reached within International Coffee Partners

Together in International Coffee Partners, we have now improved the development possibilities for more than 105,000 small-scale coffee farmers and their families. The goal was 100,000 by 2023, which therefore has been reached prematurely!



## Awarded sustainability report

For the second year in a row, our sustainability report has been awarded by Hallbars Awards. This time as a national winner in Sweden and first runner-up globally in the Coffee category. The award is presented by the international organisation Hallbars with the purpose of highlighting good examples as well as inspiring and motivating others to increase their commitment to sustainability.

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## **FOREWORD**



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## A YEAR CHARACTERIZED BY CHALLENGES, NEW PROCEDURES AND CONFIDENCE IN THE FUTURE

We had a conversation about sustainable development, the past year and the future with the chair of the board Kathrine Löfberg, a fourth generation Löfberg, and Anders Fredriksson, the new group chief executive.

## Anders, you are the new group chief executive at Löfbergs since August 2021. What does sustainability mean to you?

"Sustainability is without a doubt the most important matter of our time. A sustainable development is crucial for Löfbergs to keep existing as a business, as for all companies. The latest IPCC report is clear. We need to act now and the business community plays an essential role. Since its start in 1906, Löfbergs has taken much responsibility for the community, people and the environment, and we will be a leading player that work towards a sustainable development in the future as well.



Sustainability is without a doubt the most important matter of our time.

## What has Löfbergs done for sustainability during the past year?

It has been a year of challenges for co-workers, customers, farmers and our business. But also a year where we as people and as a company have learned so much incredibly fast and made behavioural changes that otherwise could have taken several years. Our new knowledge and behaviours give us the possibility to accelerate our work within sustainable development. We have learned to meet and cooperate digitally, and find new channels for business and learning. It is possible to change unsustainable behaviours quickly when we have to. That was a great lesson to learn and it gave us hope on how we can continue and accelerate our sustainability work, from the coffee farmer's beans to the consumer's cup.

When looking back, Löfbergs has under 2020/2021 handled the present situation and worked with renewal and long-term development at the same time. The year has meant that the sale was quickly adjusted to the changed consumption patterns. Coffee lovers that have worked at home have bought their coffee digitally and started enjoying their coffee breaks in new ways. It has forced us to make auick adjustments and have a more agile attitude. That, together with our loyal consumers and customers, has made us tackle the year guite successfully, which is something we should be proud of. The new, climate-smart roastery for whole beans and the switch to renewable gas in the roastery for ground coffee have lead to strides towards our goal of being 100 per cent fossil-free, and we have reduced our climate impactwith 42 per cent compared to last year. The packaging development in the industry, where Löfbergs is a driving force, has taken important steps towards 100 per cent renewable/recycled material in all packages. And we have stepped up our efforts to increase the organisation's knowledge in inclusion and what it means in behaviour in practice.

We have reduced our climate impact with 42% compared to last year.

## Kathrine, if we look out in the world, 125 million people depend on coffee for their livelihood. How has the past year affected the coffee farmers of the world?

They have suffered significantly. Closed borders, logistical challenges with for example a global lack of containers, closed markets and curfews have made it difficult for coffee farmers to run their small-scale companies. We see that our long-standing and close relationships with cooperatives and farmers are very valuable in crises like this, and that they are something that reduce our and the farmers' vulnerability. We have also intensified our work to strengthen small-scale coffee farmers within the framework of International Coffee Partners. So far, we have reached 105,000 participants and have already reached the goal of 100,000 participants by 2023. We have devoted much effort in developing new digital ways of reaching and supporting the participating coffee farmers. And we have seen >>>

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### **FOREWORD**

» much proof that our work gives effect during the year. Participants that have been a part of ICP has a higher resistance and have performed better than many others during the pandemic. Our work with Coffee & Climate, where we support farmers to manage climate change, is another tool that we have worked hard with this year. We will spread this widely to make sure that it reaches and supports even more coffee farmers around the world.

The coffee is threatened. Fewer young people see a future in coffee. Climate change hits hard, with the frost in Brazil as an example that has forced up the market price on coffee. How is Löfbergs working to secure the morning cup and strengthen the next generation of coffee farmers?

We are a family business and have been since 1906. As owners, our vision is to create good moments for coming generations. The coming generations of coffee drinkers, coffee farmers, suppliers and also coming generations of the Löfberg family. All our efforts are all about that.

Another example is that we are the first roaster to join the platform Era of We with the goal to democratise the value chain. The platform offers the coffee farmers a practical opportunity to reach the consumer directly and get a higher value for their coffee. I believe that we, in a few years, will look back at the establishment of Era of We as a big and important step to change and improve the coffee industry.

## How are the board and you as the chair working to spur the sustainability agenda?

Sustainability is an integrated part of the business and a way of making business, so it is therefore natural that sustainability permeates the strategic work of the board and the decisions we make. Of course, we follow up to see that we are in line with our goals. To secure a sustainably long-term business – financially, environmentally and socially – is certainly also the CEO's most important task from the board.

To secure a sustainably long-term business – financially, environmentally and socially – is certainly also the CEO's most important task from the board.

## Anders, how will Löfbergs work with sustainability under your leadership?

The ambition can only be to be leading in sustainability matters within the coffee industry. Löfbergs will take the lead and push on towards a sustainable future on this planet. We must have the courage to lead and be first, and we will be successful together with customers and partners. This year, we have updated our framework for our sustainable business strategy, which is based on the global goals, our values and the

greatest risks and possibilities for our business. This framework will lead us forward towards even tougher goals and ambitions.

Löfbergs will take the lead and push on towards a sustainable future on this planet.

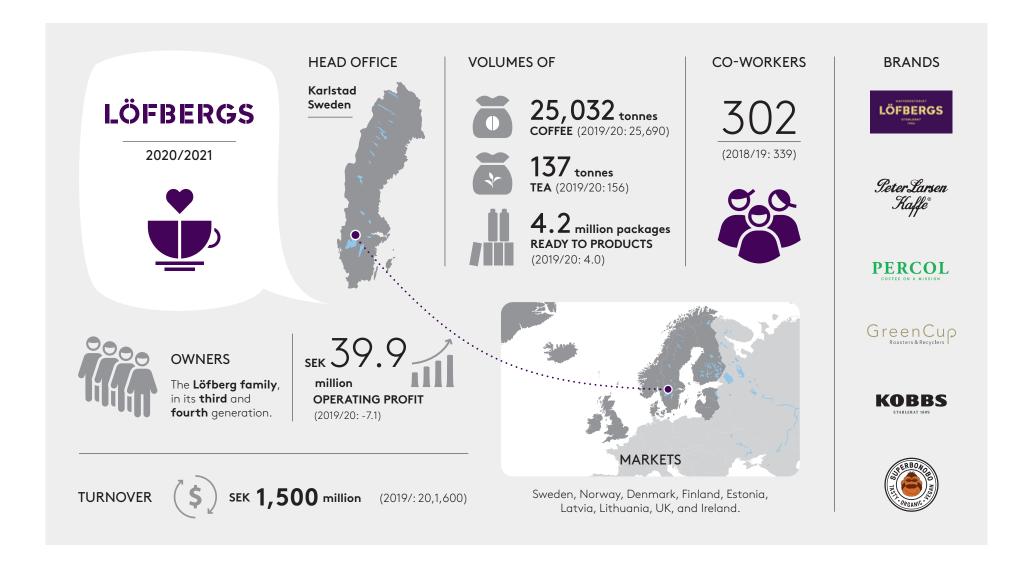
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ABOUT THE REPORT

## **ABOUT US**



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It all began back in 1906. Today, we are one of the Nordic region's biggest family-owned coffee businesses with a production that corresponds to 10 million cups of tasty coffee – a day. The passion for great tasting coffee as well as doing good for people and the environment has been a part of the company since its inception.

Löfbergs was founded by the brothers Anders, John, and Josef Löfberg. We are still family-owned, now in the third and fourth generation. We are a value-driven company with a long-term perspective on our operations. Our strength on a highly competitive market is our long history in combination with our desire to continually evolve and remain at the cutting edge. And that we love to invite others to go even further together.

## Organisation

We have a central organisation for HR, communications, quality and sustainability, financial management, strategy, brand and product development, purchasing, and supply chain. Our sales organisation is divided into three business areas, each with profit and loss responsibility.

The board of directors consists of seven ordinary members: three owners and four external members, of whom four are women and three are men. There are >>>

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≫ also two employee representatives and two deputies. Kathrine Löfberg is Chair of the Board.

The operational business is managed by the group management team, which consists of eleven executives – three women and eight men. Anders Fredriksson is our CEO and group chief executive since August 2021. Fredrik Nilsson was acting group chief executive during the financial year 2020/2021. Sustainability is an integrated part of the business plan towards 2026. The sustainability report covers all the brands and markets within the Löfbergs group (under the legal name AB Anders Löfberg).

### Our business

We are 302 coffee-lovers operating in northern Europe, who share an interest for taste, trends, sustainability, and interaction between people. Coffee in every form is still the core of our business and we are constantly developing new products, services and business opportunities that can add value for us and the world around us.

We operate in some ten countries in northern Europe under the brands Löfbergs, Peter Larsen Kaffe, Percol, Green Cup, Kobbs and Superbonobo. We also produce coffee sold under our customers' brands.

## Retail

## Straight to end consumer from the physical and digital coffee shelf

Retail is our largest business area and accounts for 56 per cent of sales. This area is usually dominated

by several large retail customers that we regularly negotiate with. We offer our cold and hot beverages to end consumers under the Löfbergs brand in Sweden, Norway, Finland, Estonia, Latvia, and Lithuania. In the UK, we operate under the brand Percol, and we are the Danish people's coffee under the brand Peter Larsen Kaffe in Denmark

This year, we have seen increased sales through our customers' digital channels. We are also available at Amazon in the UK and Sweden with the brands Löfbergs and Percol. This is where we can see an increased demand in products that are not available in other sales channels.

## Out of home

## The served cup and the cold coffee drink

The demand for the served cup has grown for several years, even if 2021 has been a heavy blow for the entire industry. Our sales to hotels, restaurants, cafés, and workplaces account for 31 per cent of sales. We cooperate with everyone from local cafés to highend restaurants, private and public workplaces to big international customers. The business often includes services, for example educating our customers in the subject of coffee, sustainability, and how to create a profitable coffee business.

We are market leaders in Sweden. In Denmark, we are strong on convenience and are building our presence in other parts of the HoReCa market. In the UK and the Baltic countries, we are strongest within hotels, cafés, and restaurants. On the Norwegian market, we work with chains and vending companies. In Finland, we are

still a challenger, but are growing in all segments and have a great visibility of the Löfbergs brand.

### **Private Label**

#### Under the customers' own brands

We are a proud partner to big national and international customers such as IKEA, McDonald's, and Circle K as a coffee producer for their own brands. Our strength lies in having the capacity of a large player in terms of purchase and production, but the flexibility of a small one and the ability to adapt production to specific wishes. This business area accounted for 13 per cent of our total sales in 2020/2021.

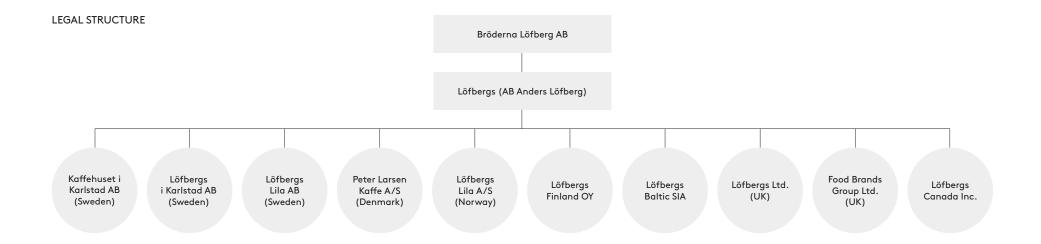
### Our own coffee shops and pop-ups

The demand for the served cup is constantly growing. This is where we meet the consumer directly in different ways. In Sweden, we have our own coffee shops in Stockholm and Karlstad. We also use mobile coffee shops and pop-up solutions in all our markets. In Denmark, we are an appreciated partner to many of the country's festivals with our LIVE concept. We also see an increased demand for our services in different kinds of private and business events.

## Through our own digital channels

This year, we have devoted much effort in developing our digital presence and offer our products and services directly to the end consumer. Today, we offer e-commerce in Norway and Denmark. Our sales straight to the end consumer through these channels are still on low levels, but we saw an impressive growth of more than 300 per cent this financial year!

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## Our strategy towards 2030

In 2020, we presented an updated strategic direction for all of Löfbergs, with updated values, purposes, and ambitions as well as a business plan towards 2030. The strategy takes off in an extensive analysis of behavioural trends, a PESTLE analysis, to understand how the world will function in 2030. The UN Global Goals have served as guidance during the work. As a part of our strategy work, we have also updated our goals for sustainable development and launched a new framework on how we spur, measure, and report sustainability. See our Sustainable Business Framework on page 20.

## **Purpose**

To make people belong together.

## **Ambition**

By 2030 we have doubled our positive impact on all stakeholders. Half of everything we do 2030 we didn't do 2020.

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## We are Together

We create and learn together. Together we make things happen. Together we are stronger, and together is more fun.

## We are Inclusive

We meet all people and ideas with an open mind, no matter background or believes. Being inclusive help us see new perspectives which make us smarter.

## We are Accountable

We are all accountable for everything we take active or passive part in. We look at ourselves and the choices we make, understanding their effect on the world around us. Our perspective is infinite; we are here to stay.

## We are Enterprisers

We dare to undertake new ventures, test new ideas and love doing good profitable business. By never standing still, challenge the status quo and staying true to our purpose, we grow.

## Values control and create clarity

We are a value-based family business and have been since 1906. Our values have been our compass, guiding our actions amongst each other and the world around us, they unite us who work within Löfbergs and function as guidelines for our behaviour and our decisions, so that we achieve our goals and create value for our stakeholders. The values create a security and give us the courage to take a stand and pursue matters that are important to us.

In 2019, we updated our values to more clearly support the behaviours that we need to keep developing and reach our goals in an even more fast-moving world. The values are integrated in the entire business and guide our development efforts for co-workers and managers, in appraisals, salary discussions, recruitment processes, departmental meetings, decisions, and tough conversations.

We are regularly measuring how the organisation perceives that we live our values with weekly pulse surveys. They give us a good foundation to regularly work with and make efforts to guarantee that we are moving in the right direction and live as we learn.

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TOGETHER —— INCLUSIVE —— ACCOUNTABLE —— ENTERPRISERS

### **OUR SUSTAINABLE BUSINESS FRAMEWORK**



## **FAIR**

#### 2030 Ambition:

A fair, performance driven and fully transparent value chain.















**BEING CHANGEMAKERS** 



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### **OUR SUSTAINABLE BUSINESS FRAMEWORK**

The scientists of the world agree that the climate situation is urgent. The biodiversity is decreasing, our ecosystems are disturbed and human activities are to blame. The planet's resources are not infinite. At the same time, we see great social challenges with increased polarisation and growing inequality. At Löfbergs, we are determined to be in the forefront and contribute to a sustainable future. Our starting point is to minimise our negative effect and maximise our positive. The perspective has always been to build for coming generations.

Our Sustainable business framework describes the direction and the ambition for our sustainability work in all markets, in our value chain and as a social actor. The ambitions and the goals have been set in line with the UN global goals and the Paris Agreement for climate change.

There's no business on a dead planet.

All life on Earth requires well-functioning ecosystems. It depends on a climate that makes the planet habitable, a rich biodiversity, access to clean, fresh water and clean air. We need to act in a circular way and use our resources to not take more than we give back.

Our values are the foundation of our sustainability work. They guide our decisions and how we work. We pledge ourselves wholeheartedly to the UN Sustainable Development Goals, which guide us in our actions and our goals. We are convinced that the business community plays an essential role in order to reach the goals.

## Social responsibility within the planet's limits

To achieve social sustainability within the planet's limits, we aim to make sure that the seven ground principles of the guidance on social responsibility for organisations (ISO 26000) will permeate everything we do.

**Accountability** 

Transparency

Ethical conduct

Respect for stakeholders

Respect for the law

Adherence to international standards of conduct

Respect for human rights

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### **OUR SUSTAINABLE BUSINESS FRAMEWORK**



## Global challenges

We are small in some respects, but big enough to make a difference in different ways. We can have an effect on people's well-being and contribute to a flourishing planet. The global challenges that we have accepted regard:

### The planet

- Climate change, loss of biodiversity, unsustainable use of resources

### The people

- Opportunities for the next generation regarding prosperity, equality, and well-being.

### Our focus

To meet the global challenges, we focus on three areas. These areas guide us in making smart and sustainable choices that contribute to our business case as well as the public welfare.



Our ambition is to go from a linear to a fully circular business without any negative effect on the planet. To manage the planet's resources, strive for a sustainable production and consumption as well as reduce the climate effect contribute directly to the global sustainability goals 8, 12, and 13 in a positive way.

We will contribute to a more fair economic growth for the small-scale coffee farmers of the world. We

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### **OUR SUSTAINABLE BUSINESS FRAMEWORK**

believe in transforming the value chain of coffee. We know that certified coffee makes a difference and that we can reach further by working together with others to strengthen coffee farmer communities all over the world. The global sustainability goals 1, 2, 6, 8, 13, and 15 permeate our ambition of a fair and transparent value chain, in interaction with the planet's ecosystem.

We have decided to contribute to a society characterised by inclusion and diversity. We will start with ourselves and our own business, but we also do what we can to inspire and influence others and use our voice in the debate. The global sustainability goals 5, 8, and 10 guide us in our ambition of a fully inclusive business characterised by diversity.

## Changemakers

To accomplish real change, we need to be innovative and courageous. Since the start in 1906, we have aimed to be pioneers in sustainability and have the courage of taking the first step. This is a role we will strengthen henceforth. We like to be the first and are happy to inspire the world around us, but we often reach our goals by cooperating with others. Not least when it comes to sustainability. In line with the global sustainability goal 17, we believe in the power of doing things together.

Our clear values create a security and make us take a stand, raise our voice, and pursue matters that are important to us. And we will continue to transparently report and share our success and our adversity.

We do not have all the answers and we do not know exactly how to reach our goals yet, but we do know that with high ambitions and goals, we tend to find ways to reach them.



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## CIRCULAR

**GOALS & RESULTS** 

2030 ambition – 100% circular and fossil free.

## Our ambitions for 2030

Circularity is a prerequisite for sustainable development. To be able to go from a linear economy to a circular one, we need smarter production and production design as well as more sustainable consumption patterns. Löfbergs aims to be 100 per cent circular and minimise our waste.

Circularity is our mindset. We strive to be fully circular through circular design models, make use of all resources and reduce the carbon emissions and the fossil-based resources in all our products and packaging. We want to use the full value of coffee and find new ways to transform waste into resources.

We encourage customers and other players in our networks to do the same. As a part of an ecosystem, and together with partners that share the same values, we develop and create a sustainable and circular business for the future.

All food that is produced will be consumed as food, otherwise it will be recycled and used in other smart ways.

## Commitments

A circular approach in everything we develop and do.

Reduce, reuse, recycle, renew.

Find new and circular ways
to use and commercialise all
resources in the entire value chain.

Go from fossil to renewable resources.

## Goals

2025

100%

renewable energy in our own production.

2030

50%

reduction of food waste in our own production and Single Served & Ready To.

100%

renewable or recycled material in all our packaging.

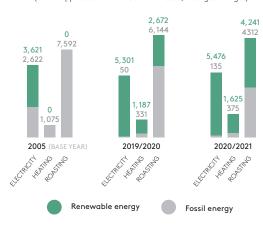
100%

fossil-free, reduce climate-related emissions to net zero.

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#### **ENERGY CONSUMPTION AT OUR FACILITIES**

(MWh. Applies to our facilities in Karlstad, Viborg and Riga.)



Both our roasteries in Karlstad are powered by renewable energy. At the roastery for ground coffee, we have had a mix of green propane since 2017, which we have scaled up until March 2021 when we started using 100 per cent bioLPG instead. At our roastery in Viborg, we have been roasting with biogas since 2014. It is a challenge to find a good alternative to the fossil-based natural gas for the roastery in Riga, which has lead to a revision and prolongation of the goal to 2025.

## HOW MUCH OF OUR PRODUCED COFFEE WAS DISCARDED AS WASTE

0.5%

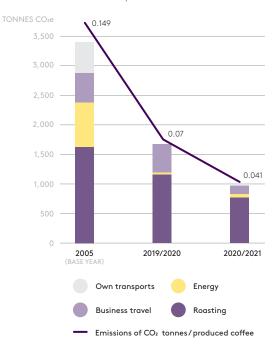
of our produced coffee in Karlstad was discarded as waste. That corresponds to 5 kg waste per produced tonne coffee.

We are proud that we thanks to an efficient process have a relatively small amount of waste in our own production, but yet we are not satisfied. During the past year, we have mapped all waste in our own production. The financial year 2020/2021 is our base year in our goal to halve the waste by 2030.

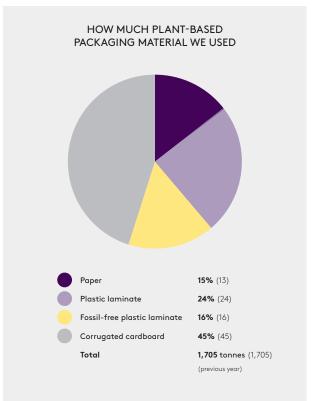
Regarding Single Served and Ready To, there are still some tasks left to be able to establish a reliable number as base year.

#### **HOW OUR EMISSIONS ARE DISTRIBUTED\***

\*Scope 1 and 2 in the Swedish and Danish business as well as business trips in the Swedish business.



The climate-related emissions decreased with 42 per cent compared to the previous year (73 per cent compared to the base year.) During the later part of the financial year, a transition to 100 per cent fossil-free bioLPG was made at our roastery for ground coffee in Karlstad. As a result of the pandemic, very few business travels have been made.



Only 24% of all packaging material we use come from fossil raw material. This year, we have focused on developing a recyclable packaging material of polyethylene, also called mono-material. The next step of the development work is to increase the renewable share in the material, with the aim to have a fully circular flow of plastic by 2030.

#### OUR GOAL TOGETHER WITH THE HAGA INITIATIVE

For the last ten years, our climate goal in the Haga Initiative has been to cut our emissions of greenhouse gases per tonne of coffee produced by at least 40 per cent by 2020 (compared to 2005).\* We reached that goal already in 2018/2019. In connection with the tenth climate report, all members of the Haga Initiative adopted new ambitious goals to reduce the emissions in Scope 1 to net zero. In Scope 2 will all purchased energy be renewable or recycled, and the emissions in Scope 3 will be mapped, identified and a strategy to reduce them will be put together based on relevance and feasibility, Compared to the companies' base year, the collected emissions of the Haga Initiative within Scope 1 have decreased with 50 per cent, which is the equivalent of approximately 1.9 million tonnes CO2e!

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## **FAIR**

### **GOALS & RESULTS**

2030 ambition - A fair, performance driven, and fully transparent value chain.

## Our ambitions for 2030

A fair growth on commercial terms, where basic human rights are respected, is a prerequisite for sustainable development. We aim to be a driving force when it comes to creating better opportunities for coffee farmers and their communities all over the world. We work in our own value chain and through development projects with small-scale coffee farmers.

We strive to minimise the risks in the supply chain by actively work with risk assessments, long-term relationships and continuously develop and follow up our code of conduct for suppliers. Certifications are our most important tool to reduce the risks and guarantee third party verification.

We want to change the existing business models, and by that increase the coffee farmers' piece of the pie on the global coffee market. Our overall ambition is to increase the value of coffee and balance inequalities in the value chain.

HOW BIG A SHARE OF ALL OUR PRODUCTS WITHIN OUR OWNS BRANDS ARE CERTIFIED

98.4%

Today, 98.4% of all products within our own brands are certified.

We are taking the next step with the goal that all purchased coffee will be certified, even the coffee we produce under the brands of our customers. All products under the Löfbergs brand are certified since 2019.

## **Commitments**

**>>** 

Contribute to justice and increased transparency and traceability in the value chain.

**>>** 

Promote direct relationships between farmers, roasters, and consumers through our commitment to the Era of We platform.



Strengthen the communities of small-scale coffee farmers.



Reduce the sustainability risks in our purchases through close and long-term relationships with farmers, risk assessment connected to human rights, code of conduct, and third-party certification.

## Goals

2023

100,000

coffee farmers will improve their opportunities for self-support within the framework of ICP.

#### 2025

100%

of all purchased green coffee will be certified by an independent party (Fairtrade, Rainforest Alliance or organic).\*

\*A share can be verified with another method that shows a similar documented effect on sustainable development.

### 2030

50%

of all purchased green coffee will have an organic certification, besides another sustainability certification.

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#### **OUR CONTRIBUTIONS TO ICP PROJECTS SINCE 2001**

## 105,028 participants 23 projects 13 countries



Despite the challenges brought by the pandemic, ICP has purposefully continued its work to educate and improve the living conditions for small-scale coffee farmers and their communities. Right now, there are six active projects in South America, Africa, and Asia. And the goal to reach 100,000 participants by 2023 has already been achieved!

## HOW MUCH OF THE GREEN COFFEE WE PURCHASE IS CERTIFIED 2010/2011 2018/2019 2019/2020 2020/2021 Organic Rainforest Alliance/Organic Organic/Fairtrade **UTZ** Certified Fairtrade UTZ Certified/Organic Rainforest Alliance

As a result of the pandemic, we saw a drop in sales on the Out of Home market, that is the coffee that we drink outside of our homes. This had a particular impact on the key ratios for Fairtrade and organic.

Since 2011, our goal for 2020 has been that all products within our brands will be certified. We reached 98.4 per cent by 2020/2021 and has extended the goal to 2025 to include a sustainability certification of all purchased green coffee, both for our own brands and Private Label. We also have the goal that 50 per cent of all sustainably certified coffee will also be organic.

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## **INCLUSIVE**

**GOALS & RESULTS** 

2030 ambition - A fully diverse and inclusive business.

## Our ambitions for 2030

Löfbergs wants to contribute to a more inclusive society. We believe in the inherent power of an inclusive culture. Then we can fully use the strength that the diversity among our co-workers involves, and contribute to a sustainable development.

We want to offer our employees an employee experience, where everyone is treated with respect, can be themselves, and contribute. A place free from discrimination. We need a diversity of perspectives in our teams, it will help us to see new perspectives, which makes us smarter and more profitable.

We take important steps every day, but are not done yet. Of course, we start with ourselves. But we also do what we can to inspire others, make a stand, and use our voice and our power to work for a more inclusive society. As a sponsor, a partner, and a voice in the society. It is about what we believe in and who we are. It is about continuing to be relevant for our stakeholders. And it is about leading the way for a more inclusive society – for everyone.

## **Commitments**

An inclusive workplace with employees that reflect society.

Use our voice and our brands to make a stand for a more inclusive society.

Diversity and inclusion centrally in all sponsorships and partnerships.

## Goals

#### 2023

All our employees experience that they get equal opportunities, are included and treated fairly.

#### 2026

Our employees will reflect the market where we operate.

Gender balance among our managers and at least 20 per cent of the managers will have an international background.

Our investments in society will lead to inclusion and be equally divided between women, men or neutral.

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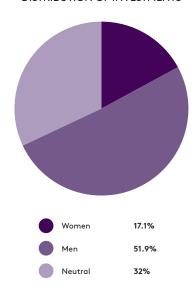
#### **INCLUSIVE CULTURE**

We regularly measure the well-being of our co-workers in temperature surveys in the Winningtemp tool.

We have chosen a number of questions that are directly connected to the goals on the previous page.

We follow that the trend is going in the right direction and that we do not have any discrepancy between men and women.

#### DISTRIBUTION OF INVESTMENTS



Includes investments made in local communities, for example organisations, sports and culture. Does not include development projects in producing countries. Neutral refers to arenas and meeting-places for culture and mixed teams for example.

#### **DIVERSITY AMONG CO-WORKERS AND MANAGERS**

	Number of co-workers	MEN	WOMEN	INTERNATIONAL BACKGROUND*
<b>Total Löfbergs Group</b> Total Leading positions	302 62	61% 71%	39% 29%	- -
<b>Sweden</b> Total Leading positions	170 31	61% 58%	39% 42%	7% 9%
<b>Denmark</b> Total Leading positions	65 10	65% 90%	35% 10%	- -
<b>Latvia</b> Total Leading positions	36 10	51% 70%	49% 30%	-
<b>England</b> Total Leading positions	20 6	68% 83%	32% 17%	-
Norway Total Leading positions	6 2	68% 100%	32% 0%	-
<b>Finland</b> Total Leading positions	5 3	61% 100%	39% 0%	- -

Almost all employees (99%) are permanent employees and full time, The rest, 1%, are temporary agent workers and mainly work in our production in Sweden as well as in our businesses in Denmark and UK. The table refers to permanent employees.

\*Data regarding international background is only available for the Swedish business.



## STAKEHOLDER ENGAGEMENT

To stay relevant for the world around us and to reach our goals, we are continuously engaging with our stakeholders.



## **Market & Society**

Löfbergs offers products, services and experiences that give me the conditions to build relationships and live a meaningful life.





#### **Owners**

Löfbergs helps us reach our vision to create good moments for coming generations through sustainability, growth and financial strength.



## (

## Organisation

Löfbergs is an inclusive, stimulating, and developing organisation that I am proud to be a part of.



## **Partners & Suppliers**

Löfbergs makes it possible for us to live our purpose and our vision.

THE LÖFBERGS GROUP SUSTAINABILITY REPORT 30 OF 76

## **EXAMPLES OF STAKEHOLDER ENGAGEMENT**

STAKEHOLDERS	INTERACTIONS	IMPORTANT TOPICS
Market & Society  - Consumers  - Authorities  - NGOs  - Society	Consumer contact and surveys, meetings, events, workshops, seminars, projects, inspections and audits	Consumer experience, health and well-being, diversity, sponsoring, social responsibility, certifications, climate impact, biodiversity, protection of nature and deforestation, human rights, legislative compliance
Organisation  - Unions  - Co-workers  - Managers  - Board of directors	Employee surveys, meetings, events, workshops, seminars, trainings, negotiations, counselling, inspections	Health and well-being, values, code of conduct, inclusion, diversity, solidarity, workplace safety, work environment legislation
Partners & Suppliers  - Customers  - Networks  - Banks, credit institutions  - Trade associations  - Certification bodies  - Suppliers and traders	Customers surveys, customer centre, meetings, visits, events, workshops, seminars, trainings, courses, projects, revisions and inspections	Customer satisfaction, business intelligence, long- term relationships, sponsoring, partnerships, lobbying, biodiversity, protection of nature and deforestation, climate impact, certifications, human rights, legislative compliance
Owners	Owners council, meetings, visits, surveys	Responsibility, commitment, sustainability, development, cooperation, financial growth, business intelligence

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### GOAL 17 - THE POWER OF DOING THINGS TOGETHER



A sustainable development requires cooperation. We also know that we get better by learning from others. We are engaged in a number of networks and initiatives to influence the social development and share knowledge and experience regarding sustainability with others.

We invest in the society in different ways, through taxes, sponsorships, and different kinds of collaborations with customers and partners. Our investments contribute both in the producing countries and in our home markets, and we choose to invest where we know that we can be most useful.

## Cooperation supports small-scale coffee farmers

We have supported more than 190,000 coffee farmers in different development projects to date. Our biggest investment is within International Coffee Partners, where we work together with several other family-owned coffee companies. We invest about SEK 1.7 million every year within the framework of ICP to support small-scale coffee farmers. Together with customers and consumers, we also contributed with about SEK 28 million in extra premiums for cooperatives and coffee farmers through the Fairtrade system. >>>

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### GOAL 17 - THE POWER IN DOING THINGS TOGETHER

## » Sponsorships that lead to more inclusive and equal sports

We sponsor both larger and smaller sports associations on several of our markets. In Denmark, we are proud partners to the elite football club for men, Viborg FF, and one of the best handball teams for women, Viborg HK. We are also a proud co-founder and sponsor to the Danish project Knus Kræft, which raises money for children with cancer. For years, we have been the main sponsor to one of Sweden's most successful ice hockey teams: Färjestad BK. The club has teams for women and men in all ages that we support in our collaboration. We are also sponsors to the Ski Team Sweden Alpine, where we for example have a very close collaboration with the world cup medallist Anna Swenn-Larsson.

Our values guide us when we choose what to sponsor. Together with the ones we sponsor, we work for more inclusive and equal sports for example. The goal for 2026 is that our sponsor money will be divided equally between men and women or be gender neutral.

## Tax – one of our most important investments in society

Paying tax is a natural part of our investments in society. For us, it is about taking responsibility and paying for the public system and the important services, which are a precondition for our business and our society to work. Our policy is always to pay tax in the country where the revenues are obtained, and we follow established principles for internal pricing.

# Direct economic value generated and distributed

Revenue

Revenue
Operating expenses1,223,133
Salaries and remuneration to employees227,466
Payments to providers of capital11,248
Tax paid to the public sector
Sweden2,598
Denmark1,556
Norway1,333
Latvia51
UK 0
Canada
Community investments7,700
Economic value retained 68,225
(all figures are in SEK thousands)

1 543 412

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### COOPERATION/MEMBERSHIPS

## Cooperation for a sustainable future

We know that we have to cooperate to achieve sustainable development. We also know that we get better by learning from others. That is why we are engaged in a number of networks and initiatives to influence the social development and share knowledge and experience regarding sustainability with other players. Here are some examples of joint initiatives and cooperation that we are engaged in:

## Internationally

#### **International Coffee Partners**

Together with seven other privately-owned European coffee companies, we run the non-profit organisation International Coffee Partners since 2001. The goal of ICP is to create better living conditions for small-scale coffee farmers.

#### Coffee & Climate

Together with the members of International Coffee Partners and several other coffee companies as well as the government agency SIDA and local NGOs, we operate Coffee & Climate that helps small-scale farmers manage climate change.

### Sweden

#### The Haga Initiative

A network of companies that work to reduce emissions from the business sector through ambitious common goals and a clear effect strategy. The network has 12 members, including Axfood, McDonald's, Coca Cola and the agricultural cooperative Lantmännen.

#### The Swedish Food Federation

The Swedish Food Federation represents the food industry in Sweden. The Federation is a member of the Confederation of Swedish Enterprise and FoodDrinkEurope. The Federation's Sustainability Manifesto consists of five commitments in the sustainability field that the members can adopt.

#### Swedish Leadership for Sustainable Development

A network consisting of 15 leading Swedish food companies that together with WWF actively take responsibility to convert and contribute to a more sustainable supply chain for food. The focus is to develop "An action plan for Sustainable Supply Chain for Food 2030", where goals are formulated for the food supply chain in general, but also for certain sectors.

#### **CSR Sweden**

A company network focusing on companies' social responsibility and societal engagement. The Löfbergs group is a member of the board through Martin Löfberg.

#### Fossil Free Sweden

A platform for dialogue and cooperation between companies, municipalities and other players that want to make Sweden free from fossil fuels.

#### RISE's Food & Environment network

A meeting-place for interested parties in the retail chain with the aim to take part of the latest knowledge, facts and events in the environmental field.

#### The 100% Club

With the 100% Club, Atea wants to challenge organisations to look over their life cycle management of IT products to increase the share of reused and recycled units.

#### **Denmark**

#### Food & Bio Cluster Denmark

A network with focus on knowledge, development and sustainability for interested parties of the supply chain for food in Denmark.

#### **DIEH – Danish Ethical Trading Initiative**

A Danish NGO that promotes ethic trade through cooperation with business, public sector and interest groups.

## From Philanthropy to Business through Danish Industry

Confederation of Danish Industry's network regarding Agenda 2030. Insight, inspiration and tools to work strategically with sustainable development.

#### Danmark mod Madspild

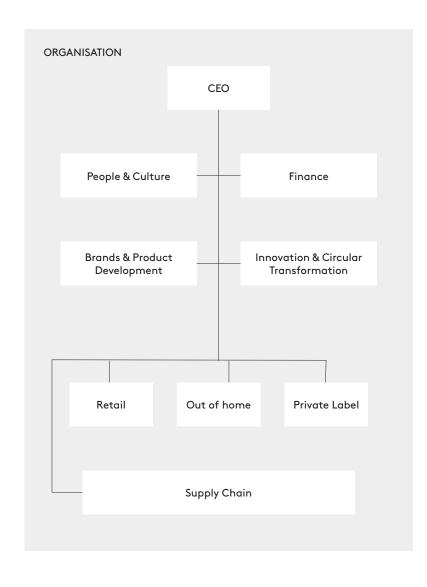
A network with a joint commitment to halve food waste by 2030. The initiators are 15 different companies in Danish retail and food production as well as interest groups.

### Kids Aid through the Knues Kræft project:

Works to contribute with more comfort, hope and joy for children with cancer and their families in Denmark during their hospitalisation.

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### SUSTAINABILITY GOVERNANCE



## Integrated throughout our business

We work fully integrated with sustainability. The group management is responsible, and the work is managed through initiatives and goals in our strategic plan. SEE PAGE 20

In People & Culture, the Head of Sustainability is the extension of group management and has several internal forums available, such as the crossfunctional Sustainability Group, where various sustainability issues are decided. Other forums include the Environmental Group and the Packaging Forum as well as temporary project groups and working groups connected to our circular conversion.

Our Code of Conduct is the top-level governing document for our sustainability work. It is based on UN Global Compact's ten principles and covers human rights, working conditions, environmental issues and anti-corruption. It also includes Children's Rights and Business Principles, UK Modern Slavery Act and UK Bribery Act. The code controls our relationships with customers, partners and other interested parties. Löfbergs also has a code of conduct for suppliers that all suppliers undertake to follow.

All employees are educated in our Code of Conduct and have a responsibility to report events and behaviours that violate our policies and values. Reporting is performed to immediate superior or HR. There is also a strictly anonymous whistle-blower system that is followed up by CFO, Head of HR or Sustainability within a week. This year, three incidents connected to harassment were reported to and managed by manager or HR.

To fully guarantee the anonymity of the whistle-blower, a system where incoming matters are handled by an external party will be implemented next financial year, in line with new EU legislation.

## ISO certified management systems

Clear management systems are important to achieve our goals. Our operations are therefore largely covered by ISO certifications. SEE TABLE ON PAGE 36

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### **GOVERNANCE**

CATEGORY CERTIFICATION DESCRIPTION Issued by the Environment and Public health Certificate of Health Committee of the Municipality of Karlstad, Sweden **Quality / Food Safety** Fulfillment of EC Directives regarding e-marking Χ requirements for correct net quantity **ISO 9001** Quality Management Standard Χ Approval of the United States U.S. FDA Χ Χ Food and Drug Administration Food Safety Management Standard ISO 22000 Food Safety Management Standard **FSSC 22000** Χ Health and Safety Accreditation Safe Contractor Χ Dansk Retursystem Danish Recycling System Х **EU Organic** Organic Production Χ Sustainable Supply Chain **Fairtrade** Χ Χ Swedish Packaging and Newspaper collection FTI Χ Sustainability Environment Management Standard ISO 14001 Χ Χ **KRAV** Organic Production Χ Χ Issued by the Ministry of Environment **Organic Control** Χ Χ and Food of Denmark **Rainforest Alliance** Sustainable Supply Chain Χ Χ Χ Organic Production Soil Association Energy audit STEMFS 2014:2 Χ Sustainable Supply Chain UTZ

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# CIRCULAR From linear to circular

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Coffee is amazing! We love the smell and the taste of it, that it gives us energy, and wakes us up. Coffee is a social glue that brings people together. But we also know that coffee could mean so much more. The coffee's full potential is not being used today. We want to change that. We want to contribute to a 100 per cent circular production and consumption of coffee, totally waste-free. The climate impacts of coffee are greatest in connection to farming, 80-90 per cent, and that is why we aim many of our efforts towards the producing countries. We also work to reduce the impact from our own production and business operations.

## Significant progress towards a climate-neutral and circular business

We had a chat with Jonas Berg, Site Manager Sweden, and Madelene Breiling, Head of Supply Chain Development, who work at the head office in Karlstad, Sweden. They are proud of the past year. Löfbergs has taken big steps on its journey towards a circular production, despite the challenges of the pandemic, .

"We are working with sustainability issues on all fronts. It is an amazing strength in our culture at Löfbergs," says Jonas Berg. "Everyone takes responsibility and pushes on within their respective area."

Madelene Breiling is confident with the goal of having a 100 per cent circular packaging by 2030. "We are close to having a fully recyclable packaging. Progress and development is going really fast, and we see a whole other customer interest. The consumer pressure is getting stronger, which speeds up the material development. We have taken big strides during the last year and are now developing a mono-material together with a material and machine supplier."

Despite a strong belief in the future, there are challenges too of course. "It is important to find a commercial connection in your fossil-free journey, to re-design a supply chain to circular materials can in some stages be costly. It is important with cross-border collaborations, that we drive the development with all players in the value chain. Then the investment can contribute to an increase in sales as well as joint environmental benefits," says Madelene. "Our goal is to reduce the amount of material being used per kilo coffee, to phase out fossil plastic and replace it with renewable, and that all material placed on the markets will be designed for recyclability. By using as clean materials as possible, they can be reused or recycled and circulate many times."

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It is important with cross-border collaborations, that we drive the development with all players in the value chain.

## Biggest investment in the history of Löfbergs

The construction of what would be the biggest investment in the history of Löfbergs began two years ago. The task was to build a new roastery specialised in whole beans to meet an increased demand. High sustainability requirements have permeated the entire project, in everything from construction, energy, indoor climate to emissions. The final result is a state-of-theart roastery with a capacity of 10,000 tonnes per year adjacent to Löfbergs's central warehouse in Välsviken, Karlstad, Sweden. The building has, just like the central warehouse, achieved an Environmental Building Silver certification, which means that there are extra high demands on choice of materials, energy efficiency, and work environment. All energy comes from green sources.

"We have really left our knowledge, our mark, and our soul in the entire roastery. The design of the roastery has not been contracted out. Our own project group has been there for every little detail. We have managed to capture all knowledge in our organisation and got valuable insights that improved the production flow and operations," says Jonas. "We have challenged ourselves all the way. We want to be in the forefront. It spurs us as well as others." >>>



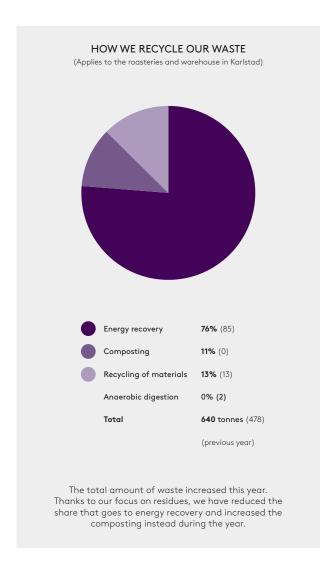


>> The view on waste has also changed this year. "We have been working even more systematically with residues from the production," says Madelene. "Seeing new solutions and finding the value in your residue streams, like upcycling, is exciting. We have tried making furniture of coffee and plastic waste, for example. And we have started to learn more about working in collaborations that expands beyond our traditional value chain – and create new products that aim at new customer segments," she continues

Upcycling is exciting, we have tried making furniture of coffee and plastic waste.

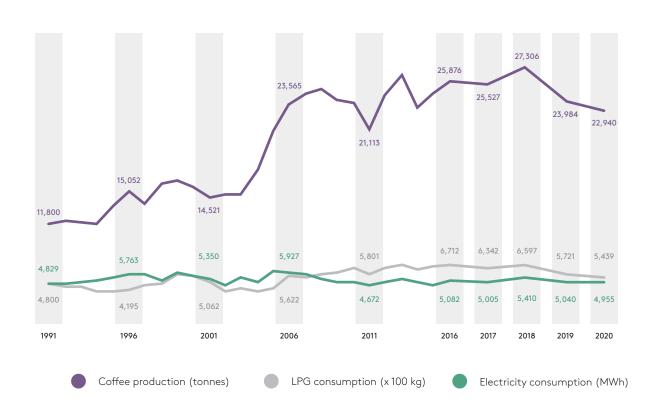
"It is sad when top-notch coffee has to be wasted," Jonas adds. "We have worked a lot with our routines for redosing and production prognoses. We also have dialogues with customers about different possibilities for them to receive pallets with leftover products for example. Our cooperation with for example Circle K and Sculptur are really good examples of innovation and the power we can have together with our partners."

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#### COFFEE PRODUCTION IN RELATION TO LPG AND ELECTRICITY CONSUMPTION

(Applies to the roastery in central Karlstad)



We have doubled our coffee production at the roastery in central Karlstad since 1991, but without increasing the electricity and LPG consumption thanks to a number of energy efficiency measures.

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## Milestone towards circular packaging

In our endeavour to be 100 per cent circular by 2030, we are working with a number of different partners to find solutions. During the past year, we have carried out successful pilot tests of one of the world's first prototypes of a coffee packaging made of PE monomaterial. A milestone that makes it possible to get a circular flow of plastic used in coffee packaging. The mono-material structure enables the plastic to be collected, sorted and reused many times. This means that what was previously seen as waste can now become material for new products.



#### Big and small for biodiversity

The loss of biodiversity is just as urgent as the climate issue. We need a conversion and that the business community takes the leadership in the matter to turn the trend around. That was also the message of an op-ed that we wrote with six other companies and players. It was published in connection with the EU appeal regarding demands on tougher legislation to preserve nature worthy of protection.

In Denmark, we made room and planted seeds to give pollinators access to important nectar and pollen. Our landmark in Viborg, the light-blue coffee pot Madam Blue, is now surrounded by flowery meadows and pulsating life with carefully selected plants that suit wild pollinators.

#### Together against food waste

This year, we joined IKEA in the groundbreaking 10x20x30 Food Loss and Waste Initiative. The initiative goes hand in hand with the global sustainability goal 12.3 regarding food waste as well as our own initiative Circular Coffee Community, where the purpose is to eliminate all waste related to coffee. In 10x20x30, we will measure, set up goals for and follow up all waste and present strategies to reduce it.

Together with Circle K, we produced a coffee blend of beans that otherwise risked being wasted. The unique waste coffee is a result of a long-standing collaboration with Circle K and contributed to a reduction of CO2 emissions with approximately 60 tonnes.





#### Waste becomes 3D printed furniture

We tested making furniture of residues from the production already last year, together with our partner Sculptur. It resulted in the world's first 3D printed coffee podium, mainly produced by recirculated material. We are continuing down that track and have carried out a project this year, where we investigate the possibility of increasing the mix of recirculated material and scaling up the production.



## Circular Coffee Community is growing

Circular Coffee Community has another new partner. All coffee grounds are saved at our customer, Volkerts Fylke. The grounds are picked up by Daka ReFood, who uses it to produce energy and fertilizers.

"We have a joint responsibility to use the resources of nature in an optimal way. Our primary product is coffee, but we know that the coffee has much greater potential than what we use it for. That is why we have created Circular Coffee Community, where we work together with others to find solutions that contribute to a circular coffee industry with zero waste," says Lars Aaen Thøgersen, Chief Innovation and Circular Transformation Officer at Löfbergs.

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# FAIR Together for a fair growth

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### **FAIR**

A fair growth on commercial conditions, where fundamental human rights are respected, is a prerequisite for sustainable development – for us, our business and the world around us.

The climate change has an impact on coffee harvest and the 125 million people who earn their livelihood from coffee. Human rights is a risk area in the entire agricultural sector, and coffee is no exception. To secure the supply of coffee for tomorrow, we are working together with a number of players to improve the coffee farmers' living conditions, development possibilities, and ability to adapt to the effects of climate change.

## A year of increased risks – but also new possibilities

Martin Löfberg is Chief Purchasing Officer at Löfbergs and spends a lot of his time on sustainable purchases. His colleagues and he usually travel many days per year and visit coffee farms and other suppliers. He tells us how the pandemic has made the work more difficult and increased the sustainability risks. But also how digital solutions can lead to increased transparency and simpler direct contact with the coffee farmers. Having a positive effect gives new increased possibilities.

He is proud that Löfbergs as a company is taking responsibility and promotes cooperation, engages in global issues and invests in its own production as well in the farming stages. "We are able to keep a breadth with limited resources, and we work with the totality. We do what we can to reduce the risks and have a commercially prospective perspective at the same time. It has to be related for us to make a difference in the long run," says Martin.

"The pandemic has lead to us not being able to be on site as we usually are," Martin tells us.

"The visits are one of our most important tools. They give us other opportunities for cooperation, when we are there and can see how climate change, infrastructure and the political situation affect a region. Despite not being able to be there physically, we have managed pretty good thanks to our long-standing relationships with many farmers and the close dialogue we have had through digital channels."

The sustainability risks have increased during the pandemic. When people are fighting for their survival, there is less focus on working conditions, pesticides and quality. The ones at the bottom of the chain are the most affected, not least migrant workers that often pick the coffee. "The commercial aspects get even more important and to focus on how we best can contribute to reducing the risks. We purchase our coffee directly from the producing countries with as few intermediaries as possible. A large share comes from cooperatives with small-scale coffee farmers. The cooperatives can consist of hundreds of members, but we still have full traceability," Martin explains.

We purchase our coffee directly from the producing countries with as few intermediaries as possible.

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#### **OUR SUSTAINABILITY LABELS**



Fairtrade is an independent product label that focuses on human and labour rights. The farmer is guaranteed a minimum price and the cooperative receives an extra bonus. This paves the way for better working and living conditions.



Rainforest Alliance is an independent label that focuses on conserving biodiversity, sustainable farming methods and the conditions and livelihoods of farmers.



Rainforest Alliance has joined forces with the organisation UTZ Certified and developed the new Rainforest Alliance Sustainable Agriculture Standard, which came into effect on 1 July 2021. All three labels are being used during a transitional period. The new standard gives possibilities of better controls with help from for example GPS points and satellite information.



The EU organic production logo is mandatory for all pre-packaged organic food products. Use of the label is voluntary for imported food products. It is only used on food products that are grown without the use of chemical pesticides or artificial fertilisers.



The Swedish KRAV label is only applied to food products grown without chemical pesticides or herbicides, artificial fertilisers or GMOs. Moreover, the products must only contain natural additives. The label also stands for humane animal welfare, social responsibility and a sustainable climate.



The Ø label is a Danish organic label. The label may be placed on organic products produced and inspected by the Danish Veterinary and Food Administration and the EU.



Soil Association Certification is the largest label for organic products in the UK. The label is used for food products, animal welfare, textiles and beauty products.

#### **FAIR**

#### Risk assessment in all stages

Purchasing has gotten a more centralised role at the company over the last years. Indirect purchases like materials, services and logistics are also handled by the purchasing department at the head office in Karlstad. It leads to a better control of all criteria being met and the evaluations are equivalent. The risk pyramid for raw material, finished goods and other goods describes how we work with risk management within our supply chain.

"Before starting up a new cooperation, we have a thorough assessment process covering all aspects of sustainability, security, and quality as well as risks connected to origin and type of product," says Martin. "After passing, all suppliers sign and commit to our Supplier Code of Conduct. They are periodically evaluated based on it. When visiting coffee farmers, we always check sustainability, security, and quality parameters. All data is registered and followed up."

#### Cooperation is the engine

On the question what Martin thinks that Löfbergs should focus more on in the future, he says hopefully: "There is an incredible power in doing things together with others – with suppliers like cooperatives and farmers, customers and other partners. We will build on that power. We will continue to both believe in and aim towards the existing global goals. Imagine the results we can achieve, if we all pull in the same direction. We want to push on for a transformation in the coffee sector. We believe in the power of a direct and transparent contact between farmer and consumer. That is why we, as the first roaster, have joined the platform Era of We, which gives more power to the farmers and increases the value of the products," says Martin.

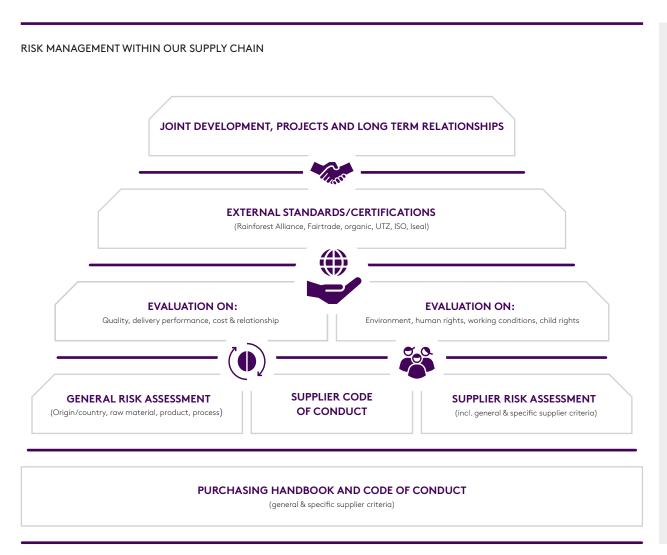
There is an incredible power in doing things together with others – with suppliers, customers and other partners. Imagine the results we can achieve, if we all pull in the same direction.

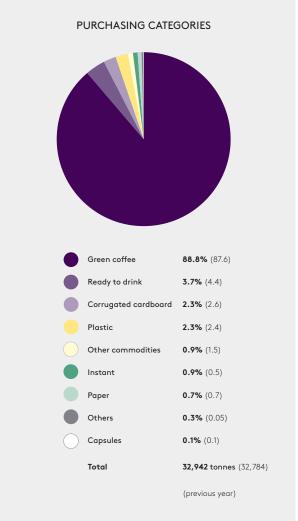
#### **OUR SUPPLIER CODE OF CONDUCT**

Our Supplier Code of Conduct is based on the UN Global Compact's ten principles, the ILO's fundamental conventions and our own guidelines for ethics and the environment. If we discover something that conflicts with our code of conduct, we have processes to handle these situations. In first hand, we work with demands and support to change it to the better. If that does not help, we can end the cooperation. This year, we have intensified our supplier follow-ups, but have not discovered any major violations.

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#### **FAIR**





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As a non-profit cooperation between eight familyowned coffee companies, ICP has shown the importance of working together in innovative projects with a comprehensive view of the farmers' situation to create a positive and lasting change in the coffee sector.

Kathrine Löfberg, chair of the board in ICP since 2016.



## Is blockchain the future technology for coffee?

Coffee has a long way to travel with many players involved on the way to your cup. Together with COWI Foundation, University of Copenhagen and Chalmers University of Technology, we are finishing off a research project, where we have taken a closer look to see if the blockchain technology can contribute to a more transparent and fair value chain. The cloud-based system makes it possible for connected players to see the data that is shared by everyone in the chain, which can strengthen the trust between the players since the data cannot be manipulated or changed afterwards.

The result of our work is a series with speciality coffee in a limited edition from our Next Generation Coffee Farmers (Young Coffee Growers) project in Colombia, which brings a unique understanding of the origin of coffee. The coffee is sold in Denmark under the brand Peter Larsen Kaffe and has a QR code that traces the coffee all the way back to the farmer, who has picked the coffee berries.



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# INCLUSIVE Inclusion makes us smarter

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### **INCLUSIVE**

We believe in inclusion and diversity. We want to offer our co-workers a workplace, where everyone no matter their gender, age and origin can be themselves, contribute, and develop. A safe, inclusive, and developing culture with a diversity perspective makes us smarter and more profitable. We start with ourselves, but also do what we can to effect and use our position to contribute to a more inclusive society. We are far from done, but we have taken several important steps towards our goals this year.

#### Regular surveys invite everyone

As a part of including our co-workers and learn from them, we started measuring their well-being and commitment in real time in 2021. And we scrapped the yearly employee survey. With help from the research-based and Al-driven software Winningtemp, questions are asked regularly every week.

"Now we get data of how our co-workers feel in real time and we can act proactively to handle everything from stress to how our co-workers feel included in different decisions. All managers will also keep a running, open dialogue with their teams regarding the results and decide about actions that the team wants to prioritise. Everyone is included and can contribute to our development as an organisation," says Helena Eriksson, Head of Group HR.

Now we get data of how our co-workers feel in real time and we can act proactively.

Löfbergs is proud that the co-workers feel great affiliation in their teams and not least in matters connected to respect for each other. The autonomy area has developed in a positive way this year, something that surely can be due to the increased flexibility that many of the co-workers who have worked from home feel.

Inars Kempelis, Head of Production in the Baltic region, is already seeing many positive results as a consequence

of the new way of working. "The team thought it was a bit unfamiliar to answer the questions every week at first, but it has been positively received and quickly become a natural part of our weekly meetings. It is about making sure that everyone is well and can make a good job. The co-workers' well-being is the most important issue for the whole business, and nothing we can measure only once a year."

The co-workers' well-being is the most important issue for the whole business, and nothing we can measure only once a year.

"The work is affecting our mental health to a great extent and just as with many other business, we can see in the results from Winningtemp that stress is a risk factor for us," says Helena Eriksson.

But stress is not always connected to having too much to do. Living in a state of uncertainty, which many have done during the pandemic, is also something that has led to stress. "During the spring of 2021, we had a decline in produced volume due to a decrease in demand. I could see directly in Winningtemp that the stress level of the team considerably went up. And thanks to the data, I could act quickly and increase my communication about our present situation and reduce stress and worry with my co-workers," says lnars.

That all co-workers feel included and treated fairly is a prioritised area.

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#### **INCLUSIVE**

Helena Eriksson tells us more about how the new way of working contributes to reaching the goal.

"We get running data every week on insights related to strengths as well as weaknesses and have selected a number of questions that we follow up connected to our different goals. We are also looking at the difference between men's and women's experiences. We also get running data on how our co-workers experience that we live our value "We are Inclusive" and can steer our efforts after that.

We have zero tolerance for discriminatory treatment and harassment. "The system flags straight away if a co-worker answers negatively on questions connected to discriminatory treatment/harassment and sends an alert to us at HR so we can act. A complement to our existing whistle blowing system," says Helena Eriksson.





#### **Equal board**

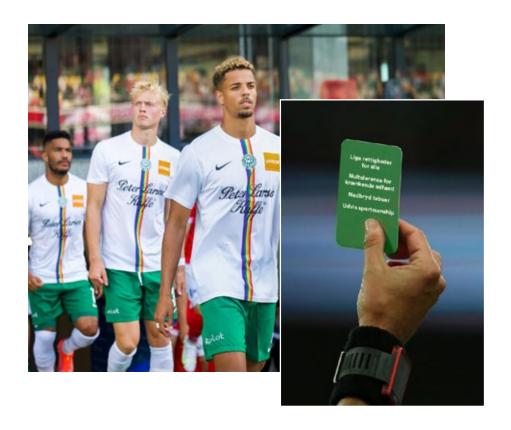
Equal boards should be a matter of course, but even if it slowly gets better, there is still a long way to go in many parts. For me as the chair of the board, it is about getting as many point of views as possible in a matter, and that we are reflecting society. Studies also show that mixed groups make better decisions and try harder. It is a lot about smartness, and to make it more fun of course.

Löfbergs's board of directors consists of seven ordinary members, four women and three men.

#### Green card for fair sports

We all know that there is a yellow and a red card in sports. Our business in Denmark, Peter Larsen Kaffe, is now introducing a green card. In the new sponsor agreement between the men's football club, Viborg FF, and Peter Larsen Kaffe, there is a clause for ethical rules. The clause is called "Green card" and sets a completely new standard for sponsorships between companies and associations.

The green card includes joint values between the two parties and focuses on equal rights for everyone, sportsmanship, and zero tolerance for discriminatory behaviour. Green card also includes a purposeful work of identifying structures and patterns that counteract an inclusive and equal society. In the future, Peter Larsen Kaffe will have the green card as an element in all new agreements and negotiations regarding a prolongation of existing sponsor contracts.





## Coffee as an engine to wipe out homelessness

This year we became proud partners and suppliers of the UK based social company Change Please. Their mission is to wipe out homelessness through coffee. The café chain, which operates on eight markets in Europe, invest all its profit in initiatives that help homeless people get jobs and a home. Together, we will sell tons of tasty coffee for an inclusive and fair society. A cooperation we are extra proud of!

## Verbal contract for an inclusive workplace with zero tolerance for harassment

During the spring of 2021, we carried out a workshop series for all 170 co-workers in Sweden to increase knowledge regarding harassment and discriminatory treatment. The purpose was also to create understanding for how a joke, an unchallenged comment and stereotypical gender roles are connected to behaviours like sexual harassment, bullying and master suppression techniques. In the autumn of 2021, this work will land in a verbal contract between all co-workers at Löfbergs on how we can act to be a part of the solution. No one's fault, everyone's responsibility.



## LOFBERGS A zero-vision for accidents It is natural and important for us to offer a safe and healthy work environment. We have a zero-vision for accidents and regularly conduct risk assessments. Our most prevalent occupational risks are stress-related illness, accidents within our production and our salespeople spending many hours on the roads. We have had twelve work-related incidents during the year, of which two led to shorter absence. When incidents occur, we take correcting actions to minimise the risks of them happening again. All co-workers have a responsibility to report risk observations, incidents and accidents in an accessible system, which is followed up by the respective manager and the forum Work Environment Group, where safety representatives and different parts of the organisation are represented. All managers in Sweden have been educated in work environment law and systematic work environment. They also have a running dialogue with their teams every month. THE LÖFBERGS GROUP

#### Inclusion in focus during Culture Week in the Baltic region

"During the year, we have had quarterly, completely digital Culture Weeks that have been really useful. It has been a way for us to strengthen the team and keep the great atmosphere even when we cannot meet physically. We have talked about how we live our values, learned from each other and enjoyed some coffee too, of course. To be inclusive and open is a linchpin in our company culture, and it has been a recurrent theme of our Culture Weeks. As an inclusion ambassador, I work a lot with talking to our leaders to create an understanding of what inclusion means in behaviours. I encourage the managers to have a dialogue about this with their teams, so that we strengthen some behaviours and are aware of which behaviours are excluding", says Saiva Jankovska, Inclusion Ambassador and Marketing Manager in the Baltic region.



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## **SUSTAINABILITY SINCE 1906**



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#### 1906

Begins importing and selling coffee that takes people and the planet into consideration.

#### 90's

Draws up an environmental policy.

First roasting house in Europe to remove aluminium from coffee packaging.

Imports the first container of organic coffee to Sweden.

Installs geothermal heating in Karlstad, Sweden.

#### 00's

Co-founds International Coffee Partners, which improves conditions for small-scale coffee farmers

Launches a coffee that is both organic and Fairtrade.

Starts using wind power electricity and replaced oil with district heating in Karlstad, Sweden.

Installs new roasting machines and reduced LPG and electricity consumption by 20 percent.

Operations in Latvia are certified in accordance with ISO 22000 (food safety).

#### 10's

Joins the Haga Initiative business network.

Purchases Green Cup in the UK, which sells certified coffee and recycles coffee grounds.

Co-founded Coffee & Climate, which helps smallscale coffee farmers face climate change.

Starts using biogas in Viborg, Denmark, achieving 100 percent renewable sources.

The Löfberg Family Foundation is formed, with the purpose of promoting sustainable development in producing countries.

Starts Coffee for a Better Future, a development project in Kenya that strengthens coffee farmers through education, training and trade.

The entire Löfbergs range is certified with at least one sustainability label (organic, Fairtrade, Rainforest Alliance).

The purchases of organic and Fairtrade labelled coffee break new records.

Launches Next Generation Coffee – an initiative that supports young coffee farmers in Colombia, Kenya and Tanzania through education and direct trade.

Starts to phase out the fossil plastic in packaging and replaces it with plant-based alternatives.

Presents a group-wide program for inclusion.

Continues to increase the share of bioLPG. Contributes to reducing the company's own greenhouse emissions with 50 percent per produced tonne of coffee compared to the base year of 2005.

Establishes its own coffee farm in Denmark with focus on circular economy and development of products and solutions where more of the coffee biomass is used.

Opens Sweden's first highbay warehouse to achieve Environmental Building Silver certification.

#### 20's

Launches Circular Coffee Community to contribute to a 100 per cent circular production and consumption of coffee, with zero waste.

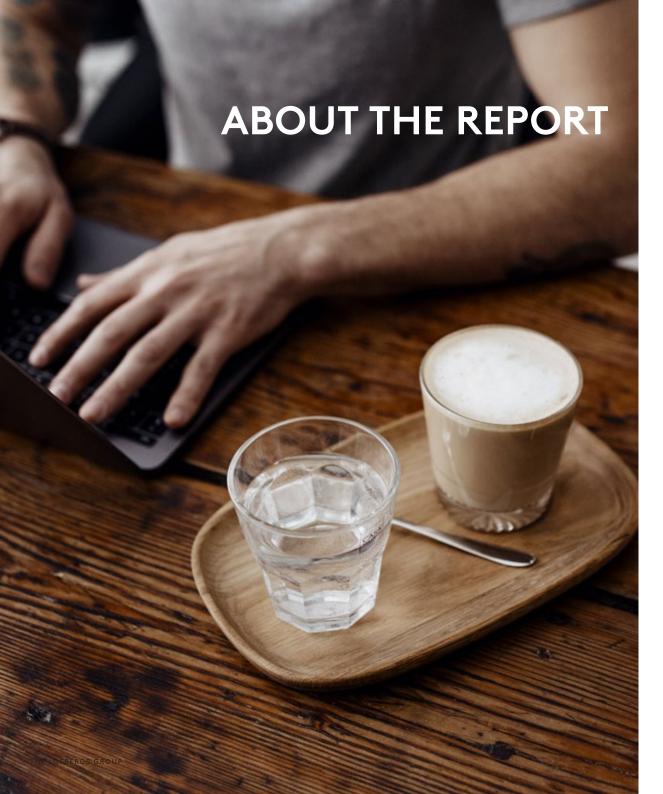
Joins IKEA in the groundbreaking 10x20x30 Food Loss and Waste Initiative.

Switches to bioLPG in the roastery for ground coffee in Karlstad, Sweden. It means that the entire Swedish production reaches 100 per cent renewable energy.

Opens a new roastery for whole beans in Karlstad, Sweden. The roastery is fully powered by renewable energy and has achieved an Environmental Building Silver certification.

Becomes the world's first coffee roaster to be a part of Era of We – the world's first digital platform that brings all players in the value chain of coffee together, and gives more back to farmers and consumers.

THE LÖFBERGS GROUP



This is our tenth annual sustainability report, and it concerns the financial year from 1 July 2020 to 30 June 2021. We report on our efforts to contribute to a sustainable development together with customers, consumers, suppliers, and others.

Basic data and statistics are gathered from our internal business systems and apply to our entire business unless otherwise specified. No external audit of the report has been performed. However, our business is regularly audited by external auditors through our participation in environmental, quality and food safety certification programs. As members of the Haga Initiative climate network, we also receive external support for quality assurance regarding climate data.

#### Reflects what is most important

The content of this report reflects what is of most importance for our business, which we have identified through internal and external dialogues, analyses and surveys. We use GRI Standards, Core level, to ensure that the report is relevant and captures what is most important.

The knowledge of the sustainability challenges we face is under continuous development. Except materiality analyses and GRI, we also take Agenda 2030 and the global goals for sustainable development into consideration as well as the the legal requirement on sustainability reporting.

#### **ABOUT OUR SUSTAINABILITY REPORT**

The table below presents an overview of the prioritized risks and areas within sustainability, from bean to cup.

PART OF VALUE CHAIN	SUSTAINABILITY IMPACT & RISKS
Sourcing - Coffee farming	Climate impact and adaptation. Biodiversity, deforestation and protection of nature. Sustainable coffee cultivation. Livelihood of coffee farmers. Community investments (farming methods, training). Social conditions, respect for human rights (high-risk countries).
Processing	Energy-efficiency, renewable energy sources. Transports and logistics. Packaging material and innovation. Waste. Environmental compliance (water, emissions, noise).
Workplace - Employees	Working conditions. Health and safety. Diversity and inclusion Values and leadership. Business ethics and anti-corruption.
Marketing & Sales - Customers	Knowledge sharing and demand for certified coffee and labelled products. Sustainable added values, business partnerships.
Consumption - Consumers	Knowledge and demand for certified coffee. Reduce food waste.
Community engagement – local society	Social sponsoring and local community engagement/invest- ments. Tax contribution. Policy contribution and influence (through networking and debate).

#### The entire value chain

Our business affects the entire value chain in one way or another. The climate changes and the loss of biodiversity are serious threats against humanity, and they are closely linked. This, together with the next generation's possibilities of well-being and development, are two great challenges that we are facing together with others in the entire value chain.

The materiality analysis also indicated increasing significance of some matters, for example packaging material and the conversion from fossil to plant-based as well as the circular economy without any waste, where what was previously regarded as waste now is seen as the beginning of something new.



If you have any questions or thoughts, please get in touch.

Eva Eriksson Head of Sustainability +46 54 14 01 23 eva.eriksson@lofbergs.se

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## **GRI-INDEX**

#### GENERAL DISCLOSURES

GRI 102 (2016)	Organisational Profile	Comment	Page
102-1	Name of the organisation		1
102-2	Activities, brands, products, and services		11-13
102-3	Location of headquarters		11
102-4	Countries of operation		14
102-5	Ownership and legal structure		11, 14
102-6	Markets served		11, 14
102-7	Scale of the organisation		11
102-8	Information on employees and Reported data include permanent employees, on all markets.  Data reported is based on the status per 30/06/2021.		29
102-9	Supply chain		52-56
102-10	Significant changes to the organisation and its supply chain	Opening of a new roasting house for whole beans in Karlstad, Sweden. Lars Appelqvist resigned as CEO at the turn of the year 2020/2021. The new CEO Anders Fredriksson took up his duties in August 2021. We reduced the number of staff with about 20 people in the group during the financial year.	
102-11	Precautionary Principle or approach	The precautionary principle is integrated in our approach for sustainable business development. It is a part of our ISO 14001-certified environment management system, and included in our processes for assessing and evaluating product and operations changes and development.	
102-12	External initiatives		32-35,55-56
102-13	Membership of organisations		34
102-14	Statement from senior decision-makers		6-8
102-15	Key impacts, risks, and opportunities		20-23, 24-29
102-16	Values, principles, standards, and norms of behaviour		16-17, 20-23
102-18	Governance structure		12-14, 35

	Stakeholder engagement		
102-40	List of stakeholder groups		30-31
102-41	Collective bargaining agreements	100 per cent of the employees in Sweden.	
102-42	ldentifying and selecting stakeholders		30-31
102-43	Approach to stakeholder engagement		30-31
102-44	Key topics and concerns raised	Working conditions in our supply chain, transports, recyclable and renewable packag- ing materials, food waste and gender/equality are subjects we have been discussing internally and externally during the year.	30-31
102-45	Entities included in the consolidated financial statements		14
102-46	Defining report content and topic boundaries		70-71
102-47	List of material topics		70-71
102-48	Restatements of information	No such changes	70-71
102-49	Changes in reporting		70-71
102-50	Reporting period	2020/2021	70-71
102-51	Date of most recent report	December, 2020	70-71
102-52	Reporting cycle	Annual	70-71
102-53	Contact point for questions regarding the report		70-71
102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Core option.	
102-55	GRI Index		72-73
102-56	External assurance	No	70

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#### SPECIFIC DISCLOSURES

GRI 201 (2016)	Economic Performance	Boundaries	Comment	Page
ECONOMIC				
103-1, 2, 3	Sustainability governance			20-23, 24-29
201-1	Direct economic value generated and distributed			33
201-2	Financial implications and other risks and opportunities due to climate change	Supply chain		52-56
103-1, 2, 3	Sustainability governance			20-23, 24-29
203-2	Significant indirect economic impacts	Supply chain		32-33, 52-56
103-1, 2, 3	Sustainability governance			20-23, 24-29
G4-FP2	Percentage of purchased volume which is verified as being in accordance with credible, internationally recognized responsible production standards, broken down by standard	Supply chain		4, 27
	Anti-corruption			
103-1, 2, 3	Sustainability governance			20-23, 35, 55-56
205-2	Communication and training about anti-corruption policies and procedures	Supply chain		35
205-3	Corruption incidents		No confirmed incidents of corruption	
ENVIRONMENTA	AL .			
GRI 301 (2016)	Materials			
103-1, 2, 3	Sustainability governance			20-23, 24-25
301-1	Materials used by weight or volume	Production		25
301-2	Recycled input materials used	Production		25
GRI 302 (2016)	Energy			
103-1, 2, 3	Sustainability governance			20-23, 24-25
302-1	Energy consumption within the organisation	Löfbergs' facilities in Karlstad, Viborg and Riga.		24-25
302-3	Energy intensity	Löfbergs' facilities in Karlstad, Viborg and Riga.		25, 44
302-4	Reduction of energy consumption	The diagram on page 44 applies to Löfbergs production facility in central Karlstad		25, 44
103-1, 2, 3	Sustainability governance			20-23
305-1	Direct (Scope 1) greenhouse gas emissions	Löfbergs' facilities in Sweden and production in Denmark		24-25
305-2	Indirect (Scope 2) greenhouse gas emissions	Löfbergs' facilities in Sweden and production in Denmark		24-25
		production in Berlinark		

705.5			04.05
305-5	Reduction of greenhouse gas emissions	Supply chain	24-25
GRI 306 (2016)	Effluents and Waste		
103-1, 2, 3	Sustainability governance		20-23, 24
306-2	Waste by type and disposal method	Premises in Karlstad, which stand for 93 per cent of the production	44
GRI 307 (2016)	Environmental Compliance		
103-1, 2, 3	Sustainability governance		35
307-1	Non-compliance with environmental laws and regulations	No reported cases during the year	-
	Supplier Environmental Assessment		
103-1, 2, 3	Sustainability governance		26-27, 52-56
308-1	New suppliers that were screened using social criteria		55
308-2	Negative environmental impacts in the supply chain and actions taken	Supply chain	52-56
SOCIAL			
GRI 403 (2016)	Occupational Health and Safety		
103-1, 2, 3	Sustainability governance		20-23, 28, 35
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities		66
GRI 404 (2016)	Training and Education		
103-1, 2, 3	Sustainability governance		62-63
404-3	Percentage of employees receiving regular performance and career development reviews		62-63
103-1, 2, 3	Sustainability governance		20-23, 28-29
405-1	Diversity of governance bodies and employees		29, 64
103-1, 2, 3	Sustainability governance		20-23, 26-27
412-2	Employee training on human rights policies or procedures		35
103-1, 2, 3	Sustainability governance		26-27, 52-56
414-1	New suppliers that were screened using social criteria		55
414-2	Negative environmental impacts in the supply chain and actions taken	Supply chain	52-56
Food Proc. Sector Supple- ment	Customer Health and Safety		
103-1, 2, 3	Sustainability governance		20-23, 35-36
G4-FP5	Percentage of production volume manufactured in sites certified by an independent third party according to internationally recognized food safety management system standards	All production facilities have at least one certification according to some standard for food safety.	36

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## **LÖFBERGS**





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