

SUSTAINABILITY REPORT 2021/2022



KAFFEROSTERIE
LÖFBERGS
ETABLERAT 1906

Peter Larsen
Kaffe[®]

PERCOL
COFFEE ON A MISSION

KOBBS
ETABLERAT 1809

Content

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Löffberg's sustainability report covers all of the company's brands.

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Foreword

Sustainability has always been important for us at Löffbergs, ever since we started in 1906. It permeates our entire business and everything we do. We are proud of how far we have come in some areas, but there is still left to be done in others. Our aim towards continuous sustainability improvement characterises our whole culture.

It should be said at once that we operate in a time and a context with major challenges, which might be bigger than ever. The pandemic, the climate crisis and a burning war in our immediate surrounding affect people and businesses all over the world. Us too, both as individuals and as a company.

That is why we want to start off by saying thank you to all our colleagues, who contribute to our work in different ways, both big and small. Our continuous development, the reduction of our climate footprint and our increased positive impact in several areas are all thanks to you. That is important and good.

The unrest in the surrounding world leads to increasing risks, even in the sustainability area. Socially, financially and environmentally. This poses new challenges for us and others. While handling large and immediate crises, what is happening here and now, we must be able to keep our eye on the horizon and work on what is way ahead and believe that it is possible to influence the future for all of us in a positive way. It has probably never been clearer that sustainability efforts must be carried out in the short and the long term.



The climate crisis and the imbalance in the value chain of coffee are two major challenges – and they affect the coffee farmers of the world to a large extent, which eventually is a threat to our entire industry. We are working in several ways to create better conditions. A lot of the work is done in or with a focus on the producing countries since that is where the challenges are the largest.

In **International Coffee Partners**, we work together with European coffee companies and other actors to improve development possibilities and living conditions for small-scale coffee farmers and their families, and under the coffee&climate initiative, it is about giving farmers the knowledge and the tools to face the climate change. That we purchase almost all our coffee from sustainably certified farms is also something that affects the farmers – and the environment – in a positive way.

These are reliable methods, but it is also a matter of finding new ways to work, to find more solutions to our common challenges. Era of We and Circular Coffee Community are two great examples of that, not least as they contribute to new and sustainable business opportunities, both for farmers and others.

You can read about this and much more in this sustainability report, where we also describe our framework for the sustainability work that circles around the concrete objectives we have set to become a circular business without any negative effect on the planet, to contribute to a fairer financial growth for the small-scale coffee farmers of the world as well as to a society characterised by inclusion and diversity.

Sustainability has been important for us at Löfbergs for generations, and will continue to be.

For the future generations.

Kathrine Löfberg, Chair of the Board

Anders Fredriksson, CEO



Highlights

Together against food waste

Coffee that is produced but not consumed is an unnecessary waste of the Earth's resources since 80 % of the climate impact of coffee occur in the coffee producing countries. That is why we are actively working to reduce the waste. But sometimes perfectly fine coffee beans cannot be sold as intended, when a roasting did not go exactly as planned or if there is something wrong with the bar code on the packaging for example.

We have created a method and a reprocessing process to be able to handle the redosing of coffee beans. We call the process "rework" – a systematic and digital working method that gives us the opportunity to fully control the coffee that leaves the flow, and with complete traceability reintroduce it into the flow again.

Read more [page 40](#).



Let's transform the coffee industry

The coffee industry faces great challenges and many coffee farmers are struggling every day to survive financially. We work in many ways in our own value chain, but we have always had a greater ambition – to change the entire coffee industry and improve the possibilities of the farmers. It is time for a new era.

Read more about Era of We on [page 51](#).



An updated recruitment process for greater diversity

One important enabler for greater diversity is how we attract and recruit co-workers. This year, we developed our recruitment process further. A pivotal element has been to minimise bias, to not let any prejudice control the process and maximise our chances to recruit candidates that contribute to the diversity of the group.

Read more about our recruitment process on [page 60](#).



Cascara – the flavour of the future?

During the last year, we have experimented with the flavour profile of the dried skins from the coffee cherry – cascara. It turns out that the fruity notes of cascara complement a darker roasted coffee very well. Together with some of our partners in Circular Coffee Community, we are now looking on solutions to import cascara via the digital platform Era of We.

Read more on [page 43](#).



Kathrine Löfberg was elected chair of the board for coffee&climate

The coffee&climate initiative is a non-profit initiative, where coffee companies, public players and local organisations cooperate to help small-scale coffee farmers face climate change and improve their livelihoods. c&c was founded and is operated by International Coffee Partners.

Read more on [page 53](#).

Regular measurements of inclusion, diversity and equal opportunity

Working with inclusion and diversity requires patience and determination. We are taking small steps in the right direction every day, but still have a long journey ahead of us and need to increase the pace. In our weekly temperature measurement, we get regular data regarding several categories, such as inclusion and diversity. The data shows that we have a high awareness in the organisation and that the issues truly are on our agenda.

Read more on [page 58](#).



Our sustainable history

The passion for good coffee and doing good for people and the environment has been with us since the start in 1906. We have compiled some examples of us taking responsibility over the last couple of years.

1906

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

90's

Environmental policy drawn up.

First roastery in Europe to remove aluminium from coffee packaging.

Imported the first container of organic coffee into Sweden

Installed geothermal heating in Karlstad, Sweden.

00's

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

Launched coffee that is both organic and Fairtrade.

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

Installed 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

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

Co-founded Coffee & Climate, which helps small-scale coffee farmers deal with climate change.

Started 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.

Started 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.

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

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

Presented a group-wide program for inclusion.

Continued to increase the share of Bio LPG. Contributed to reducing the company's own greenhouse emissions with 50 percent per produced tonne of coffee compared to the base year of 2005.

Established 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.

Opened Sweden's first high-bay warehouse to achieve Environmental Building Silver certification.

20's

Launched 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.

Changed to bio LPG in the roastery for ground coffee in Karlstad, Sweden. This means that the entire Swedish production use 100 per cent renewable energy.

Opened a new roastery for whole beans in Karlstad, Sweden. The roastery fully operates on renewable energy and achieved an Environmental Building Silver certification.

The first coffee roaster in the world to join Era of We – the world's first digital platform that brings together all actors in the value chain of coffee and gives more back to farmers and consumers.



Short facts

LÖFBERGS

2021/2022



33,9 million

OPERATING PROFIT
(2020/21: 39,9)



VOLUMES



26 284 tonnes
COFFEE (2020/21: 25 032)



124 tonnes
TEA (2020/21: 137)



4,4 million packages
READY TO PRODUCTS
(2020/21: 4,2)

SUSTAINABILITY



- 89,6 % CO₂e

Climate emissions in own operations
(Base year 2018/2019)



45 million SEK
in Fairtrade premiums and extra
payments for organic farming



73%
Renewable packaging material

OWNERS



The **Löfberg** family,
in its **third** and
fourth generation.

BRANDS

KAFFEROSTERIET
LÖFBERGS
ETABLERAT 1906

*Peter Larsen
Kaffe*

PERCOL
COFFEE ON A MISSION

KOBBS
ETABLERAT 1809

CO-WORKERS



308

(2020/21: 302)

MARKETS & HEAD OFFICE



Karlstad
Sweden

Sweden, Norway, Denmark, Finland,
Estonia, Latvia, Lithuania, UK, and Ireland.

TURNOVER



SEK **2010** million

(2020/21: 1 500)



About Löfbergs

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, meetings between people 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 continuously evolve and remain at the cutting edge.

And that we love to invite others to go even further together.



Organisation

A larger organisational change was realized this year. The new organisation consists of **three geographical business areas**, each with profit and loss responsibility, a **Solution Center**, which supports the market companies, and central support functions with the basic principle that everything based on customer relations is decentralised and everything with economies of scale is centralised to group level..

We have a **central organisation** for Purchasing, Production, Sustainability, Business Support, Strategic HR & Internal Communication, Brand & Category, Innovation & Business Development and Finance & IT. Our sales companies, which are divided into West, East and Sweden, are locally responsible for Sales, Marketing and Operational HR.

The operational business is managed by the **group management** team, which consists of twelve executives – two women and ten men. **Anders Fredriksson** is our CEO and group chief executive. Sustainability is an integrated part of the business plan towards 2026. The sustainability report covers all the brands and markets within the Löffbergs group (under the legal name AB Anders Löffberg).

The board of directors consists of six ordinary members, of whom three are owners and three are external members, as well as two employee representatives and two deputies. **Kathrine Löffberg** is Chair of the Board.

Our business

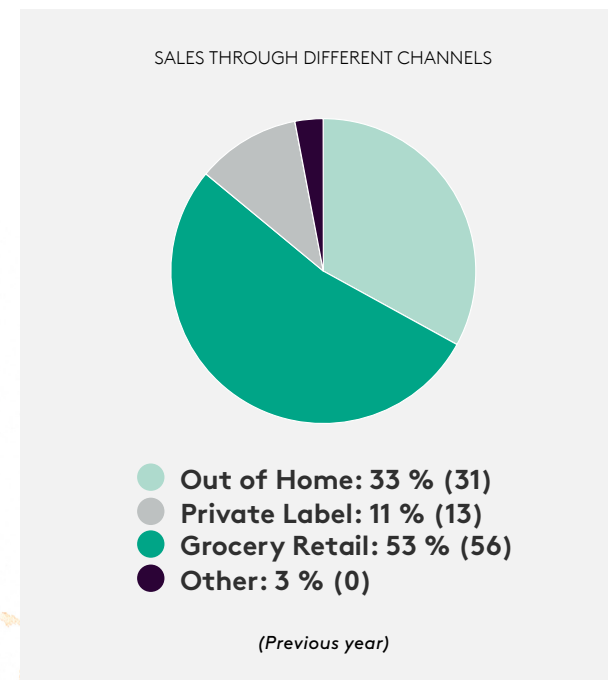
We are 308 coffee-lovers operating in northern Europe, who share the driving force to contribute, together with others, to a world where coffee and people can grow. Coffee in every form is still the core of our business, and we are, with curiosity and passion, constantly developing new products, services and business opportunities that can add value for us and the world around us.

We operate in some ten core markets in northern Europe under the brands Löffbergs, Peter Larsen Kaffe, Percol and Kobbs. We are also the proud roasters and partners of several well-known brands, where we develop coffee under their own brands.

Straight to end consumer from the physical and digital coffee shelf

Retail is our largest business area and accounts for 53 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 Löffbergs brand in Sweden, Norway, Finland, Estonia, Latvia and Lithuania. In the UK, we operate under the brand Percol, and this year, we also introduced the Löffbergs brand for the British consumers. Since 1902, we are the Danish people's coffee under the established brand Peter Larsen Kaffe.

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 Löffbergs and Percol. This is where we can see a growing demand for products that are not available in other sales channels.



The served cup and the cold coffee drink

The demand for the served cup has grown for several years, even if the last couple of years have been a heavy blow for the entire industry. But we have seen a nice recovery during the year, as we are back out drinking coffee, dining in restaurants, seeing each other by the coffee machine at work and staying in hotels. Our sales to these customer categories accounts for 33 per cent of sales. We cooperate with everyone from local cafés to high-end restaurants, private and public workplaces to big international customers like hotel chains and convenience actors. 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, and have been for a long time. In Denmark, we are strong on convenience and constantly 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. We keep growing in Finland and have great visibility of our brand in well-known locations, not least in Helsinki.

Under the customers' own brands

We are a proud partner to big national and international customers such as 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. Our Private Label business accounted for 11 per cent of our total sales in 2021/2022.

Era of We

Through our cooperation with the **Era of We** platform, the world's first digital platform that brings coffee farmers, coffee roasters and consumers together, we want to contribute to changing the value chain of coffee and improve the opportunities of the farmers. Through Era of We, the farmers can build their own brands and market themselves directly towards consumers and coffee roasters. We are proud to be the first coffee roaster in the world to join the platform. This year, we have paid special attention to reaching consumers in Sweden and Denmark through our digital sales directly to consumers, but also with new and exciting customer collaborations with cafés, restaurants, hotels and offices.

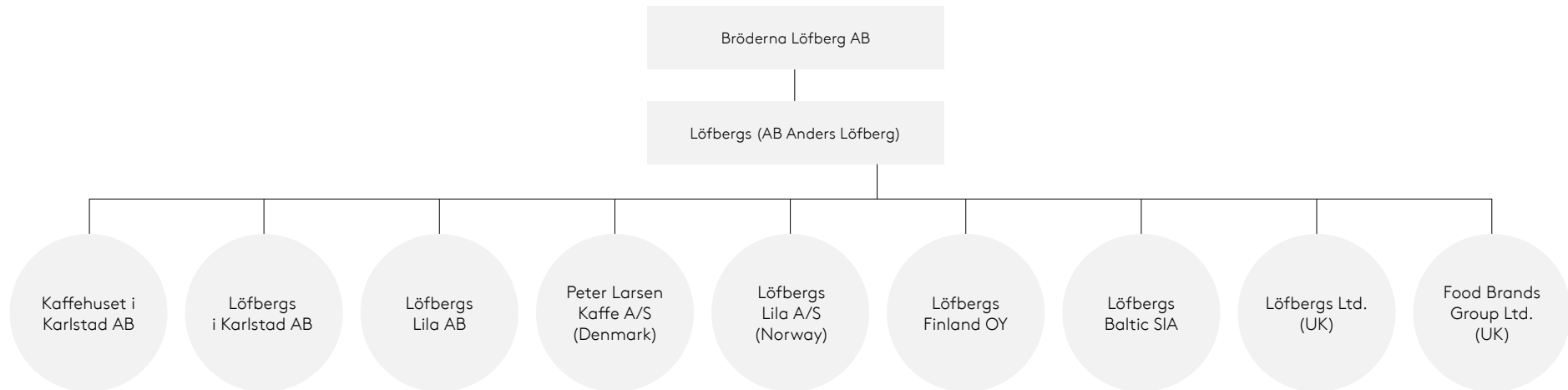
Our own coffee shops and pop-ups

Meeting end-consumers face to face is important to us, and we do it in different ways across all our markets. Löfbergs Roastery and Coffee Bar in our main office in Karlstad, Sweden is a coffee mecca and a popular site to visit. We also have several mobile coffee bars and pop up solutions in all markets. In Denmark, we are an appreciated partner to many of the country's festivals with our LIVE concept, where we meet happy festival visitors. We also see an increased demand for our services in different kinds of private and business events.

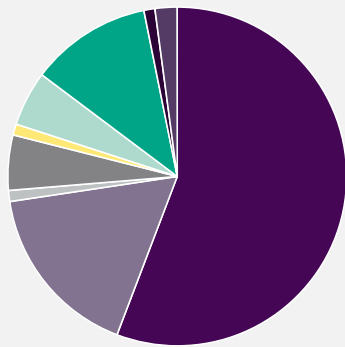
Through our own digital channels

This year, we have continued our journey on enhancing our digital presence and sell our products and services directly towards the end-consumer. We already offer e-commerce in Norway and Denmark, and this year, we also opened a webshop in Sweden and Finland. Our sales straight to the end consumer through these channels are still on low levels, but we see a continuous increase in sales.

Legal structure

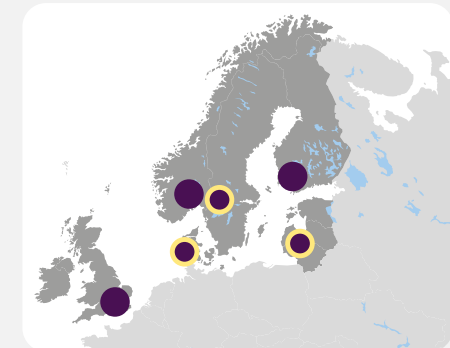


OUR SALES IN DIFFERENT MARKETS



- Sweden: 53% (50)
- Denmark: 17% (20)
- Lithuania: 1,5% (2)
- Norway: 5,5% (5,5)
- Estonia: 2% (1,5)
- UK: 6% (6,5)
- Finland: 11% (10,5)
- Latvia: 2% (2,5)
- Other: 2% (1,5)

(Previous year)



WE ARE HERE ● Offices ● Roasteries ● Sales

Our strategy towards 2026

Our strategic map sets our direction towards 2026. We have been working a lot with branding this year, which resulted in an updated brand platform for the entire Löffbergs brand. As a part of this, we have also updated our purpose and developed a clearer business vision for all of Löffbergs, where our ambition to contribute to a world where people and coffee can grow has a more central part in the strategic direction of the whole group.



Our purpose describes why we exist and what we want to contribute to the world. Our business vision sets out our direction and aspiration towards 2035.

Purpose

Together for a world where people & coffee can grow

Vision

First in mind when it comes to taste, coffee know-how and sustainability in the world of coffee



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 beliefs. 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.

Our framework for sustainable business

Our framework for sustainable business is one of our most essential tools for our journey towards 2026. It describes how we carry out, measure and follow up our sustainability work. **See Our sustainability work on page 24.**

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.

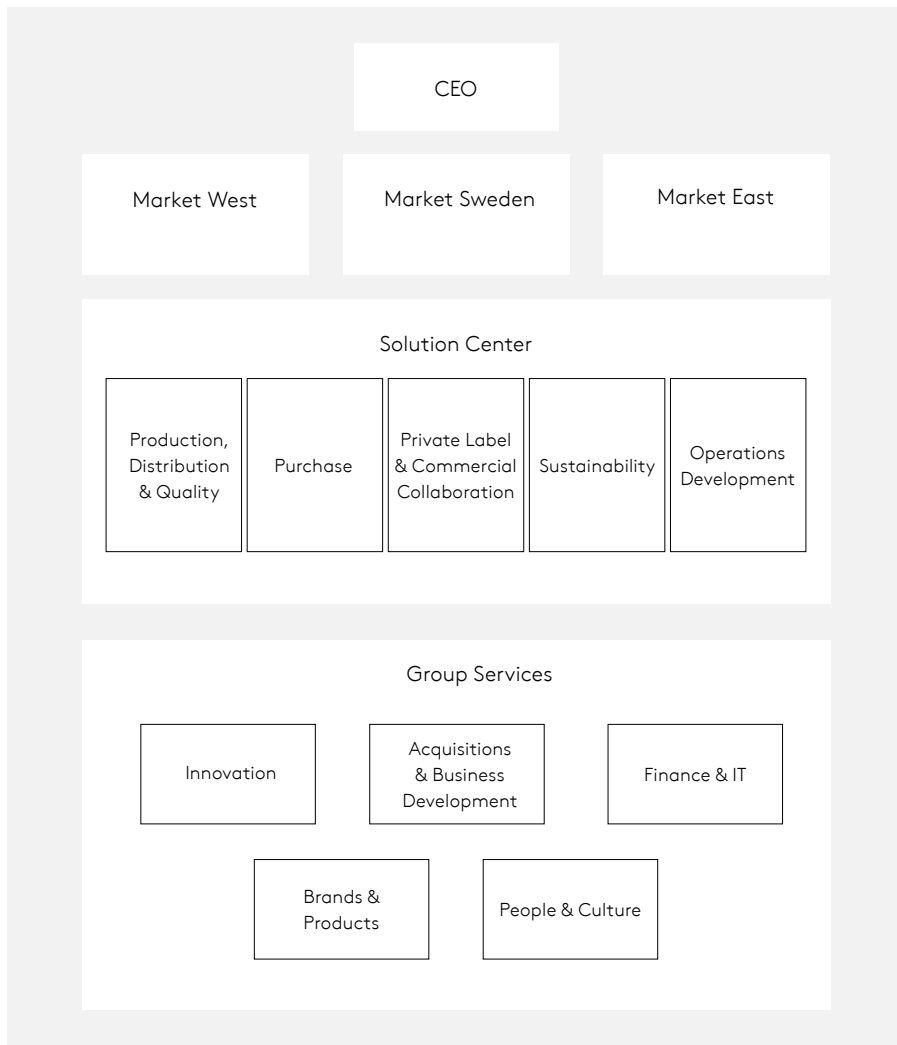
In 2019, we updated our values to more clearly support the behaviours that we need to keep developing and reach our goals in an even more fast-moving world. The values are integrated in the entire business and guide our development efforts for co-workers and managers, in appraisals, salary discussions,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



Our governance

Integrated throughout our business



We work fully integrated with sustainability. The group management is responsible, and the efforts are managed through initiatives and goals in our strategic plan for sustainability. (See page 25)

In **Solution Center**, the **Head of Sustainability** is the extension of group management and has several internal forums available, such as the cross-functional Sustainability Team, where various sustainability issues are decided. Other forums include the Environmental Team and the Packaging Forum as well as temporary project groups and working groups connected to our circular transformation. Together with other functions in Solution Center, the Head of Sustainability works closely with the market companies and coordinates the sustainability work of the group

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. Read more on **page 62** on how we have developed the Code of Conduct during the year.

Developed management of whistle-blowing

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 Chief People & Culture and Head of HR within a week. This year, one incident connected to harassment was reported to and managed by manager and HR.

To fully guarantee the anonymity of the whistle-blower, a system where incoming matters are handled by an external party has been implemented during the 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 all our management systems and certifications in a table on **page 18**.

Responsibility in the international supply chain

We are a large importer of green coffee, and it is obvious for us to take responsibility in the international supply chain that we are a part of. This year, our company **Kaffehuset i Karlstad AB** received the EU authorisation AEO, **Authorized Economic Operator**, which aims to contribute to increased security in the world as well as an efficient and uniform customs control in the EU. The authorisation places significant demands on security of goods, transparent economic flows and management of customs documentation for example.

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.

In a transparent way, we balance ownership interests with societal interests and we believe that aggressive tax planning is deeply detrimental for the global sustainability efforts. 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	2 066 429
Operating expenses*.....	- 1 736 363
Salaries & remuneration to employees .	- 237 342
Payments to providers of capital	- 24 870

Tax paid to the public sector

Sweden	- 1 079
Denmark.....	- 717
Norway	- 1 289
Latvia	-93
Finland.....	-114
UK	0
Community investments.....	- 9 723
Economic value retained	64 562

(all figures are in SEK thousands)

** Refers to operating costs excluding personnel and depreciation*

CATEGORY	CERTIFICATION	DESCRIPTION	COFFEE FACTORY & SALES OFFICE KARLSTAD, SWEDEN	COFFEE & TEA FACTORY VIBORG, DENMARK	COFFEE ROASTERY RIGA, LATVIA	SALES OFFICE VIBORG, DENMARK	SALES OFFICE LONDON, UK
Quality / Food Safety	Certificate of Health	Issued by the Environment and public health committee of the Municipality of Karlstad, Sweden	X				
	E-marking	Fulfillment of EC Directives regarding requirements for correct net quantity	X	X			
	ISO 9001	Quality Management Standard	X		X		X
	U.S. FDA	Approval of the United States Food and Drug Administration	X				
	ISO 22000	Food Safety Management Standard	X	X	X		
	FSSC 22000	Food Safety Management Standard	X	X	X		
	Safe Contractor	Health and Safety Accreditation					X
Sustainability	Dansk Retursystem	Danish Recycling System				X	
	EU Organic	Organic Production	X		X		
	Fairtrade	Sustainable Supply Chain	X	X			
	FTI	Swedish Packaging and Newspaper collection	X				
	ISO 14001	Environment Management Standard	X				X
	KRAV	Organic Production	X				
	Organic Control	Issued by the Ministry of Environment and Food of Denmark		X		X	
	Rainforest Alliance	Sustainable Supply Chain	X	X	X		
	Soil Association	Organic Production					X
	STEMFS 2014:2	Energy audit	X				
	UTZ	Sustainable Supply Chain	X		X		
Security	Authorized Economic Operator (AEO-F)	Issued by the Swedish Custom, according to the European Commissions's AEO Guidelines. *	X				

* The permit is issued to the legal company Kaffehuset i Karlstad AB

Due diligence in the supply chain

All companies have the responsibility to work proactively to prevent, mitigate and attend to human rights violations in their supply chains. Human rights is a risk area in the entire agricultural sector, and coffee is no exception. We work systematically with follow-up of suppliers, where a risk assessment is central. We aim to have as few intermediaries as possible and purchase our coffee directly from the producing countries. 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.

The **purchasing handbook**, the **purchasing policy** and the **Supplier Code of Conduct** are controlled in our management systems and regulate our managing of purchases. Purchasing has had a more centralised role in the company over the last few years, and even indirect purchasing like services and logistics are managed by the purchasing department at our head office in Karlstad. It helps us guarantee that all criteria are met and the evaluations are equivalent.

Risk assessment in all stages

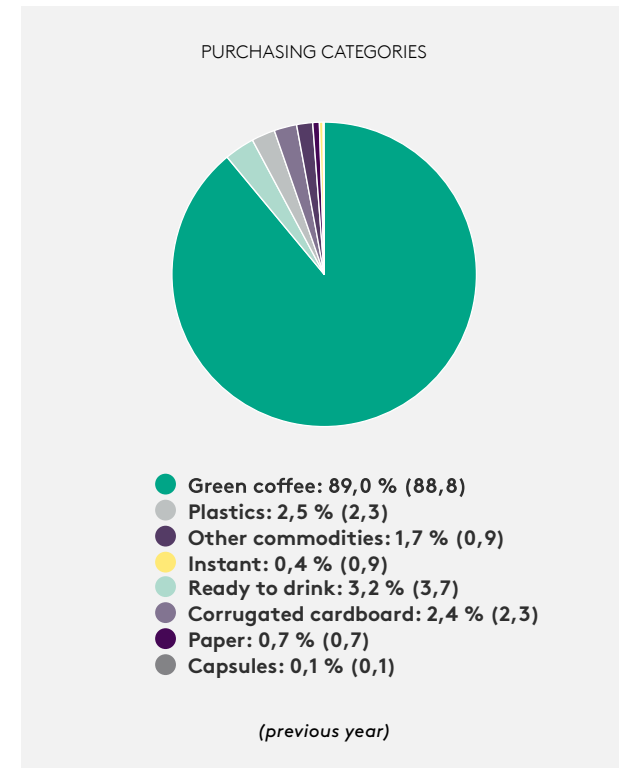
Before starting up a new collaboration, we have a thorough assessment process covering all aspects of sustainability (including environment and human rights), security and quality, but also risks connected to origin and type of product. Data from Business Social Compliance Initiative (BSCI) and Human Development Index (HDI) is used for the risk assessment. In connection with the evaluation process, we also visit the supplier on site. After an approved evaluation, the supplier signs and pledge to follow our Code of Conduct, something they are periodically evaluated from. All assessments are documented and followed up.

The sustainability risks have increased during the pandemic

Visiting the farmers is one of our most important tools. The visits give us greater 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 during the pandemic, but thanks to our long-standing relationships with many farmers, we have been able to develop new working methods through digital channels that have enabled a close dialogue. The sustainability risks have increased during the pandemic. When people fight 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.

To purchase certified coffee reduces the risks more, as a third party controls the farms.

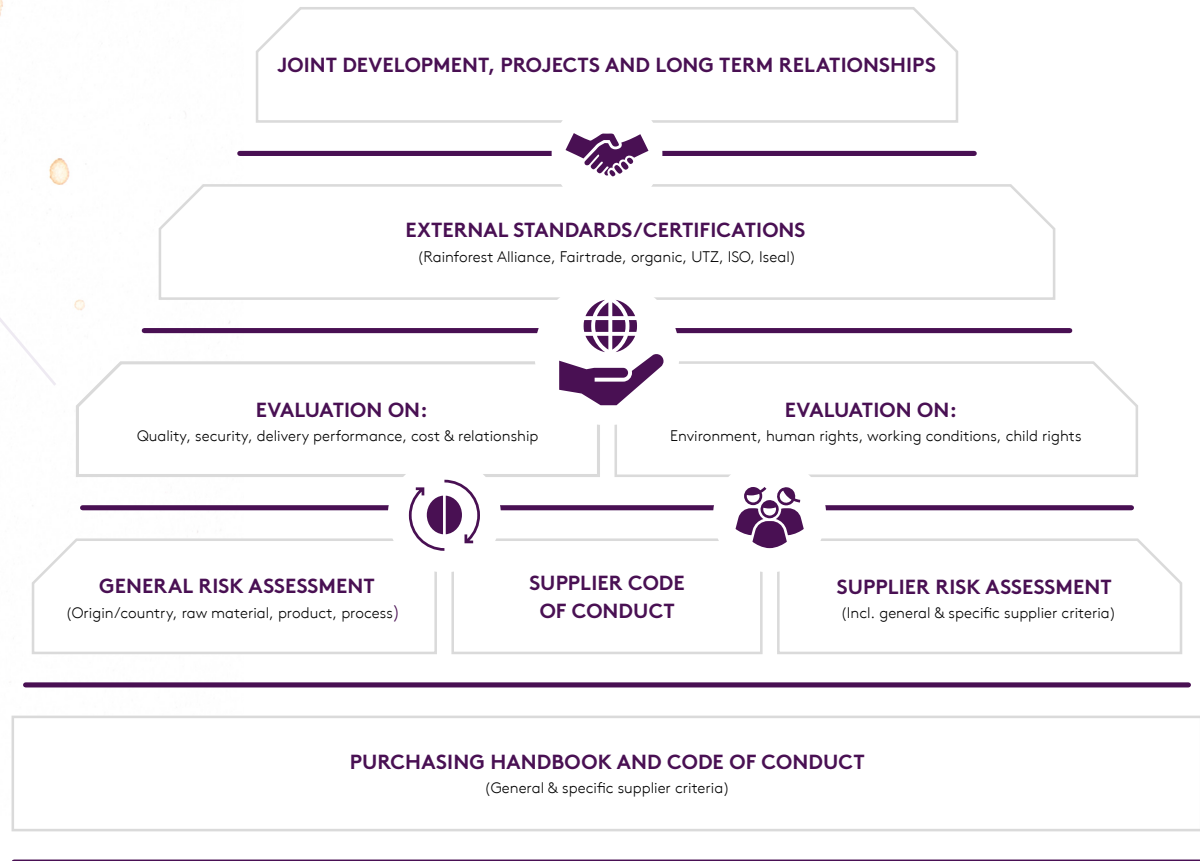


We develop together with our suppliers

We work from a foundation, where the Code of Conduct and the procedures in our management system, together with risk assessments and visiting farms, form the basis. We prevent and reduce risks even further through third party certified green coffee as well as development projects together with for example organisations, customers and certification bodies. We purchase coffee straight from the producing countries and are always focused on creating long-term relationships that are based on mutual trust.

Our Supplier Code of Conduct

Our Supplier Code of Conduct is based on the UN Global Compact's ten principles, the ILO's core conventions and our own guidelines for business ethics and the environment.





Due diligence on human rights

This year, we have developed a model to visualize our due diligence process even clearer and guarantee that our efforts are in line with coming EU legislation for due diligence on human rights in the supply chain. The model is based on the guidelines of the UN and OECD principles for due diligence and company responsibilities.

Human Rights Due Diligence (HRDD) separates from traditional supplier inspections as it focuses on the company's significant risks, that is the most major risks that the company can act on. We aim for an increase of transparency in how we report our influence. We continuously evaluate and improve the system.

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.

Stakeholder engagement

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

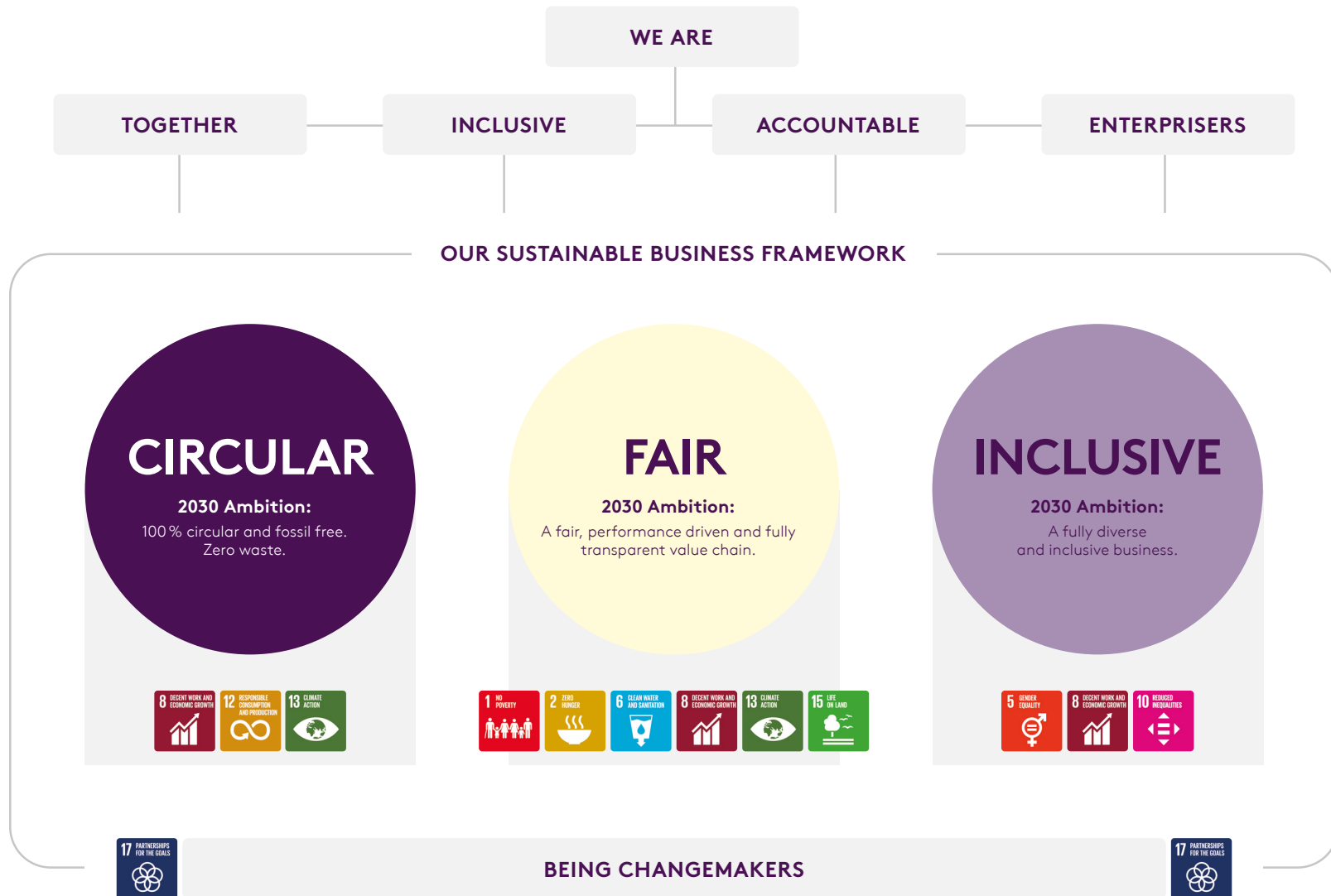


Examples of stakeholder engagement

STAKEHOLDERS	INTERACTIONS	IMPORTANT TOPICS
<p>Marknad & Samhälle</p> <ul style="list-style-type: none"> - Consumers - Authorities - NGOs - Society 	<p>Consumer contact and surveys, meetings, events, workshops, seminars, projects, inspections and audits</p>	<p>Consumer experience, health and well-being, diversity, sponsoring, social responsibility, certifications, climate impact, biodiversity, protection of nature and deforestation, human rights, legislative compliance</p>
<p>Organisation</p> <ul style="list-style-type: none"> - Unions - Co-workers - Managers - Board of directors 	<p>Employee surveys, meetings, events, workshops, seminars, trainings, negotiations, counselling, inspections</p>	<p>Health and well-being, values, code of conduct, inclusion, diversity, solidarity, workplace safety, work environment legislation</p>
<p>Partners och leverantörer</p> <ul style="list-style-type: none"> - Customers - Networks - Banks, credit institutions - Trade associations - Certification bodies - Suppliers and traders 	<p>Customers surveys, customer centre, meetings, visits, events, workshops, seminars, trainings, courses, projects, revisions and inspections</p>	<p>Customer satisfaction, business intelligence, longterm relationships, sponsoring, partnerships, lobbying, biodiversity, protection of nature and deforestation, climate impact, certifications, human rights, legislative compliance</p>
<p>Owners</p>	<p>Owners council, meetings, visits, surveys</p>	<p>Responsibility, commitment, sustainability, development, cooperation, financial growth, business intelligence</p>

Our sustainability work

Our sustainable business framework



A world where people and coffee can grow

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 Löffbergs, we are determined to be in the forefront towards a sustainable future. We want to contribute to a world where people and coffee can grow. 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.

“ 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, **Agenda 2030**. The agenda guides us in our actions and our goals, and we have clearly identified which global goals that our sustainability work directly contributes to. 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**

Global challenges

We are small in some respects, but big enough to make a difference in many ways. When we look at our role in the society, the value chain and the world, we clearly see that we can have an influence on people's well-being as well as 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

The challenges we have taken on are not small. They will require hard work, smart solutions and many collaborations. To meet the global challenges, we focus on three areas: circular, fair and inclusive.

Every focus area has an ambition broken down in distinct operational objectives and embraces the holistic perspective that our values are based on. The framework is a living document that is updated concurrently with the world around us, and it guides us in making wise and sustainable choices that contribute to our business case as well as the public good.



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 do that.

Collaborations and Memberships

17 PARTNERSHIPS FOR THE GOALS



We are convinced that we have to cooperate to achieve the goals of Agenda 2030. We also know that we get better by learning from others. That is why we are engaged in 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 (p. 17), sponsorships (p. 64) 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.

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.

European Coffee Federation

ECF is a representative industry organisation of the European coffee trade and industry with the purpose to promote the common interests of the industry.

Circular Coffee Community

A non-profit network established in 2020 by the Löfbergs Group with the purpose to carry out a circular transformation in the coffee world. The community offers a platform for networking, innovation partnerships and commercial collaboration.

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 13 members, including Axfood, McDonald's, Coca Cola, Swedbank and 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.

WWF's Sustainable Supply Chain for Food

A network consisting of 15 leading Swedish food companies that together with World Wide Fund for Nature 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.

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. We participate through our Danish brand Peter Larsen Kaffe.

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.

One Third Danmark mod Madspild

A network with a joint commitment to halve food waste by 2030. (SDG 12, 3) As one of the 15 initiators in Danish retail and food production, we aim to create a significant effect.



Knus Kræft

An initiative operated by Peter Larsen Kaffe, the Le Mans legend Tom Kristensen and KidsAid. Knus Kræft focuses on creating great experiences for kids with cancer and other serious diseases.

<https://foedevarebanken.dk/>

A Danish organisation that works with reducing food waste and hand out food to vulnerable communities.

FN17 Business

A business network based on the 17 sustainable development goals of UN. Works to create business development and innovation for small and medium-sized companies and start-ups.

Brand Manufacturers Association

A commercial association of suppliers to the Danish retail business and Out of Home.

The Upcycl

A community focused on matching and managing industrial waste between the industries that have them and the companies that can use them.

Confederation of Danish Industry (DI)

A private business and employers' organisation representing approximately 19,000 companies in Denmark.

Business Climate Leaders – The Haga Initiative

In the Haga Initiative, we work together with 12 other companies to reduce our emissions and show that ambitious climate strategies result in commercial advantages. The vision is a profitable business sector without climate impact.

The network consists of us as well as Axfood, Coca-Cola Europacific Partners, Folksam, HKScan Sweden, JM, Lantmännen, McDonald's Sweden, Preem, Stena Recycling, Stockholm Exergi, Sveaskog and Swedbank.

“ The most important topic for the Haga Initiative is that the decision-makers increase the possibilities for the business sector to accelerate the climate transition. If the right decisions are made, it can be profitable, faster and more inclusive. It requires that we all are pulling in the same direction and cooperate.



Nina Ekelund, Secretary General, the Haga Initiative

All companies should decide to halve their climate impact by 2030, to regularly follow up on how things are going and cooperate with each other in the value chain – that is where new emission reductions can happen, maybe even new joint business models.

Löfbergs & Tesco plant trees

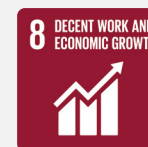
When we launched the new Percol Coffee Bag Packs at Tesco in the UK, we joined forces with the Eden Reforestation Project. For every sold package, we donate the cost to plant a tree.



From linear to circular

CIRCULAR

2030 Ambition:
100 % circular and fossil free.
Zero waste.



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 to 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 actors 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 produce 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%

recyclable packaging materials from renewable and/or recycled resources.

100%

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

30%

reduced climate-related emissions in the value chain

100% circular and fossil free, zero waste

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 impact of coffee is 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.

The current financial system is linear – we take resources, make products and use them, while a lot is being wasted on the way. The global food system is no exception – landscapes are deforested, soils are impoverished and freshwater reserves are drained. Greenhouse gases are emitted and are briskly changing the stable climate that we depend on. That will never do for us.

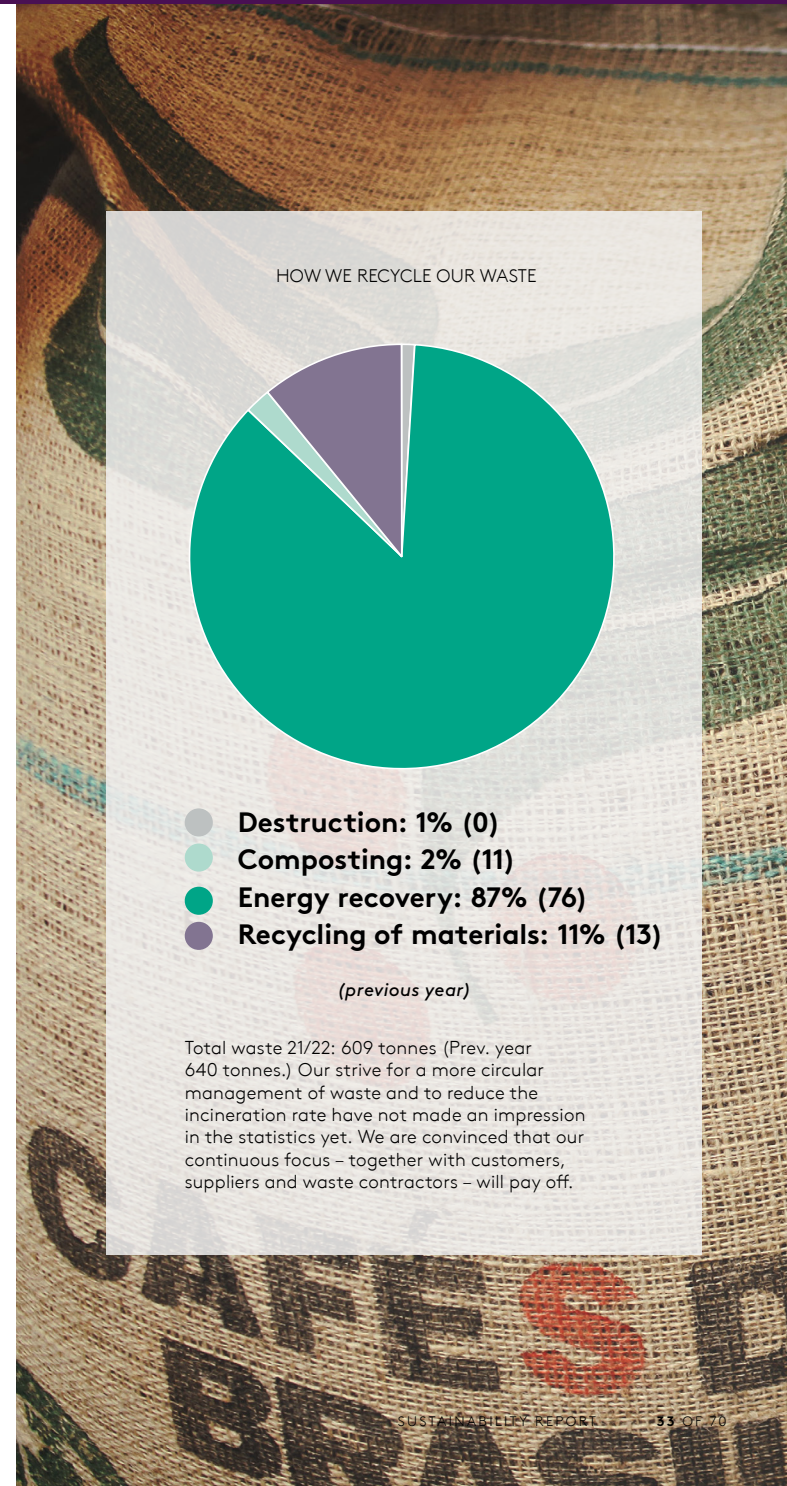
We have been working for a long time to reduce the resources we use – everything from developing thinner packaging material to working with energy efficiency and reduced climate emissions. Thanks to an amazing driving force inside the organisation, we have refined our systematics to reduce waste from both warehouse and production even more this year.

Our ambition regarding a fully circular and fossil-free business is about more than reducing the use of resources.

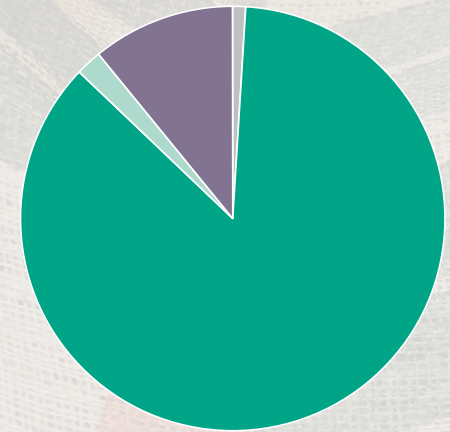
It requires a smarter production and production design that enable the circulation of material and minimising waste as well as more sustainable consumption patterns. Regenerative farming methods are required in the farming stage; methods that contribute to stronger ecosystems and increased income for farmers.

“ It is about thinking in new ways, having the courage to proceed by trial and error and finding partners who want to pull in the same direction. A lot of our circular efforts comes from an amazing driving force inside the organisation, which makes me both proud and hopeful. We already have many of the solutions.

– *Kajsa-Lisa Ljudén, Head of Sustainability, Löfbergs*



HOW WE RECYCLE OUR WASTE



- **Destruction: 1% (0)**
- **Composting: 2% (11)**
- **Energy recovery: 87% (76)**
- **Recycling of materials: 11% (13)**

(previous year)

Total waste 21/22: 609 tonnes (Prev. year 640 tonnes.) Our strive for a more circular management of waste and to reduce the incineration rate have not made an impression in the statistics yet. We are convinced that our continuous focus – together with customers, suppliers and waste contractors – will pay off.

Our ambition is praised by Danish retail

We are so happy when we reach out with our sustainability work and get the chance to inspire others. Which is why we were incredibly proud when our brand Peter Larsen Kaffe was awarded this year's **CSR award at Branded Manufacturers Association's** annual meeting in 2022. The reason for the nomination and the win is our work with 100% certified coffee and Circular Coffee Community as well as our ambition to be 100% circular, with zero waste.



A closed down project became a great lesson

We have high ambitions when it comes to circularity. In our endeavour to expand our commercial offer in sync with our vision, we carried out a project this year with **Sculptur**, where we have tried to develop a 100% circular material, based only on our and others' waste that can be used for 3D printing new products.

Unfortunately, we did not find any printable material that met our high demands on circularity and we chose to close down the project without a finished end product. Despite sounding like a disappointment, the project gave both us and Sculptur a lot of insights in managing waste and the logistics surrounding it, and it made us test and develop our model for project managements.



Climate emissions

The climate change is one of the greatest challenges we are facing. To secure the supply of coffee for tomorrow, we need to work with reduced emissions as well as climate adaptation. It stands to reason for us to transparently report our climate emissions and to continue to look for new ways to reduce them.

Great reductions and new tough climate goals

In 2021, we switched to completely renewable bioLPG at our roastery for ground coffee in Karlstad, Sweden. Quite the milestone and something we have worked for in a decade. When we opened our new roastery for whole beans later the same year, it was natural to use renewable gas for roasting there as well. We have also taken a big leap when it comes to company cars in Sweden – closer to 80% of all company cars are now hybrid electric. The hybrid electric vehicles account for 54% of all cars in the group.

Working with our own emissions have paid off – we have reduced our own climate emissions in Sweden and Denmark with 94% compared to 2005. But we are not done yet. We have set new tough climate goals this year. We look forward towards 2030, where we put further focus on the entire value chain and set a new base year for all climate goals.

“ We have decreased our own climate emissions with 94% compared to 2005. But we are not done yet.

- Göran Sonesson, Chief Production Officer, Löfbergs

Our new goal is to reduce the emissions in the value chain with 30%. It requires that we keep on advancing towards greener transports and packaging material, but as more than 80% of the emissions occur when farming coffee, that is where we need to focus our efforts. We want the coming decade to be about partnership. The emissions in the value chain are overlapping between different companies and suppliers, which require cooperation through value chains. It is about the power of doing things together.

Together with for example certification bodies, International Coffee Partners and customers, we continue to develop possibilities for farmers to improve their living conditions, climate adapt farms and reduce the climate effect through regenerative farming methods for example.

Löfbergs’s climate goals 2030

- Net zero emissions in Scope 1 (at least an 85% reduction in absolute emissions)
- Renewable or recycled energy in Scope 2.
- 30% reduced emissions in Scope 3 (intensity goal, related to the volume of coffee)

(base year 2018/2019)

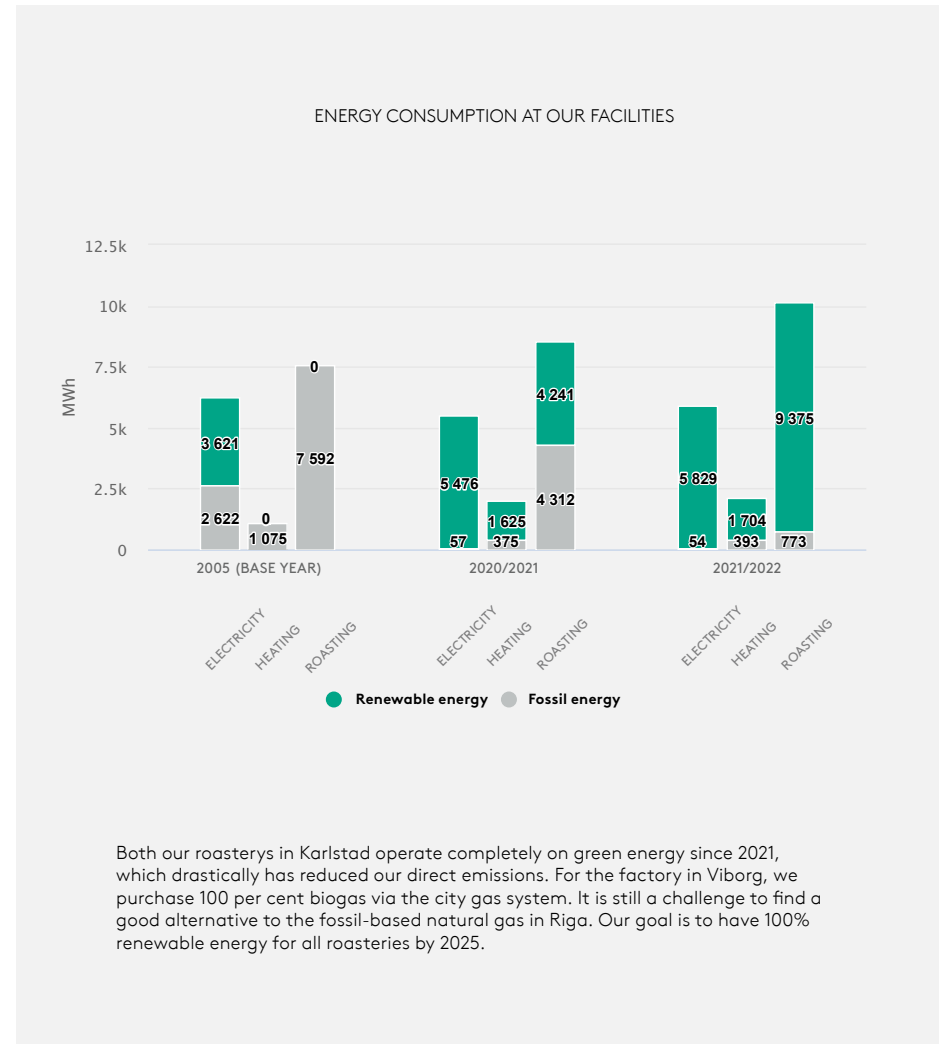


An ambition of Science Based Targets

We always aim to get the truest view possible of our climate emissions, and we are regularly expanding our extent for the calculations. At the time of writing, efforts are underway to set climate goals for the whole group in accordance with the Science Based Targets initiative, with the objective to ensure that our work is in line with the latest climate research and that we comply with the Paris Agreement.

A state-of-the-art roastery for whole beans

The biggest investment in our history, the roastery for whole beans in Karlstad, Sweden, has been in operation for a year. The state-of-the-art roastery uses energy from green sources and has a capacity of 10,000 tonnes per year. There were high sustainability requirements on everything from construction, energy, indoor climate and emissions during the project. Just as our central warehouse, the building achieved an Environmental Building **Silver certification**, which means high demands on material choices, energy efficiency and work environment.



GREENHOUSE GAS EMISSIONS

EMISSIONS (TON CO ₂ E) 1)	BASE YEAR 2018/2019	2020/2021	2021/2022	CHANGE BASE YEAR -21/22
SCOPE 1 TOTAL	1551	908	161	-89,6 %
- Roasting	1316	771	0	-100 %
- Energy	0	0	0	-
- Own cars	235	137	161	-31 %
- Own transports	0	0	0	-
SCOPE 2 TOTAL 2)	45	53	62	38 %
- Purchased energy (Electricity and district heating)	45	53	62	38 %
SCOPE 3 TOTAL	135 494	120 808	133 362	-1 %
- Business travel 3)	354	10	78	-78 %
- Reduction by purchase of biofuel through the Fly Green Fund	-4	0	0	-100 %
- Fuel- and energy-related emissions	338	299	324	-4 %
- Purchased transports, upstream 4)	7946	7184	8196	3 %
- Purchased transports, downstream 5)	1745	944	779	-55 %
- Packaging	2423	1756	2114	-13 %
- Farming of coffee	109 161	98 090	108 424	-1 %
- Waste management 6)	10	6	7	-30 %
- Use of sold products 7)	12 991	11 988	12 648	-3 %
- Customers own transports 8)	530	530	871	64 %
TOTAL EMISSIONS, ALL SCOPES	137 090	120 344	133 663	-2 %
EMISSIONS (TON CO₂E) PER TON OF COFFEE PRODUCED (ALL SCOPES)	5,28	5,08	5,28	0%

Footnotes to the table:

1. Löfberg's climate report includes the Swedish operation as well as the production facility in Viborg, Denmark. All emissions in Scope 1 and 2, except company cars, are included for Viborg.
2. Scope 2 is reported with a market-based method. If a location-based method had been applied, the emission for 2021/2022 in Scope 2 would have been 1,982 tons CO₂e.
3. Refers to flights, trains, taxis, private cars while on duty and hotels in the Swedish business. The aviation emissions are adjusted for increased biofuel incorporation through Fly Green Fund.
4. Refers to transportation of green coffee from farm to factory as well as transportation of packaging material and other goods.
5. Distribution of products where the transportation service was purchased by Löfberg.
6. Refers to waste from the facilities in Karlstad, Sweden.
7. Preparation of coffee including waste management with consumers.
8. Transportations where the customers themselves pick up the product from Löfberg's central warehouse.

Our journey towards circular packaging

It started in the 1990's, when we left the aluminium packaging behind us and presented a new unique packaging for vacuum-packaged coffee. Our work with material development has continued ever since. We have high demands – the goal is a packaging that is adjusted for the circular economy. It means that the material has to come from renewable or recycled resources and be completely recyclable. Besides reducing the use of resources as much as possible, we also need to be able to reuse material over and over again in the circular economy.

We have been working innovatively and sustainably with our packaging for a long time. An insightful and instructive work, which is the basis for where we are today – but also where we want to be in the future. The packaging that we presented in the 1990's still holds its ground.

The right packaging is crucial for the good flavour as oxygen make the oils in the coffee go rancid. To keep the good aromas and the quality of the coffee while also guaranteeing shelf life, cost efficiency and user-friendliness, all our new packaging go through extensive evaluation tests. By developing, testing and redeveloping, we have obtained experience and knowledge regarding our current processes and methods. We have learned that there are no short cuts when it comes to developing the right sustainable packaging.

Renewable through mass balance

The circular management of plastics is central in our work and we support the European strategy for plastics. We are gradually substituting our fossil plastics through a mass balance solution, which currently is a resource-efficient way to purchase renewable plastics. Mass balance implies that we purchase plastics

from biobased sources, but that it is not necessarily that specific plastics in our packaging. A third-party verification is made to secure that the total amount of biobased plastics increases in the same rate as the fossil plastics reduces. The mass balance solution that we have chosen to work with is third-party certified by ISCC (**International Sustainability and Carbon Certification**).

Development of recyclable packaging

Today, we have developed a packaging in a mono-material structure of polyethylene, which is better adapted for recycling in the circular ecosystem. The prototype has passed all tough quality tests so far, and upscaling efforts on selected products are in progress, with the goal that the material will be fully implemented in the beginning of 2023.

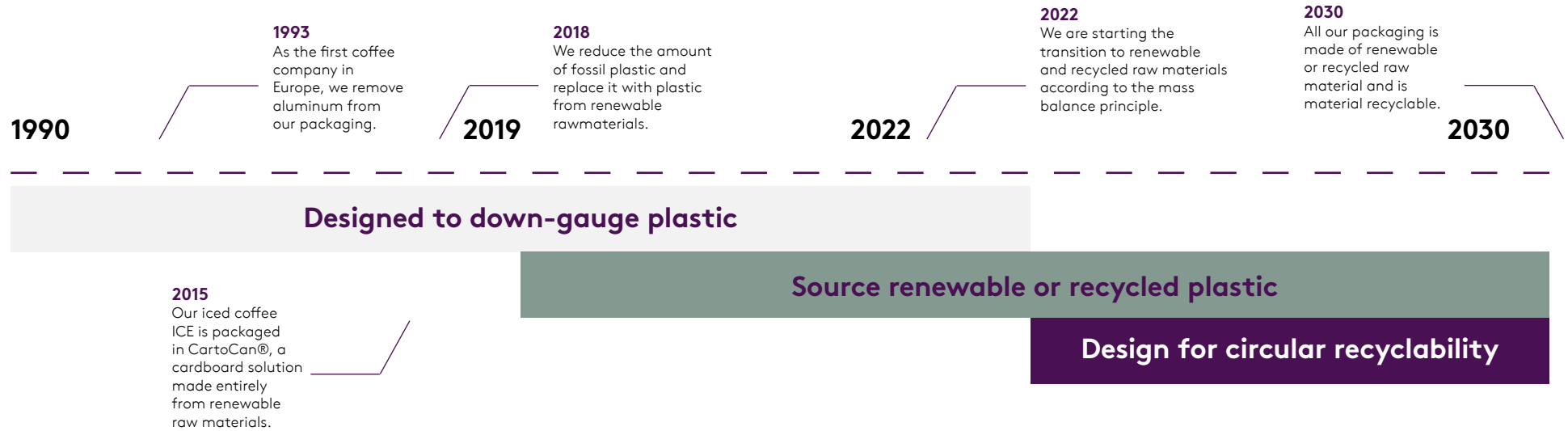
“By developing, testing and redeveloping, we have obtained experience and knowledge regarding our current processes and methods. We have learned that there are no short cuts when it comes to developing the right sustainable packaging.”

- Madelene Breiling, Head of Operational Development, Löfbergs

Recyclable monomaterial

The new packaging is among the first to pass the eye of the needle for what is required in our coffee production and which also has a higher potential for material recycling.

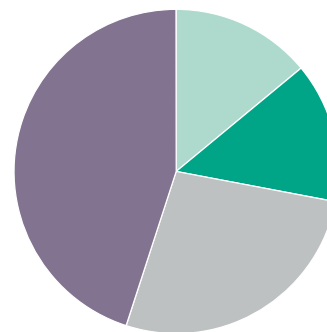




Our packaging strategy:

- Reduce the amount of used material
- Phase out unnecessary layers of aluminium and metallisation
- Eliminate hazardous material
- Use renewable and/or recycled resources
- Use traceable and responsibly farmed renewable material
- Reduce the impact on the environment while preserving quality and shelf life
- Preserve the production efficiency
- Switch to material that can circulate, be recycled, on a global market.

HOW MUCH PLANT-BASED PACKAGING MATERIAL WE USED



● Paper: 14 % (15) ● Fossil-free plastic laminate
 ● Plastic laminate: 27 % (24) ● Corrugated cardboard: 45 % (45)

(previous year)

All our packaging will come from **renewable or recycled raw material by 2030**, and they will also be designed to be recyclable on all markets.

Together against food waste

Operation-driven circularity

Coffee that is not consumed is an unnecessary waste of the Earth’s resources since 80 % of the climate effects of coffee occur in the coffee producing countries. That is why we are actively working to reduce the waste. But sometimes perfectly fine coffee beans cannot be sold as intended, when a roasting did not go exactly as planned or if there is something wrong with the bar code on the packaging for example. That is why we always strive to make the best possible of the waste generated. When coffee beans that risk being wasted are used as raw material for new products, they suddenly get a value and become an important driving force in a circular economy.

We have created a method and a reprocessing process to be able to handle the redosing of coffee beans. We call the process “rework” – a systematic and digital working method that gives us the opportunity to fully control the coffee that leaves the flow, and with complete traceability reintroduce it into the flow again.

In similar ways, we have highlighted the waste of packaged finished goods in our warehouse. With the help from a clear internal sharing of responsibility and costs as well as a specific tool for managing sales dates in the business system, we have managed to achieve a reduction in costs and waste from the warehouse.

0,47 %

of our coffee produced in Karlstad is discarded as waste. This corresponds to 4.5

- 5 kilos of waste per produced ton of coffee. The goal is to halve food waste by 2030.

(Base year 2020/2021: 0.49%)



Circle K rescued 26 tonnes

In cooperation with Circle K, we created the sustainability project **Rescued Coffee**, with the purpose to minimise unnecessary waste of coffee beans. Our coffee experts used different kinds of coffee that risked being wasted in the roastery and combined them into a unique blend. It means that the same coffee never can be copied, each batch has a totally unique flavour profile.

Four batches of Rescued Coffee have been launched this year, which means that 26 tonnes of coffee – equivalent to 120 tonnes CO2 – that risked being wasted have been consumed instead. The unique waste coffee is a result of a long-standing cooperation with Circle K.

“ Any means that can reduce food waste are welcomed with open arms, and we are very happy to cooperate with Löffbergs in this project.

- Martin Stenberg, Senior Category Manager, Circle K.



Coffee soils give growing power

Using coffee grounds to give plants extra nutrition is a well-tried method. It made us wonder if coffee beans, which for different reasons end up outside our regular flows, can be used for the same purpose.

After contacting Econova, a collaboration was initiated that resulted in the first large-scale test with coffee soil. By composting the wasted coffee beans with residues from the forest, we produced a nutritious soil that can be used as garden soil.

That the wasted coffee beans are recycled and can replace virgin peat generates both environmental and financial profits.



Innovation for a sustainable future

The circular transformation must extend outside of our own business to make a real difference. We want to involve both coffee farmers and consumers, and everyone in between, on our journey ahead. But we do not have all the solutions yet, and we have to work innovatively both internally and externally to find them. The value chain perspective also requires digital enablers to tear down barriers like geographical distance and language. The innovation department at Löffbergs are focusing on digital and circular innovation – always with the purpose to contribute to our sustainability work.

We know that we are good at importing, roasting and selling coffee. We have been doing so for more than 115 years. But we also know that 99% of the nutrients of the coffee are lost on the way to the cup, and that there is a great potential in making use of the full value of the coffee. In 2020, we founded **Circular Coffee Community**, a network to pursue open innovation for circular transformation in the world of coffee. Open innovation gives us more knowledge and experience in the projects at the same time as the opportunities for external use of our innovations increase. Circular Coffee Community offers a platform for networking,

innovative partnerships and commercial collaboration. We share our insights, experiences and knowledge to develop innovative and circular initiatives for new processes, products and services throughout the value chain of coffee. Today, we are more than 30 dedicated companies, organisations and research institutions that work with circular coffee solutions.

“ It is within Circular Coffee Community that the open innovation happens. It is an engaging platform, where we exchange experiences and cooperate in projects. We learn more about the value of coffee. Open innovation expands our horizon and gives us access to insights, resources and solutions.



- Christina Singh, Head of Circular Innovation, Löffbergs





Kajsa-Lisa Ljudén, Head of Sustainability, & Christina Singh, Head of Circular Innovation, Löfbergs

LÖFBERGS

Cascara – the flavour of the future?

Over the last year, we have experimented with the flavour profile of dried skins from the coffee cherry – cascara. It turns out that the fruity notes of cascara complement a darker roasted coffee very well. Together with some of our partners in Circular Coffee Community – Coffee Cherry Company and Kawacom – we are now looking on solutions to import cascara via the digital platform Era of We (read more about Era of We on page 51). The development of a new product, a coffee cascara blend, could create new sources of income for coffee farmers as they can sell both coffee beans and cascara.

In a nearby project, the Danish Technological Institute is now carrying through a number of analyses in connection with extracting antioxidants from cascara. There is a clear need for natural antioxidants in feed and food, and cascara is rich in just that.

The solutions catalogue

Circular Coffee Community’s collection of innovative ways to recycle coffee waste – **the Solutions Catalogue** – is filled with solutions developed by community members. One exciting example comes from BRØL, a Copenhagen-based microbrewery that has made beer from stale bread and coffee grounds. Every beer bottle contains 2-5 slices of bread and 3-30 grams of grounds – a great example on how food waste can be used as raw material. There is also Easy Food that uses coffee fibres from the company Kaffe Bueno as an ingredient in their tasty cinnamon buns. After extracting the oil, the spent coffee grounds can become a source of fibre that is low in fat and rich in proteins.

“Circular Coffee Community is an important catalyst for innovation and change. It gives us a fantastic opportunity to find new solutions that can add value to our customers at the same time as it strengthens the sustainability in our business in different ways – for example by reducing our waste or contributing to better opportunities for coffee farmers.

- Kajsa-Lisa Ljudén, Head of Sustainability, Löfbergs



Together for a fair growth

FAIR

2030 Ambition:

A fair, performance driven and fully transparent value chain.



Our ambitions for 2030

A fair growth on commercial terms, where fundamental human rights are respected, is a prerequisite for sustainable development. We aim to be a driving force when it comes to creating better possibilities for coffee farmers and their communities around 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 working with risk assessments, long-term relationships and continuously develop and follow up our Supplier Code of Conduct. Certifications are one of many important tools to reduce the risks and guarantee third party verification.

We want to change the existing business models and 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.

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

100000

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*

*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.

A fair and transparent value chain

Within the focus area Fair, we carry out the work with a fair, performance-driven, and more transparent value chain. We aim to be a driving force when it comes to creating better possibilities for coffee farmers and their communities around the world. But we are not only working in our own value chain, we also want to contribute to changing the entire coffee industry.

It originates in a disquieting trend around the world, where many actors are going into survival mode, lowering their guard and risk starting to tamper with human rights. Migrant workers, the ones who harvest the coffee, are often the most exposed. It is important to find fair conditions in that form of employment, to ensure that they get the rights they are entitled to.

The commercial terms also play a part. The fair trade is the driving force of creating more sustainable prerequisites. When it is affected by for example inflation, many people risk losing insights regarding solvency and the financial capacity. This is where the financial leg of sustainable development is important. If sustainability becomes a luxury product, accessible to those who can pay for it, nothing has been gained. Preserving the commercial understanding and the commercial foundations is extremely important in our focus area Fair.

In the traces of the pandemic and the freight problems of the last year, we have had to work on a smaller part of the market, which has made access to the whole certification system – and in the end, coffee of good quality – smaller. Thanks to our long-standing relationships with cooperatives, we have great knowledge on how to handle this and have managed to spread out our risks.

Another challenge connected to coffee from certified farms is the current high price of green coffee. It is good that the price for coffee is high, it means that the farmers are getting paid more. But it also means that the cooperatives have less incentives to certify their products. Then, the social and environmental benefits that the certifications bring are lost.



WHERE WE BUY OUR COFFEE FROM

78%

South America

Brazil, Peru, Colombia

15%

Central America

Honduras, Nicaragua,
El Salvador, Mexico,
Guatemala

5%

Asia

Vietnam, India, Indonesia,
Papua New Guinea

2%

Africa

Ethiopia, Rwanda, Uganda, Congo,
Kenya, Malawi, Burundi

Besides certifications, we also believe in cooperation. Together we can make a difference when it comes to better livelihoods as well as sustainable conditions. That is why we, as the first roastery, has joined the platform **Era of We** (read more on **page 51**), that results in a transfer of power in the value chain to the farmers and increases the value of their products.

Ahead, we welcome the enhanced accuracy when it comes to human rights. That the EU and other government bodies are starting to make demands that all companies must respond to is important. We believe that highlighting these issues and making demands on risk-minimisation and increased transparency can make a big difference for a lot of people. It is about making the people, and their challenges, visible in the value chain.



“ Era of We is mainly about transparency, that everyone has to motivate their place in the value chain. You also get an increased understanding for the farmers’ challenges, both when it comes to climate challenges and the possibilities of carry on the work to the next generation. By raising the awareness, we raise the interest, which in its turn can increase value and the willingness to pay.

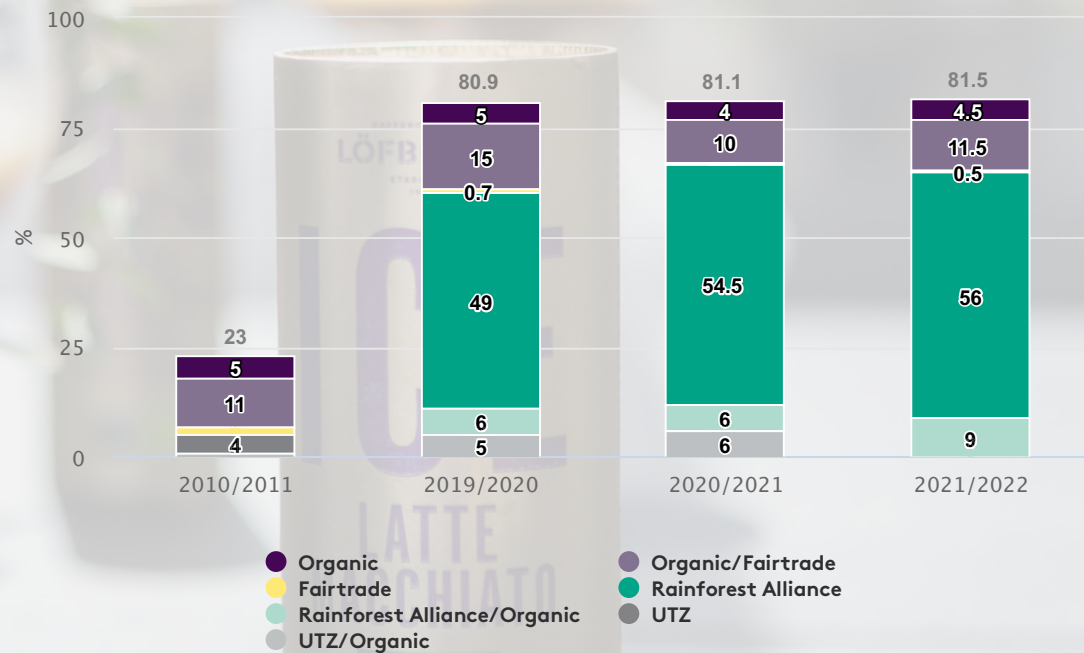
- Martin Löfberg, Chief Purchasing Officer, Löfbergs

Certifications – an important tool for a positive change

We imported the first container of organic coffee to Sweden in 1995. We are one of the world’s largest buyers of organic and Fairtrade coffee today. We see a need for increased justice in the value chain and we work with that in several different ways. Certifications play an important role since they reduce risks and contribute to a positive change.

In our constant endeavour for a more sustainable development in the value chain, certifications are a good tool and an important complement to our efforts. Working with certifications means that an independent party controls the farm, that the production and the working conditions are considerate to both people and the environment. On our visits to the producing countries, we see many great examples on certified coffee being a good tool for a positive change – better paid farmers, lower water consumption and stronger resistance to climate change for example.

HOW MUCH OF THE GREEN COFFEE WE PURCHASE IS CERTIFIED



From one container to the world's largest buyer

We were determined already in the 1990's – we wanted to be first major coffee company in Sweden to offer organic coffee. Coffee that also met our requirements on quality and flavour preferences. In 1995, we imported the first container of organic coffee to Sweden. We immediately started working to arouse the interest of customers and consumers. It was a slow start, but all of a sudden, the demand increased. Today, the entire Löfbergs assortment is sustainably certified, and almost a quarter of it is organic. We are proud that almost all of our coffee comes from certified farms, and we are now maintaining the strive for a more sustainable value chain in different ways.

Long-term collaborations secure more organic coffee from Brazil

It is often complicated to find and purchase coffee that meet our requirements on sustainability and quality. Our endeavour for a delicious organic coffee has continued on, and thanks to a development in Brazil that we have been a part of, it looks as if the supply can increase. The consumers' growing interest for environment and climate matters makes the financial benefits of organic farming stronger. Simply put, farmers are more paid for their extensive efforts in organic farming.

Tony Broman, who purchased Löfbergs's very first organic coffee for almost 30 years ago, has travelled

around in Brazil the last couple of years to tell coffee farmers about the Nordic countries' great interest for organic coffee. Organic coffee comes with extra work, but there are great commercial benefits for the farmers, especially in such a volume-driven country as Brazil. The travels have paid off, and a lot of farmers see the added value of organic farming in relation to conventionally farmed coffee. For the last couple of years, we have signed agreements with more organic farmers, and even more are in progress. The agreements extend for a number of years, which is historically long contracts in the coffee industry. It is good for us as well as the farmers as we can secure long-term deliveries of high-quality organic coffee at the same time as they can keep on investing in and developing their business. The long contracts make it easier for the coffee farmer to get a loan from banks and investors

With this year's purchase of organic coffee, we have contributed to converting an area equivalent to **12,700 football pitches** into organic production without artificial fertilizers and pesticides.

“ The climate change has affected the farming of organic coffee in many countries. Which is why it is important that farmers in Brazil, the largest producing country, invest in it. Well-managed organic farms are more resistant to climate change, but it takes several years to get certified. It requires many farmers as well as commitment and financial efforts. Those conditions can be found in Brazil.

- Tony Broman, Senior Trading Manager, Löfbergs



Tony Broman, Senior Trading Manager, Löfbergs together with Walters Cesar Dutra, Fazendas Dutra farm.



Our sustainability labels

“ Many farmers are struggling to get paid enough and to cover their production costs as a result of the pandemic and the ongoing climate change. Fairtrade are working hard to create as good conditions as possible for them to support themselves and their families.

Swedish consumers want to buy sustainably, but a large challenge right now is to engage consumers as well as companies to actively continue to choose Fairtrade in a situation of an ongoing recession and inflation.

- *Hewan Temesghen, Secretary General, Fairtrade Sweden*

“ The most important issue for Rainforest Alliance right now is to create alliances with interested parties, like Löffbergs, to transform farming into a force for good that renews the ecosystems and creates sustainable livelihoods for the coffee farmers.

We hope that Löffbergs will continue to be curious forerunners within sustainability. Supporting farmers through cooperation in innovative projects, maintain long-term relationships with producers and selling certified coffee. Consumers make a big difference just by buying certified coffee.

- *Marcus Schaefer, Markets Transformation Manager Nordics, Rainforest Alliance*

This year, we purchased **3,900 tonnes** of green coffee from Fairtrade certified farms. It has contributed with about **SEK 45 million** in premiums for cooperatives including extra payments for organic farming to small-scale coffee farmers.

Our purchases of green coffee from Rainforest Alliance certified farms have contributed to the conversion of an area equivalent to **33,000 football fields** to sustainable farming.

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.



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.

Let's transform the coffee industry

The coffee industry faces great challenges and many coffee farmers are struggling every day to survive financially. It is threatening the livelihoods and makes fewer young people see a future as coffee farmers, which in the long run can decrease the access to coffee. We work in many ways in our own value chain, for example through supplier follow-ups, development projects and certifications. But we have always had a greater ambition – to change the entire coffee industry and improve the possibilities of the farmers. It is time for a new era.

Löfbergs & Peter Larsen Kaffe X Era of We

A year has passed since Löfbergs, as the first roaster in the world, joined Era of We, a digital platform that brings farmers, roasters and consumers together. This is where coffee farmers can build their own brands and market themselves directly towards consumers and coffee roasters. It creates a more balanced value

chain with more power for the coffee farmers, as they themselves lay down the conditions.

Now, it is Denmark's turn, where Peter Larsen Kaffe has introduced the innovative global platform. The first customer to join is Aros, one of northern Europe's biggest art museums.

The platform tears down language barriers and enables contact between all stakeholders in the value chain. The digital dimension facilitates sharing of information and simple communication, which allows for a better understanding for the farmers' challenges, such as climate change and the possibilities for the next generation to take over.

As the farmers can market the unique characteristics of their coffee, Era of We contributes to increase the total value for the farmers.

We cannot change the coffee industry by ourselves, we need help. The cup of coffee in your hand is a result of hard work and extensive knowledge, and should be treated as such. You can be a part of the change by entering the platform eraofwe.com and explore the possibilities.

“ Era of We creates direct relationships between coffee farmers and our customers, completely without intermediaries. It enables new business models – our customers are always looking for new products and services that can strengthen their brand and business and Era of We is therefore an obvious channel for them.

- Malin Helgman, Head of Digital Innovation, Löfbergs



International Coffee Partners

During the coffee crisis of 2001, Löffbergs co-founded International Coffee Partners, ICP, a non-profit organisation, where we are working together with seven other family-owned coffee companies in Europe to improve the development possibilities for small-scale coffee farmers around the world.

ICP works in a strategic partnership with the foundation Hanns R. Neumann Stiftung, which is the administrator of the organisation and implements its projects all over the world. The total budget is approximately EUR 1 million per year, of which our contribution is around 15 per cent.

ICP has a holistic attitude, where four areas are in focus: sustainable farming methods and climate adaptation, entrepreneurship, strong organisations of farmers, and young people. They work with long-term commitments based on five-year strategies, and equality is a fundamental aspect of the four focus areas and in all of ICP's work and organisation.

Now, 21 years later, the goal of reaching 100,000 participants has been exceeded by far – 112,000 small-scale coffee farmers in 13 countries have participated in the projects.

OUR CONTRIBUTIONS TO ICP PROJECTS SINCE 2001

112 484 participants 23 project 13 countries



20 Years
INTERNATIONAL
Coffee Partners



Despite the difficulties brought by the pandemic, ICP has purposefully continued its work to educate and improve the living conditions of small-scale coffee farmers and their communities. There are currently 6 active projects in South America, Africa and Asia, and the goal of reaching 100,000 participants by 2023 has already been achieved!

The coffee&climate initiative

The coffee&climate initiative is a non-profit initiative, where coffee companies, public players and local organisations cooperate to help small-scale coffee farmers face climate change and improve their livelihoods. International Coffee Partners founded and operates c&c (see [page 52](#)).

c&c focuses on innovation and spreading knowledge, and has developed a toolbox. The c&c toolbox is an open online platform and contains a compilation of tools, such as climate maps and educational material. The toolbox works as a platform to exchange knowledge about well-known as well as innovative methods for climate adaptation. The methods are developed together with some of the world's leading climate experts.

Since the start in 2010, c&c has helped more than 64,000 coffee farmers and their families. Today, c&c operates in Indonesia, Ethiopia, Tanzania, Uganda, Brazil, Honduras and Guatemala.

Löfbergs and the other ICP companies are the founding members. Tim Hortons (Canada), Walter Matter (Switzerland) and J.M. Smucker (USA) are associated members.

The initiative also cooperates with the Swedish International Development Cooperation Agency. Kathrine Löfberg is the Chair of the Board since 2022.



“ The climate change is one of the greatest challenges that the coffee industry is facing, and moving forward, we need to work together in the whole business. Farmers, companies and organisations unite in c&c’s work to find solutions, and we encourage more to join us.

- Kathrine Löfberg, Chairperson, coffee&climate



coffee & climate

European Coffee Federation

Since 1 July 2022, Löffbergs is a member of the European forum European Coffee Federation (ECF). ECF exists for the European coffee industry and aims to be a cross-industry forum for exchanging common interests within food safety, sustainability and international trade.

The ECF consists of 16 national associations, 37 member companies from across Europe and represents more than 700 companies – ranging from SMEs to internationally operating companies, which account for about 35% of the world’s coffee trade volume.

“ Through ECF, we have the opportunity for direct knowledge acquisition, exchange and the ability to influence at European level. It is an important forum for us in our ambition to be a leading player in terms of fair, sustainable production and trade.

- Kathrine Löffberg, Chair of the Board, Löffbergs



PRIORITY AREAS FOR THE EUROPEAN COFFEE FEDERATION:

Food safety and compliance

Responsible sourcing and consumption

International trade



EUROPEAN
COFFEE
FEDERATION

Inclusion makes us smarter

INCLUSIVE

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 force that exists in an inclusive culture. Then we can fully use the strength that the diversity among our co-workers implies and contribute to a sustainable development.

We want to offer our co-workers 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 helps us see new perspectives, which makes us smarter and more profitable.

We take important steps every day, but we are not done yet. Naturally, we start with ourselves. But we also do what we can to inspire others, take a stand as well as use our voice and our power to work for a more inclusive society. As a sponsor, a partner and a voice in society. It is about what we believe in and who we are. It is about continuing to be relevant for all our interested parties. And it is about contributing to a more inclusive society – for everyone

Commitments

- » An inclusive workplace with co-workers that reflect society.
- » Use our voice and our brands to take a stand for a more inclusive society.
- » Diversity and inclusion are central in all sponsorships and collaborations

Goals

2023

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

2026

Our co-workers will reflect the markets 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.

A fully diverse and inclusive business



“ To just focus on representation is not enough. In order to take advantage of the potential of diversity's analytical ability, we need to have a culture where new perspectives are included and where employees regardless of gender, age and ethnicity are given equal opportunities to participate and contribute.

- Sofia Svahn, Chief People & Culture Officer, Löfbergs

We know that companies with greater diversity achieve better financially than the ones that are homogeneous, It is about mixed groups having better analytical capabilities, as they see more perspectives and therefore make better decisions. Uniformity makes us less smart, simply put. But to just focus on representation is not enough. To benefit from the analytical capabilities of diversity, we need to have a culture where new perspectives are included and where co-workers, no matter their gender, age or ethnicity, get equal opportunities to contribute. Our work is just as much about representation as an inclusive culture.

Our ambitions and our goals in inclusion and diversity are a matter of giving us the very best conditions to create business advantage. Naturally, we begin with ourselves, but have also increased our focus the last couple of years on how we work through others, such as in collaborations and organisations that we sponsor. It is also about division and representation, where our goal towards 2026 is that our investments should be equally divided. It is just as important that we, through our collaborations, urge on for an inclusive culture, for example in the sports associations that we cooperate with.

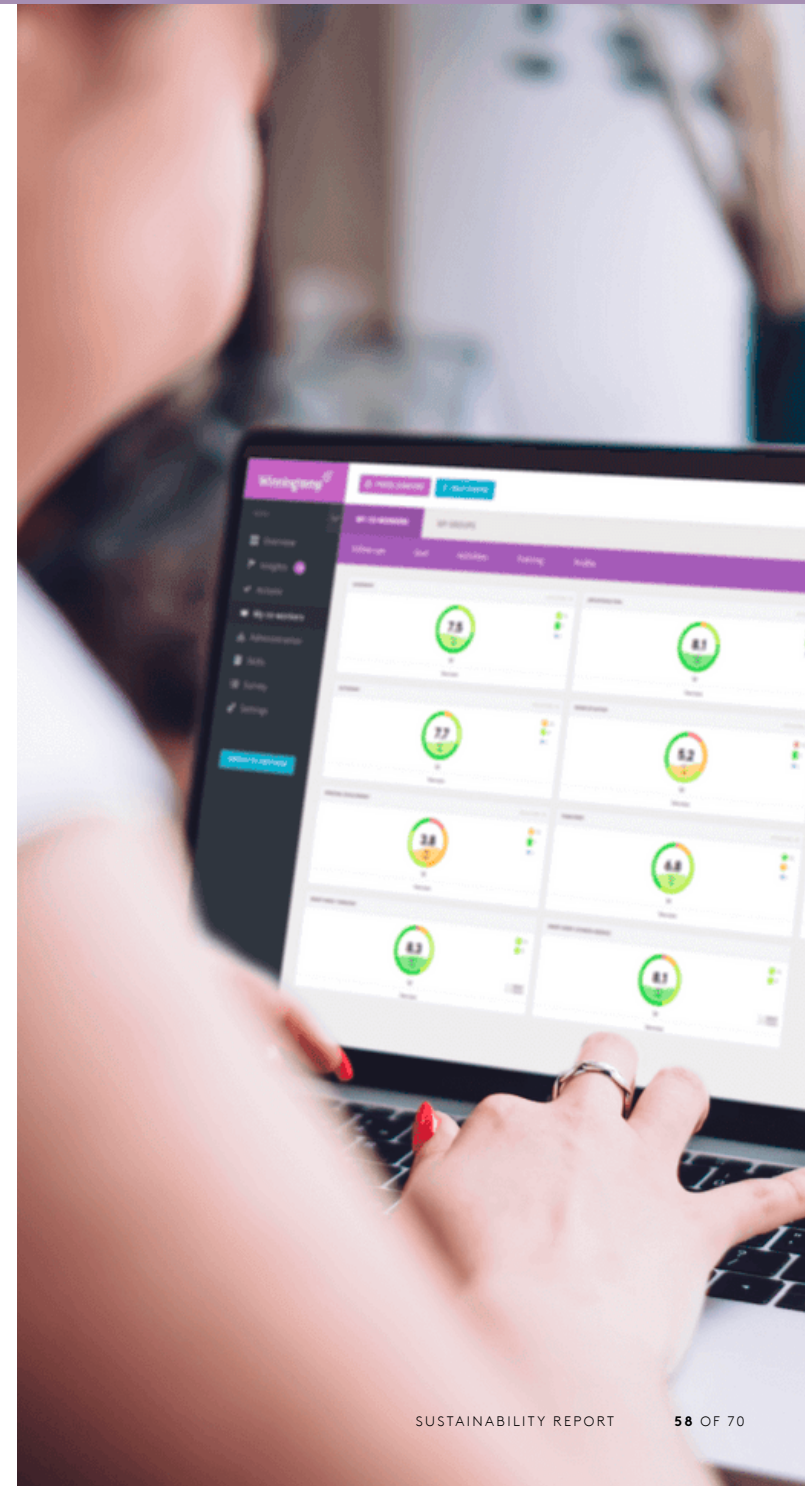


Working with inclusion and diversity requires patience and determination. We are taking small steps in the right direction every day, but still have a long journey ahead of us and need to increase the pace. We are happy to share our progress and our challenges with others, as we know that this is an area that is high on the agenda with most organisations today.

This year, we have continued our work with inclusion ambassadors, we have tightened up our Code of Conduct, and all co-workers have been trained in it. We have developed a new recruitment process for the whole group, we have increased the share of female managers and we have started measuring in real time how our co-workers experience that we perform in inclusion and diversity in the tool Winningtemp.

“ In our weekly temperature measurement, we get regular data regarding several categories, such as inclusion and diversity. The data shows that we have a high awareness in the organisation and the issues are really on our agenda, but that it goes to slowly when it comes to representation. We also see a difference in how men and women respond, where women in general give a significantly lower temperature than men in that category.”

- Helena Eriksson,
Head of Group HR,
Löfbergs





Inclusive

Accountable

We are



Together

Enterprisers

An updated manager framework makes it clear how we lead according to our values

During the coming financial year, we will launch our updated manager framework "Leading the Löffbergs Way", where we, with support from our core values, define the leadership we need to reach our goals, build a culture with high dedication and co-workers that reflect the society we are a part of. In September 2022, a process began, where all managers in Löffbergs work through our framework to get the very best prerequisites to deliver on their mission as managers within Löffbergs.

Ahead, we will strengthen our focus on:

- An increased pace regarding representation. Not least when it comes to women in sales and top-level management as well as the share of managers with an international background.
- Give our inclusion ambassadors even better prerequisites to contribute to making our culture inclusive.

Inclusion makes us smarter

We believe that inclusion makes us smarter and that our co-workers feel better in an environment characterised by diversity. Our goal is that our co-workers should reflect the society we are a part of. We have clear goals for diversity at management as well as employee level, and we are regularly measuring how we are doing. To advance for a more inclusive culture with co-workers that reflect our society, we work in many ways. It is about everything from the big issues, like our Code of Conduct and recruitment process, and the seemingly smaller issues, like cultural coffee breaks and period-proofing offices. We are taking small steps every day, but still have quite a journey ahead of us before we are there.

An updated recruitment process for greater diversity

One important enabler for greater diversity is how we attract and recruit co-workers. This year, we have developed our recruitment process. A central part has been to minimise bias, that is to not let any prejudice control the process, and maximise our chances to recruit candidates who contribute to the diversity of the group.

A selection of the changes we have made:

- Made it clear that our managers in all recruitments should endeavour to balance the group's diversity and that diversity will be valued as another merit.
- In the case of equal qualifications, the end-candidate that contributes to a greater diversity of the group should always be offered the position.
- In our advertisements, we make it clear that pictures are not required for the application.
- We use interview questions that are competence-based and relevant from the requirements of the vacant position. We do not ask questions about private life and family.
- We avoid recruiting from our own private networks, such as friends and family. If the candidate is closely connected to the recruiting manager, the manager's manager should participate.

As a part of our updated process, we have also procured and started the implementation of a new recruitment tool for the entire group, Jobylon, which enables better data collection, simplifies for our managers and improves the candidate experience.

During the spring of 2022, we have tested **Alva Labs** for a number of recruitments in Sweden, which has brought us a new way of minimising bias in the process and make decisions based on data, not gut feeling. Through early testing in a process, candidates are screened objectively and automatically with help from personality and logics test, which are matched towards a specific requirements profile.



LÖFBERGS



An increased share of female managers, but a continuous share of men in the top layer

“ This year, the share of female managers has gone from 29 to 33 per cent on a group level. The part of our business where we have the most equal division is in Solution Centre, where 44% of our managers are women and where conscious efforts really have had an effect. Just as in many other businesses, the top-level management is still very male-dominated and so is the part of our business that works with sales, which naturally limits us as we are missing important perspectives, something we need to strengthen the focus on in our work ahead”

- Anders Fredriksson, CEO and Group Chief Executive

DIVERSITY AMONG CO-WORKERS AND MANAGERS

	NUMBER OF EMPLOYEES	MEN	WOMEN	INTERNATIONAL BACKGROUND *
Total Löfbergs Group				
Total	308	61 %	39 %	-
Leading positions	61	67 %	33 %	-
Sweden				
Total	168	61 %	39 %	7% **
Leading positions	32	56 %	44 %	9% **
Denmark				
Total	70	62 %	38 %	-
Leading positions	10	80 %	20 %	-
Baltics (Est, Lat, Lit)				
Total	35	49 %	51 %	-
Leading positions	8	63 %	37 %	-
England				
Total	23	69 %	31 %	-
Leading positions	6	83 %	17 %	-
Norway				
Total	6	67 %	33 %	-
Leading positions	2	100 %	0 %	-
Finland				
Total	6	64 %	36 %	-
Leading positions	3	100 %	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.

** Refers to financial year 2020/2021



Mission: Inclusion

Our inclusion ambassadors play an important role and help us to get better at including and catching perspectives from all of us as well as building knowledge within this field. As a part of their work, the inclusion ambassadors meet the group management every year in a workshop to share knowledge and experiences – and identify challenges and opportunities. This year’s workshop resulted among other things in the following decisions that will be implemented the coming financial year:

- The ambassadors will join local management team meetings and proceed from the possibilities and challenges we have in different parts of the organisation.
- All co-workers will go through a digital training in inclusion, which is developed with the support from our ambassadors.

An external channel for whistleblowing for increased protection for the whistle-blower

Our internal channel for whistleblowing has been replaced by an external channel in accordance with new EU legislation to increase the protection for the whistleblower. Read more on **page 16** on how we handle whistleblowing.

An updated Code of Conduct and digital training for all co-workers

Our Code of Conduct is one of the most important governing documents for everyone who works at Löffbergs as well as in all our interactions with the world around us. The code is a living document that is regularly updated concurrently with the changes of the world. The following changes have been made this year.

- A clarification that the code not only applies to ourselves, but also how we act through others, such as customers, suppliers and sponsorship partners.
- A clarification that the observance of the Swedish sex purchase act is our objective, no matter the market and local legislation.
- A further clarification that we as a business have zero tolerance for all forms of activities that exploit people and risk violating human rights, for example visiting strip clubs and using pornographic material on the company’s digital units.

That all co-workers regularly are educated in our Code of Conduct is important, not least when updates occur. To secure the observance, a new digital training has been developed that all co-workers go through.

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 14 work-related incidents during the year, of which 1 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 Health and Safety Committee, where Union 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.



Period-proofed toilets in Sweden

Every other person in the world experience their period at some time, but sanitary protection is not as obvious in toilets as toilet paper. Did you know that 64% of all women at some point have had to leave their workplace to get sanitary protection? A period-proofed toilet means that there are sinks, soaps, waste bins and sanitary protection in form of tampons and sanitary pads.

Löfbergs' Headquarters is a period-proofed workplace since September 2021 with help from the organisation Menssäkrad's boxes that are placed in our offices and roasteries in Sweden as well as in our coffee bar in Karlstad.



Don't worry, we got your back. 🙋‍♀️

Mensskydd

LÖFBERGS

“ Period-proofing is a simple, natural and very concrete way to take a small, but important step in our gender equality work. At the same time, we are contributing to breaking the taboo and the important work that Menssäkrad carries out.



- Sofia Svahn, Chief People & Culture Officer, Löfbergs

Cultural coffee breaks

Coffee traditions around the world differ a lot, and some co-workers in Karlstad took the initiative to arrange cultural coffee breaks this year.

Everyone working in Karlstad was invited, and with help from colleagues from different parts of the world, we got to try the coffee cultures of different countries. We have been in Syria, Ethiopia, China and naturally, Sweden – so far!



A voice in society

We are small in some respects, but big enough to make a difference. We sponsor different associations and have several partnerships and contacts outside our own value chain. Internally, we work in many different ways to influence culture and contribute to greater diversity, inclusion and well-being with our co-workers. But we also want to influence the context we operate in by using our voice in society in a way that contributes to change. Our clear values create a security and make us take a stand and pursue matters that are important to us.

Knus Kræft – when what cannot happen happens

We are proud co-founders of the Knus Kræft initiative in Denmark since 2016. An initiative that works to create a better everyday life for children and families affected by cancer. Since the start, we have raised more than DKK 10 million. The entire amount has been donated to efforts that will support and bring joy to the children and their families. In 2021, we arranged a big gala dinner with children and their families as well as a number of famous Danish artists. Together, we raised almost DKK 6 million for Knus Kræft.

Sponsorships for 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. 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 the sponsor of the Ski Team Sweden Alpine as well as several arenas, such as Brentford Community Stadium in London and Nokia Arena in Tampere.

That our values correspond with our sponsorships is important, and we love to work together with the associations we sponsor to urge on for more inclusive and equal sports. During the last couple of years, we have worked on the project Det Grønne Kort (The Green Card) together with Viborg FF and have worked to highlight unhealthy male ideals together with Färjestad BK.

Coffee as a catalyst to wipe out homelessness

As sponsors of Brentford Community Stadium in London, we chose to put our premises for brand exposure at the disposal of our customer Change Please, whose mission is to wipe out homelessness through coffee. The chain of cafés, which operates on eight markets in Europe, invests all its profit in initiatives that help homeless people get a job and a home.



A well-needed coffee break at Ronald McDonald House.

“ Our vision is that all seriously ill children in Sweden should be able to feel better with their loved ones close by. Every year, about 4,000 families live in our five Ronald McDonald houses. Some families stay for a few nights, while others live and come back to the houses for several years.

The nice donations from Löffbergs as a monthly donor as well as providing coffee and tea at our houses also give the parents the possibility of a break and some breathing space to regain their strength and energy. Thank you for joining us in making a difference when it is needed the most!

- Lisa Palm Danielsson, Ronald McDonald Barnfond



Löffbergs supports Everyone is different – Different is good

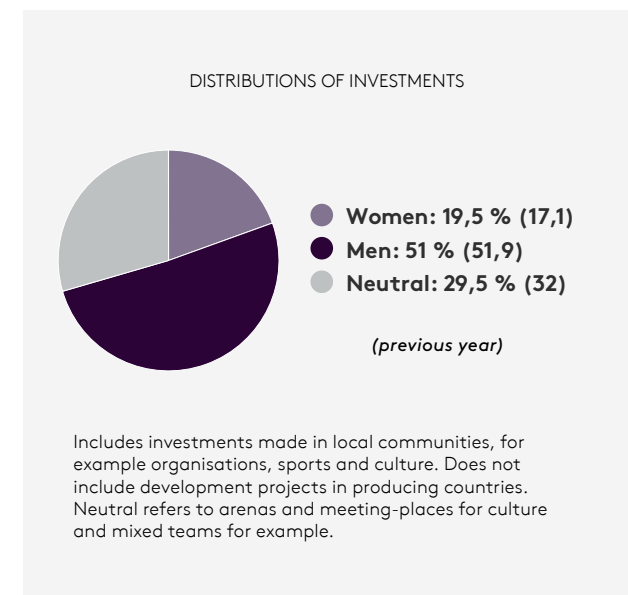
Football has, just as a coffee break, a uniting power that gathers people and get them to feel joy and community. Is does not matter who you are, where you come from or who you like.

We like that, and that is why we are a part of Everyone is different – Different is good together with ICA and the Swedish Football Association during the football summer of 2022. A way for us to contribute to a positive change and more equality and inclusion in Swedish football.

Everyone is different – Different is good helps associations that create opportunities and conditions for children and youth – no matter their socio-economic background, gender, ethnicity and functional diversity – to become a part of the football movement. Since their start in 2016, Everyone is different – Different is good has supported club activities with SEK 11 million.

In support of the people in Ukraine

The Russian invasion of Ukraine shocked a whole world. A tragic and terrible act of war, which was met by an impressive and admirable resistance from the people in Ukraine. The European and international community show great support for Ukraine, and we wanted to do the same. As a consequence, we decided to stop all sales to Russian and Belarusian companies. At the same time, we participated in fund raises and distribution of relief items. We have also donated money to UNICEF and their lifesaving support to protect children and families affected by the war.





This is our eleventh annual sustainability report, and it concerns the financial year from 1 July 2021 to 30 June 2022. 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, as support, 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 legal requirement on sustainability reporting.

The table below provides an overview of 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 /investments. Tax contribution. Policy contribution and influence (through networking and debate).

The entire value chain

Our business affects planet Earth and its inhabitants one way or another. The climate change 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 concerns, please get in touch.

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Head of Sustainability

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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		9-11
102-3	Location of headquarters		8
102-4	Countries of operation		12
102-5	Ownership and legal structure		8, 12
102-6	Markets served		8, 12
102-7	Scale of the organisation		8
102-8	Information on employees and other workers	Reported data include permanent employees, on all markets. Data reported is based on the status per 30/06/2022.	61
102-9	Supply chain		19-21
102-10	Significant changes to the organisation and its supply chain	A major organizational change with division into three geographical areas. See p.10, 16. Kajsa-Lisa Ljudén replaces Eva Eriksson as Head of Sustainability 01/07/2022.	
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		16-18, 19-21
102-13	Membership of organisations		28-30
Strategy			
102-14	Statement from senior decision-makers		3-4
102-15	Key impacts, risks, and opportunities		25-27, 66
Ethics and Integrity			
102-16	Values, principles, standards, and norms of behaviour		13-14, 25-27
Governance			
102-18	Governance structure		9-12, 16-17
Stakeholder engagement			

102-40	List of stakeholder groups		22-23
102-41	Collective bargaining agreements	100 per cent of the employees in Sweden.	
102-42	Identifying and selecting stakeholders		22-23
102-43	Approach to stakeholder engagement		22-23
102-44	Key topics and concerns raised	Working conditions in our supply chain, transports, recyclable and renewable packaging materials, food waste and gender/equality are subjects we have been discussing internally and externally during the year.	22-23
Reporting Practice			
102-45	Entities included in the consolidated financial statements		12
102-46	Defining report content and topic boundaries		66-67
102-47	List of material topics		66-67
102-48	Restatements of information	New base year for climate goals (2018/2019)	
102-49	Changes in reporting		
102-50	Reporting period	2021/2022	
102-51	Date of most recent report	November, 2021	
102-52	Reporting cycle	Annual	
102-53	Contact point for questions regarding the report		67
102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared with support of the GRI Standards: Core option	
102-55	GRI Index		68-69
102-56	External assurance	No	66

SPECIFIC DISCLOSURES

GRI 201 (2016)	Economic Performance	Boundaries	Comment	Page
ECONOMIC				
103-1, 2, 3	Sustainability governance			16-21, 25-27
201-1	Direct economic value generated and distributed			17
201-2	Financial implications and other risks and opportunities due to climate change	Supply chain		35-37, 46-47
GRI 203 (2016) Indirect Economic Impacts				
103-1, 2, 3	Sustainability governance			16-21, 25-27
203-2	Significant indirect economic impacts	Supply chain		17, 46-47
Food Proc. Sector Supplement				
Sourcing and Procurement Principles				
103-1, 2, 3	Sustainability governance			16-21, 25-27
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		48
GRI 205 (2016) Anti-corruption				
103-1, 2, 3	Sustainability governance			16-21, 25-27
205-2	Communication and training about anti-corruption policies and procedures	Supply chain		16, 62
205-3	Corruption incidents		No confirmed incidents of corruption	
ENVIRONMENTAL				
GRI 301 (2016) Materials				
103-1, 2, 3	Sustainability governance			25-27, 32
301-1	Materials used by weight or volume	Production		19, 38-39
301-2	Recycled input materials used	Production		38-39
GRI 302 (2016) Energy				
103-1, 2, 3	Sustainability governance			25-27, 32
302-1	Energy consumption within the organisation	Löfbergs' facilities in Karlstad, Viborg and Riga.		36
302-3	Energy intensity	Löfbergs' facilities in Karlstad, Viborg and Riga.		36
302-4	Reduction of energy consumption	Löfbergs' production facilities in Karlstad, Viborg and Riga. (Energy use p. 36, coffee production p. 8)		8, 36
GRI 305 (2016) Emissions				
103-1, 2, 3	Sustainability governance			25-27, 32
305-1	Direct (Scope 1) greenhouse gas emissions	All of Löfbergs' operations in Sweden and production in Denmark.		37
305-2	Indirect (Scope 2) greenhouse gas emissions	All of Löfbergs' operations in Sweden and production in Denmark.		37

305-3	Other indirect (Scope 3) greenhouse gas emissions	All of Löfbergs' operations in Sweden and production in Denmark.		37
305-5	Reduction of greenhouse gas emissions	All of Löfbergs' operations in Sweden and production in Denmark.		37
GRI 306 (2016) Effluents and Waste				
103-1, 2, 3	Sustainability governance			25-27, 32
306-2	Waste by type and disposal method	Premises in Karlstad, which stand for 94 % of the groups production		33, 40
GRI 307 (2016) Environmental Compliance				
103-1, 2, 3	Sustainability governance			25-27
307-1	Non-compliance with environmental laws and regulations		Non-compliance with environmental laws and regulations	
GRI 308 (2016) Supplier Environmental Assessment				
103-1, 2, 3	Sustainability governance			16-21, 25-27, 45
308-1	New suppliers that were screened using social criteria			19, 49
308-2	Negative environmental impacts in the supply chain and actions taken	Supply chain		16-21, 46-54
SOCIAL				
GRI 403 (2016) Occupational Health and Safety				
103-1, 2, 3	Sustainability governance			16, 25-27, 56
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities			62
GRI 404 (2016) Training and Education				
103-1, 2, 3	Sustainability governance			56, 57-58
404-3	Percentage of employees receiving regular performance and career development reviews			59-62
GRI 405 (2016) Diversity and Equal Opportunity				
103-1, 2, 3	Sustainability governance			25-27, 56
405-1	Diversity of governance bodies and employees			10, 61
GRI 412 (2016) Human Rights Assessment				
103-1, 2, 3	Sustainability governance			16-21, 25-27
412-2	Employee training on human rights policies or procedures			16, 62
GRI 414 (2016) Supplier Social Assessment				
103-1, 2, 3	Sustainability governance			16-21, 25-27
414-1	New suppliers that were screened using social criteria			19, 49
414-2	Negative environmental impacts in the supply chain and actions taken	Supply chain		16-21, 46-54
Food Proc. Sector Supplement				
Customer Health and Safety				
103-1, 2, 3	Sustainability governance			17-18, 25-27
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.	18



Thanks for reading this far.