

Framework for
the sustainable
procurement of
Set Range beverages
at Systembolaget

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1. Introduction

Systembolaget's business operations are based on the notion of sustainability and our vision is a society where alcoholic beverages are enjoyed with care for health so that no one is harmed. Systembolaget aims to become a well-known role model within sustainability where sustainability permeates everything we do.

This framework describes the foundation on which Systembolaget's sustainability strategy and definition of sustainable development rests. The framework shows how our procurement of beverages for our Set Range and Set Range – Miscellaneous will contribute to this. The extent to which sustainability has matured varies between different categories and segments, at the same time as we have identified a number of risks of violations of human rights and breaches of amfori BSCI's code of conduct in our supply chain.

We also need to take a major step forward in the climate and environmental area in order to live up to the goals set in the Paris Agreement.

1.1 OBJECTIVES

The framework will function as a tool to ensure that Systembolaget, both now and in the future, procures sustainable beverages in a systematic and transparent manner. By clarifying our ambition and direction going forward, the framework will give Systembolaget, suppliers and other stakeholders an overall picture of the requirements and guidelines that apply from a sustainability perspective as regards the procurement of beverages for our Set Range.

The framework will be updated as the demands the outside world and our customers place on our sustainability work increase.

1.2 TARGET GROUPS

The framework is primarily intended for use by buyers and category managers at Systembolaget, although it can also be used by suppliers and other stakeholders to gain an increased understanding of the sustainability requirements that apply when new beverages are procured for the Set Range as well as our ambition and direction going forward.

1.3 USE

The framework is primarily designed to be used as a support tool for category managers and buyers when procuring beverages for the Set Range. The sustainability areas in the framework are divided into:

- requirements that must be met in order for a product to be purchased by Systembolaget (green boxes) and,
- ambition goals that may currently be difficult to achieve in all segments/categories, but which contribute to driving sustainability work forward and should therefore be requested within the framework of the tendering procedure when procuring items for Set Range and Set Range – Miscellaneous (Our ambition – yellow boxes).

Relations between Systembolaget and each respective supplier are governed by Systembolaget's General Terms and Conditions for Purchasing (the **"Terms and Conditions for Purchasing"**). This Framework describes some of the requirements that follow from the Terms and Conditions for Purchasing which we particularly want to emphasise. Moreover, Systembolaget has adopted amfori BSCI's Code of Conduct (see 2.2). Under the Terms and Conditions for Purchasing, Suppliers and producers are obliged to comply with this Code of Conduct.

The requirements and ambition goals we highlight in this framework are the ones we want to emphasise from a procurement perspective to ensure and work for sustainable procurement of new items. The framework, and the terms and conditions to which it refers, do not constitute an exhaustive description of all sustainability requirements. For a comprehensive description, see Appendix 16 and Appendix 17 in the Terms and Conditions for Purchasing. The framework must always be interpreted and read in accordance with the Terms and Conditions for Purchasing. In the event of a discrepancy between the Terms and Conditions for Purchasing and the framework, the Terms and Conditions for Purchasing always take precedence.

The framework is revised annually. In line with a general intensification of sustainability work in wider society, Systembolaget considers it likely that several of the criteria in this framework that are currently listed as either should or ambition will gradually be absorbed into future requirements in Systembolaget's Terms and Conditions for Purchasing.

The Framework also includes:

- Criteria for an item to carry the "Our most sustainable beverages" label
- Summary of risk indicators
- Sustainability certification programmes
- Country-level risk information
- Definition of packaging with a lower climate footprint

1.4 ABOUT SYSTEMBOLAGET'S RANGE AND PRICE MODEL

Given its monopoly position, Systembolaget has a requirement for its procurement process¹ to be transparent, non-discriminatory and objective.

Systembolaget's range consists of existing items and new launches. The existing Set Range is evaluated twice a year for distribution 6 months ahead. Thus, at the time of evaluation, the supplier is aware of the distribution of the item in question for almost a full year ahead. New items have a guaranteed listing period of 9 months and begin to be evaluated 3 months after launch.

The listing period has been determined on the basis that suppliers require a reasonable guaranteed listing period at the same time as our customers obtain a reasonable level of renewal of the range. The space that new items take up in the store is determined by the guaranteed listing period and the number of items launched. Longer listing periods allow fewer new launches, which in turn needs to be in balance with the number of items in the range. A level of 10% new launches in Set Range has been assessed as a benchmark that allows the range to be exposed to competition and renewed to a reasonable extent.

Items with organic or ethical labelling have a 12-month guaranteed listing period, as this type of item entails a greater commitment for the producer. In order to ensure Set Range includes a selection of organic items, ethical items and items in packaging with a lower climate footprint, relevant segments also include a number of priority positions in the evaluation.

In common with the procurement process, Systembolaget's price model² is transparent and equal, i.e. the same rules apply to all suppliers and brands. This means that Systembolaget does not negotiate prices, but rather the prices are set by the suppliers.

1.5 NON-ALCOHOLIC RANGE

Systembolaget does not have a retail monopoly on the sale of non-alcoholic beverages and its decision to procure and sell certain non-alcoholic beverages is therefore based exclusively on commercial considerations. The same applies to how and to what extent such beverages are distributed across Systembolaget's network of stores.

For further information, see Appendix 18 in the Terms and Conditions for Purchasing.

1.6 OUR MOST SUSTAINABLE BEVERAGES

"Our most sustainable beverages" represents an indicator in both physical and digital stores that captures the breadth of sustainability from social, climatic and environmental perspectives, and which should make it easier for Systembolaget's customers to choose products that are the most sustainable at any given time. Products chosen under this banner have clear added value from a sustainability standpoint.

Four criteria must be met within the areas of traceability, social responsibility, environment and packaging for a product to qualify for the "Our most sustainable beverages" label. These criteria are described in more detail under each area below, as well as in Appendix 1.

Systembolaget's decision to only include traceability, social responsibility, environment and packaging as criteria for Our most sustainable beverages is based on the expectations that the general public and consumers have for sustainable beverage items. This approach is also supported by a consensus within civil society and among experts in sustainability. Overall, they fall within the various sustainability perspectives of environment, climate, working conditions and human rights. The four different qualification criteria we use for Our most sustainable beverages gives us the breadth we need for sustainability issues.

We do not use transport as a criterion for Our most sustainable beverages, despite the fact that beverage transport is a significant (albeit not one of the largest) fraction of the overall climate impact of any given item. Beverage items are mainly shipped by truck, boat or train (either alone or in combination) from their various global locations. At present, it is very complicated to create a regulatory framework that weighs up all the parameters that affect climate impact in a fair and proper manner. Mode of transport, vehicle, fuel, electricity source, utilization of total capacity and allocation between different goods are all factors that need to be considered. Despite the complexity of this issue, we are still looking at the possibilities of introducing transport as an additional criterion in the future.

Tender requests for Set Range and Set Range – Miscellaneous beverages will ask both for certifications that qualify under Our most sustainable beverages as well as for certifications that do not.

Requirements in tender requests may contribute to multiple items complying with criteria for Our most sustainable beverages, but not entirely. We believe that all sustainability certifications, even those that do not fully comply with the requirements for Our most sustainable beverages, are positive developments that drive improvements in each respective source location. We apply this strategy so that any new beverage items that join our range are in some way better than average. We need to work both at the tip and on breadth to have a positive impact and maintain the diversity of our items.

2. Sustainable development at Systembolaget

Systembolaget bases its definition of sustainable development on Agenda 2030, amfori and Global Deal as well as the circular economy. These are described in brief below.

2.1 AGENDA 2030

Agenda 2030 was adopted by UN member states in 2015. The global goals are universal and exist to achieve four things by the year 2030:

- To eradicate extreme poverty
- To reduce inequalities and injustices in the world
- To promote peace and justice
- To solve the climate crisis

The goals cover the three dimensions of sustainable development – economic, social and environmental – and apply in all countries and to all of humanity.³

2.2 AMFORI & GLOBAL COMPACT

Systembolaget has been a member of amfori⁴, a global, non-profit organisation that works for social responsibility in a number of industries, since 2012. We have adopted amfori's code of conduct and its principles as our exter-

nal code of conduct. The code of conduct is based, among other things, on the following international agreements on working conditions and human rights:

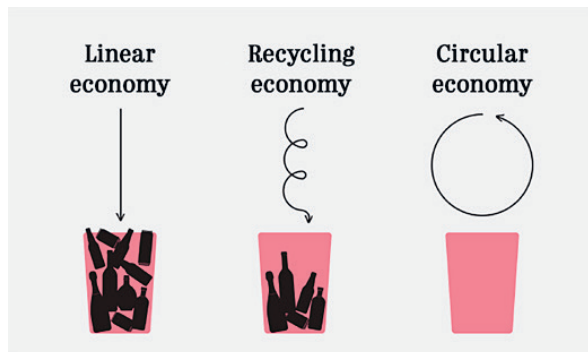
- UN Universal Declaration of Human Rights.
- UN Conventions on the Rights of the Child and on the Elimination of All Forms of Discrimination Against Women.
- ILO (International Labour Organisation) Conventions on Fundamental Principles and Rights at Work.
- UN Global Compact.
- OECD Guidelines for Multinational Enterprises.

Systembolaget has also been a member of the UN's Global Compact since 2013.⁵



2.3 CIRCULAR ECONOMY

In a circular economy, products, services and business models are designed to benefit the planet, its people and businesses.



Waste and pollutants are designed out and natural systems recreated. Products and materials are used for as long as possible to maintain their value and reduce the extraction of fresh raw materials thereby minimising the amount of waste.

2.4 THE UN GUIDING PRINCIPLES ON BUSINESS AND HUMAN RIGHTS

The UN Guiding Principles on Business and Human Rights⁶ (UNGPs) consist of 31 principles on human rights and business operations. The Guiding Principles are a global standard for preventing and managing the risk of negative consequences for human rights linked to business operations.

The cornerstones of these guiding principles are:

- The duty of the state to protect human rights.
- The corporate responsibility to respect human rights, which means that their business operations must not contribute to violations of human rights and that companies must act to prevent such violations.
- The opportunity to have your case tried if the rights are not respected.

Compliance with the UN Guiding Principles on Business and Human Rights is included in the Government's ownership policy for state-owned companies. The principles have helped us prioritise our efforts and have laid the foundation for how we work with human rights.

An EU Directive on how companies are required to work on Human Rights Due Diligence (HRDD) was presented in March 2022. Systembolaget is already in a position to highlight the processes we will follow to ensure that we work in accordance with this draft legislation.

We use HRDD analysis to identify risks linked to the human rights that our business affects from a global perspective, and, above all, ways to also improve our processes and thereby minimise our negative impact.

2.5 PARIS AGREEMENT

The Paris Agreement stipulates that the global temperature increase must be kept well below 2°C and that efforts

must be made to limit it to 1.5°C. This will primarily be achieved by reducing greenhouse gas emissions. Another part of the Agreement deals with increasing the ability to adapt to negative impacts, and to coping with the damage and losses that arise as a result of climate change. All the countries of the world have committed themselves to implementing measures that contribute to achieving the goals of the Paris Agreement.

On 24 August 2022, Systembolaget's Board adopted new climate targets. These targets are based on what science considers is necessary to meet the Paris Agreement's ambition to keep global warming to no more than 1.5°C. Systembolaget has begun the process of getting its targets approved by the Science Based Targets initiative.

The new targets:

By 2030, the climate impact of Systembolaget's entire value chain shall have fallen by 50%. This means reduced emissions from growing, producing, packaging and transporting beverages as well as from the trips customers make to and from our stores (Scope 3).

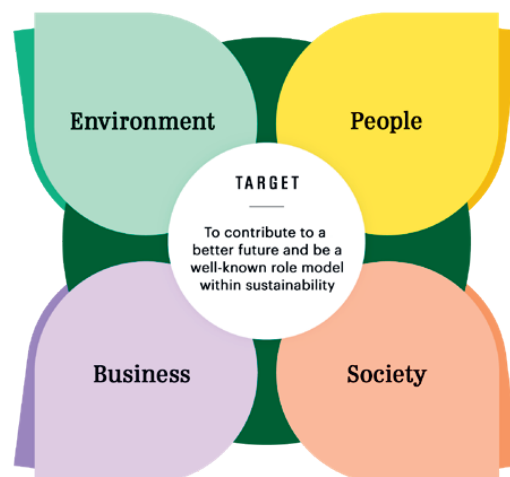
By 2025, Systembolaget will have reduced the climate impact of its own internal business operations by 90%. This means reduced emissions from internal energy consumption and company vehicles (Scopes 1 and 2).

This is an interim target on our journey towards 2045, when Systembolaget will have net zero climate impact. Baseline year: 2019

2.6 SYSTEMBOLAGET'S SUSTAINABILITY STRATEGY

Systembolaget aims to become a well-known role model within sustainability by 2023. A solid foundation for this has already been laid which we need to continue working on in order for sustainability to permeate everything we do. We will continue to improve our sustainability work and promote innovation.

Systembolaget's sustainability strategy extends to 2030 and includes the four perspectives of Environment, People, Business and Society. All perspectives have goals for both our offering to our customers and Systembolaget's own business operations and are ultimately decided by Systembolaget's board.



3. Traceability

Traceability means identifying which parties are present in an item's supply chain. Traceability is not a goal but rather a means to an end – a prerequisite for being able to work in an efficient, relevant and resource-smart way with risk analysis and incident management for a sustainable supply chain.

Traceability gives us the opportunity to respect, prevent and address any risks and irregularities that we may identify in connection with working conditions, human rights and environmental work.

As the greatest risks are found at grower level, we strive to trace all the way back to the grower (fully traced items).

Requirements according to the Terms and Conditions for Purchasing

The minimum requirement is that the item must be traced back to the actual producer.

Appendix 16, sections 16.3-16.5

Our ambition

The supply chains of our beverage items are completely traceable, i.e. the actual producer(s) and grower(s) involved are all identified, so that we can safeguard each item from a risk perspective, enable long-term improvements and follow up on any sustainability incidents.

3.1 CRITERIA FOR OUR MOST SUSTAINABLE BEVERAGES – TRACEABILITY⁷

Systembolaget must be given the following information about the product's supply chain:

a. Wine: information on the actual producer and growers who have contributed to the production of at least 2/3 of the volume of the item (if more than ten parties are relevant, the ten that represent the largest volume must be specified).

b. Beer, cider and ready to drink beverages: information on the actual producer and country of origin of the agricultural raw material which has contributed to the production of at least 2/3 of the volume of the item (if more than ten countries are relevant, the ten that represent the largest volume must be specified).

c. Spirits: information on the actual producer and country of origin of the agricultural raw material which has contributed to the production of at least 2/3 of the volume of the item (if more than ten countries are relevant, the ten that represent the largest volume must be specified).

4. Human rights and working conditions

4.1 CODE OF CONDUCT

By accepting Systembolaget's Terms and Conditions for Purchasing, our suppliers undertake to comply with the requirements of our external code of conduct and associated follow-up system. The code, which has been in the Terms and Conditions for Purchasing since 2012, is based on amfori, a global, non-profit organisation that works for social responsibility in a number of industries and imposes demands on everything from extraction of raw materials to finished products. Compliance with the code of conduct is based on the principle that each supplier is responsible for the working conditions at their respective sub-contractors – throughout the entire supply chain.

Since 2020, the Terms and Conditions for Purchasing also include an explicit requirement for the supplier to ensure that the actual producer of the product supports the principles of the Code of Conduct.

Requirements according to the Terms and Conditions for Purchasing

The supplier and actual producer must sign a confirmation of the code of conduct, or another code of conduct with equivalent principles. Suppliers of Set Range items must also ensure and confirm that other parties in the supply chain comply with the principles of the code of conduct.

Bilaga 16, punkterna 16.3.2 och 16.4

4.2 SOCIAL SUSTAINABILITY RISKS IN THE SUPPLY CHAIN

Systembolaget works on the basis of UNGP's HRDD principle (Human Rights Due Diligence), i.e. that we identify, mitigate and prevent potential human rights violations to which our business activities may contribute.

Systembolaget's systematic assessment of risks linked to sustainability is based on 17 social and environmental risk indicators based on origin.⁸ These risk indicators were developed by Verisk Maplecroft and are updated annually based on the changes taking place in the world.

Our ambition

Our items must be procured in such a way that the risks of human rights being violated are reduced.

4.2.1 CRITICAL RISKS AND SYSTEMBOLAGET'S WORK ON PROCUREMENT

We have identified a number of critical risks in our HRDD process that may be affected by our procurement process in various ways. For example, the difficulty of living on one's salary, overtime and various forms of forced labour are some of the risks associated with our industry, and we want to use our work on responsible procurement to prevent the occurrence of these risks in our countries of procurement.

Before procuring a beverage item for our Set Range, Systembolaget's ambition is to ensure that the price of the item allows it to be produced without adding to the above risks for employees working in the supply chain. This is especially important for procurements at lower price ranges.

Requirements according to the Terms and Conditions for Purchasing

The supplier must ensure that workers in the supply chain are protected by our code of conduct, which means, inter alia, that they are paid a reasonable salary and have secure forms of employment.

Appendix 16, section 16.2, and Appendix 17

4.3 CRITERIA FOR OUR MOST SUSTAINABLE BEVERAGES – HUMAN RIGHTS AND WORKING CONDITIONS⁹

The item's entire supply chain, i.e. the actual producer and any growers, must, through certification or audit, be without critical or high country-level risks or possess a product certification that covers the social sustainability indicators in the entire supply chain in an equivalent manner.

5. Environment

5.1 CULTIVATION AND PRODUCTION

Systembolaget's assessment of risks linked to sustainability is based on 17 social and environmental risk indicators based on origing¹⁰. Systembolaget buys these risk indicators from Verisk Maplecroft and they are updated annually. Within the environment area there are risk indicators linked to soil health, biodiversity, water, resources and waste, as well as energy and climate.

We also want to encourage the development of cultivation and production with less negative impacts on the environment in those areas where the environmental risks are not pronounced. The beverage item (its actual producer and any growers) should therefore be environmentally- certified regardless of origin.

Our ambition

The item's supply chain, i.e. the actual producer and any growers, are environmentally-certified regardless of whether the origin is high risk, and is, via third-party certification or in another equivalent way, without high country level risk within the following environmental indicators: Water use, Agrochemicals, Reuse and Recycling, Biodiversity, Energy and Climate impact.

Requirements according to the Terms and Conditions for Purchasing

Regardless of the range in which a particular item is listed, all suppliers must comply with requirements regarding proactive systematic environmental work; this also includes producers and growers in the supply chain.

Appendix 16, section 16.10.1-2

5.2 TRANSPORTATION

Any shipments or haulage required for the product's journey from cultivation via production to its point of sale with Systembolaget should be done in the most environmentally friendly way, as such transportation accounts for a significant fraction of Systembolaget's total climate impact.

Circumstances that should be considered when choosing means of transport are:

- Vehicle type, route optimisation and degree of loading
- Choice of fuel
- Systematic improvement work
- Emissions documentation and reporting

When choosing means of transport, care should also be taken to ensure that the carrier's business operations (or that of any sub-contractor that may be engaged) are conducted in accordance with collective agreement or collective agreement-like working conditions.

We do not require air transport for possible exemptions from evaluations and fines during assessment of force majeure, which will rather be based on the fastest possible alternative mode of transport.

Our ambition

The transportation required for the product's journey from cultivation via production to its point of sale with Systembolaget should be done in the most environmentally friendly way.

5.3 CRITERIA FOR OUR MOST SUSTAINABLE BEVERAGES – ENVIRONMENT¹¹

The item must be certified via a certification programme that includes relevant environmental requirements on cultivation and production (this must be clearly stated on the packaging).

6. Packaging

Packaging is necessary for handling our beverages. Packaging has a major impact on climate and the environment, both directly in terms of raw material extraction and production and indirectly through logistics, storage, personnel management, beverage preservation, customer use and recycling. It is therefore important that the design and choice of packaging material take the environmental and climate impact that the packaging has throughout its life into consideration to the greatest extent possible.

The framework deals with primary packaging and any gift packaging that comes with the item.¹²

6.1 CLIMATE IMPACT

Packaging accounts for one quarter of Systembolaget's total climate impact. Packaging with a lower climate footprint will allow us to contribute to a better climate. Therefore, one of the goals in Systembolaget's strategic plan is to reduce the climate impact of packaging by 10% by 2023 and to be part of a significant reduction in carbon dioxide emissions throughout the supply chain by 2030.

Glass is currently far and away the most energy-intensive packaging material to manufacture, transport and recycle. Except in cases where an item is intended to be stored or where local legislation does not allow packaging in anything other than glass, packaging in other materials is preferred. Where a choice of material other than glass is not possible, the amount of glass must be minimised.

Requirements according to the Terms and Conditions for Purchasing

Requirements will be introduced in the Terms and Conditions for Purchasing as regards maximum permissible CO₂ emissions (per year and item) for single-use glass bottles that exceed specified maximum weights.

The weight and CO₂ limits will be progressively lowered. One long-term goal is that everything we sell in single-use glass bottles should at least be bottled in lightweight glass.

Appendix 16, new section 16.11, and Appendix 11, new section 11.2.2 (v)

Regulation (2018:1462) on Producer Responsibility for Packaging¹³ aims to reduce the amount of packaging waste by requiring packaging to be:

- a) manufactured in such a way that its volume and weight are limited to the level required to maintain a good level of safety and hygiene;
- b) used only when necessary; and
- c) reused.

In the event that products cannot be bottled in the desired and/or packaging with a lower climate footprint, the supplier must be able to explain why this is so and what its plan is to reduce the climate impact as regards packaging.

Our ambition

The packaging for any item has the lowest environmental and climate footprint available.

The greatest possible consideration is given to climate and the environment when choosing packaging.

Circumstances that should be considered when choosing packaging are:

Wine (including our non-alcoholic range):

- Still wine should primarily be bottled in cardboard, pouches, boxes, PET plastic or cans. If this is not possible, the product should be bottled in lightweight glass.¹⁴
- If the cardboard, PET plastic or lightweight glass options are not available, for example due to local regulation, Systembolaget will seek the lowest possible bottle weight.
- Sparkling wine should be bottled in the lowest possible weight of bottle when lightweight glass or cans are not possible.
- For tender requests for still wine in bottles, we encourage quotes based on cardboard and PET plastic.

For items in its existing range, Systembolaget encourages and facilitates switching to packaging options with a lower climate footprint.

Beer, cider and ready to drink beverage packaging (including our non-alcoholic range):

- Beer, cider and ready to drink beverages in volume segments should mainly be bottled in cans, PET plastic or returnable glass bottles.
- For tender requests for beer, cider and ready to drink beverages, we encourage quotes primarily based on cans, PET plastic or returnable glass bottles.
- Where this is not possible, Systembolaget wants the lowest possible bottle weight.

For items in its existing range, Systembolaget encourages and facilitates switching to packaging options with a lower climate footprint.

Spirits packaging (including our non-alcoholic range):

- Spirits should mainly be bottled in lightweight glass or PET plastic.
- If PET plastic or lightweight glass options are unavailable, Systembolaget wants the lowest possible bottle weight.
- Spirits at the lowest price ranges must be bottled in lightweight glass and should be bottled in PET plastic.
- For tender requests for spirits, we encourage quotes based on PET plastic or lightweight glass.

For items in its existing range, Systembolaget encourages and facilitates switching to packaging options with a lower climate footprint.

6.2 PACKAGING MATERIALS

Using recycled material instead of virgin raw material in packaging significantly reduces our climate and environmental impact.

The requirements and wishes for packaging materials also apply to any gift packaging¹⁵ that accompanies primary packaging.

Systembolaget welcomes innovation in packaging and wants to support initiatives that can contribute to reducing climate impact.

Our ambition

All packaging, both beverage packaging and packaging for retailers, is made from recycled materials.

Beverage Industry's Climate Initiative

The Beverage Industry's Climate Initiative (or DKI) is a project that was started as a partnership between by the Swedish Wines & Spirits Suppliers Association, the Swedish Brewers Association and Systembolaget in order to give an opportunity for all beverage suppliers to contribute to a more climate-smart industry.

Systembolaget welcomes its suppliers joining DKI.

6.3 RECYCLABILITY

Today, the majority of plastic comes from fossil raw materials that contribute to climate change. Plastics also contribute to littering, which is a major international problem threatening marine ecosystems, humans and animals.

All packaging must be connected to a returns system and comply with guidelines issued by the Packaging and Newspaper Collection Service (FTI).¹⁶

Systembolaget wants a sustainable design that does not complicate recycling and that no packaging should be sent to landfill because it cannot be recycled. Black plastic should not be used (for example as a handle for bag in box packaged beverages).

Requirements according to the Terms and Conditions for Purchasing

All packaging, both beverage packaging and packaging for retailers, must be recyclable.

Bottles must not contain details that prevent its effective recycling (such as a seal or ceramic decoration).

Appendix 11, sections 11.1, 11.2 and 11.9

6.4 CRITERIA FOR OUR MOST SUSTAINABLE BEVERAGES – PACKAGING¹⁷

The product's primary packaging must have a lower climate impact than that of traditional heavy glass bottles.

Appendix 1 – Our most sustainable beverages

Our most sustainable beverages represents an indicator in both physical and digital stores that captures the breadth of sustainability from social, climatic and environmental perspectives, and which should make it easier for Systembolaget's customers to choose items that are the most sustainable at any given time. Items chosen under this banner have clear added value from a sustainability standpoint.

Four criteria must be met for a product to qualify for "Our most sustainable beverages" label.

1. Traceability – Systembolaget must receive the following information about the product's supply chain:
 - a. for wine, this means information about the actual producer and any growers who have contributed to the production of at least 2/3 of the volume of the item (if more than ten parties are relevant, the ten that represent the largest volume must be specified).
 - b. for beer, cider and ready to drink beverages, this means information about the actual producer and country of origin of the agricultural raw material which has contributed to the production of at least 2/3 of the volume of the item (if more than ten countries are relevant, the ten that represent the largest volume must be specified).
 - c. for spirits, this means information about the actual producer and country of origin of the agricultural raw material which has contributed to the production of at least 2/3 of the volume of the item (if more than ten countries are relevant, the ten that represent the largest volume must be specified).
2. Social responsibility – An approved outcome in Systembolaget's sustainability analysis for all social sustainability indicators in the risk analysis or product certification that covers the social sustainability indicators in the entire supply chain in an equivalent manner. Approved certifications are set out in Table 1 below.
3. Environment – The product must be certified with certification covering relevant environmental requirements on cultivation and production. To ensure linkage to the item in question, the certification must be visible on the packaging. The labelling on the packaging is also there to establish trustworthiness in the sustainability message to customers. Approved certifications are set out in Table 1 below.
4. Packaging – The item's primary packaging must have a lower climate impact. The following packaging is approved:
 - a. for wine and spirits: cardboard packaging, Bag-In-Box, pouches, aluminium cans, PET plastic bottles, returnable glass bottles and lighter glass bottles (see Appendix 5 for weight limits).
 - b. for beer, cider and ready to drink beverages: aluminium cans, PET plastic bottles and returnable glass bottles.

TABLE 1 – APPROVED CERTIFICATIONS FOR OUR MOST SUSTAINABLE BEVERGES

Certification	Environmentally-certified product	Socially-certified product	Standard/audit that adress social aspects in production and/or grower level*
Amfori BSCI audit score A			x
Bodegas de Argentina	x		
Bonsucro	x	x	
Certified California Sustainable Vineyard and Winery (CCSW)	x		
Certified Sustainable Wine of Chile	x	x	
Demeter Biodynamic Certification (International)	x		
Demeter Biodynamic Certification (USA)	x		
Equalitas Sustainable Wine	x	x	
EU Organic	x		
Fair 'n Green	x		
Fair for Life	x	x	
FairChoice Germany	x		
Fairtrade - Standard for Hired Labour	x	x	
For Life	x	x	
GlobalGap			x
IPW South Africa	x		
Krav	x		
LIVE Certified(Low Input Viticulture & Enology, Inc)	x		
LODI Rules			x
Napagreen	x		
SA8000			x
SAI-The Farm Sustainability Assessment (FSA)			x
SIP Certified	x		
SMETA 6.1 (4 pillars)			x
SQNPI	x		
Sustainable Austria	x		
Sustainable Winegrowing Australia SWA	x	x	
Sustainable Winegrowing New Zealand SWNZ	x		
Sustainable Winegrowing/Vignerons Engage's	x		
Sustainable Wineries for Climate Protection	x		
Sustainable Wines of Great Britain	x		
The National Reference of Sustainability Certification in the Wine Sectors	x		
Terra Vitis	x		
WIETA CERTIFIED FAIR LABOUR PARTICE/ WIETA Audit score A		x	x
V.I.V.A. "Sustainability and Culture"- Sustainable Wine	x	x	
Wines of Alentejo Sustainability Programme WASP	x		

Appendix 2 – Risk indicators

Systembolaget buys risk data divided into 17 indicators from Verisk Maplecroft. These country-specific indicators are linked to different areas in which there is a risk of a negative impact on humans and the environment. What these indicators include is explained below.

Biodiversity

Protect and strengthen the diversity of different species of plants and animals.

Re-use and recycling

Conserve resources and prevent littering and pollution of land, air and water.

Use of chemicals

Use and handling of agrochemicals, i.e. pesticides and fertilizers.

Water use

Minimise water use, prevent pollution of water bodies and prevent conflicts arising from water shortages.

Energy and climate impact

Reduction of energy use and climate impact.

Protection of employees from overheating and dehydration

Refers to risks related to exposure to extreme temperatures and humidity that can cause serious illness.

Living wage

A living wage refers to a level of income that is sufficient to provide an employee and his or her family with a decent standard of living.

Hours of work

Refers to hours of work that at most reflect hours of work in accordance with national legislation and international conventions (maximum 48 hours per week, maximum eight hours per day, 5 or 6 days per week). Workers should be given certain rest periods and overtime is allowed under certain circumstances.

Discrimination

The organisation may not participate in or support discrimination in employment, remuneration, access to training, promotion, dismissal or retirement based on race, national or territorial or social origin, caste, religion, disability, gender, sexual orientation, family responsibility, marital status, trade union membership, political opinions, age or any other condition that may lead to discrimination.

Freedom of association and collective bargaining

Refers to the right to form, join and organise in a trade union/working committee of your choice and to negotiate collectively with the organisation.

Workers' rights

Addresses risks related to workers who are not national citizens and who are to be employed, are engaged in or have been engaged in an activity for which they are to be paid. This includes aspects related to the responsible recruitment of workers.

Forced labour or unethical recruitment methods

Refers to all forms of work or service that a person has not offered to do voluntarily and is forced to do under threat of punishment, retribution or that is demanded as a means of repaying a debt. It can also refer to the forced detention of identity documents or threats to inform the immigration authorities.

Work environment and safety

Health and safety at work includes all measures to protect workers from falling ill or being injured at work or because of the work they perform and what they are exposed to during working hours.

Gender equality

Refers to discrimination, restrictions or violation of the rights of women and girls.

Young workers

Addresses the specific rights of young workers (aged 15 to 24) as they may be at risk of insecure employment, unfair remuneration and health risks in the workplace.

Child labour

All work performed by a child younger than the age of 15. If the minimum age for work or compulsory schooling is higher under local law, then that age applies.

Corruption and ethical business practice

Corruption is the abuse of entrusted power for private gain. A company should actively oppose any act of corruption, extortion or embezzlement as well as all forms of bribery in its business operations.

Appendix 3 – Sustainability certification programmes

Systembolaget conducts an annual review of sustainability certification programmes within the beverage industry in order to gain knowledge about the extent to which they are able to mitigate the risks of negative impact on humans and the environment that exist in the supply chain.

The table on the following page (the results of the study in 2023) shows the areas in which the various certifications included in the study reduce the risk, and by what extent. Dark green shading means that the certification has advanced requirements that reduce the risk considerably. Medium green shading means that the certification has good requirements which, from Systembolaget's perspective, provide an acceptable reduction of the risk. Light green shading means that the certification only has basic requirements in the area in question, which does not (in Systembolaget's assessment) reduce the risk to a sufficient extent.

Scheme/ program	Aspect area	Scope	Sustainability criteria																										
			Long term soil health	Crop/Pest management	Use of fertilizers	Biodiversity	Energy use and climate impact	Resources and Waste management	Water use and treatment	Energy use and climate impact	Water use/waste water treatment	Use of Resources and Waste handling	Emissions winery (air, water, land)	Packaging material	Rights of freedom of Association	No discrimination	Fair remuneration	Decent working hours	Occupational health and safety	No child labour	Special protection for young workers	No precarious employment	No bonded labour	Ethical business behaviour	Auditor requirements	Quality oversight 3rd party auditing body	Scheme standard revision and stakeholder engagement	Board members	Report validation process
B Corp Certification		Global																											
BioGro Organic Standard		Global (New Zeland)																											
Bodegas de Argentina		Argentina																											
Bonsucro		Global																											
Business Social Compliance Initiative (BSCI)		Global																											
Certified California Sustainable Vineyard and Winery (CCSW)		USA																											
Certified Sustainable Wines of Chile		Chile																											
Demeter Biodynamic Certification (International)		Global																											
Demeter Biodynamic Certification (USA)		USA																											
EcoStep-Wein		Germany																											
Equalitas Sustainable Wine		Italy and Spain																											
EU Organic		Global																											
Fair 'n Green		Germany, Austria, Switzerland, France, Italy, Israel, Portugal																											
Fair for Life		Global																											
Fair Trade Certified- Agricultural Production Standard (APS)		Global																											
FairChoice Germany		Global																											
Fairtrade - Standard for Hired Labour		Global																											
For Life		Global																											
Freshcare Australian Wine Industry Standard of Sustainable Practice – Viticulture		Australia																											
GlobalGAP		Global																											
Haute Valeur Environnementale		France																											
Integrated Production of Wine South Africa		South Africa																											
ISO 14001:2015		Global																											
ISO 45001:2018		Global																											
Krav		Europe (Sweden)																											
LIVE (Low Input Viticulture & Enology, Inc)		USA																											
LODI Rules		USA																											
Napa Green Winery Certified / Napa Green Vineyard Certified		USA																											
SA8000		Global																											
Sistema Qualità Nazionale di Produzione Integrata (SQNPI)		Italy																											
SMETA 6.1 (4 pillars)		Global																											
Sustainability in Practise Certified (SIP)		USA																											
Sustainable Austria		Austria																											
Sustainable Winegrowing New Zealand (SWNZ)		New Zealand																											
Sustainable Wineries for Climate Protection		Spain																											
Sustainable Wines of Great Britain		Great Britain																											
Terra Vitis		France																											
The Farm Sustainability Assessment (FSA)		Global																											
The National Reference of Sustainability Certification in the Wine Sector		Portugal																											
Vignerons Engagés - Sustainable winegrowing		France																											
VIVA "Sustainability and Culture"		Italy																											
Wine & Agricultural Ethical Trade Association (WIETA)		South Africa																											
Wines of Alentejo Sustainability Programme		Portugal																											

Appendix 4 – Country-level risks and how they can be reduced

To reduce the risk of negative impact on humans and the environment in the supply chain, Systembolaget uses risk data from Verisk Maplecroft divided into 17 indicators for each country we buy items from.

The indicators are graded on a scale from green (low risk) through yellow (medium risk) and orange (high risk) to red (critical risk). These indicators form the basis for Systembolaget's risk analysis.

One way for producers and growers to address these risks is through the certifications listed in Appendix 3.

One example of how sustainability certifications may mitigate risks in a particular country to varying degrees is provided below. In this example, Certification 1 mitigates both the three environmental risks and the two social risks, while Certification 2 only mitigates the social risks and Certification 3 only mitigates the environmental risks.

	Country risk	Certification 1	Certification 2	Certification 3
Biodiversity	Orange	Green	White	Green
Reuse and recycling	Orange	Green	White	Green
Agro Chemicals	Red	Green	White	Green
Water Use	Orange	Green	White	Green
Energy and climate impact	White	Green	White	White
Protecting employees from heat and dehydration	White	Green	Green	White
Decent Wages	White	Green	Green	White
Working hours	Orange	Green	Green	White
Discrimination	White	Green	Green	White
Freedom of Association and Collective Bargaining	White	Green	Green	White
Workers' rights	White	Green	Green	White
Forced labour or unethical recruitment practices	White	Green	Green	White
Occupational Health and Safety	White	Green	Green	White
Equal rights and treatment for women and men	White	Green	Green	White
Young Workers	White	Green	Green	White
Child Labour	White	Green	Green	White
Corruption and ethical business behavior	Orange	Green	Green	White

**The country specific analysis constitutes confidential information that belongs to Verisk Maplecroft. Thus, the Supplier may not, either in part or in whole, refer to, disseminate or otherwise use the country specific analysis in other contexts (for example but not limited to external communications) other than within the scope of the supplier's business relationship with Systembolaget.*

Appendix 5 – Packaging with a lower climate footprint

Packaging accounts for a quarter of Systembolaget's greenhouse gas emissions. Systembolaget's goal is to reduce its climate footprint from packaging by 10% by 2023. This will be achieved by reducing the weight of our packaging and by switching to packaging that consumes less energy during manufacture.

Current types of packaging that Systembolaget has defined as having a lower climate impact are:

- Cardboard packaging
- Bag-In-Box
- Pouches
- Aluminium cans
- PET plastic bottles
- Returnable glass bottles
- Lighter glass bottles (see table below)

Volume ml	Still wine and spirits (g)	Sparkling wine (g)
187	220	
200	225	225
250	240	
300	255	
330	265	
350	270	
375	280	400
500	325	
700	400	
720	410	
750	420	580
1000	530	
1500	800	1160

Sources

¹ <https://www.omsystembolaget.se/om-systembolaget/inkop-kvalitet/sa-valjer-vi-sortiment/>

² <https://www.omsystembolaget.se/om-systembolaget/inkop-kvalitet/prismodell/>

³ <https://www.globalamalen.se/om-globala-malen/>

⁴ <https://www.amfori.org/content/amfori-bsci>

⁵ <https://www.unglobalcompact.org/>

⁶ https://www.ohchr.org/documents/publications/guidingprinciplesbusinessshr_en.pdf

⁷ See Appendix 1 for a detailed description of Our most sustainable beverages

⁸ See Appendix 2 for an explanation of the risk indicators

⁹ See Appendix 1 for a detailed description of Our most sustainable beverages

¹⁰ See Appendix 2 for an explanation of the risk indicators

¹¹ See Appendix 1 for a detailed description of Our most sustainable beverages

¹² For secondary and transport packaging, please refer to the requirements in the Terms and Conditions for Purchasing

¹³ https://www.riksdagen.se/sv/dokument-lagar/dokument/svensk-forfattningssamling/forordning-20181462-om-producentansvar-for_sfs-2018-1462

¹⁴ Note that our ambition is that this will be an absolute requirement in the future

¹⁵ With regard to Systembolaget's gift packaging sold to customers, the Framework applies to sustainable procurement of services and indirect materials

¹⁶ <https://www.ftiab.se/3172.html>

¹⁷ See Appendix 1 for a detailed description of Our most sustainable beverages