

SYSTEMBOLAGET

Different for a reason

Responsibility Report 2021



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The Board of Directors and the CEO of Systembolaget AB, company registration no. 556059-9473, hereby submit an annual accounts, including corporate governance report and sustainability report, for the financial year 2021.

In accordance with Chapter 6 Section 11 of the Swedish Annual Accounts Act, Systembolaget AB has chosen to prepare the statutory sustainability report separately from the annual accounts. The sustainability report is part of the sustainability statement and can be found on pages 4–53 and 105–129 of this document. The sustainability statement has been subject to a combined review by the auditors. Therefore, the legal annual accounts, which contains the Directors’ statement and financial reports, comprises pages 2–3 and 54-104 of this document.

The year in brief – 2021

The COVID-19 pandemic has continued to impact work right across Systembolaget's business operations. With consideration for the health of our customers and employees at the forefront, we have done our utmost to quickly adapt to new advice and recommendations. Despite changing conditions and customer behaviour, our employees have succeeded in maintaining customer dialogue and our customer pledge – both in our physical stores and online.

The sales volume was 577 (569) million litres and the increase is largely due to the fact that both restaurant visits and imports of alcohol by travellers have been restricted during the pandemic. The vast majority of people have not changed their alcohol consumption during the pandemic and there are more individuals who have reduced their consumption than increased it. At the same time,

there are signs that a smaller group has increased their alcohol consumption.

Systembolaget's Måttfull ("Modest" or "Abstemious" in English) App – a tool that helps individuals log their consumption and thus keep track and reflect on their alcohol habits – was launched in early March.

"Barndom utan baksmälla" is a long-term initiative which Systembolaget works on together with the child rights organisations Bris, Childhood, Maskrobarn and Trygga Barnen, for a Sweden where fewer children are harmed by adult drinking. In 2021, two major communication initiatives were accomplished that created a broad commitment among the adult population. Further information can be found in our guidebook "Decisive moments" which is now available in all our stores.

Systembolaget in brief

Employees: 6,238 - at least three in each municipality

Stores and agents: 450 stores and 475 agents

Active beverage suppliers: Approx. 900

Items: Approx. 28,000 – 3,500 in Set Range, 4,200 in Local and Small-Scale Range and 18,500 in Order Range.

In addition, approximately 2,200 temporary launches are made each year (seasonal and exclusive).

Customer visits to stores: 126,7 million

Visits to our digital channels: 67.8 million (systembolaget.se, omsystembolaget.se and Systembolaget's "Sök och hitta" App)

CUSTOMER SATISFACTION INDEX

80,7

OPINION INDEX

75,2

NET SALES, MSEK

38 120

AGE CHECKS, %

96,5

KEY FIGURES

	2021	2020
Customer Satisfaction Index (CSI)	80.7	81.9
Age checks, percent	96.5	95.3
Opinion Index	75.2	76.0
Return on equity, percent	21.5	27.9
Equity/assets ratio, percent	22.1	26.3
Total alcohol consumption, litres of pure alcohol per person aged 15 and over ¹	-	8.5
Systembolaget's total share of alcohol purchases (%) ¹	-	76.5
Net sales, MSEK	38,120	36,737
Operating profit (loss), MSEK	428	542
Net profit (loss) for the year, MSEK	376	471

¹ Reported with a one-year time lag.

Chairman's statement

Systembolaget exists because alcohol is different from other products. Ultimately, our purpose is to limit the harmful effects of alcohol. This is the basis and starting point from which we develop the business. The mission we have received from our owner is to sell alcoholic beverages and alcoholic beverage-like substances with exclusive rights and with responsibility and good service and to inform about the harmful effects of alcohol.

RESPONSIBILITY AND SERVICE GO HAND IN HAND

During the past year, the Board has, among other things, worked on e-commerce and home delivery. The home delivery service is now available right across the country – and e-commerce continues to expand. It is important that we design these e-commerce services in line with our mission as they expand. Such as observing age checks and that Systembolaget designs its e-commerce with the same responsibility and care as apply in our physical stores.

The Board has also worked on issues related to the pandemic and followed the company's work to reduce the spread of infection and take care of the health of our customers and employees. Every year, the Board comes to a decision on store openings/closures, and this year it was decided to close one store and not to open any new ones.

Systembolaget's store establishment process has a number of steps, which means that no one individual can make a decision at establishment or rental level.

The Board annually decides on which geographical locations are prioritised for new store openings.

CORPORATE GOVERNANCE AND TARGETS

Our owner has set both non-financial and financial targets for Systembolaget's business operations. Mandate targets are measured based on the Customer Satisfaction Index, Alcohol Index, total alcohol consumption in Sweden and Systembolaget's share of overall consumption. The financial targets comprise requirements on equity/assets ratio, return, cost-effectiveness and dividend payment. Within the scope of our goals, I want to draw special attention to total alcohol consumption in Sweden. Monitoring measurements for 2020 show that alcohol consumption stands at 8.5 litres of pure alcohol per person aged 15 and older, i.e. a reduction of six percent compared to the previous year. This is the lowest level recorded since measurements began 20 years ago¹.

These figures mean that Sweden is still one of the countries in Europe with the lowest alcohol consumption – which is most gratifying.

FOCUS ON SUSTAINABILITY

The global sustainability goals for 2030 require a wholehearted effort in which everyone needs to take responsibility. Systembolaget, with its ambition to become a well-known role model within sustainability and to contribute to a better future, has an important role to play in this connection.

During the year, I and others on the Board have followed with interest the company's sustainability work, where a number of development initiatives and tests – both extensive and more limited in nature – have taken place



integrated within and right across the entire value chain.

In conclusion, I want to emphasise Systembolaget's important role in society of making a difference to public health. With these words, I look forward with confidence to another year as Chairman of Systembolaget's Board.

Göran Hägglund, Chairman of the Board

CEO's statement

2021 has been another year marked by the COVID-19 pandemic. Systembolaget has had a strong focus on employee and customer health. We see changes in both behaviour and demand as society now begins to open up. Sweden has a new normal situation.

COSTS IN BILLIONS FOR SWEDEN'S REGIONS

Wine, beer and spirits are different from other products. In addition to the individual, the drawbacks of alcohol also affect family and friends. In addition, alcohol causes problems at societal level. Last year, the regional societal costs and benefits of alcohol were presented for the first time. The report, prepared by Ramboll on behalf of Systembolaget, shows large regional differences and that societal costs total SEK 103 billion annually. There is a difference of up to SEK 3,000 per person per year between regions with the highest and lowest costs, respectively².

The Alcohol Report, which this year focussed on alcohol and health care, considered societal costs from a health care perspective. The costs for alcohol-related health care amount to SEK 4.2 billion annually³.

SYSTEMBOLAGET SELLS RESPONSIBLY

Our sales rules are clear: we do not sell to persons under the age of 20, when the person making the purchase is noticeably under the influence of alcohol or when we suspect alcohol is being bought for a minor.

It is important that we remind ourselves of the importance of not just selling alcohol for the sake of it. We communicate, among other things, through cam-

paigns, which is in line with our information mission – to inform the public about the harmful effects of alcohol. It was particularly gratifying to see our campaign message “Sometimes no is the best answer you can give” praised at a variety of events. Our messages get through and make an impression.

A WELL-KNOWN ROLE MODEL WITHIN SUSTAINABILITY

The future of the planet is at stake – we all need to change our habits and behaviour to make the world sustainable and limit climate change. Systembolaget has decided to be a part of creating a better future. We work on sustainability both strategically in the long-term and concretely in the here and now.

Let me highlight three examples we have been working on in 2021:

1. We have encouraged our customers to choose climate-smarter packaging – through broad communication efforts, personal in-store encounters with customers and the products we offer.
2. We have launched new products in different price ranges and from different countries in more climate-smart packaging materials such as cardboard, PET and aluminium cans.
3. We have collaborated with Oxfam to produce the report “The workers behind Sweden’s Italian wine” which analyses the working conditions of workers in the Italian wine industry.

Has all this made any difference? Yes, in 2021 we saw a turnaround in customer behaviour. More customers chose beverages packaged in PET, aluminium cans or cardboard packaging. Eight of our ten best-selling new



wine releases are sold in climate-smarter package.

The report “The workers behind Sweden’s Italian wine” revealed that there are serious risks of inadequate working conditions and human rights violations in the Italian wine industry. For example, there is a risk that workers will not receive a living wage or that they will not have sufficient personal protective equipment. The report has given us a deeper understanding of the

risks that exist and what we need to work on to address them. Work on this has already begun and in 2021 we implemented several measures to address the risks that emerged from the report.

Systembolaget procures beverages from all over the globe and wants to safeguard sustainability throughout the entire value chain – for the environment, climate and humanity. We are a major buyer with the opportunity to influence things. In order to be a well-known role model within sustainability, we work systematically to both analyse and minimise the risks that exist at supplier level.

We are working to significantly reduce emissions from beverage-related transportation, both to and from Systembolaget, by the year 2030. This is placing high demands on our suppliers, ourselves and society at large. Through in-store trials and in collaboration with our suppliers, we have investigated the climate impact of receiving fewer deliveries, allowing a wider delivery time window that opens up opportunities for optimised delivery loops as well as longer lead times. We have also clarified requirements in our contracts as regards the climate impact of transport.

WE ARE PRESENT THROUGHOUT SWEDEN

I am proud to be the CEO of a company that has operations with at least three employees in every one of Sweden's municipalities. We also have almost 500 agents who ensure that we are able to provide a service where there is no population base for operating a store. During 2021, our home delivery service was rolled out to further parts of Sweden – and now reaches the entire population. This is a crucial step for Systembolaget

in an increasingly fast-moving world where consumer purchasing behaviour is changing. Therefore, it is also important to continue to develop e-commerce, with care at its base of course.

Systembolaget is a local enabler – both as an employer and as a community function. In addition, we provide opportunities for all local and small-scale producers to reach out with their products to interested customers, regardless of where the customer lives. During the year, there were approximately 4,200 products in our Local and Small-Scale Range.

OUR EMPLOYEES ARE AT THE HEART OF OUR BUSINESS

Systembolaget's just over 6,000 employees are the key to our success. The customer encounter develops on a daily basis through innovative ideas from individual store employees and this year our customer service fielded over 230,000 questions. Without skilled employees, Systembolaget would not have the trust and the satisfied customers it has.

This is very much based on everyone at Systembolaget going to work with the knowledge that they make a difference to public health in Sweden. We are different for a reason. I look forward to the years ahead with confidence and that, as Systembolaget's newly appointed CEO, we will develop the company so that we will continue to have satisfied customers and be held in high esteem and trust by the general public.

Ann Carlsson Meyer, CEO

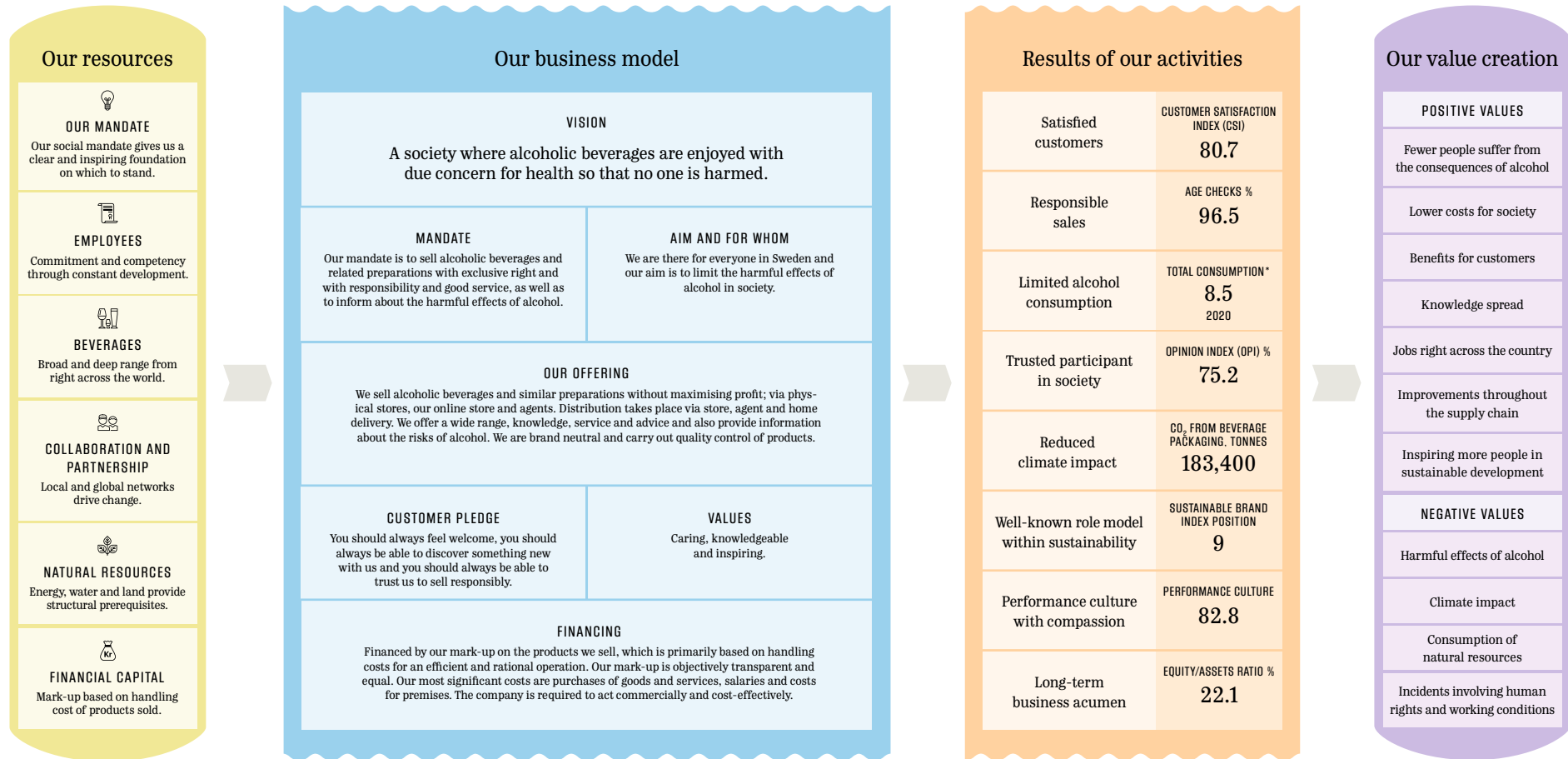
The world in which we operate – 2021

The world in which Systembolaget operates is changing rapidly. This means we constantly need to develop and update our working practices to achieve our vision. The following external factors had the greatest impact on our business operations in 2021.



Value creation

We are both affected by the world we operate in and have an impact on our surroundings. Our mandate means we contribute both positive and negative values. The model shows some of the most important outcomes and how we use our resources and our business model to increase our positive impact and reduce the negative. [Read more.](#)



Our resources



OUR MANDATE

Our social mandate gives us a clear and inspiring foundation on which to stand.



EMPLOYEES

Commitment and competency through constant development.



BEVERAGES

Broad and deep range from right across the world.



COLLABORATION AND PARTNERSHIP

Local and global networks drive change.



NATURAL RESOURCES

Energy, water and land provide structural prerequisites.



FINANCIAL CAPITAL

Mark-up based on handling cost of products sold.

Our business model

VISION

A society where alcoholic beverages are enjoyed with due concern for health so that no one is harmed.

MANDATE

Our mandate is to sell alcoholic beverages and related preparations with exclusive right and with responsibility and good service, as well as to inform about the harmful effects of alcohol.

AIM AND FOR WHOM

We are there for everyone in Sweden and our aim is to limit the harmful effects of alcohol in society.

OUR OFFERING

We sell alcoholic beverages and similar preparations without maximising profit; via physical stores, our online store and agents. Distribution takes place via store, agent and home delivery. We offer a wide range, knowledge, service and advice and also provide information about the risks of alcohol. We are brand neutral and carry out quality control of products.

CUSTOMER PLEDGE

You should always feel welcome, you should always be able to discover something new with us and you should always be able to trust us to sell responsibly.

VALUES

Caring, knowledgeable and inspiring.

FINANCING

Financed by our mark-up on the products we sell, which is primarily based on handling costs for an efficient and rational operation. Our mark-up is objectively transparent and equal. Our most significant costs are purchases of goods and services, salaries and costs for premises. The company is required to act commercially and cost-effectively.

Results of our activities

Satisfied customers	CUSTOMER SATISFACTION INDEX (CSI)	80.7
Responsible sales	AGE CHECKS %	96.5
Limited alcohol consumption	TOTAL CONSUMPTION*	8.5 2020
Trusted participant in society	OPINION INDEX (OPI) %	75.2
Reduced climate impact	CO ₂ FROM BEVERAGE PACKAGING, TONNES	183,400
Well-known role model within sustainability	SUSTAINABLE BRAND INDEX POSITION	9
Performance culture with compassion	PERFORMANCE CULTURE	82.8
Long-term business acumen	EQUITY/ASSETS RATIO %	22.1

*LITRES OF PURE ALCOHOL PER INHABITANT AGED 15 AND OVER

Our value creation

POSITIVE VALUES

Fewer people suffer from the consequences of alcohol

Lower costs for society

Benefits for customers

Knowledge spread

Jobs right across the country

Improvements throughout the supply chain

Inspiring more people in sustainable development

NEGATIVE VALUES

Harmful effects of alcohol

Climate impact

Consumption of natural resources

Incidents involving human rights and working conditions

Our strategic plan

Working together, we have drawn up a strategic plan that gives us a shared direction of travel to 2023. The plan describes what we need to prioritise to achieve our targets. New insights and changed circumstances may mean the plan needs to be updated along the way.

TARGET IMAGE

I am proud of Systembolaget and the difference it makes for everyone in Sweden!

STRATEGIC SHIFTS - TO REACH OUR GOALS



A personal and innovative business with the best offer - service and genuine compassion.



Systembolaget is a well-known role model within sustainability and is contributing to a better future.



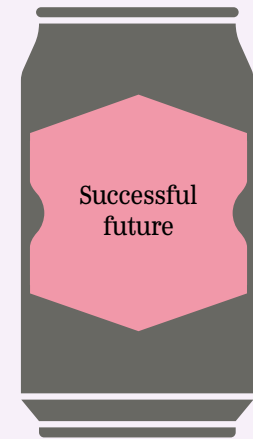
Systembolaget's and IQ's local presence creates increased value both within and outside our stores.



The harmful effects of alcohol impact many people in society. Together with others, Systembolaget and IQ contribute to fewer people being harmed.



Systembolaget is one of Sweden's best workplaces where we work even better together for our common vision.



Using our business acumen, we are constantly refreshing what is successful today in order to be successful tomorrow.

Our route to success

Our two success factors are the engine that drives us forward. These two success factors are mutually reinforcing – employee commitment is crucial to customer satisfaction and pride in Systembolaget.



1 The customer and our customer pledge is at the heart of everything we do

- We are there for everyone in Sweden – those who shop with us and everyone else.
- We focus on our customers with genuine compassion.
- The Customers decide how well we are doing.
- The customer pledge is our guiding star for all our everyday activities.



2 The strength of 5,000 people working together and with others

- Becoming the best I can be every day.
- We take responsibility for the big picture and improve together.
- United with others for a sustainable future.

OUR CUSTOMER PLEDGE

You should always feel welcome

- You are welcome no matter what your errand is or where you choose to encounter us.
- We are here for you and show how happy we are to meet.
- We are attentive and committed – we do everything we can to help you in a straight forward and flexible manner.

You should always be able to discover something new with us

- The choice is yours – our entire offering is there to inspire you so that you can enjoy our drinks with care for both your health and that of others.
- We are curious and happy to share relevant knowledge with you in a way that suits you.
- We are brand neutral and our advice is individually tailored so you can make good choices.

You should always be able to trust us to sell responsibly

- Our sales rules exist out of concern for everyone's well-being and we always follow them.
- We do everything we can to make our offer sustainable, both for people and the environment.
- Our goal is for fewer people to be harmed by alcohol.
- We are happy to tell you why we exist and the difference we make.

Corporate governance and key figures

Monitoring and evaluating our key figures lets us check whether we are able to carry out our mandate and move towards our objective. Systembolaget is a state-owned company and has been set a number of mandate goals and financial targets. Fulfilment of the mandate goals is measured based on the Customer Satisfaction Index, Alcohol Index, total alcohol consumption in Sweden and Systembolaget's share of

overall consumption. The financial targets comprise requirements on equity/assets ratio, return, cost-effectiveness and dividend payment. The Board has also decided to link certain strategic key numbers to sustainable business. Several of our strategic key numbers and indicators are used for monitoring within our material sustainability topics (see pages 16-53) or financial development (see pages 54-104).

Our strategic key numbers and indicators are reported below.

Strategic key numbers	Results 2021	Target 2021	Target 2023	Owner's target	Board's target	Targets for a sustainable business
Customer Satisfaction Index (CSI)	80.7	81.5	> 81.5	x	x	
CSI Sustainability	69.7	71.5	74.0		x	x
Opinion Index (OPI) (%)	75.2	≥ 76.5	≥ 76.5		x	
Age checks (%)	96.5	96.0	96.0		x	
Carbon dioxide emissions from beverage packaging, tonnes	183,400	Downward trend	-10% from 2019		x	x
Carbon dioxide emissions from distribution, tonnes	13,100	-5% from 2020	-25% from 2020		x	x
Performance culture (%)	82.8	83.0	85.0		x	
Proportion of permanent employees with a foreign background (%)	14.1	13.2 ¹	14.5 ¹		x	
Total sick leave (%)	5.6	5.3 ²	4.3		x	
Equity/assets ratio (%)	22.1	20-30	20-30	x		
Return on equity (%)	21.5	8-9	8-9	x		
Cost-effectiveness	2.3	≤ 2.3	≤ 2.3	x		
Strategic indicators ³	Results 2021			Owner's target	Board's target	Targets for a sustainable business
Alcohol index ⁴	61.1			x	x	
Total consumption (litres per person) ⁵	8.5			x	x	
Systembolaget's share of consumption (%) ⁵	76.5			x	x	
Sustainable Brand Index	# 9				x	x

1. Revised target level from before 16.9 (2021) and 21.1 (2023)

2. Revised target level from before 4.6

3. Strategic indicators are also monitored by the owner, although no targets are set

4. Alcohol index is targeted in the owner's instructions

5. Reported with a one-year time lag

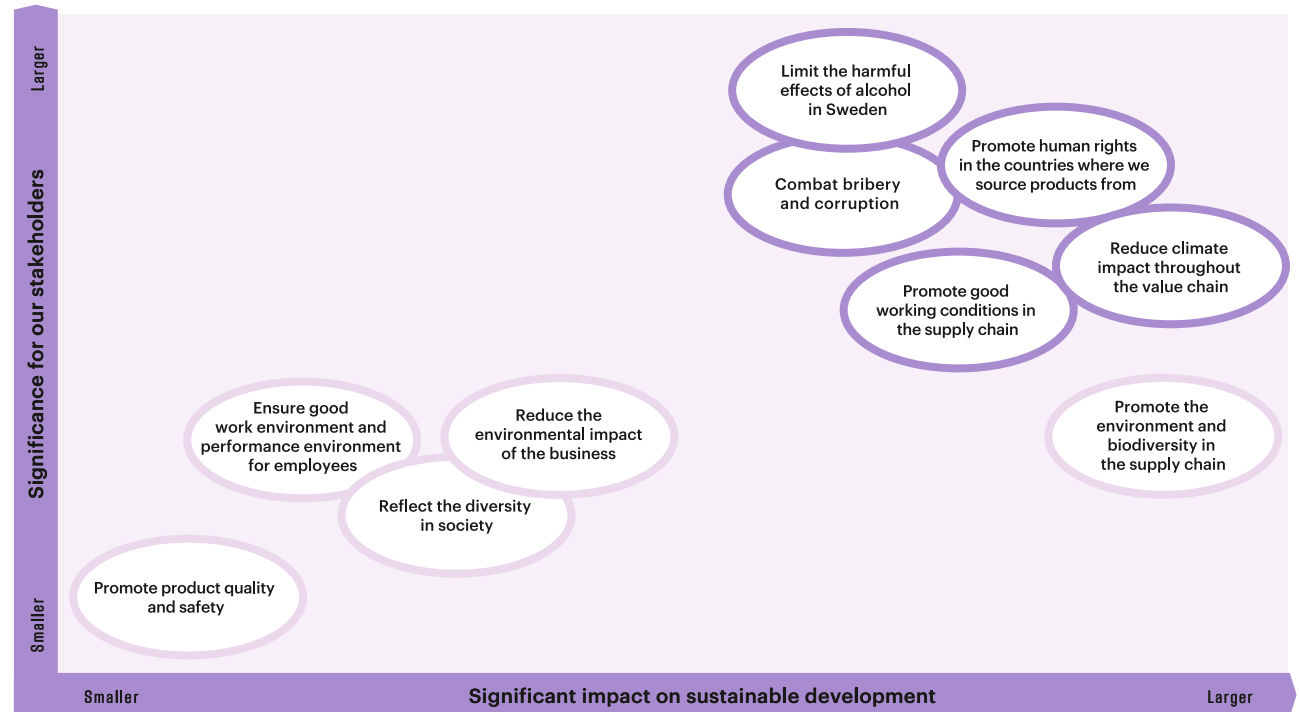
Materiality analysis

As a company, Systembolaget wants to put the most effort where we can make the biggest difference. Therefore, our sustainability work is based on an analysis of what is most important to our stakeholders and the areas in which we have the greatest impact on sustainable development. The materiality analysis is updated annually and gives us a clearer strategic direction towards the global goals and Agenda 2030.

The basis for the materiality analysis lies in dialogues with customers, employees, owner, suppliers and other key players in society. The previous year's materiality analysis has been the starting point for the analysis in this year's sustainability report. A new feature for 2021 is that we have also factored in an in-depth analysis of the results from this year's Sustainable Brand Index⁴. The in-depth analysis of the business operation's impact on and positive contributions to the global goals, broken down at the sub-goal level, which was initiated in 2018 to clarify Systembolaget's impact on sustainable development, also sits at the heart of our work in this area.

Overall, this year's materiality analysis shows that the material sustainability topics identified in 2020 remained relevant in 2021. The material sustainability topic regarding reducing climate impact across the entire value chain is primarily linked to global goal 13, which concerns combating climate change. Its importance and impact have been further strengthened by the IPCC's latest climate report, which explains the higher position for climate area in the matrix for 2021.

The topic "Reduce the environmental impact of production and cultivation" has been renamed "Promote the environment and biodiversity in the supply chain". This is because the environment includes areas such as



We have identified which global goals our material sustainability topics are directed towards. They are reported under each respective section.

biodiversity and water supply, and also that biodiversity is judged to have at least as great an impact on sustainable development as the climate issue. During the year, the topic has become so prominent in global risk analyses and other external monitoring that it justifies a shift in the sustainability topic in which it is included.

The topic that in 2020 was called "Work towards circular business solutions" has been renamed "Reduce the environmental impact of the business". Our assessment

is that goals and the means to achieve them become clearer when this broader term is used for this sustainability topic. Work towards circular solutions includes many different environmental aspects and thinking and acting to discover more circular solutions is thus an important part of how Systembolaget is acting to reduce its environmental impact.

The issue of local production has risen considerably during the year, driven by more and more customers

becoming interested in locally produced products during the pandemic, and we have seen signs that locally produced products is perceived as a sustainability issue. Although local production can reduce environmental impact through shorter transportation distances, a multitude of factors come into play which makes the overall impact of local production on sustainable development complex and varied. Therefore, local production is not categorised as a material sustainability topic for Systembolaget.

With regard to the product quality and safety area, it is not considered to have increased so much in importance since the previous year that it can be classified as a material sustainability topic. As in previous years, this area is reported as being under surveillance, pending new legislation in the area.

CONTRIBUTIONS TO THE UN'S GLOBAL GOALS

An analysis to identify the most relevant global goals was completed in 2019. This work showed that Systembolaget has a strong impact on 11 of the goals and 20 of the sub-goals, as well as some impact on all 17 global goals and at least 55 of the sub-goals.

The material sustainability topic “limit the harmful effects of alcohol” sits at the heart of Systembolaget’s social mandate and clearly links to goal three “Good health”. We focus in particular on the UN’s global sub-goal 3.5, which concerns strengthening efforts to prevent and treat harmful alcohol use. To give this area extra focus, it has been given a central place in Systembolaget’s overall strategic plan and is therefore not included as part of our sustainability strategy. [Read more.](#)

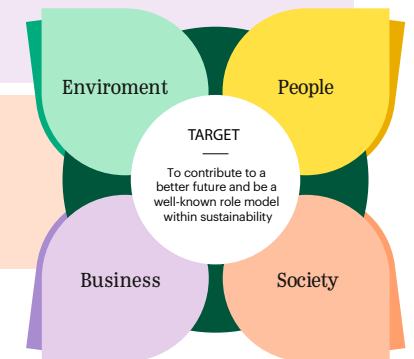
BASIS FOR THE SUSTAINABILITY STRATEGY

The materiality analysis forms the basis for our sustainability strategy, where the overall goal is that we contribute to a better future and are a well-known role model within sustainability. The sustainability strategy is divided into four areas – environment, people, society and business – and contains strategic sustainability goals to be achieved by 2023 and 2030. The goals are set based on the UN’s global goals and apply to both Systembolaget’s offering and the business operations we conduct. The work within each respective material sustainability topic is directed towards one or more of the strategic sustainability goals. This results in us making sustainability a natural and fully integrated part of our entire business operation.

Sustainable offering – strategic sustainability goals

Our goals for a sustainable offering extend to 2030. The goals for 2023 show what strategic shifts we intend to make within the current strategic plan. [Read more.](#)

	TARGET 2030	TARGET 2023
Environment To ensure that our range is produced without negative impact on air, water, soil, natural resources, flora and fauna.	<ul style="list-style-type: none"> The climate impact of our supply chain has decreased significantly and all beverage transports to and from Systembolaget are fossil-free. Cultivation and production take place with sustainable use of resources and with minimal emissions and discharges to air, soil and water. 	<ul style="list-style-type: none"> All our purchased beverage transports are fossil-free. Reduce net CO₂ emissions from distribution to stores. All items in our range are included in our risk analysis and we set requirements in our supply chain based on specific environmental risks. 10% reduction in climate footprint from packaging (equivalent to approx. 15,000 tonnes of CO₂). The most sustainable items must be identified and communicated to customers, including a continued high proportion of organic items, to facilitate and inspire customers to make sustainable choices.
People To ensure good working conditions in the supply chains.	<ul style="list-style-type: none"> Everyone who works in the supply chains behind the products we offer has good working conditions. 	<ul style="list-style-type: none"> All items in our range are included in our risk analysis and we set requirements in our supply chains based on specific risks to working conditions and human rights.
Business To work to counter corruption and enable long-term sustainable business through sustainable purchasing processes.	<ul style="list-style-type: none"> Our entire range is sustainable according to the above goals and, together with others, we make it possible for all stakeholders to conduct ethical and sustainable business. 	<ul style="list-style-type: none"> Our entire range is traceable. We have a quality-assured and sustainable purchasing process. All suppliers and producers of Set Range Items have confirmed compliance with our Code of Conduct.
Society To contribute to local societal benefits in our sourcing countries.	<ul style="list-style-type: none"> All items in our range are included in our risk analysis and we set requirements in our supply chains based on specific risks to working conditions and human rights. 	<ul style="list-style-type: none"> Everyone who works in the supply chains behind the products we offer has good working conditions.



Sustainable business – strategic sustainability goals

Our goals for a sustainable business extend to 2030. The goals for 2023 show what strategic shifts we intend to make within the current strategic plan. [Read more.](#)

		TARGET 2030	TARGET 2023
Environment	To be a fossil-free and circular business.	<ul style="list-style-type: none"> • Operations, transport and travel within our own business are fossil-free and all material flows are circular. This means we use manufactured material for as long as possible and reuse/recycle as far as possible. 	<ul style="list-style-type: none"> • Systembolaget’s direct climate impact is zero (this includes purchased electricity, refrigerants and company vehicles/personal company cars). • We have significantly reduced CO₂ emissions from our business trips. • We have reduced the total amount of waste from the business and recycle everything as far as possible.
People	To offer an inclusive and attractive workplace for everyone.	<ul style="list-style-type: none"> • We care about our employees’ health, offer good terms of employment and opportunities for continuous skills development. We are one of Sweden’s most attractive employers. 	<ul style="list-style-type: none"> • We welcome and include people with different backgrounds and experiences, which broadens our skills base. We accurately reflect the differences in society. • Performance culture – overall index of 85, index of 88 within “inclusive climate”. • Proportion of permanent employees with a foreign background 14.5% ¹. • Gender equality 60/40 at company level.
Business	To always act and conduct business in an ethically responsible manner.	<ul style="list-style-type: none"> • We work to counter all forms of corruption and are a role model in both our internal and external work. • We have a completely transparent and sustainability-assured purchasing process where compliance with our Code of Conduct is secured in all of the Company’s agreements. 	<ul style="list-style-type: none"> • We have a data ethics perspective as regards the processing of personal data. • The Code of Conduct is included in all the company’s agreements and we actively work on risk-based monitoring. • Product/service-specific sustainability requirements are set in all agreements based on the impact on people and the environment.
Society	To contribute to local societal benefits in and around our stores.	<ul style="list-style-type: none"> • We are a clear force for increased inclusion and reduced exclusion in local communities. 	<ul style="list-style-type: none"> • We contribute to local societal benefits through our nationwide business. • We are good role models within and outside Systembolaget stores and contribute to a vibrant and more inclusive local community.

1. Target level revised from the previous 21.1%.

Limiting the harmful effects of alcohol



Systembolaget is different for a reason – alcohol is not the same as other goods. Our mandate is not to sell as much as possible, but rather to prevent and limit the harm that alcohol causes by selling responsibly and informing about the harmful effects alcohol has. Public health is always at the heart of everything we do. Sweden has come a long way – we drink less and fewer of our citizens are harmed by alcohol than in many parts of the EU⁵. A cohesive alcohol policy to safeguard public health is the reason why we are in the position we are today. In 2021, we have continued our work to map and understand the consequences of the COVID-19 pandemic in relation to our mission and business operations.

Why this is so important

Alcohol doesn't just affect those who drink it. The more alcohol that is drunk in a society, the greater the problems from accidents, violence and disease⁶. The goal of Swedish alcohol policy is therefore to reduce total alcohol consumption and to prevent the social and medical harm it causes. Family and friends are the

most exposed – according to a research study carried out in 2019, 320,000 children in Sweden suffer because of a parent's alcohol consumption⁷.

Systembolaget's social mandate is clear: to sell alcoholic beverages and related substances with exclusive rights and with responsibility and good service and to inform about the harmful effects of alcohol.

Governance and strategic initiatives

Systembolaget's mandate to limit the harmful effects of alcohol is primarily governed by the Alcohol Act⁸, EU law and our agreement with our owner, the Swedish state, and the owner's directive.

We work on many different levels to achieve the goal of reduced alcohol consumption, the most important of which is limiting the availability of alcohol in society. We also collaborate with others, such as child rights organisations, and fund and disseminate relevant alcohol research. Systembolaget's purpose is the ever present bedrock for the development its business operations.

SURVEYS ON CONSUMPTION AND ATTITUDES

In order to minimise the harm caused by alcohol, it is important to understand the ways in which our customers consume strong beer, wine and spirits and how they view alcohol in general. This is the reason why we and our subsidiary IQ-initiativet (IQ) conduct annual surveys of consumption and attitudes.

Annual measurements show reduced consumption

In 2020, total alcohol consumption was 8.5 litres per inhabitant aged 15 and over. This is the lowest level recorded since monitoring measurements began and confirms a continuing trend of reduced alcohol consumption in Sweden. The monitoring measurements are carried out by the Swedish Council for Information on Alcohol and Other Drugs (CAN) and are based on interviews with just over 18,000 people⁹. The report for 2021 will be published in September 2022.

Alcohol consumption during the COVID-19 pandemic

Systembolaget has initiated a new survey to monitor trends in alcohol consumption during the COVID-19 pandemic. The survey has been conducted every month since April 2020. A new feature in 2021 were questions about how the population was affected by restrictions imposed during the pandemic and how this may covary with changes in alcohol consumption. The survey was carried out by Norstat. The situation has remained stable during 2021, with roughly 70% of respondents reporting unchanged consumption, 20% reporting reduced consumption and 10% reporting increased consumption, respectively. Questions about how the population was affected by restrictions imposed during the pandemic in terms of personal finances and physical and mental health were also added in 2021. For all three of these factors, the most common finding is for persons not to have been significantly affected (at least one in every two respondents reports this is the case for them).

IQ's Alcohol Index: Attitudes have become more permissive

The Alcohol Index provides an overall measure of the attitude of Swedes to alcohol, with an emphasis on binge drinking (measured for the first time in 2010). The Index is derived from the answers given to seven questions about what people think is right or wrong as regards to alcohol in various situations. The lower the index value, the more permissive the attitude to alcohol. The value in 2021 was 61.1, which is the lowest index value measured since the survey began. The value indicates that the attitudes of Swedes have become somewhat more permissive.

Data collection was carried out by Novus on behalf of IQ, and the questions are asked once a year to just over 4,000 people aged 16 years and over. This year's survey asked a new question about the acceptance of drinking during the pandemic. The majority believe that the pandemic has not affected their attitude to drinking alcohol on a daily basis. Among those persons whose attitude has been affected, more believe it has become more accepted (17%) than less accepted (13%).

Alcohol Index	2021	2020	2019
	61.1	63.4	62.8

More permissive attitude towards alcohol on weekdays

In connection with the Alcohol Index, a number of questions are also asked about drinking on weekdays. The answers are used to form the Weekday Drinking Index, which like the Alcohol Index runs on a scale between 0 and 100. The index value for 2021 is lower than in 2020, which indicates a more permissive attitude to drinking beer or wine on weekdays.

Daily Index	2021	2020	2019
	53.3	56.0	55.1

Alcohol index in neighbouring countries

Measurements for the Alcohol Index have also been carried out in the neighbouring countries of Denmark, Finland and Norway for the first time, which allows comparisons to be made. Of the 4 countries involved, Sweden has the highest values for both the Alcohol Index and Weekday Index. Sweden thus has the most abstemious attitudes towards alcohol, even though values in Sweden have fallen in recent years. Denmark and Finland have the lowest Alcohol Index value. Finland has the lowest Weekday Index value.

REPORTS ON THE IMPACT OF ALCOHOL ON INDIVIDUALS AND SOCIETY

Informing about the harmful effects of alcohol is an important part of Systembolaget's mandate. The Alcohol Report has been published every year since 2017 and provides an overall picture of alcohol in Sweden. This year, we also presented a study on the social costs of alcohol at regional level.

Alcohol Report – focus on health care

The purpose of the Alcohol Report is to provide an overall picture of alcohol in Sweden and to act as a knowledge base. In addition to a compilation of current facts and statistics about alcohol, the Alcohol Report also has a different theme each year. During the autumn, Systembolaget held well-attended digital seminars on the theme of alcohol and healthcare, which is the focus of the Alcohol Report in 2021¹⁰.

New study on the costs and benefits of alcohol at regional level

21 regional reports on the socio-economic consequences of alcohol at regional level were launched in 2021. These analyses have been prepared by Ramboll on behalf of Systembolaget. The differences between the regions are substantial – there is a difference of up to SEK 3,000 per capita (per year) between regions with the highest and lowest costs, respectively. The reports also show that the costs of alcohol are systematically undervalued¹¹.

Alcohol purchases by young persons via social media

There has been a lack of research on the role of social media on the ability of young persons to obtain alcohol. Therefore, in the autumn of 2021, Systembolaget commissioned CAN to conduct a survey involving a total of 5,012 respondents in three age groups: 16–17 years, 18–19 years and 20–21 years. The results show that it is primarily minors who use contacts on social media platforms to obtain alcohol and that regional differences are large. Those young persons who get alcohol in this way also drink more alcohol than their peers.

FUNDING RESEARCH AND DISSEMINATION OF KNOWLEDGE

Alcohol research leads to increased insight into one of our major public health problems and how it can be controlled. Systembolaget acts both by funding research and hosting events to disseminate the results.

SEK ten million to research

Systembolaget allocates grants for research, although it is the independent Alcohol Research Council that decides which projects receive funding. Research

funding totalling SEK 10 million was granted in 2021. SEK 2 million of this was earmarked for the focus areas “Consequences for children of adult alcohol consumption” and “Buying alcohol and measures to restrict availability”. In the funding call for 2022, the Alcohol Research Council allocated just over SEK 9.3 million to 31 different research projects.

Research assignment regarding Systembolaget’s retail trade

There is currently a lack of scientific studies into the consumption-restriction model that the alcohol retail monopoly uses in its stores. Such knowledge and understanding would help clarify the role that Systembolaget’s unique way of selling plays in limiting alcohol consumption. Systembolaget has therefore commissioned the Institute for Research at the Stockholm School of Economics to conduct a study on this in 2021–2023.

Events to disseminate research findings

Systembolaget’s annual alcohol research conference was held in May, this time in the form of a live full-day conference. A webinar was held at the national science festival (ForskarFredag) in September and a second webinar, produced together with elevhälsan.se, was broadcast during the autumn half-term. A total of 15 research presentations were made at the events.

COLLABORATIONS

Working with others is a success factor for Systembolaget, and an important part of the strategic plan för 2023. Here are some examples from 2021 where we reach a larger effect by collaborating with public authorities, organisations and other Nordic monopolies.

The initiative “Barndom utan baksmälla”

“Barndom utan baksmälla” is a long-term initiative which Systembolaget works on together with the child rights organisations Bris, Childhood, Maskrobarn and Trygga Barnen, for a Sweden where fewer children are harmed by adult drinking. During the year, efforts to increase the relevance of and commitment to the issue were intensified.

Two major communication campaigns have been carried out, generating broad engagement among the adult public. The “Decisive moments” booklet has been made available in all Systembolaget stores as part of efforts to educate the adult public. Tailored material was also developed during the year to facilitate dissemination of the initiative to a wider stakeholder base.

Initiative against “alcohol trafficking accounts”

Systembolaget has continued to monitor trends on the major social media platforms, where so-called “alcohol trafficking accounts” are common. These accounts are used to push and sell alcohol, not least to children and young persons. Together with the Swedish Customs Authority, the police and the Swedish Association of Local Authorities and Regions (SALAR), Systembolaget has taken the initiative in dialogue with the major platforms and other stakeholders in society with the aim that fewer young people obtain alcohol in this way. We have also collaborated with the Swedish Police Authority on this issue. Systembolaget and Prinsparets Stiftelse (The Prince and Princess’ Foundation) began a collaboration during the year to jointly inform school staff and parents about “alcohol trafficking accounts”.

International collaborations

Systembolaget has engaged in close dialogue with the

other Nordic monopolies on issues of mutual interest, one of the most important of which is public health. We have joint working groups that regularly meet several times a year. An international conference of alcohol monopolies is also held every two years. This year’s international conference was held in August and, among other things, discussed the question of how the pandemic has affected sales and consumption of alcohol as well as any new trends.

Collaborative forum against illicit trade in alcohol (SIA)

The forum is primarily a platform for exchanging knowledge and information about illicit trade in alcohol. The forum members convened on two occasions in 2021 (February and September), where, among other things, they discussed the consequences of the pandemic, criminal developments and trends in alcohol consumption and sales. This forum includes industry bodies and public authorities alongside Systembolaget.

PUBLIC HEALTH COMMUNICATION EFFORTS

Systembolaget and IQ work with campaigns and digital tools in their bid to make a success of Systembolaget’s information mission and to get people to reflect on their own and others’ drinking habits. A selection of activities from the year are presented below.

The “Different for a reason” communication concept

The “Different for a reason” communication concept is based on the strategy for 2023 and permeates Systembolaget’s communications in all encounters and channels. The idea is to show life as it is, encourage reflection and give a reminder of the benefits for both the individual and society that the Swedish way of selling alcohol brings. Another important message

is that Systembolaget exists for everyone in Sweden – including those who don't shop with us.

Campaign against buying alcohol for minors

Although messaging about the dangers of buying alcohol for minors is always highly topical, it is particularly important at certain times of the year; for example around May Day and the beginning and end of the school year. In 2021, we have continued to communicate the successful message “Sometimes no is the best answer”. The campaigns were targeted at parents, older siblings and older friends and were broadcast on TV, radio, play channel, social media and via influencers.

Alcohol Profile tool

COVID-19 has continued to affect our social lives in 2021. At the same time, most individuals state that they haven't consumed any more or less alcohol during the pandemic. In several communication initiatives we have used IQ's “Alcohol Profile” self-test tool to encourage respondents to reflect on their alcohol habits. During the year, 100,000 tests were conducted during lessons on alcohol habits. 33 percent of all visits to Alkoholprofilen.se have led to a completed test.

Teenage Phrasebook – now also available as an audiobook

The Teenage Phrasebook is sent out every year in connection with the May Day holiday to everyone with a child turning 14 during the year¹². Around 119,000 parents or guardians were contacted in 2021. The Teenage Phrasebook is now also available for the first time as an audiobook on Spotify and Soundcloud. To support people working on alcohol prevention, IQ also produces materials based on the Teen Phrasebook for local initiatives.



Launch of the Måttfull App

In 2021, Systembolaget launched the Måttfull (“Modest” or “Abstemious” in English) App – a tool for those who are curious about their alcohol consumption and want more information about it. Using the Måttfull App, users can track their consumption over time and see how alcohol affects their health both at the time of drinking and in the long run. The App also gives concrete tips on what users can do to keep their degree of intoxication down.

Alcohol Map – new digital tool

The Alcohol Map, a digital service that makes it easier to find and compare regional statistics related to alcohol, was launched in the autumn. Although the Map is mainly aimed at researchers, journalists and decision-makers, the statistics it contains are of course

available to anyone who is interested in knowing more about the role alcohol plays in society.

Booze podcast

The ambition behind IQ's “Booze” podcast is to convey facts and provide a more personal, in-depth conversation about alcohol that has the potential to increase awareness and spark reflection among young adults. Eight episodes were released in 2021, each with different guests and themes.

New digital service – Alkoholsnacket.se

In 2021, IQ created the digital service Alkoholsnacket.se. The service will support those persons who are concerned about someone else's alcohol habits to make the call. A soft launch of Alkoholsnacket.se took place in October, which will receive more attention in 2022.

RESPONSIBLE SELLING

Our stores are different – as our goal, unlike other retail stores, is that those persons who choose to shop with us should not buy more than they intend. We never advertise the products we sell, and nor do we engage in sales drives or “Three for two” type discounting. We have designed our product displays in a way that means that you can easily find what you want and then head straight to the till. We place our non-alcoholic range at the ends of aisles, an area we know customers find particularly tempting when looking for something to buy. We also have a discard bin by each checkout line which customers can use to return goods before their purchase is made.

We also sell responsibly online, for example through a digital discard bin at check-out and chat lines offering

tips on, among other things, non-alcoholic beverages and answers to your questions. The ambition is to give customers the same experience digitally as in our physical stores.

We inform about the harmful effects of alcohol and take great responsibility ensuring that our sales rules are followed. Systembolaget only sells to people over the age of 20 and never to someone noticeably under the influence of alcohol or who we suspect is buying alcohol for a minor. This is in accordance with the Alcohol Act¹³.

Age checks

To find out whether our age checks are working, an independent company makes control purchases every year via our various sales channels. During the year, we continued to strengthen our efforts as regards home deliveries to reach the same high levels as apply in stores. This has been done by intensifying the pace of training of drivers and reviewing the training process, while also introducing technical support (see Key figures and results for more details).

In 2021, in close collaboration with our agents and partners, we also began the work of creating a skills portal for partners as a further step in improving procedures and training levels. Drivers can use the skills portal to complete their certification digitally, which they are required to do every thirteen months.

Local community benefits in and around our stores

Systembolaget is present throughout Sweden and has at least three employees in every municipality. From our perspective, it is important to be part of the local community and to be actively involved both inside and outside our stores. During the past year, we have

developed work to increase Systembolaget's presence in the local community. Due to the pandemic, much of our local work has focused on creating a safe in-store environment for employees and customers at the same time as we focused on continuing deliveries in accordance with our important social mission.

Key figures and results

Systembolaget targets and monitors a number of key figures and indicators linked to our purpose to limit the harmful effects of alcohol. Our strategic indicators in the area are the Alcohol Index as well as total consumption and Systembolaget's share of total consumption (see pages 17-18). These indicators, together with the strategic key figures Opinion Index and age checks, indicate how well we have succeeded in our mission: to sell alcoholic beverages and related products with exclusive right and with responsibility and good service, as well as to inform about the harmful effects of alcohol. At the same time, we are of course aware that our business is only one of a number of factors affecting the results.

OPINION INDEX: SUPPORT FOR SYSTEMBOLAGET REMAINS STRONG

If we are going to be able to carry out our mission over the long term it is important that Sweden's population is positively disposed to Systembolaget. We therefore continuously measure what proportion of Sweden's population wants Systembolaget to retain its exclusive right to sell strong beer, wine and spirits.

Every month (except during the holiday season in July) we ask the question "Do you think we should keep Systembolaget and its monopoly for selling strong beer, wine and spirits or do you want other shops to be able

to sell strong beer, wine and spirits?" to a nationally representative sample of at least 750 people aged 15 and over (poll conducted by Kantar Sifo). A total of 9,133 interviews were conducted in 2021. The proportion who want us to retain our exclusive right forms our Opinion Index (OPI) which we report quarterly and for the full year.

Opinion Index (OPI)	2021	2020	2019
%	75.2	76.0	73.9

75.2% of those surveyed for the full year of 2021 want Systembolaget to retain its exclusive right. This means that a qualified majority is in favour of Systembolaget's exclusive right.

The result for the year means that support has dropped by 0.8 percentage points compared with the previous year, which is not statistically significant. However the Index value was not sufficient to reach our goal for 2021 of 76.5%. Those who want strong beer, wine and spirits to be sold in other stores remains at about the same level as last year, 18.1% (-0.1%), while the proportion of don't knows has increased to 6.7% (+0.9%).

In-depth analyses show that the main reasons why some people want Systembolaget's exclusive right to be scrapped are: personal convenience (more stores, extended opening hours), the feeling that it is up to the individual to take responsibility for their own alcohol consumption and/or that free enterprise is seen as being more important than the restrictive alcohol policy that Systembolaget is part of.

Support for Systembolaget is mainly affected by how the population views the downsides of alcohol. People

who think that the negative consequences of alcohol are a societal problem rather than an individual responsibility and that Systembolaget's way of selling without up-selling or cross-selling, with restricted opening hours and careful sales rules contributes to reducing alcohol-related problems in Sweden, are more likely to support the exclusive right. Support is also affected by how people perceive our service and range.

Even if a qualified majority remains in favour of Systembolaget's exclusive right, the results show the importance of continuing to remind people of its usefulness. We do this, for example, by reminding people that limiting the availability of alcohol contributes to improved public health and that the decisions an individual makes about his or her alcohol consumption can also affect others such as children and relatives.

AGE CHECKS ACROSS ALL CHANNELS

Control purchases are made every year by mystery shoppers to ensure that we are complying with the sales rules on age limits. These control purchases are carried out by individuals in the 20-24 year age group, as Systembolaget staff are required to ask for identification if a customer is considered to be under the age of 25. To further increase the focus on all types of age checks being performed, age checks on home deliveries and agent sales have been included in the strategic key figure since 2020.

%	2021	2020	2019
All age checks	96.5	95.3	95.1
In-store age checks	96.7	95.9	95.2
Age checks by agents	94.6	94.7	94.8
Age checks during home deliveries	96.4	91.2	91.8

In 2021, 6,061 (6,320) control purchases were carried out in stores as well as 928 (693) checks during home delivery and 709 (655) checks of agents. The combined result of age checks through all channels was 96.5% which was a significant increase on the previous year. This meant that we reached the target for 2021, which was set at 96.0%.

This positive trend has, among other things, been achieved through a further increase in the proportion of approved in-store test purchases, which in 2021 reached 96.7% compared with 95.9% in the previous year. Hence, the result for in-store age checks has been at a stable high level for the past seven years.

To ensure age checks remain at a high level, we work systematically to ensure that our employees engage in continuous dialogue about Systembolaget's sales rules. Considerable emphasis is placed on information and conversations about the company's mission and its sales rules when employees undergo their induction training. Dialogues then continue in various forums such as daily start-up meetings where staff in stores remind each other of the sales rules and at the "monthly age check" where a question about sales rules is raised at the meeting held in all stores. An in-depth dialogue about our sales rules is conducted among all employees based on centrally produced teaching material on a twice-yearly basis.

The number of orders received by agents increased further in 2021 compared with 2020. After a strong start to the year as regards age checks, results weakened in the spring when the number of orders increased markedly. A new interactive training programme for agents was developed in 2021 and will be rolled out in 2022. Once this roll out has happened it will mean that every employee who handles Systembolaget's goods will be obliged to repeat their training annually, compared with every two years as of now. The opportunity for customers to pay on Systembolaget.se will be implemented in 2022. We are also introducing a new portal for agents that more clearly supports responsible selling.

The largest positive development compared with the previous year has been achieved in home delivery, where age checks increased from 91.2% in 2020 to 96.4% in 2021. A number of measures to ensure responsible selling were implemented in early 2021. These included technical solutions such as that a single Systembolaget-certified driver can be booked for delivery and pick-up, and also traceability in, among other things, which driver has delivered where and when he or she was certified. In collaboration with partners, an interactive re-certification training programme has been developed and will become operational in 2022.

It is gratifying to see that, despite the ongoing pandemic, we have managed to increase age checks across both stores and home delivery. To further advance age checks in our various channels, we are continuing to work systematically to improve procedures and training and create opportunities for proactive checks of our sales rules in close cooperation with our agents and partners.

Combating bribery and corruption



Due to Systembolaget's special position and mandate in Sweden, it has a heavy responsibility for combating bribery and corruption. We therefore have zero tolerance for all forms of bribery, corruption and improprieties, both internally and externally. Given that our supply chain extends over large parts of the globe, the work required for this task is extensive. To succeed, we have drawn up codes of conduct and policies, as well as follow-up procedures for when improprieties are suspected.

Why this is so important

Systembolaget has a duty to act in a manner that is compatible with EU law on state-owned commercial monopolies, and we want to be transparent towards our customers, owner and suppliers. In short, this means that when either buying or selling alcoholic beverages, we act impartially and in a non-discriminatory and brand-neutral manner in accordance with applicable legislation. Acting transparently and in a non-discriminatory manner are requirements imposed on us by virtue of our special role and exclusive right.

Governance and strategic initiatives

Systembolaget's work to prevent breaches of the rules

and transgressions is governed by established risk assessment processes and a clearly communicated zero tolerance of all forms of bribery, corruption and impropriety.

We do not accept any form of direct or indirect attempt by suppliers or partners to unduly influence our employees. If, despite this, a breach of the rules occurs, our ambition is to make it as easy as possible to report. Our incident management work focuses on consequences and change.

OUR EXTERNAL CODE OF CONDUCT

Systembolaget has an external Code of Conduct that was originally prepared by amfori BSCI (the Business Social Compliance Initiative). The Code sets requirements in eleven different areas including anti-corruption, work environment, health and safety, forced labour, working hours, pay and trade union freedom, non-discrimination, special protection for young workers and a ban on child labour¹⁴.

The Code of Conduct is included in Systembolaget's purchase agreements with all our suppliers. Moreover, each supplier must ensure that the principles of the Code of Conduct are also applied across the supplier's own supply chain.

OUR PROCUREMENT AND EVALUATION PROCESS

Systembolaget has a centralised and transparent procurement and evaluation process for the purchase of alcoholic beverages and alcoholic beverage-like sub-

stances, which, according to Systembolaget's instructions from its owner, must be carried out in an impartial and non-discriminatory manner. Important elements of this process are:

- that Systembolaget's range is governed by customer demand;
- that Systembolaget's General Terms and Conditions for Purchasing are applied and are the same for all beverage suppliers. Procurements are carried out in the same way and terms and conditions are changed according to pre-determined norms; and
- that objectivity and transparency are consistently built into our procurement and evaluation process, for example by the sample testing that takes place when procuring alcoholic beverages being done by blind testing and by all stores following centrally determined display and placement rules for the items in the store.

THE COMPASS – SYSTEMBOLAGET'S INTERNAL CODE OF CONDUCT

Systembolaget's internal Code of Conduct (known as the Compass) applies to all employees. The Compass provides the framework for the company's governing documents. The purpose is to provide guidance and security as regards behaving ethically and professionally. Among other things, it includes rules combating corruption and improprieties as well as rules on external contacts, inclusion and behaviour on social media.

There are two e-training modules linked to the Compass, one of which is a new introductory training

course. Both e-training modules are mandatory for all new employees. Moreover, all managers are required to take “the Compass in everyday life” module once every year to ensure that the Code of Conduct and its principles are a constant presence in our business operations. Everyone has to take the e-training modules - even the Board of Directors.

OUR POLICIES

As part of Systembolaget’s transparency programme, our policies are in the public domain. Both policies and associated internal rules are subject to annual review to keep them up-to-date and relevant as regards developments both in the business and the outside world.

ETHICS DIALOGUES

An annual Ethics Dialogue is conducted right across Systembolaget. All managers hold an Ethics Dialogue with their immediate employees based on a couple of given ethical dilemmas. The aim of the Dialogue is to enhance our ability to act in accordance with our values and to give everyone the opportunity to talk openly about the ethical dilemmas that may arise in everyday working life, both during encounters with customers and within our work environment. Ethics Dialogues are also held before training trips.

Implementation of the annual Ethics Dialogue is reported digitally to improve measurability and follow-up. In 2021, the new e-training module was implemented as a basis for the Dialogue. 98.9% of managers reported holding an Ethics Dialogue with their employees.

FOLLOW-UP PROCEDURES

Systembolaget has a number of reporting channels for suspected improprieties, such as established incident

flows, the whistle-blower channel and ethical advisers. All reports of suspected improprieties are picked up by our Compliance and Ethics Officer in order to provide an overview of the incidents and the opportunity for early detection of patterns and warning signs.

Due to the increased number of incidents in 2020, we held meetings with all store manager groups in 2021. Their purpose was to inform and engage in dialogue about Systembolaget’s rules for supplier contacts.

Whistle-blower channel

Systembolaget has an external whistle-blower channel that allows both employees and external stakeholders (e.g. suppliers) to anonymously report suspicions of serious misconduct or improprieties perpetrated by persons in senior or key positions at Systembolaget.

All cases received are categorised, handled and investigated according to established procedures. Reports are initially received by our Compliance and Ethics Officer, as well as the HR Director who delegates to Head of Negotiations HR. Whistle-blower type cases are reported to the CEO. Three whistle-blower type reports were received in 2021.

Due to the new Whistle-blower Act, work is under way to ensure the correct procedures are in place. They will be implemented by the end of June 2022.

Annual reporting

Our Compliance and Ethics Officer compiles and presents an annual report to the Board via its Ethics and Sustainability committee. The purpose is to make sure senior management are informed about incidents, risk assessments and the ethical work carried out.

Key figures and results

CONFIRMED INCIDENTS OF CORRUPTION

This key figure measures incidents where we have discovered that an employee has breached the established rules and procedures that we have put in place to prevent corruption and improprieties.

Reported incidents of corruption ¹	2021	2020	2019
Total number of confirmed incidents of corruption ¹	1	3	3
Total number of confirmed incidents where employees have been disciplined under employment law on grounds of corruption	1	3	3
Number of legal proceedings brought before a general court or administrative court due to an incident of corruption	0	0	0

¹ We use this key figure to measure incidents where we have discovered that employees have breached our anti-corruption procedures. No incident was so serious that bribery was established. No police reports have been filed. The sanction has instead been a disciplinary measure taken by Systembolaget as the employer in the form of a written warning.

We strive for a culture of transparency where we systematically work on monitoring and training initiatives. The only confirmed incident of corruption in 2021 that resulted in sanction under employment law involved the hiring of close relatives in a way that went against our internal working methods and safety rules.

We are aware of the risk that not all incidents are reported, and the fact that incidents occur shows the importance of maintaining focus on the area.

Sustainability in Systembolaget's business operations and customer encounters – introduction

The sustainability issue has been given an increasingly significant role in society and the world – both in terms of consumer perceptions and demands as well as corporate actions on the issue. Systembolaget has a special mandate which comes with a special responsibility – to contribute to a more sustainable world. We have the opportunity to create conditions and drive sustainable behaviour, both in our own business operations and in customer encounters.

Systembolaget's sustainability work is ongoing throughout our value chain - from suppliers all the way to the customer. This section describes what we do in our own business operations and in our encounters with customers. On pages 39-53, we also provide information about work on sustainability linked to purchasing and range. We explore climate and environmental work, as well as initiatives aimed at social sustainability, in both sections.

CONSUMER DEMAND FOR SUSTAINABILITY

Consumers today have high expectations that companies and brands will take responsibility for sustainability in all dimensions, at the same time as environmental and climate issues have risen in importance. Commitment to sustainability has also increased during the pandemic. To a large extent, consumers also want to consume more sustainably. At the same time, consumers find it difficult to take action – a much smaller proportion are acting as sustainably as they would like. The gap between intention and behaviour is due to multiple things: offering, price, information, knowledge, norms and habits. Those purchasing decisions where Swedes are most likely to claim they are influenced by corporate environmental and social responsibility are when buying food and drink.

CUSTOMER PERCEPTION OF SUSTAINABILITY AT SYSTEMBOLAGET

Systembolaget engages its customers in continuous dialogue and conducts broader surveys. This gives Systembolaget understanding, knowledge and insights, which are all important strategic tools. We now focus on our annual web-based sustainability dialogue, CSI Sustainability and the Sustainable Brand Index.

Annual web-based sustainability dialogue

Since 2015, we have conducted an annual survey to provide a picture of how our customers experience our sustainability work. This is done by allowing them to evaluate a number of sustainability areas based on knowledge, performance and the importance of each

area. The results confirm that our work in the area of sustainability is important for a large section of our customers. The analysis shows that we now have an opportunity to strengthen our position by, among other things, making it easier for our customers to make more conscious and/or sustainable choices.

A clear majority think that Systembolaget welcomes its customers in a positive manner regardless of gender, age, ethnicity and disability and that the company communicates in a way that everyone understands. A clear majority also agree that they feel confident that Systembolaget's range has been developed with due regard to people and the environment.

Customer Satisfaction Index (CSI) – Sustainability

CSI – Sustainability is part of the measurement of CSI undertaken three times a year. CSI - Sustainability consists of two sub-questions. How well do you think the following statements agree with your view of Systembolaget:

- Systembolaget takes responsibility when it comes to work protecting the environment and reducing climate impact.
- Systembolaget takes responsibility when it comes to improving working conditions and promoting human rights in the supply chain.

Customer Satisfaction Index (CSI) - Sustainability	2021	2020	2019
CSI - Sustainability	69.7	71.3	74.9
CSI - Sustainability/environment	69.4	70.9	74.8
CSI - Sustainability/social	70.1	71.7	75.6

The result has trended negatively in 2021 and for the full year the result will drop by 1.6 units, at the same time as CSI - Sustainability exerts a greater effect on customers' general satisfaction with Systembolaget. We see that expectations of environmental work continue to increase, partly driven by increased commitment and awareness and partly by the fact that other operators, not least within food retailing, have progressed their own positions. The fact that around half of our customers still feel that they do not know enough about our sustainability work and therefore answer "Don't know" to the questions contributes negatively to the trend over time. This is an indication that we need to demonstrate the responsibility we take to an even greater extent through specific, visible examples of how we are developing new solutions in order to make a bigger contribution to sustainable development. We also need to involve and inform customers more.

In 2022, sustainability will be given a strong focus in our customer encounter, both in physical stores and online. The objective is to steer our customers towards beverages that meet high sustainability requirements within the environment, working conditions and climate impact of packaging. This has the potential to strengthen CSI Sustainability in a number of dimensions.

Sustainable Brand Index

Sustainable Brand Index is Europe's largest brand study focusing on sustainability¹⁵. The measurement is made annually, and the position Systembolaget receives in the Swedish survey is monitored as a strategic indicator.

Systembolaget dropped one position in the overall ranking for 2021, falling to number 9 out of a total of 390 brands. Systembolaget performs very well, is perceived as a clearly sustainable brand and shows a long-term positive trend in the Sustainable Brand Index. The largest contribution comes from the perception of Systembolaget's social responsibility, while the environmental responsibility category has only

increased by two percentage points since 2014. The opportunity to further improve the perception of Systembolaget mainly concerns continuing to remind people of the mission-related benefits and increasing the general public's awareness of the work carried out within climate and the environment.

WHAT DOES SYSTEMBOLAGET NEED TO DO?

Sustainability needs to permeate our entire business in order for us to achieve our ambitious sustainability targets. In addition to cooperation and collaboration with and imposing requirements on suppliers, we have to work within our own business operations and take advantage of the opportunities presented by customer encounters, where we can accelerate the changeover and have a more rapid impact.

Leading the way to sustainable choices

The work of making it easier for customers to make sustainable choices has developed even more in 2021. Insights gained through various tests, focus groups and analyses have given us a greater understanding of customer needs, opportunities and challenges. Among other things, these insights have led us to develop a new label for goods in store and online. The label will guide customers to make more sustainable choices based on an overall assessment of climate, environment and social aspects.

The labelling will be based on available information about the product's sustainability impact and the supplier's sustainability work. It should be straightforward, clear and make it easier for customers to find the most sustainable products. The label will reach the customer, both in physical stores and online, in 2022.

Since packaging forms a large part of Systembolaget's total climate impact, the Climate-smarter packaging concept was launched in 2021 with the aim of helping the customer understand the climate impact of different types of packaging. The aim was also to help customers understand how a consumer can make a climate-smarter choice by choosing beverages in cardboard, PET or aluminium cans. The concept was communicated through various types of communication activities, both in store and on social media. At the same time, our employees are trained with knowledge and information about different types of packaging and their climate impact. Store employees are encouraged to always present at least one beverage option in climate-smarter packaging when customers ask for advice on beverages.

Work to help customers make climate-smarter choices is ongoing. We find that there are many attitudes and prejudices among customers about packaging, and that certain myths persist. For example, one common perception is that wine in cardboard packaging is of a lower quality than wine in a traditional glass bottle, which is not true.

Customer perception around beverage packaging needs to shift if we are to succeed in changing behaviours to more sustainable choices. Therefore, when shopping at Systembolaget, we continue to work on proactive customer encounters where we inspire and inform about various sustainable choices the customer can make.

In parallel with communication campaigns, our range was expanded with more beverages in different price ranges packaged in cardboard, PET and aluminium cans. More information about climate-smarter packaging from a range and supplier perspective is available on page 44.

Sustainability in operations and in stores

In everything from its stores, warehouses, offices and operations, Systembolaget is working to develop circular flows in order to reduce the environmental impact of its business operations. We test specific solutions to learn more, including on reduced resource use and increased recycling. More information is available on pages 30-32.

Social sustainability in our business operations

Our employees are our greatest asset and a prerequisite for Systembolaget to be able to attain its strategic goals. During 2021, COVID-19 has continued to pose great challenges to our company and the focus has been on securing the best conditions for our employees throughout the entire organisation. However, the pandemic has also contributed to us taking great strides in the development of our organisation and, in several dimensions, accelerating the evolution of our working methods. More information is available on pages 33-35.

Diversity and inclusion are also an essential part of social sustainability within Systembolaget's business operations. By reflecting society, we can meet the different needs of all our customers. Only then will everyone feel welcome. Diversity is also important in allowing us to carry out our social mission, to meet the demands of the outside world and to continue to impress our customers. We carry out multiple

initiatives and activities to increase diversity and inclusion within the business, as described on pages 36-38.

Increasing skills within sustainability

We are constantly working to increase skills in all parts of the organisation. During 2021, we have carried out a number of different activities, both in stores and at head office, to increase skills within sustainability. A relevant sustainability issue is always raised at the monthly in-house meeting held in every store to build knowledge and generate dialogue. Senior management and the board have carried out an in-depth series of activities on sustainability and internal specialist functions have been given customised training opportunities.

MANAGING OUR SUSTAINABILITY WORK

Our sustainability work is managed based on our sustainability strategy with goals for both 2023 and 2030 (see pages 14-15). These goals are, in turn, clearly linked to the UN's global sustainability goals and sub-goals. We have key figures for these goals that are monitored in a structured manner. We also have a delegated individual responsibility for each sub-goal as well as scorecards to support the journey towards our sustainability goals.

In addition to strategy, goals, key figures and associated monitoring, we have also – as a support tool for more practical work – developed various frameworks and principles. These are described in more detail within each respective significant sustainability area.

Reducing climate impact in our business operations



Direct climate impact from our business operations arises, among other things, from energy use, but also from travel and the goods consignments we purchase. During 2021, our Terms and Conditions for Purchasing have been updated with requirements on climate considerations when choosing a logistics solution. We have also carried out ongoing tests to identify opportunities for reducing the climate impact of our consignments.

Why this is so important

We are confronted with major climate change and the global climate issue is an urgent topic that everyone needs to help deal with. We have the opportunity to create conditions and drive climate smarter behaviour in our business operations. This will be achieved, among other things, through more efficient logistical and energy solutions.

Governance and strategic initiatives

We have a more direct influence over our climate impact in our own business operations. We primarily focus on logistical solutions in collaboration with suppliers, as well as on reducing the climate impact from our energy use and travel.

LOGISTICS

With its unique position, Systembolaget has an important role to play in being a driving force behind and encouraging more fossil-free transportation solutions. We also have a responsibility to reduce total transport volume through efficient logistics. This is something that demands more strategic collaborations with our logistics partners and suppliers, as well as having the readiness to introduce changes to how deliveries are managed in our own in-store operations.

Action to reduce the climate impact of beverage consignments

We actively work with various tests and initiatives in three areas in order to reduce the climate impact of beverage consignments:

- Deliveries by suppliers to Sweden, which the supplier purchases.
- Store restocking by the supplier, where the supplier provides the transportation which is carried out in accordance with Systembolaget's rules.
- Deliveries from depots and between stores, where Systembolaget is responsible for the transport.

During 2021, our Terms and Conditions for Purchasing have been updated with requirements on climate considerations when choosing logistics solutions within and outside Sweden. From 1 September, all suppliers must work to ensure that subcontractors are engaged in proactive and systematic environmental work. This is done, among other things, through dialogues with

producers to find alternative transportation and logistics solutions with a lower climate impact.

Several tests have been performed on store restocking where the transportation in question is provided by the supplier. This included testing a wider time window to enable more efficient route planning. The result was that it was possible to reduce the number of trucks by ten percent. We have also tested extended lead times in days, which among other things increases the opportunities for climate-smarter long-distance logistics solutions (such as shipment by rail). An important part of the tests was that customer access to goods was not restricted, even if the mode of transport changed. Both internal and external dialogues are ongoing in order to be able to arrange store deliveries in a climate-smarter way. Additional tests will be conducted in 2022, in stores of various sizes and in different geographical regions. Our haulier for home deliveries increased the proportion of biofuel in its transport network during the year, and we have also chosen to pay a fuel surcharge to the haulier on several routes that are only used by Systembolaget to ensure biofuel is used on these routes.

Strategic collaborations

Systembolaget needs more strategic collaborations with other companies, such as our logistics partners, if we are going to be able to contribute to combating climate change. We currently collaborate with the beverage industry through the Beverage Industry's Climate Initiative.

In 2021, a logistics working group has been started within the Beverage Industry's Climate Initiative. This working group aims to exchange experiences and knowledge surrounding transportation and logistics with a focus on climate impact in order to create opportunities for new solutions and collaborations. More information about the Beverage Industry's Climate Initiative is available on page 45.

ENERGY AND LEASED COMPANY CARS

The goals for 2023 include that Systembolaget should be climate neutral in terms of its direct impact. Our direct climate impact includes purchased electricity, refrigerants and leased cars.

Replacement of lighting and requirements for green electricity

Work to reduce climate impact from our energy use has continued in 2021. One measure to achieve this involves installing LED lighting in our stores. LED lighting was installed in a further 66 stores during the year, giving a total of 199 stores fitted in this way.

We continue to set demands for green electricity in our stores, warehouses and offices. The proportion of stores with green electricity is 96 (93) percent.

In 2021, we installed solar cells at our training facility on Skarpö and at our depot in Brunna.

Gradual transition to fossil-free cars

The goal is to gradually switch to fossil-free company cars by 2023. The leasing agreement we entered into in 2020 allows us to take further steps towards that goal. Our guidelines now recommend drivers to consider their driving patterns when choosing a leased company car. In collaboration with our leasing partner, we follow trends in the automotive industry and the expansion of infrastructure so we are able to act in the most sustainable manner possible and be at the forefront of the latest trends in the area. In 2021, and especially after the changes introduced on 1 July, which meant increased benefit values for those price ranges in which Systembolaget leases the most cars, we have seen a significant increase in the transition to ordering electric cars.

WORK-RELATED TRAVEL

Changing employees' travel habits is an important part of Systembolaget's internal work to reduce climate impact.

Change work in 2021 continued to benefit from the enforced national travel restrictions caused by COVID-19. These travel restrictions meant that very little travel took place for most of 2021. The outcome indicates that we are well on track to reach the goal for 2023 of reducing carbon dioxide emissions from aviation by 30% compared with 2019. However, the enforced situation that applied for most of the year makes any comparison with previous periods very difficult.

The focus going forward is on maintaining both good travel behaviour and new ways of thinking about digital working methods. Trains should always be chosen over flights when reasonable to do so. In 2022, we will test and initiate implementation of quarterly monitoring of climate impact at departmental level to make the effects of how we choose to meet and travel more visible.

Key figures and results

We produce a number of key figures to monitor carbon dioxide emissions from our business operations. Two of them concern climate impact from distribution and travel, respectively. They are aimed at 2030 with intermediate goals up to 2023.

CARBON DIOXIDE EMISSIONS FROM DISTRIBUTION

The strategic key figure of carbon dioxide emissions from distribution was developed in 2020, and total emissions for 2020 constitute the base year for future measurements. Although emissions from distribution have been measured since 2016, the measurements were only made more robust in 2020. The key figure has two parts; restocking goods in stores and depots and directly purchased goods consignments. Restocking is handled by our beverage suppliers via a number of distributors and their warehouses. Directly purchased beverage consignments take place via our goods depots and distribute customer orders to stores, agents and via home delivery.

Carbon dioxide emissions from distribution	2021	2020
Tonnes carbon dioxide equivalents (CO ₂ e)	13,100	15,000

In 2021, carbon dioxide emissions from our beverage shipments decreased by 13% compared with the previous year. The result, 13,100 tonnes of carbon dioxide equivalents, demonstrates we are on the right track.

Most of the reduction is linked to restocking of goods. The reduction should be compared with the transported volume of goods for restocking, which has only fallen by 2%. One explanation for the reduction in emissions is that the share of biofuels used when restocking goods has increased by 12%. On the other hand, the share of transportation by rail has dropped by 7%, which has dampened the overall decrease.

Together with our beverage suppliers and logistics partners, we will continue to work on finding ways to streamline shipments and increase the amount of fossil-free fuel used in order to reduce our climate impact. We still see switching certain long-distance shipments over to rail as an important part of the adjustments we need to make going forward.

CLIMATE IMPACT FROM ELECTRICITY AND WORK-RELATED TRAVEL

Systembolaget aims to reduce the climate impact of its business operations within the current strategic period. The goal for 2023 includes becoming climate neutral in terms of the company's leased cars as well as its consumption of electricity and refrigerants. The carbon dioxide emissions from these areas, which are reported in the table below, have more than halved compared with the baseline year of 2016.

Carbon dioxide emissions (tonnes) from our business operations	2021	2020	2019
Electricity consumption	979	1,797	1,471
Refrigerants ¹	8	0	0
Internal travel in leased cars	221	199	376
Total carbon dioxide emissions, tonnes	1,208	1,996	1,847
Decrease/increase tonnes CO ₂ e compared to previous year	-788		

The baseline year for this climate goal is 2016.
¹ Reported with a one-year time lag

Carbon dioxide emissions from our business operations fell significantly in 2021 compared to the previous year. This has been achieved through a reduction in carbon dioxide emissions from our electricity consumption of almost 1,000 tonnes of carbon dioxide equivalents. During the year, we reduced the number of stores with standard electricity consumption by making sure, through property owners, that more stores use green electricity. 96% of our stores now use green electricity. Solar cells have been in place at our training centre on Skarpö since the end of June. This solar cell plant is predicted to provide approximately 43,000 kWh/year.

Work on efficiency measures and verification of stores where green electricity is used is ongoing. In 2022, we will also begin a survey of the district heating we use and continue to work on reviewing which buildings in our estate are suitable for installing solar cells. All in order to reduce our climate impact and achieve our goal of our business operations being climate-neutral by 2023.

Due to our reporting cycle for refrigerants, this emission source is reported with a one-year time lag and there were eight notifiable facilities of interest for this reporting period. These are our head office, our training and conference centre at Skarpö and six stores. There were no recorded leakages of refrigerants in 2020. Refrigerant equivalent to just under eight tonnes of carbon dioxide had to be disposed of at our head office when an old cooling unit was replaced by a new unit connected to a district cooling system.

Emissions from travel in leased company cars almost halved between 2019 and 2020. However, in 2021, emissions increased by 11% compared with the previous year. The fact that car travel increased in 2021 can be explained, among other things, by the severe travel restrictions imposed in 2020. Some of it can also be attributed to a pandemic-related change in travel behaviour, where it has periodically become more difficult for travellers to use public transport. We also see an impact from many people switching diesel cars to plug-in hybrids that run on petrol when the electricity runs down. The impacts of the ongoing shift from hybrids and the remaining diesel cars switching to electric cars will only be clearly seen in 2023. Together with our partner, we continue to identify opportunities for improvement that will help us achieve our goal of making our entire vehicle fleet fossil-free.

The above climate impact is also reported as part of our monitoring based on the Greenhouse Gas Protocol¹⁶ (see page 111 for more details).

Reducing the environmental impact of our business operations



In everything from stores, warehouses, offices and operations, Systembolaget is working to develop circular flows in order to reduce the environmental impact of its business operations. We also test specific solutions to gain more understanding, including on reduced resource use and increased recycling.

Why this is so important

The Government's national strategy for the transition to a circular economy, which was presented in 2020, contains a vision of a society where resources are used efficiently in non-toxic circular flows with primary materials being phased out. We will be heavily involved in this and work to that end. As a state-owned company, we have a particularly heavy responsibility in this area. We need to be an environmentally sustainable business in all parts of our operation and contribute to the transition to a circular economy. By carrying out activities that contribute to this transition, we aim to reduce resource use and thereby limit climate and environmental impact.

Governance and strategic initiatives

We have a strategic sustainability goal that by 2030 we

will be a fossil-free and circular business. This means utilising manufactured materials for as long as possible, reusing and recycling to reduce the burden on the earth's finite resources and reducing the amount of waste. Recalibration work is ongoing at both strategic and operational level.

PROGRESSING TOWARDS CIRCULAR SOLUTIONS

A framework of practical support for more circular solutions, which we developed in 2020, continues to guide our efforts to integrate the perspective of circularity into Systembolaget's entire business operation. We call this framework our guiding principles for an environmentally sustainable business. A number of simple principles direct us towards more circular flows:

- Stop all unnecessary activity: The first step is to honestly analyse our fundamental needs and completely eliminate unnecessary flows.
- Resource efficiency: Focus on reducing resource use, both in terms of energy consumption and total material use.
- Extended service life: Use and purchase materials and products that can be reused multiple times. We should always choose a recycled option whenever possible. When we need to buy something new, we choose high quality products with excellent service life that can be repaired or upgraded.
- Material selection in focus: Lease instead of owning where justified and reward the use of products that are made from recycled materials, have already been used or are bio-based.

- Recycling 2.0: Buy and use products that are ultimately able to be disassembled for recycling via existing recycling schemes without loss of quality, or that can be composted/digested.
- Renewable energy: Use renewable energy at all stages and reduce energy consumption and, in the long run, contribute to reducing emissions.

To achieve our goals, we are also developing our own capabilities for collaborations, innovation, promoting behavioural change (both internally and with suppliers and customers) and digitization.

We now present some of the solutions that have been introduced and activities carried out in 2021 to reduce resource use and waste and increase recycling.

REDUCED RESOURCE USE

We have implemented several initiatives and solutions to reduce resource use, energy consumption and total material use.

Digital waste bin

In connection with the introduction of new cash register software in February 2021, a digital waste bin has been implemented (not to be confused with digital receipts). A receipt is now only printed if the customer specifically requests. Thanks to the digital waste bin, we have reduced the number of receipts we print by about 75% and saved over 20,000 km of paper receipts.

Modern head office – striving for circular furniture flow

When we modernised Systembolaget's head office in 2021, we renovated existing furniture, purchased second-hand furniture and sold items we no longer needed, instead of buying new furniture and disposing of unwanted items as waste.

Shopping baskets in recycled plastic

In 2021, we have introduced shopping baskets made of recycled plastic instead of virgin plastic from petrochemical feedstock. At present, the baskets are made from about 60% recycled plastic, as the loading bearing capacity requires a certain proportion of virgin plastic. Work to increase the proportion of recycled plastic is ongoing.

LESS WASTE AND INCREASED RECYCLING

One of our strategic sustainability goals for 2023 is to reduce the total amount of waste and to recycle as many materials as possible.

Better waste sorting and optimised shipments

In order to reduce waste and increase recycling, we have reviewed our waste sorting and optimised waste shipments. We can see that the total amount of waste we follow has decreased in 2021 (see page 32).

In 2021, we reduced the number of consignments connected to waste by 5,643 compared with the same period last year. The result depends on the work stores have been doing to optimise the frequency at which waste is collected.

Reusing cash register hardware

Our cash register hardware will soon reach the end of

its service life in terms of meeting our technical needs. As we replace the cash register hardware in our stores, we ensure that the old hardware is reused or recycled by operators with different needs than our own.

The cash register hardware was replaced in approximately 220 stores during 2021. Reuse and recycling have resulted in savings of approximately 372,087 kg of carbon dioxide equivalents compared to if our old cash register hardware had all been discarded.

Recycling used work clothing

In 2020, work began on recycling used work clothing in a world-first recycling project in partnership with SIptex. In October 2021, the work clothing was picked up from the depot in Sundsvall in order to provide more insight into how we can work sustainably with textiles.

Customer orders in recycled cartons

As from the spring of 2021, customer orders that are collected in store are packaged in recycled cartons from our suppliers. We calculate that this solution will help us save 114 tonnes of carbon dioxide every year compared to if we continue to use newly manufactured cartons.

Paper carrier bags

In 2021, we carried out various tests with paper carrier bags with the aim of replacing plastic bags. The tests yielded good results and the ambition is to launch the paper carrier bag in all stores in 2022. Read more.

Systembolaget had a target of reducing sales of single-use plastic carrier bags by 50% by 2020 as compared to the situation in 2016. Although we failed to reach this target, sales of plastic bags have continued

to fall and in 2021 sales were reduced by 56 percent compared with 2016. Thus, we have reached our goal of cutting use by half. From 2021, our plastic bags are also made from post-consumer recycled (PCR) plastic, which is a more sustainable alternative than plastic bags made from sugar cane.

Our ambition for 2022 is to continue to carry out activities with the aim of removing single-use plastic carrier bags from our range. Among other things, this will be achieved by offering reusable alternatives, in store communication and finding a more environmentally friendly single-use option. We will continue to encourage our customers to bring their own bag or box to the checkout till, which is by far the best option.

COLLABORATIONS

Change requires collaboration at societal level in order for us to be able to think and act in new ways.

In 2021, we have, among other things, joined Cradlenet, an association that supports companies and organisations in the transition to a circular economy. In collaboration with the Keep Sweden Tidy Foundation (SWE: Håll Sverige Rent) Systembolaget organised an event for all employees where we picked up litter together. In the IT field, we have been collaborating with our strategic suppliers and have developed common key figures for monitoring purposes.

In 2021, Alko (the Finnish alcoholic beverage retailing monopoly), Vinmonopolet (the Norwegian wine monopoly) and Systembolaget met in order to share experiences vis-à-vis reducing the environmental impact of our business operations.

Results and key figures

Systembolaget has introduced new key figures to measure the success of work towards reducing the environmental impact of our business operations. For 2021, we report results for our key figure measuring tonnes of waste from business operations for the first time. This key figure includes soft plastic as well as corrugated cardboard, office paper and magazines.

TONNES OF WASTE FROM BUSINESS OPERATIONS

The amount of waste included in the key figure has decreased by a total of 6% compared to the previous year.

Tonnes of waste from business operations	2021	2020
Soft plastic	515	487
Corrugated cardboard	6,964	7,451
Paper	121	164
Total	7,600	8,102

The amount of corrugated cardboard waste fell in 2021, partly because customers have been offered the option of packaging their goods in recycled cartons from our suppliers. Customer orders that are collected in store are also packaged in recycled cartons. The quantity of magazines and paper has also dropped, mainly due to the introduction of the digital waste bin for receipts.

The amount of soft plastic waste has increased, which is partly driven by an increased sales volume but also due to improvements in sorting where soft plastic is no

longer sorted as combustible. To reduce the amount of soft plastic, the material will be used as cushioning in cartons while load straps and clamps will replace stretch film when goods and pallets are secured in stores.



Ensuring a good working environment and performance environment for employees in our business operations



Our employees are our greatest asset and a prerequisite for Systembolaget being able to attain its strategic goals. During 2021, COVID-19 has continued to pose a challenge to our company and the focus has been on securing the best conditions for our employees throughout the entire organisation. Although the pandemic has imposed a strain on the business, it has also contributed to us taking great strides in the development of our organisation and, in several dimensions, accelerating the evolution of our working methods.

Why this is so important

Being recognised as a good employer is central to being able to attract, develop and retain talented employees – which in turn creates proud customers. We want our customers to be proud of Systembolaget, our mandate and how we carry it out – as well as of the difference we make to society. This is a prerequisite if we are to retain the exclusive right and be able to continue working to reduce the harmful effects of alcohol in society.

Our employees are our most valuable resource in this work and it is essential that we create the best conditions for everyone who works with us. This includes

a good work environment, a corporate culture that employees are proud of and processes and structures that develop and support the business. We believe in leadership that delegates and involves others to create participation, motivation and a high level of commitment among our employees.

Governance and strategic initiatives

Systembolaget works on long-term strategic plans as well as quarterly and one-year plans. Although we continue to work towards the goal that “Systembolaget is one of Sweden’s best workplaces where we work even better together towards our common vision”, the situation was affected by the pandemic. We have had to concentrate efforts on issues we didn’t initially plan for, at the same time as having to slow down or set aside planned initiatives. We have developed our ability to handle continuous change and evolved into a more adaptable and flexible business, at the same time as our leadership has been challenged.

We are also working towards the goal of having “innovative and courageous leadership that provides the best conditions so that more people want, can and will take responsibility”. We will achieve this by continuing to strengthen leadership and developing our skills and abilities. We need to learn from each other to contribute to the common goal.

SKILLS DEVELOPMENT

In 2021, we have continued to develop our learning

and skills development programmes within Systembolaget.

Ongoing digitization and revival of learning activities

Support for carrying out local learning and skills development is generally in high demand from our stores and has increased even more during the pandemic. We have therefore made an effort to make more material available and continue to develop and test new digital learning formats. This is taking place in the form of self-study and through cohesive programmes where meetings and group exercises are held digitally.

We have also increased the level of collaboration between HR, IT and our Communications Department in order to better integrate information, communication and learning into a coherent whole.

Common working methods for learning

With a focus on creating better conditions for our stores to both plan and implement skills development, we have simplified how we forecast, schedule and monitor in-store learning. We have also developed a support tool to help store managers and their management team draw up a store development plan in which both common and individual needs and activities are identified.

Performance reviews

During the year, we updated and launched new support material to further sharpen and ensure the quality of performance reviews. We have also created an even clearer connection between the company’s goals, the

goals we set in performance reviews and the evaluation of performance that underpins the pay review.

Talent nurturing and skills development for critical roles

One of the most important roles where we need to ensure continuous replenishment is the role of store manager. During the year, we developed support for store and area managers to work on skills supply in a structured manner vis-à-vis leadership roles in our stores. We have also brought forward a development programme for future store managers, where the idea is to create a “fast track” for suitable candidates who are selected through a structured process.

Strategic provision of skills and staffing

Recent projects involving planning staffing in our stores are now under management and we are continuously evolving to provide the best possible situation for employees in our stores, at the same time as we remain business-like and maintain customer satisfaction. We are pleased to see continuous development towards the goal of increased work participation rate.

Development work at our head office is now under way to devise a strategy for the long-term provision of skills and staffing. We are trying to identify the capabilities and skills we want to see grow in the future at the same time as keeping an eye on the current situation. Based on the strategy, we are testing new methods where HR, together with all management groups, identifies the current situation and develops plans to realise the area of emphasis.

Ongoing changes towards, among other things, increased e-commerce and a focus on sustainability

within Systembolaget has, during the year, meant that parts of our business operations have had to adjust their organisation. This has involved reviews of and changes to organisational structure, roles, skills and working methods.

We are also looking at how we create the right conditions with a more flexible allocation model for those elements at head office that, in the same way as in our stores, engage in volume-based operations. This also includes reviewing service levels and contractual terms for these parts of the business.

LEADERSHIP

Leadership is one key factor for success in Systembolaget’s growth. The starting point is the personal leadership that both managers and employees exercise in their everyday lives. This takes place within the framework of the long-term initiative and factor behind our success that we call “The strength 5,000 people harness by working together with each other and others”. The ambition is to elicit the driving force in all employees to become the best they can be so that together we can thrive and be successful. We are taking steps towards leadership being something that more people take responsibility for – not just managers. It is a matter, firstly, of personal leadership and, secondly, having more roles leading cross-functional teams.

In order to continue to develop innovative and courageous leadership where more people can, want and are able to take responsibility, we have launched support and learning materials on “Spreading responsibility to more people” and “Leading meetings”.

WORK ENVIRONMENT AND HEALTH

Two initiatives to stimulate and encourage our employees to improve their own health were implemented during the year. The health allowance has been increased to provide more opportunities for exercise during spare time. Systembolaget’s step programme was implemented throughout the organisation for two months. This was a social activity focused on exercise, where the evaluation revealed considerable support and that the venture contributed to increased physical activity during the period of engagement.

Digital work environment days have been conducted to enhance the skills of managers and work environment officers as regards work environment issues. The theme at head office was to address work environment aspects of change, while in stores the theme was the organisational and social work environment.

Work to safeguard the work environment linked to the risk of becoming infected with COVID-19 continued throughout the year. We have kept a close eye on the Public Health Agency of Sweden’s advice and recommendations, and efforts have been quickly put in place. During the entire pandemic, the part of the business that is conducted from head office has mainly taken place remotely via working from home.

Key figures and results

PERFORMANCE CULTURE

A good performance environment is key for a positive earnings trend. The starting point is that it is the joint performance of individuals that generates the company’s earnings and profitability. The key figure “Perfor-

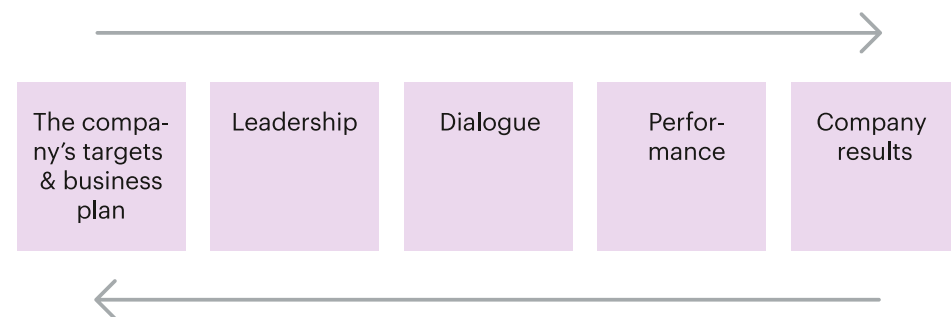
mance culture” measures the extent to which employees feel that their work gives them the conditions they require to perform, as well as the individual’s experience of having his or her basic needs catered for. These factors are prerequisites for us to be able to create and maintain good and sustainable performance environments.

Performance culture	2021	2020	2019
%	82.8	83.3	81.7

The result of 82.8 from this year’s employee survey fell just short of this year’s target of 83.0, which means a decrease from the high level of the previous year.

Despite a certain increase in both conditions for performance and basic human needs, the outcome for 2021 was lower due to a smaller proportion of those who responded reaching the threshold value of 75. The inclusion measure, on the other hand, has increased for the second year in a row and the measures of both individual and group performance are also higher than in 2020.

It is worth noting that eNPS, a measure of how likely it is that an employee would recommend Systembolaget as an employer to a friend or acquaintance, fell in this year’s survey from a high in 2020 of 49.3 to 46.1.



Source: From individual to profitable business, Argus

Dialogues about the result are ongoing in our working groups as we all strive to improve areas that have not contributed to maintaining sustainable performance environments at the same time as we need to maintain factors that contribute positively to the result. The continued high levels in the survey show that we have high quality leadership that creates conditions in which employees are able to perform their work in the best possible way.

SICK LEAVE

Sick leave is an important measure of the sustainability of our work environments. We want our employees to be willing and able to work for Systembolaget right up until their retirement. Total sick leave is measured based on the Swedish National Financial Management Authority’s definition and measures hours of sick leave relative to all available hours during the same period.

Sick leave (%)	2021	2020	2019
%	5.6	5.9	4.5

A reduction in sick leave corresponding to 0.3 percentage points compared with 2020 was recorded for 2021. The reduction mainly resulted from a fall in short-term sick leave.

Employees and managers in stores under the age of 50 have mainly been responsible for this fall in short-term sick leave. Employees at our depots had a high level of short-term sick leave during the year. Long-term sick leave was increased among store employees and managers older than 50 years of age.

The pandemic also affected the levels of sick leave among Systembolaget’s employees in 2021, albeit to a lesser extent than in 2020. One factor that has probably contributed to increased sick leave is the urge to stay home at the slightest symptom. Extensive working from home by employees at our head office is assumed to have contributed to a reduction in sick leave for these workers when compared to both 2019 and 2020.

Reflecting the diversity in society in our business operations



Systembolaget has the ambition to be one of Sweden's best workplaces in 2023. This will be achieved, among other things, through increased diversity and inclusion. We see collaboration, both internally and together with other stakeholders, as an important tool for success in this task.

Why this is so important

Systembolaget is there for everyone in Sweden, not just those who shop with us. By reflecting society, we become better placed to meet the different needs of all our customers. Only then will everyone feel welcome. Diversity is also important in allowing us to carry out our social mission, to meet the demands of the outside world and to continue to impress our customers. Our goal is to have employees with different knowledge, skills, experience and abilities. It is what makes us successful. Our work environment must be inclusive and characterised by mutual respect and understanding. We also see a strong association between inclusion and a good performance environment and high group efficiency in our own employee surveys.

Governance and strategic initiatives

Our strategic goals apply at all levels of the company. The work involves providing an inclusive and attractive

workplace for everyone. The sustainability strategy contains the goal for 2023 that the proportion of employees with a foreign background should be 14.5% (revised from the previous goal of 21.1%) and that the gender ratio in the workforce should be at least 60/40 at company level.

COLLABORATIONS

Systembolaget is working with the Swedish Public Employment Service to recruit a diversity of skills. We also participate as a jobs partner with the City of Stockholm.

Collaboration with the Swedish Public Employment Service

This year, our collaboration with the Swedish Public Employment Service has led to us taking on a total of 93 new individuals as either trainees or subsidised employees. Every month, on average, we have also had:

- 109 individuals with disabilities as trainees or subsidised employees; and
- 8 newly arrived immigrants as trainees or subsidised employees.

Jobs pathway for new immigrants

The jobs pathway is an initiative helping newly arrived immigrants gain faster entry into the labour market. It combines rapid education with language training, traineeships and internal training.

In 2021, in collaboration with the city of Malmö and

the Swedish Public Employment Service, we have employed one person and placed several more on fixed-term contracts.

Employees as mentors

As a way of contributing to integration in the city, Systembolaget offers employees at its head office the chance to become Stockholm mentors. Mentoring gives our employees the opportunity to meet and support people in Stockholm who need a mentor, such as newly arrived immigrants and young persons. The initiative started in the autumn of 2020 and in 2021 five participants from Systembolaget acted as mentors.

Fast route to work

In order to be able to offer traineeships and provide graduates with a foreign background opportunities to become established in the Swedish labour market, since 2020 we have been involved in a collaboration with Korta Vägen (or Fast Track). In 2021, one person completed a traineeship with us as part of the initiative. The collaboration will continue in 2022.

What is it like to work with us from a LGBTQ+, religion or faith perspective?

Systembolaget aims to be one of Sweden's best workplaces in 2023. To achieve that goal, we need to know more about what it is like to work with us from different perspectives and affiliations, including from LGBTQ+, religion or faith viewpoints. Therefore, at the end of 2020, we examined working conditions on the basis

of all grounds of discrimination in order to be able to remove any obstacles and promote equality. In 2021, we integrated lessons learned from internal training, held workshops with managers, created knowledge and dialogue material and updated procedures and information on our intranet.

Key figures and results

DIVERSITY STATISTICS

We monitor the proportion of employees with a foreign background to track how far we have come in our effort to reflect diversity in society. In 2021, the total proportion of employees with a foreign background was 14.8% – compared with 29.6% of Sweden’s population. One of Systembolaget’s goals is to increase the proportion of employees with a foreign background so that we approach the actual proportion in Sweden. Although the proportion of Systembolaget employees with a foreign background continues to increase from year to year, we still have a long way to go to reflect society.

Proportion with a foreign background ¹ (%)	2021		2020		2019	
	Swedish	Foreign	Swedish	Foreign	Swedish	Foreign
Management	90.7	9.3	90.6	9.4	91.7	8.3
Employees	84.8	15.2	86.4	13.6	87.0	13.0
Total	85.2	14.8	86.7	13.3	87.3	12.7

1. Swedish background is defined as a person born in Sweden or with one parent born abroad.
Foreign background is defined as a person born in a foreign country or with both parents born abroad.

Systembolaget’s strategic goal for the proportion of employees with a foreign background is based on permanent employees, due to greater variations within the fixed-term employees category over time. In 2021, the proportion of employees with a foreign background was 14.1% for permanent employees. This increase means that we have recorded the largest annual increase since we began measuring the parameter in 2013. Our revised target of 13.2% for 2021 has therefore been attained. During the first half of the year, as many as 20% of newly recruited permanent employees had a foreign background (according to a separate survey conducted in mid-2021).

One negative trend is that the proportion of non-European employees in managerial positions has declined for the second year in a row.

In order to further increase our diversity, accept our social responsibility and contribute to a local presence, we intend to continue to collaborate with the Swedish Public Employment Service in targeted activities at the local level so we better reflect diversity in society.

PROPORTION OF EMPLOYEES (GENDER AND AGE)

Systembolaget is striving for an even gender balance (within the 60/40 range) and to employ people of all ages (our minimum employment age is 20).

In 2021, Systembolaget reached its threshold for an even gender distribution among permanent employees, with 60% women and 40% men, for the first time. However, we still note an uneven gender distribution with a majority of women over the age of 50.

Although we have an even gender distribution at management level, this does not truly reflect the gender distribution among our employees, a trend that has existed for many years even if the difference is declining. Men are somewhat overrepresented at management level in relation to the gender distribution among employees. Women are over represented at senior management level, and 70% are over the age of 50.

In 2021, the Board, including the four employee representatives, and senior management (included in the category of head office employees) comprised 14 women and 9 men. Nobody on the Board or in senior management was in the under 30 age group, 5 were aged 30-50 and 18 individuals were over 50 years of age.

2021	Number of employees	Female %	Male %	< 30 years old %	30-50 years old %	> 50 years old %
Sales staff	5,032	61	39	32	48	20
Store managers	476	58	42	1	71	27
Caretakers ¹	0	0	0	0	0	0
Store staff total	5,508	61	39	30	50	20
Employees, Head office	612	54	46	8	67	25
Managers, Head office	89	56	44	1	60	39
Area managers	29	48	52	0	55	45
Head office staff total	730	54	46	7	66	28
Systembolaget total	6,238	60	40	27	52	21

2020	Number of employees	Female %	Male %	< 30 years old %	30-50 years old %	> 50 years old %
Sales staff	5,310	62	38	36	46	18
Store managers	459	57	43	2	72	25
Caretakers ¹	0	0	0	0	0	0
Store staff total	5,769	61	39	33	48	19
Employees, Head office	561	55	45	8	68	23
Managers, Head office	85	56	44	0	59	41
Area managers	30	53	47	0	43	57
Head office staff total	676	55	45	7	66	27
Systembolaget total	6,445	61	39	30	50	19

¹ Caretaker is a role that has been phased out and as of 31/12/2020 no one is employed in this role.

2019	Number of employees	Female %	Male %	< 30 years old %	30-50 years old %	> 50 years old %
Sales staff	4,732	63	37	36	45	18
Store managers	468	57	43	4	72	24
Caretakers ¹	9	78	22	0	11	89
Store staff total	5,209	63	37	33	48	19
Employees, Head office	523	56	44	7	68	25
Managers, Head office	83	58	42	1	59	40
Area managers	30	47	53	0	50	50
Head office staff total	636	56	44	6	66	28
Systembolaget total	5,845	62	38	30	50	20

Sustainable purchasing and range

– introduction

A product range that is produced without negative impact on people and the environment is a basic prerequisite for our business. We want to take responsibility for a sustainable future for both humans and nature. This applies right across our business and to all the items we sell. As a state-owned company, we must be at the forefront as regards environmental concerns, human rights, working conditions, anti-corruption and business ethics.

Taking responsibility at all levels means we need to work systematically, proactively and for the long-term. In this introductory section, which addresses significant sustainability areas regarding climate impact in purchasing and range, environment and biodiversity, human rights and good working conditions, we review the tools we have at our disposal to ensure a sustainable product range and a sustainable supply chain. All of the tools are important and contribute towards our goals.

COLLABORATIONS

Cooperation and collaboration with our suppliers, other organisations and business operations both in Sweden and internationally is a prerequisite for a sustainable range and sustainable supply chains. Stakeholder collaboration is the basis for learning, innovation, development and for identifying risks and addressing them. Read more about our collaborations with various parties under each respective significant sustainability area (pages 44-45, 46-48 and 49-53).

TRAINING

We actively work to support operators in our supply chains contribute to a better understanding and knowledge of risks linked to environmental impact, working conditions and human rights. We also support these operators in their efforts to comply with our Code of Conduct and our Terms and Conditions for Purchasing, so that we can work proactively and systematically towards a reduced environmental impact, good working conditions and human rights in supply chains. Read more about training initiatives within the scope of the areas mentioned above under each respective significant sustainability area (pages 44-45, 46-48 and 49-53).

SUSTAINABLE PURCHASING

Framework for sustainable procurement

In addition to ensuring that our existing products, which have often been in our range for many years, comply with our sustainability requirements, we also work actively to demand products that are as sustainable as possible.

During the year, we developed a framework for sustainable procurement of beverages for Set Range. The framework functions as a tool to ensure that Systembolaget, both now and in the future, procures sustainable products in a systematic and transparent manner. It also clarifies our ambition and direction of travel.

Certifications

Sustainability certifications are a key tool for ensuring high sustainability performance by operators in the supply chains behind our range. The sustainability certifications of relevance for the beverage industry are often national and regional, which means that they vary in terms of design and the sustainability issues they cover. To take full advantage of these certifications, we have engaged a third party to regularly analyse the scope and coverage of these certifications. This allows us to use various sustainability certifications in a more systematic and efficient manner to ensure a sustainable range.

Above all, sustainability certifications play an important role in the following three areas:

- Within the framework of sustainable procurement, and in the long run as a requirement when designing requests for tender.
- In our risk analysis where sustainability certifications are an important factor in reducing the risk within each respective sustainability area.
- To identify those beverages in the range that have particularly good performance from a sustainability perspective and therefore merit being highlighted as a more sustainable choice for customers.

Tools for a sustainable range

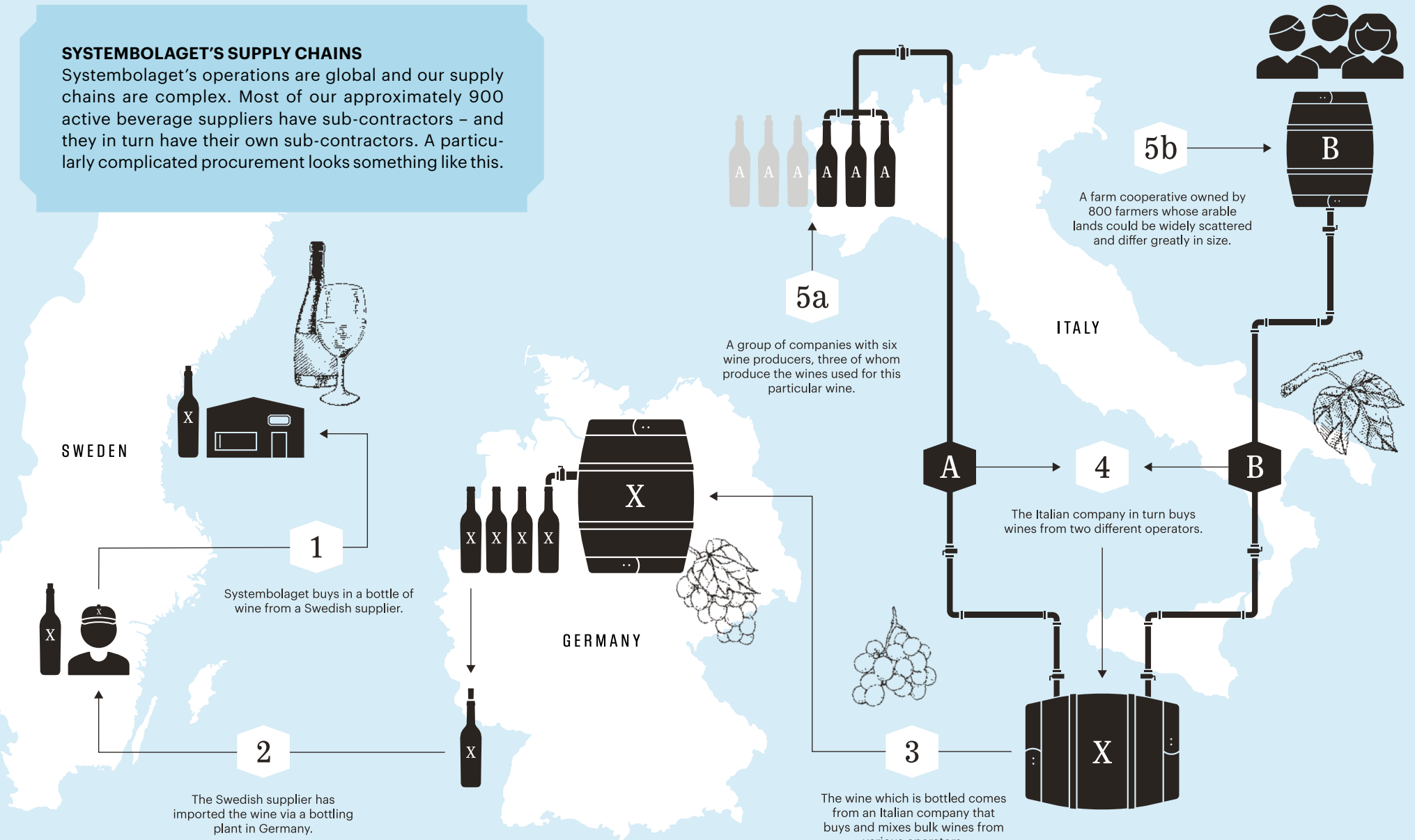
SUSTAINABLE SUPPLY CHAINS

The model describes our structured and systematic work on supply chains. The different steps are described in the hexagons, while the different stages of the sustainability platform are shown in the arrows outside. Find out more about the sustainability platform on page 42.



SYSTEMBOLAGET'S SUPPLY CHAINS

Systembolaget's operations are global and our supply chains are complex. Most of our approximately 900 active beverage suppliers have sub-contractors – and they in turn have their own sub-contractors. A particularly complicated procurement looks something like this.



REQUIREMENT SPECIFICATIONS

By making all of our suppliers accept Systembolaget's Terms and Conditions for Purchasing, the company forces all of its suppliers to undertake to comply with the requirements of our Code of Conduct. This gives us the conditions we need to be able to systematically monitor and safeguard work with international guidelines on environmental considerations, human rights, working conditions, anti-corruption and business ethics. The code is based on amfori BSCI, a world-leading initiative for social responsibility and sustainable working conditions for suppliers within cultivation and production. The principle of compliance is that each supplier is responsible for the working conditions of its respective sub-contractors – producers and growers – throughout the supply chain.

Systembolaget's Terms and Conditions for Purchasing were updated in 2021, among other things with clarified requirements for the environment (more information is available on page 47).

During the year, we have had a requirement that even the producers in question must sign a confirmation of amfori BSCI's Code of Conduct¹⁷ or upload their own equivalent code. Previously, the requirement only applied to Swedish suppliers. A check on all producers for Set Range was made during the second quarter of 2021. Checks have subsequently been made on an ongoing basis prior to each new launch.

The requirements in the Code of Conduct cover eleven areas

 Working hours	 Business ethics	
 Fair Remuneration	 Forced labour	 Child labour
 Discrimination	 Terms of employment	 Environment
 Health and safety	 Younger workers	 Freedom of association

TRACEABILITY

We actively work on traceability so that we can concentrate our efforts where they make the most difference for a sustainable supply chain – all the way from the farmer's field to a bottle on the shelf in one of our stores. The sustainability platform is a tool that helps us work systematically on traceability, and thereby

sustainability, in the supply chain. The sustainability platform allows us to collect and analyse information from the entire supply chain based on our Terms and Conditions for Purchasing.

In practice, this means suppliers, producers and growers behind each item in Systembolaget's Set Range mapping out their supply chains. Producers and growers are also asked to provide other sustainability-related information such as company details, any certifications and answers to self-assessment questions. The end result is that we are able to make an assessment per operator in the supply chain that shows where the greatest need for improvement work is.

The sustainability platform allows us to:

- Drive continuous improvement work at all stages of the supply chain;
- Follow up incident reports more quickly if we detect malpractice;
- Engage in targeted training initiatives if we see patterns in shortcomings at producer and grower level;
- Identify need for collaboration and partnerships, for example with local initiatives and industry bodies;
- Be transparent with our supply chain and thereby take responsibility for and prevent risks linked to working conditions, human rights and environmental and climate impact; and
- Meet customers' increasing demand for where and how the items we sell are produced, so that they feel confident we are offering a sustainably produced range.

Within the wines category, 86% of Set Range items



The illustrations show how many parties were added to the sustainability platform between September 2019 and August 2021.

are mapped to grower level, which puts us in a good position to work on improvements in supply chains.

Mapping beer and spirits items is more difficult as the supply chains are complex and the raw materials often vary from day to day. During the year, working together with reference groups within the industry organisations, we began work on improving our mapping.

All suppliers with items in Set Range have received information about possible risks in 2021. The risks are identified based on 17 risk indicators and are described below.

RISK ANALYSIS

Risk analysis is part of our risk assessment of items on the sustainability platform. This risk analysis functions as a method for systematically identifying risks linked to items in Set Range. The purpose of the risk analysis is to identify potential risks and, together with the suppliers, drive positive change in supply chains. Risk

in this context is based on amfori BSCI's principles of responsibility in supply chains linked to the beverage industry.

The risk analysis consists of 17 areas, so-called sustainability indicators, which are based on our Code of Conduct.

- Biodiversity
- Re-use and recycling
- Use of chemicals
- Water use
- Energy and climate impact
- Protection of employees from overheating and dehydration
- Living wage
- Discrimination
- Freedom of association and collective bargaining
- Workers' rights
- Forced labour or unethical recruitment methods
- Work environment and safety

- Gender equality
- Young workers
- Child labour
- Corruption and ethical business practice

The risk analysis is carried out in three steps based on the information provided via the sustainability platform.

1. Country report.
2. Assessment of any certifications
3. Responses to customised Self-Assessment Questionnaires (SAQ)

In each step, a comparison is made between the information received and the level of risk it entails within each respective sustainability indicator. When the information is compiled it results in a risk level per item. Based on the result of the risk analysis, Systembolaget decides which items need to be monitored and in what way such monitoring should be done.

FOLLOW-UP

The risk analysis results in a list of items that have one or more residual risks. Depending on how critical and what type of risk it is, we decide what type of follow-up is most relevant. Examples of follow-up are third party audits and training initiatives.

Targeted auditing

During the year, we developed a new method for targeted auditing. In contrast to a full audit in line with amfori's protocol, a targeted audit can be used to evaluate single or multiple areas with residual risk once a risk analysis has been performed. Areas suitable for coverage within the scope of a targeted audit are the same as those we collect information about and evaluate via the sustainability platform.

Reducing climate impact within purchasing and range



Packaging accounts for a quarter of Systembolaget's total climate footprint, and this is what makes our work for more sustainable packaging and getting our customers to choose them, so important. We do this, among other things, by collaborating with suppliers and partners and expanding our range with more sustainable packaging options.

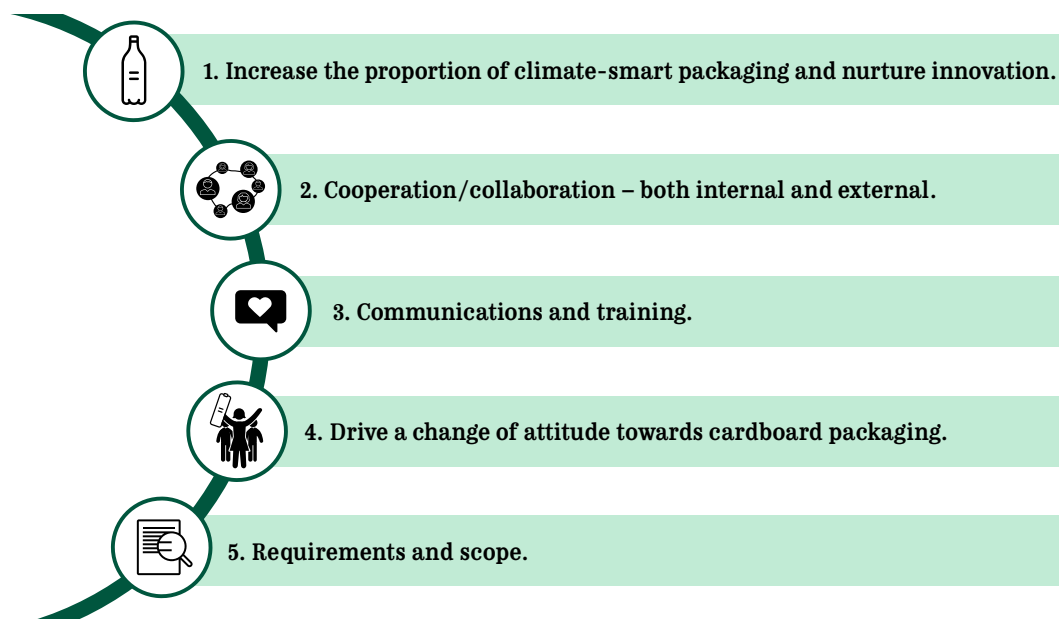
Why this is so important

Major climate changes are an issue that we must help deal with. Working together with our suppliers and other partners, we have considerable opportunities to reduce emissions and help counteract climate change.

Our largest climate impact is indirect and occurs in connection with the manufacture of packaging. We therefore need to actively work on initiatives to find more sustainable alternatives to the traditional glass bottle.

Governance and strategic initiatives

Work to reduce our climate impact is carried out in different ways depending on where in the supply chain the impact occurs and what degree of influence we have over the activity. There is also great potential in engaging with our customers to achieve our goals (more information is available on page 25).



FIVE ACTIVITY AREAS FOR BEVERAGE PACKAGING

The activity areas were appraised in 2021, which led to area five being updated. The area was previously called "Increase the degree of innovation/circular primary packaging", which has now been changed to "Requirements and scope". This means that requirement specifications and scope – both internally in our own business operations and externally with suppliers – are given a clearer focus. Innovation is seen as a natural property of our range.

BEVERAGE PACKAGING

By 2023, our climate impact from packaging will have decreased by 10% compared with the base line year 2019. Work is proceeding at several different levels to achieve this target.

More alternatives to the glass bottle

We are working with others to develop innovative and attractive alternatives to glass bottles. Glass manufacture is energy-intensive and the more packaging that can be switched to cardboard cartons and plastic (PET) bottles or aluminium cans the better. Cardboard

cartons and plastic bottles and aluminium cans also reduce the climate impact of transportation by virtue of their lower weight and improved logistics.

Expanding our range with more climate-smarter packaging

In 2021, we have launched even more items in cardboard packaging at the higher price and quality end of our range. Wine in aluminium cans has also been launched. More requests for tender with climate-smarter packaging are planned for 2022.

We continue to use so-called growlers at our Beer Studio in Gothenburg, where customers buy non-alcoholic beer that is filled into containers. The solution is circular as the growlers are reused a number of times.

STRATEGIC COLLABORATIONS

Systembolaget needs more strategic collaborations with other companies if we are going to be able to contribute to combating climate change. We currently collaborate with industry through the Beverage Industry's Climate Initiative. In 2020, the Beverage Industry's Climate Initiative had 51 participants who together accounted for almost 84% of the beverage volume in Systembolaget's Set Range¹⁸. The same figure for 2019 was 80%¹⁹.

A new feature for 2021 is that the Beverage Industry's Climate Initiative has collaborated to set four overall goals until 2030:

- 100% resource-efficient and fossil-free domestic transportation and an increasing proportion of fossil-free transportation abroad.
- 100% resource efficient and recyclable packaging materials.

- 100% renewable electricity and energy in business operations and an increasing share across the entire supply chain.
- A strategy for measurable primary production and cultivation.

The Beverage Industry's Climate Initiative presented its third climate report in 2021 in which results for 2020 were reported. The results in this year's report show that the climate impact per litre of beverage is low and has decreased since the first report for the 2018 financial year. Investments in fossil-free energy fuels, climate-smarter packaging and more efficient logistics lie behind this fall²⁰.

Key figures and results

One strategic key figure for monitoring our carbon dioxide emissions in the value chain concerns the climate impact of beverage packaging. It is targeted at 2030 with intermediate goals up to 2023.

CARBON DIOXIDE EMISSIONS FROM BEVERAGE PACKAGING

Packaging accounts for the largest share of Systembolaget's indirect climate impact and the key figure has been reported twice a year since 2020.

The baseline measurement for full year 2019 was 169,200 tonnes of carbon dioxide equivalents. The calculation method has been refined in 2021 with more detailed and updated standard values for some of the weight parameters applied. For correct comparability going forward, the baseline measurement has therefore been adjusted to 167,800 tonnes of carbon dioxide equivalents. The result for 2020 in the table

below has also been adjusted in line with the same calculation method.

Carbon dioxide emissions from beverage packaging	2021	2020	2019
Tonnes carbon dioxide equivalents (CO ₂ e)	183,400	181,000	167,800

The goal is for emissions from beverage packaging to be reduced by 10% by 2023 compared with 2019. However, 2021 saw a 1.3% increase on the previous year, which is mainly explained by the increase in overall sales volume for Systembolaget over the same period. The pandemic was the single biggest contributing factor to this.

The carbon footprint follows sales and increases during major holidays and vacations when strong sales of heavier, traditional glass bottles are recorded.

Over time, however, climate impact per litre is falling. The items we sell and the items customers choose are somewhat climate-smarter now than a couple of years ago. Last year, the proportion of climate-smarter packaging in our range was 18%. That proportion has risen during 2021, reaching 21% by the end of the year.

To meet the emission target of an absolute reduction of 10%, Systembolaget will continue to work for a transition from heavy glass bottles to more climate-smart packaging such as cardboard cartons, PET and aluminium cans. We are therefore looking for other business chains and networks outside Sweden to inspire more people to work on the transition, at the same time as we continue to expand our range in order to steadily increase the proportion of quality products in climate-smart packaging.

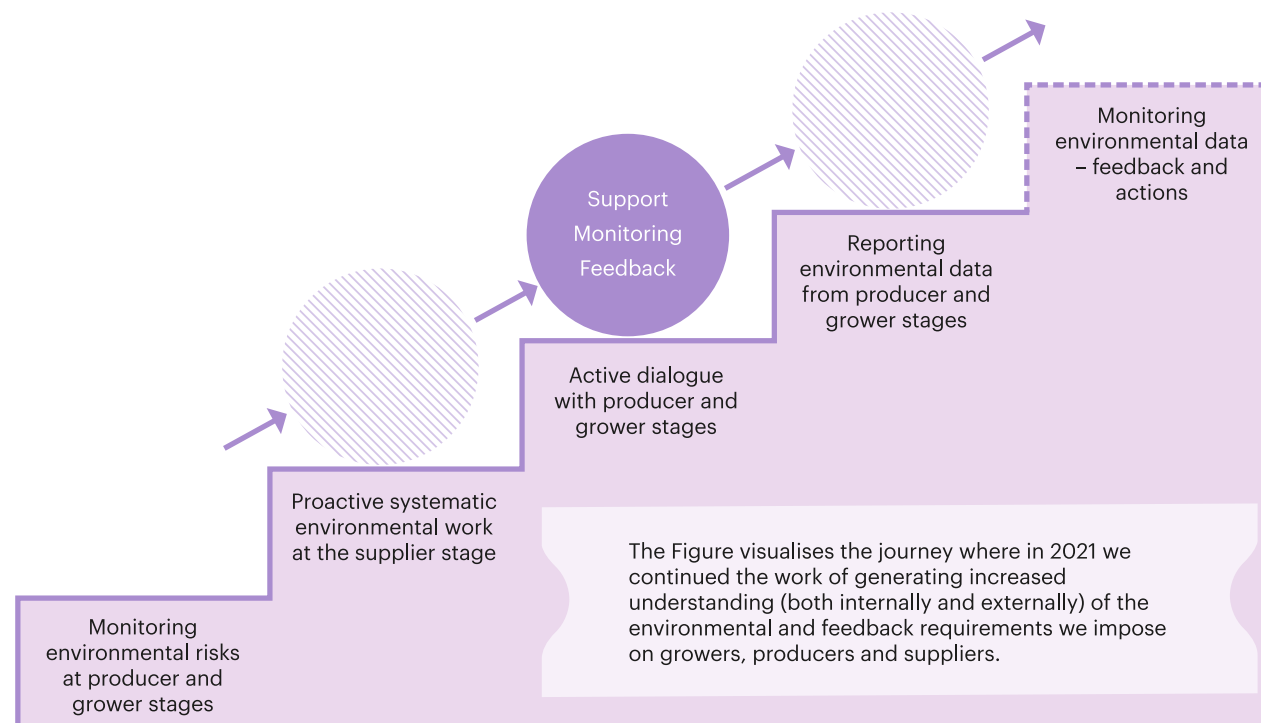
Reducing environmental impact within purchasing and range



A large part of Systembolaget’s environmental impact occurs before products reach our stores. This is why it is so important for us to work together with our growers, producers and suppliers to reduce climate impact, use natural resources in a sustainable way and create conditions for biodiversity. In 2021, we have accelerated our environmental commitment throughout the supply chain, from farm to shop.

Why this is so important

Systembolaget operates in an industry that is completely dependent on functioning ecosystem services such as arable land, a benign and stable climate and access to energy, water and other resources. At the same time, as an industry we exert an impact on precisely these conditions in a direction that is not sustainable over time. We therefore have a special responsibility to act, steer and drive development in the right direction – towards sustainable cultivation and production where negative environmental impacts are prevented, and where human health, functioning ecosystems and the conservation of finite resources are our ultimate priority.



Governance and strategic initiatives

Our sustainability strategy has a number of environment-related goals. One goal for 2030 is for “Cultivation and production to take place with sustainable use of resources and with minimal emissions to air, land and water”. If improvements are to occur, creating

awareness, understanding and insight into one’s own environmental impact among suppliers, producers and growers will be crucial. We will take this huge but vital task for the climate and the environment one step at a time, as one activity is a prerequisite for success with the next. We are gradually approaching the goal of all operators in our supply chains working in line with

the Paris Agreement and the global sustainability goals defined by the UN.

Mandatory e-training and dialogue at producer level

In addition to previous training events for suppliers, a mandatory e-training module has also been developed to make it easier for suppliers to introduce proactive systematic environmental work into their own business operations. The aim has been to reduce environmental impact at supplier level as well as to generate insight into environmental work that facilitates dialogue upstream at producer and grower level, where environmental impact is greatest. The supplier has a key role in this dialogue in conveying the importance of cultivation and production of beverages taking place with strong consideration for the environment. To further strengthen the dialogue, a support document has been produced that describes the environmental areas (including examples of actions) that are of particular relevance to the beverage industry.

New, supplementary environmental requirements in the Terms and Conditions for Purchasing

All our suppliers and producers have to sign our Code of Conduct (amfori BSCI), which includes our environmental requirements. Efforts have been made to clarify and explain the meaning and application of environmental requirements for the supplier stage. In 2021, work was undertaken to supplement the environmental requirements in the Code of Conduct with clearer environmental requirements in the Terms and Conditions for Purchasing. Although the wordings have roughly the same meaning, the environmental requirements in the Terms and Conditions for Purchasing are more specific, practically applicable and

adapted to the conditions prevailing in the beverage industry. Among other things, the areas Suppliers are expected to work on are listed, including energy, climate, resources, waste, water management, chemical use and biodiversity. The requirements also mean a clearer commitment for international and domestic consignments to the depot and store.

Exchange of experience and individual support

Although the environmental requirements in our Code of Conduct together with the updated environmental requirements in our Terms and Conditions for Purchasing are clear and cover all suppliers, producers and growers, there is a certain spread in the level of ambition. We are therefore trying to close the gap by exchanging experiences and providing individual support to those in need. One example of this are the podcast interviews that Systembolaget held with those suppliers who want to share experiences and worthy examples in the industry.

Reporting, organic and other certifications

It is vital to monitor and evaluate compliance with environmental requirements and the impact in the supply chain, at the same time as it is a challenge. Circumstances and conditions differ greatly in the beverage industry. An important tool in this context is therefore the various sustainability certifications that exist.

A sustainability certificate certifies that the grower or producer has reached a certain level depending on the focus and coverage of the certification in question within different areas of environmental impact. It may, for example, be a matter of organic certification, which excludes the use of pesticides and fertilisers. Organic certification has a special position in Systembolaget's

range, through a clear and sustainable strategy that has greatly increased the supply of organic beverages – not only in Europe but also globally.

In 2021, a quarter of the wine we sold was organic. Over the past 10 years, alternatives to organic certification have gradually emerged. A number of national and regional certifications for sustainable wine with a broader approach to the environment are now available. This includes limited and efficient use of energy, fuel, resources, water, chemicals as well as reduced impact on climate and biodiversity.

In addition to information on various sustainability certifications, growers, producers and suppliers report information and data about their environmental work via Systembolaget's sustainability platform, where the data can be processed and analysed. Collectively, this gives Systembolaget and each individual operator in the supply chain a unique opportunity to read results, identify risks and areas for improvement, from cultivation all the way to the store. This analysis then becomes a guide for ongoing efforts to constantly streamline and improve environmental work.

Focus on soil health and biodiversity

The Nordic alcohol monopolies engage in various collaborations in the environmental area. This collaboration provides efficiency gains, as well as harmonisation with suppliers and producers that benefits the industry and increases the overall impact. Since 2018, the work has focussed on various themes based on areas of environmental impact with particularly high relevance to the industry. Packaging, energy, climate and water have all fallen under the spotlight. Soil health and biodiversity have been the focus in 2021. Loss of

biodiversity and soil degradation are, alongside climate change, two of the most urgent issues to ensure good living conditions on earth. At the same time, it is a defining issue for the survival of the beverage industry.

The Nordic alcohol monopolies conducted a joint study to identify which efforts in the cultivation of grapes and cereals are most effective at preserving and improving soil health and biodiversity. The study also examined which sustainability certifications and methods these efforts are best represented in.

The results show, among other things, that biodynamic cultivation is the method that best ensures biodiversity in cereal cultivation. It was also noted that, in some studies, organic farming gives slightly lower yields. Yields can, however, be secured through a combination of conventional and organic farming with good effects on soil health and biodiversity. The results from the study have been shared with the industry through webinars, lectures and meetings.

Highlight and reward worthy examples

To set clear environmental requirements, to follow up and report back in the supply chain is crucial to reduce the negative environmental impact, and secure viable ecosystem services for future generations. To generate commitment and trust in the shared responsibility, it is also important to pay attention to operators and examples that have accomplished something extra within the environmental area. Different ways to reward, highlight and disseminate these examples have been developed to become a cornerstone in ongoing strategic environmental work.

Key figures and results

In our efforts to reduce Systembolaget's environmental impact in its supply chains, we have, for a number of years, been investing in meeting the high customer demand for organic beverages.

ORGANIC CONTINUES TO INCREASE

Ten years ago, Systembolaget set a goal that by 2020 at least 10% of everything we sell would be organic (in terms of volume). That goal was reached as early as 2016. This value continues to increase, especially in wine, where the organic share now accounts for about a quarter of all sales.

Total organic sales in 2021 amounted to 55.8 million litres of wine, 17.6 million litres of beer, 4.5 million litres of cider and ready-to-drink beverages, 1.2 million litres of spirits and 0.6 million litres of non-alcoholic beverages.

Organic sales share	2021	2020	2019
Volume as a % of total sales	13.8	13.6	13.3

Organic options in 97 of 162 product segments

Our ambition is to offer organic items in as many product segments as possible. Work towards this begins at the tender stage. This task is already well under way. Currently, organic items are present in 97 of our 162 product segments.

Organic range	2021	2020	2019
Number of items	554	501	466
Number of segments with organic items	97	97	93

Number of items on offer refers to items in the Set Range. Product segment means a group of similar products.

Promoting human rights and good working conditions within purchasing and range



Promoting human rights and good working conditions is a prerequisite for a sustainable offering and a sustainable business. As one of the world's largest buyers of wine, beer and spirits, Systembolaget can contribute to sustainable development by setting requirements, creating incentives and collaborating with operators at various levels across our supply chains. The information gathered in the sustainability platform has not only made it easier for us to work systematically on following up our requirements, but also to identify the need for training initiatives and opportunities for stakeholder collaboration.

Why this is so important

According to our materiality analysis, human rights is a topic where we both make a large impact and have a big opportunity to make a difference. We can do this by influencing the conditions under which the products we sell are produced. We want to take responsibility not only for safeguarding working conditions of those persons working directly in our supply chain, but also to work to reduce the risk of human rights violations and for those persons indirectly affected by our business operations.

Governance and strategic initiatives

Compliance with the UN's guiding principles for companies and human rights is included in the State's ownership policy for state-owned companies. These principles have helped us prioritise our efforts and have laid the foundation for how we work with human rights.

HUMAN RIGHTS DUE DILIGENCE (HRDD)

Systembolaget works with Human Rights Due Diligence (HRDD) and in doing so tries to identify risks related to those human rights that our business affects from a global perspective and how we can best reduce our negative impact. One part of this work has involved the Human Rights Impact Assessment (HRIA) that we conducted in Italy together with Oxfam and which we describe in more detail on page 50. The risks in our supply chains are often related to issues such as temporary labour, precarious terms of employment, lack of trade union representation and health and safety. We also know that the risks are greater the closer we get to grower level in our supply chains. Some of the focus areas related to human rights that we have worked on in 2021 are described below.

Some of the most critical risks are linked to issues of employment rights and are therefore handled primarily in our risk analysis and monitoring work. For example, we have included questions on our sustainability platform that deal with trade union membership, knowledge of living wages, whether employees have access to a grievance mechanism and whether employees are

recruited via employment agencies to better identify these risks.

Living wage

In 2021, the Nordic monopolies initiated a specific task linked to living wages in our supply chains. Together with our suppliers, the work aimed to create greater transparency regarding value distribution in the supply chains. The project is being run together with a number of suppliers. The start-up phase (scheduled for the first quarter of 2022) was planned in the autumn together with suppliers and organisations that have in-depth knowledge of the subject. Together with the suppliers, the meeting aims to identify producers who may be interested in participating in a pilot planned for 2022. Based on the pilot, a plan will be developed for how we will systematically work to reduce the gap between existing wages and living wages.

Risks associated with sugar cane cultivation

One of the risks identified in our risk analysis is work-related injuries linked to rum production, especially the risk of harsh conditions while cultivating and harvesting sugar cane. In 2020, the Nordic monopolies therefore drew up a so-called "statement paper" regarding sugar cane cultivation in the supply chains for rum. It includes activities such as working for extra traceability, offering training for producers and operators in the supply chain and increased stakeholder collaboration. We held further dialogue with our suppliers on identified risks and the importance of traceability as well as information gathering in the supply chain for rum in 2021.

Together with the Nordic monopolies, we have also committed ourselves to amfori highlighting the risks in this part of the supply chain and supported organisations such as the La Isla Network and Bonsucro in developing targeted training on risks related to water, rest, shade and sanitation - four areas where deficiencies are often evident and which can make a big difference to those persons working in sugar cane plantations.

HUMAN RIGHTS IMPACT ASSESSMENT (HRIA)

With the aim of deepening Systembolaget's work on human rights and providing a better understanding of the impact we have in accordance with the UN's guiding principles on business and human rights, we carried out a HRIA in our Italian supply chain together with Oxfam.

The report was released in September 2021 and shows, among other things, that workers in the Italian wine industry are at high risk of being exposed to forced labour, low wages and precarious contracts. Oxfam also presented several recommendations for measures to improve Systembolaget's procurement and sustainability processes that should reduce our negative impact. Some examples are:

- Taking labour production costs into account in our procurement process.
- Educating and informing about the risks that exist in our supply chains to a greater extent.
- Increase collaborations with various stakeholders to better address risks.

Systembolaget has already initiated a number of measures based on Oxfam's recommendations. Some examples are that we have:

- developed a framework for a more sustainable procurement of beverages;
- created training packages on the risks that exist on a country by country basis for our buyers and category managers as well as for our suppliers;
- included issues regarding access to a grievance mechanism in our risk analysis;
- worked on a new sustainability label that will be launched in early 2022 and which will raise awareness among our customers.

We continue to carry our HRIAs in countries where we see a need for such action.

Our collaboration with Oxfam has revealed a number of opportunities for improvements and has above all given us the chance to be transparent with our challenges so that we can drive work forward together with the industry – not just in Italy but in our global supply chains as well.

RISK ANALYSIS

Risk analysis has revealed that the most critical risks are at grower level. The analysis of risk at different levels in our business operation is also the basis for our sustainability monitoring. It is based on information provided by the suppliers, producers and growers in our supply chains via the sustainability platform.

We believe we can exert the most influence when we are a large buyer. Therefore, in 2021, Systembolaget continued to carry our risk analysis on its Set Range (which comprises approximately 3,500 items and 94% of our sales volume) and also developed a monitoring plan based on a final assessment of the parties being analysed. In the same way as last year, our risk

assessment focussed on social and environmental sustainability indicators based on the following three components:

- 17 risk indicators of human rights, working conditions and the environment based on origin (Verisk Maplecroft).
- Assessment of producers' and growers' sustainability certification (Intertek's "Certification Benchmark Study").
- Self-assessment questions for producers and growers that include our most critical risks such as living wage, trade union membership and temporary and unprotected labour force.

In September 2021, we also started collecting information about supply chains of items in our Order Range and parts of our Temporary Range. Through a new process to distinguish origin, where the risk of Systembolaget's Code of Conduct being breached is considered particularly high, we took the first step in collecting information from these ranges. We call these origins high risk countries.

To identify items from high risk countries in our range, we start from 17 country-specific risk indicators, and record where these indicate particularly high risks. These 17 indicators, which cover social and environmental risk areas in countries, have been specifically selected for our industry and are provided by Verisk Maplecroft. To verify these particularly high risks, we also apply Enact's analyses of Systembolaget's direct and indirect impact on human rights in our supply chain, as well as amfori's Country Risk Classification which is based on the World Bank's Worldwide Governance Indicators.

The first subset consists of around 100 items from nine countries where the risk of Systembolaget's Code of Conduct being breached is considered particularly high. Any so-called high risk items in our Order Range are handled in the same way as items in Set Range. High risk items in our Temporary Range are currently not mapped on the sustainability platform, but rather have the requirement that the producer must participate in and sign Systembolaget's Code of Conduct prior to launch. A first training event for suppliers on high risk countries and Systembolaget's associated processes for them was held in September 2021.

The nine countries that in a first subset will be named high risk countries in 2021 are Eritrea, China, Haiti, India, Lebanon, Morocco, Nigeria, Turkey and Venezuela.

Sustainability monitoring

We follow up our risk analysis through, for example, third-party audits, desk-based monitoring, field visits and training initiatives. The type of follow-up that is deemed to be most appropriate is based on the level of risk identified and its nature. All tools used for follow-up are developed to continuously improve conditions and support parties in our supply chains to work in a sustainable way. We believe that we make the biggest difference by addressing potential risks and abuses and enabling collaborations, and by being supportive for as long as we see a will for improvement.

Pandemic-related restrictions have continued to make it difficult to carry out audits of producers in many countries. In some cases, this is still not possible, while in other countries assessments can be made on a case-by-case basis.

Only a few audits were therefore carried out in 2021. We have, on the other hand, had the opportunity to develop methodology for targeted audits, which has opened up a new way for us to address the risks identified in our risk analysis. This has concerned cases where we wanted to evaluate a small number of areas with different operators in a particular supply chain. The methodology was completed in the autumn, and in October and November 2021, six targeted audits of wine growers in Italy were carried out. The audits evaluated the following areas: biodiversity, chemical management, water use and corruption and ethical business practice.

The audits were a success and a number of growers managed to demonstrate that they were actively working on most of the areas that were evaluated. The methodology employed is under continuous evaluation as we carry out more targeted audits. This is to ensure quality in performance, efficiency in dealing with the results and relevance for its purpose of addressing risks and continuously raising the level of sustainability among operators in the supply chain.

Incidents

On occasion, Systembolaget receives incident reports of misconduct by producers who are not part of an existing sustainability follow-up process. We then initiate an incident management process where, in close dialogue with our Swedish suppliers, we follow up on reported incidents wherever in the world they occur and regardless of which range the items concerned belong to.

TRAINING

We work actively to help operators in our supply chains gain an increased knowledge and better understanding of risks, our requirements and how they can work with them.

As part of amfori BSCI's work promoting conditions for its members to actively pursue continuous supply chain improvements, amfori has continued to make its range of digital training material available to members, suppliers and producers (including to Italian wine producers). However, the number of physical workshops available locally in different countries is still limited.

STAKEHOLDER ENGAGEMENT

Stakeholder engagement is important at two stages - in identifying risks and also when trying to address them together with partners who have expertise in the area. Some examples of collaborations in 2021 are presented below.

HRDD-workshops

Due to the difficulty of arranging physical meetings, a new concept was tested in 2021 where Systembolaget issued invites to a number of digital meetings. Invites were given to producers and suppliers as well as non-governmental organisations (NGOs) and industry bodies working to address risks specific to the origin in question. These meetings included information from Systembolaget on how the work with the UN's guiding principles on business and human rights is organised and training from organisations working on risks. A workshop, where producers and suppliers provided input on the risks they see at supplier level and how Systembolaget can work on them, was also included. To date, meetings of this type have been arranged in

South Africa and the United States.

The meeting in South Africa focused on:

- Alcohol abuse and how it creates problems in farming communities.
- Responsible recruitment of temporary workers.

The meeting in the USA focused on:

- Responsible recruitment of temporary and migrant workers.
- Climate change and its impact on both the industry and its employees.

In general terms, for both meetings:

- The arrangement of combining producers and suppliers at the same digital event worked well. In the future, such events would benefit from the presence of even more producers.
- The producers appreciated the opportunity to receive direct information from Systembolaget (despite the pandemic) and to be able to provide feedback and ask questions.
- Many producers describe the pricing issue/procurement process and increased knowledge as important in order to be able to address risks of human rights violations.

Participation in amfori

In 2021, Systembolaget was part of a working group at amfori tasked with updating the code of conduct. We have focused on highlighting areas that are particularly relevant to the agricultural sector, such as housing con-

ditions and trade union organisation. We have received a good response to wordings in the code of conduct which we hope will facilitate our work to monitor our supply chains in a concrete manner.

Trade union international collaboration

Systembolaget is party to a Memorandum of Understanding (MoU) with IUF (the International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers Associations), Unionen and SPF Unionen – a collaboration that has been actively ongoing since 2017. In March 2020 we received our first report from a South African trade union via the new joint reporting channel. The report concerned, among other things, the dismissal of a trade union representative and harassment of trade union members. The partners in the collaboration have together sought to mediate between the various parties in the case and resolve the conflict. A cooperation agreement was drawn up in 2021 between the producer and the trade union, and dialogue between the producer, IUF and the local trade union is ongoing.

The collaboration has also begun to be rolled-out in Italy through initial meetings with the Italian trade unions together with IUF and Unionen. The hope is to be able to activate the work through physical meetings on site in Italy in early 2022.

The collaboration has also received funding from SIDA (the Swedish International Development Cooperation Agency), which has made it possible for IUF to employ another person on site in South Africa. This will increase the number of courses on the Memorandum of Understanding (MoU) that can be held. By the end of the year, 70 people had been trained.

Key figures and results

In 2017, Systembolaget began to systematically monitor the progress suppliers had made in their sustainability work via self-assessment in the form of a questionnaire. The questionnaire was sent to all suppliers of products in our Set Range. Since 2020, using the sustainability platform, we have been able to secure data sets for new strategic key figures to increase transparency and facilitate development work.

PROPORTION OF PARTNERS INCLUDED IN RISK ANALYSIS

Thanks to our sustainability platform, it is possible to monitor the proportion of partners included in the risk analysis. This key figure measures the proportion of partners in Set Range who have fulfilled more than 75% of their requests on the sustainability platform and are thereby included in the risk analysis.

A new feature for 2021 was that items from so-called high risk countries were also mapped on the sustainability platform. However, in a first step, they only needed to be mapped, and the actual producer in question needed to sign Systembolaget's Code of Conduct or other equivalent code of conduct. In future they will be monitored in the same way as items in our Set Range.

Results are reported with a one year time lag and for 2021 we reached 75.8%.

Proportion of partners in Set Range fulfilling more than 75% of their requests and thereby included in the risk analysis ¹	2021	2020
%	75.8	59.0

1) Reported with a one-year time lag.

Since the sustainability platform was launched, suppliers and producers have devoted considerable time and resources to answering questions and mapping their items. Given continued pandemic-related challenges where actual producers and growers have had to focus on their production and cultivation, we consider 75.8% to be a good result.

Our current priority is to work primarily with Set Range as regards the sustainability platform. Set Range covers just over 95% of our entire sales volume and this is where we can make the biggest difference. In the future, however, we will work on selected origins from our Order Range on the sustainability platform. We will use a new process to distinguish origins where the risk of Systembolaget's Code of Conduct being breached is considered particularly high. We call these origins high risk countries.

AUDIT RESULTS

To follow up on the outcome of our work on social conditions in the supply chain, we annually compile results from the audits that are carried out. We compare the results of the original audit with the results of the re-audit made one year later. This allows us to check whether the producers have improved their working conditions and if they are continuously working to safeguard human rights in their supply chain.

The summarised results of completed audits based on amfori's Code of Conduct distinguish between significant and less critical deviations. amfori's rules are used to draw the threshold between them²¹.

Based on amfori BSCI Code of Conduct 2.0	2021	2020	2019
Number of suppliers who participated in the evaluation of social conditions	2	9	71
Number of suppliers with significant negative impact on social conditions	0	5	23
Number of suppliers with less significant negative impact on social conditions	2	7	69
Number of identified significant deviations regarding social conditions in the supply chain	0.0	6.0	26.0
Number of identified less significant negative deviations regarding social conditions in the supply chain	0.5	42.5	354.5

Suppliers that are evaluated refers to producers and growers.

Due to ongoing pandemic-related difficulties conducting on-site audits, reporting for 2021 only included two audits in accordance with amfori BSCI. One was a so-called follow-up audit where only the negative impacts recorded during the previous audit were evaluated while the other was a full audit where all areas were evaluated. Both producers received the highest results and only a partial negative impact was recorded for one party in the area of health and safety at work. No critical negative impacts were recorded, nor any deviations falling under the category of Zero Tolerance (namely, highly significant critical discoveries). As both producers have been approved, they will not be subject to fresh audits in 2022.

Our hope is that the situation in the outside world will improve in 2022 so that we have more freedom to return to our monitoring activities addressing identified risks in the supply chain and promote continuous improvement work among those operators behind the beverages we sell. This applies to audits and field visits as well as training initiatives and local collaborations.



Financial reporting

Financial developments

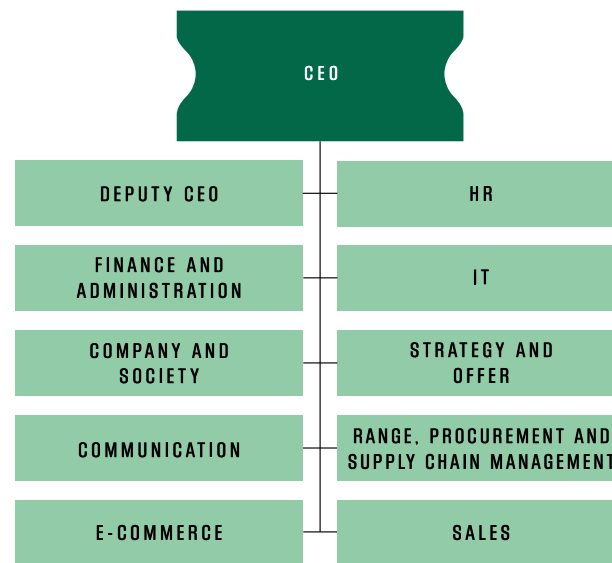
Systembolaget is a state-owned company with the exclusive right to retail strong beer, wine, spirits, other fermented alcoholic beverages and alcoholic beverage-like substances in Sweden. This exclusive right has a social policy objective to limit the harmful effects of alcohol. This is achieved, firstly, by excluding a private profit motive from the alcohol retail trade, and secondly, by limiting availability. At the same time, the state is able to ensure a public health-oriented business operation with the help of clear governance. The owner's governance of Systembolaget is based on a number of mission goals and financial targets. Mission goals are measured based on the Customer Satisfaction Index, Alcohol Index, total alcohol consumption in Sweden and Systembolaget's share of overall consumption. The financial targets comprise requirements on equity/assets ratio, return on equity, cost-effectiveness and dividend payment. Systembolaget must be run commercially without the aim of maximising profits.

ORGANISATION

Systembolaget's business operations are conducted via 450 stores and the company maintains a presence in every municipality in Sweden, in line with its instructions from the Swedish state. Systembolaget also has 475 agents spread right across the country from whom customers can order goods for collection. Systembolaget also offers home delivery and in 2021 this service has been rolled out to the entire adult population of Sweden.

Systembolaget AB is 100 percent owned by the Swedish state and there are 360,000 shares in the company. Business operations are carried out through Systembolaget AB and its wholly-owned subsidiaries IQ-initiativet AB and AB K14 Näckströmsgatan. IQ-initiativet

AB works for a smarter approach to alcohol, not least among young persons. It does this by using knowledge and communication programmes to raise awareness and create reflection and engagement around one's own drinking and that of others, thereby contributing to reducing the harmful effects of alcohol in society. K14 Näckströmsgatan administers the real estate used in Systembolaget's business operations.

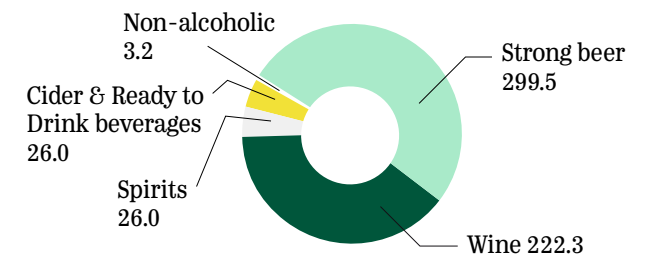


SALES

Systembolaget's sales revenue increased by 3.8% compared with 2020 to MSEK 38,120 (36,737). Wine sales were MSEK 19,133 (18,653), an increase of 2.6%. Sales of strong beer increased by 2.3% to MSEK 9,079 (8,879). Sales of spirits increased by 8.0% to MSEK 8,299 (7,684). Cider and Ready to Drink beverages increased by 10.0% to MSEK 1,120 (1,018). The sales

volume increased by 1.4% during the same period, reaching 577.0 (569.1) million litres. In per capita terms, sales volume (litres of pure alcohol per capita) fell slightly compared to the previous year. The higher sales volume is mainly due to Systembolaget's share of total consumption having increased as a result of COVID-19. For most of the year, other sales channels such as passenger imports and restaurants remained limited, which affected Systembolaget's sales volume. See page 16 for more information about the most recently published Monitoring Measurements²² which show total alcohol consumption and the impact of COVID-19.

Sales of organic items increased by 6.1% to MSEK 5,887 (5,551), accounting for 15.5% of total sales in monetary terms. Sales of ethically-labelled items were MSEK 755 (779), a fall of 3.1%. Sales of non-alcoholic items increased by 5.6% to MSEK 195 (186).



Beverage sales 2021 (million litres)

FUTURE SALES DEVELOPMENTS

At the same time as total alcohol consumption (litres per person) fell by 9% between 2010 and 2019, before the pandemic Systembolaget's sales trend was rela-

tively stable with an annual revenue increase of around 2–5%. The alcohol duty rises introduced in 2015 and 2017 respectively amount to approximately 1–2% of the sales increase. Systembolaget’s sales have increased further in the past two years, which can be explained by the COVID-19 pandemic. Total alcohol consumption has continued to fall in Sweden and dropped by 6% in 2020. In the same year, Systembolaget’s share of consumption increased by approximately 9 percentage points from 2019 and looks set to remain at a high level in 2021. The volume development for Systembolaget in 2020 was significantly higher than expected and this trend has continued in 2021, albeit at a slower rate. Accumulated sales volume was 1.4% higher than the previous year. Sales volume is expected to retreat next year when restaurant visits and travel pick up and begin to return to pre-pandemic levels.

With regard to the distribution between product categories, some differences have emerged. Sales of spirits increased sharply during the pandemic, due to restrictions on other sources of supply such as passenger imports. Sales volume of spirits is expected to decline in the future when travel picks up and begins to return to its pre-pandemic level. Beer and wine sales are expected to stabilise with some degree of return towards pre-pandemic sales levels. However, an increased share of sales for Systembolaget means that sales are expected to increase at a faster rate than population growth. It is assumed that the trend towards slightly more expensive items in all product categories will continue over the next few years. Organically labelled products have grown rapidly in recent years and this is expected to continue into the future.

OPERATING PROFIT (LOSS)

Systembolaget made an operating profit of MSEK 428 (542). The drop in operating profit is mainly explained by an increased volume-driven cost of sales.

The company incurred selling expenses of MSEK 3,566 (3,296). This increase in selling expenses is primarily due to increased personnel costs related to a higher sales volume. Our stores have also incurred additional costs linked to the pandemic, such as external labour to help both with in-store gated entry and to cover increased short-term sick leave. Increasing e-commerce also entails increased ancillary costs such as shipping and packaging, but also increased personnel costs at depots. Selling expenses were also affected by higher costs for premises, which mainly related to the annual indexation of rental costs.

Administrative expenses increased compared to the previous year, amounting to MSEK 766 (735). This is mainly explained by increased personnel costs and increased communication costs in connection with the launch of the new “Måttfull” (“Modest” or “Abstemious” in English) App as well as investments in the “Barndom utan baksmälla” initiative. Furthermore, costs linked to internal changes within the organisation and the development of a new funding model and robotization also had an impact. A one-off impact from increased costs for staff welfare benefits was also recorded.

NET FINANCIAL INCOME/EXPENSE AND PROFIT (LOSS) BEFORE TAX

Pre-tax profits amounted to MSEK 464 (597). Net financial income/expense was MSEK 36 (30) of which MSEK 29 (30) related to interest income from financial

investments, MSEK -10 (-17) related to changes in value of financial investments and MSEK 17 (17) related to dividend from Systembolaget’s subsidiary AB K14 Näckströmsgatan. The change from the previous year is primarily due to a positive development in value of the portfolio in 2021. As of 31/12/2021, 46% (44%) of Systembolaget’s financial investments consisted of green bonds.

CASH FLOW

Cash flow from operating activities was MSEK 1,520 (674) The change compared to the previous year relates to a timing difference in payment dates as regards trade payables, where large payments attributable to December 2021 were made in early January 2022. Cash flow from investing activities was MSEK -401 (41), of which MSEK -104 (-117) mainly related to new construction/remodelling of stores, MSEK 17 (17) related to dividend from Systembolaget’s subsidiary AB K14 Näckströmsgatan and MSEK -314 (141) related to net change in financial investments. Cash flow from financing activities was MSEK -471 (-240) and related to dividend to the owner.

FINANCIAL POSITION

As per 31/12/2021, equity was MSEK 1,699 (1,794), which is MSEK 95 lower than on 31/12/2020. The change consisted of the profit for the year minus dividend to the owner, which amounted to MSEK 471 (240). Return on equity as of 31 December on a rolling 12 month basis was 21.5% (27.9%). Since the previous year, return on equity has mainly dropped due to a weaker result on account of increased selling costs due to an increased sales volume and a larger share of e-commerce.

SUMMARY OF SUBSIDIARIES

IQ-initiativet AB (IQ) works towards a smarter approach to alcohol. Systembolaget funds IQ to the sum of MSEK 40 (40). Pre-tax profit amounted to MSEK -0.9 (6.2). The weaker result was due to the fact that in 2021 IQ carried out a number of the campaigns that should have been carried out in 2020 but which were postponed due to the pandemic.

AB K14 Näckströmsgatan administers the real estate used in Systembolaget's business operations. Pre-tax profit amounted to MSEK 21.6 (21.8). This profit is attributable to intra-group rental income.

LEGAL SITUATION

To protect public health it is important for Sweden to have a coherent, restrictive alcohol policy. This presupposes alcohol legislation in harmony with societal development and well-functioning regulatory supervision.

Cross-border distance selling examined by the Patent and Market Court

Systembolaget has identified a need to clarify the legal situation surrounding distance selling – when operators sell and distribute alcohol to customers in Sweden via the internet.

Two cases are currently pending in the upper court (the Patent and Market Court) against the distance traders Vivino and Winefinder. Court dates are set for May and June 2022.

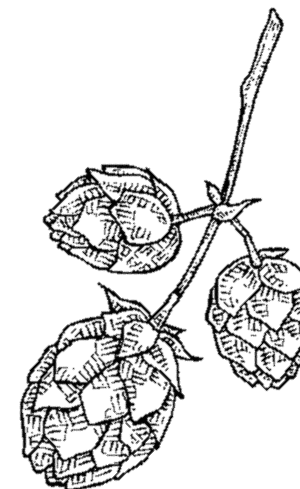
In July 2020, business operations carried out by Skål AB via the app Skål and the website www.skalapp.se were reported to the police for breaching alcohol legislation. The preliminary investigation has now been completed and charges have been brought against Skål AB.

Inquiry into farm sales

A third inquiry into farm sales of alcoholic beverages in Sweden was presented in December. The inquiry proposes the establishment of an extensive and for-profit retail trade of all types of alcoholic beverages throughout the country - alongside Systembolaget's exclusive right - and the proposal has no restrictions linked to rural areas. The proposal is now out for consultation and Systembolaget intends to submit a consultation response.

EVENTS AFTER THE BALANCE SHEET DATE

Magdalena Gerger, CEO of Systembolaget, left her post on 21 January 2022. Ann Carlsson Meyer took over as the new CEO on 22 January 2022.



Risk and Sensitivity Analysis

Systembolaget's goal for its risk management work is that it should be an integral part of corporate governance and contribute to the owner feeling secure in how Systembolaget is fulfilling its mission and managing its risks.

RESPONSIBILITIES

Responsibility for risk management within Systembolaget follows the lines of defence set out by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). For Systembolaget, this means that managers and project managers have lead responsibility for managing their risks. Risk controllers support business operations and check and review compliance with Systembolaget's risk management framework. The internal audit, which is carried out by an external company on behalf of the Board, reviews whether Systembolaget's risk management activities are appropriate and effective.

WORKING METHOD

The working method for risk management within Systembolaget is harmonised with COSO and the ISO-31000 risk management standard. Processes, categorisation and organisational breakdown of risk management within Systembolaget are clarified in the framework laid down by the Board and senior management. Systembolaget's risks are reported and followed up every six months by senior management and the Board through the Audit Committee.

INSURANCE

One part of work to reduce Systembolaget's risk exposure involves the company taking out various insurance policies. Systembolaget's insurance programme includes property insurance and business interruption

insurance, general liability insurance and product liability insurance. The programme is administered by Systembolaget's Protection Unit with the help of an insurance broker. Other insurances policies include insurance against occupational injuries held through collective bargaining agreements. These policies are administered by Systembolaget's HR Department.

Traders are required to hold a number of these insurances by law while Systembolaget has also chosen to take out further insurances beyond its statutory requirements to guarantee the well-being, safety and security of our employees and business.

CRISIS AND CONTINUITY MANAGEMENT

The working methods for crisis and continuity management are split between Risk Control and the Protection Unit, with the later responsible for crisis management. Crisis management and continuity plans are tested and updated every year as far as is practically possible.

FINANCIAL RISK MANAGEMENT

Financial risks such as interest rate, credit and liquidity risks are limited. Systembolaget is self-financed, thanks in part to a high inventory turnover rate that matches our procurement and payment terms.

Systembolaget has no interest-bearing liabilities. Sales take place primarily in the form of card or cash payment and thus Systembolaget has no significant trade receivables. Beverage suppliers are responsible both for importing alcoholic beverages and declaring alcohol duty. Systembolaget's purchases are mainly made in Swedish kronor and the company thus has minimal exposure to exchange rate and currency risks. Further information on the management of financial risks is

available in Note 12, Financial Instruments.

SYSTEMBOLAGET'S RISKS

Areas in which Systembolaget has its largest risk exposure, including risks from a sustainability perspective and climate-related financial risks and opportunities, are presented below.

RISK AREA	DESCRIPTION	COMMENTS
Increased alcohol-related harm	Systembolaget's opportunities to implement its mission to minimise the harmful effects of alcohol at both individual and societal level is made more difficult when the exclusive right is challenged. Increased alcohol consumption would lead to increased societal costs for, among other things, the police and healthcare system due to increased violence, more traffic accidents and higher sick leave.	Systembolaget's exclusive right to sell alcohol without the aim of maximising profit is one solution to minimise the harmful effects increased alcohol consumption would bring. Availability is limited via the number of stores and their opening hours as well as by our sales rules – to always sell responsibly and without aiming to maximise profit.
Secondary harm	Alcohol doesn't just harm the drinker but also other people in the vicinity, with children particularly vulnerable. It is estimated that 320,000 children in Sweden are harmed by a parent or guardian's alcohol consumption while growing up ²³ .	Systembolaget works to limit the harmful effects of alcohol by selling responsibly and informing about the risks of alcohol. Systembolaget works specifically with the issue of children through the Childhood without Hangover initiative (see page 18).
Independence	Given Systembolaget's exclusive right, there is always a risk that stakeholders try to influence the company's procurement processes, and thereby its range, in multiple ways.	As an important part of our anti-corruption work, Systembolaget works to constantly raise the level of awareness among our employees and to provide information and clarification regarding our procurement procedures and terms and conditions to our stakeholders. Systembolaget also continuously reviews the appropriateness of its procurement process.
Outside world	Developments in Swedish society contribute to uncertainties surrounding how Systembolaget will be able to meet our customers' ever higher expectations of how the company makes its products available.	Systembolaget works continuously for permanent improvements in the customer encounter in order to proactively address changing requirements.
Legislation	A prerequisite for Systembolaget's exclusive right is that Swedish legislation in the area is coherent and consistent and subject to proper regulatory supervision. At present, ambiguities exist in both legislation and regulatory supervision, which creates uncertainties in the context under which Systembolaget operates.	Systembolaget is ever vigilant and continuously reviews the legal context in which it operates.
Working conditions	A risk of robbery is ever present in the type of retail trade which Systembolaget engages in. Unfortunately the company is no stranger to threats and incidents of violence against employees. Hence there is always a degree of uncertainty as to whether the security-enhancing measures that are in place within the company are sufficient to handle this problem.	Systembolaget manages the risk continuously through its Protection Unit and reviews the degree of awareness and exposure to threats and violence among its staff.
Data security	Systembolaget is becoming more and more IT-based, which means that the threats facing data security are increasing at the same time as attacks become more sophisticated.	Systembolaget works systematically on IT and data security with established goals, structures and increased awareness.

RISK AREA	DESCRIPTION	COMMENTS
Traceability and transparency in the supply chain	Systembolaget operates in an industry where, in historical terms, traceability and transparency in the supply chain have not been prioritised. This is because supply chains are often complex and because information about where a producer obtains its raw material from is considered to be a trade secret. This makes it difficult for Systembolaget, and to some extent our suppliers as well, to ensure that our Code of Conduct is complied with throughout the supply chain.	Systembolaget conducts annual surveys to identify risk areas. Systembolaget works on increasing skills, making requirements clearer, improving monitoring, measures and consequence activities to achieve increased compliance with our Code of Conduct and reduce the risk of corruption. Systembolaget has put system support in place to make its monitoring more effective (see page 42).
Degree of influence	Systembolaget operates in an environment with complex supply chains and with a complex business model with a very large spread of purchases from many different regions and countries. This often entails relatively insignificant volumes per trader, which gives Systembolaget a lower degree of influence and less opportunity to check compliance with sustainability requirements than other major buyers in the world market.	Systembolaget carries out annual audits of suppliers and producers in order to gain increased control over the products being sold. These audits are also supplemented with training initiatives at producer level. Systembolaget has put system support in place to make its monitoring more effective (see page 42).
Production	To be produced, Systembolaget's products require cultivated land and natural resources. Hence, competition for land and natural resources may arise when an ever growing global population needs to be provided for using available land and water resources in the face of ongoing climate change.	Systembolaget currently runs collaboration and training initiatives with a sustainability focus at producer level in order to contribute to sustainable development in unison.
Taking responsibility	A future increase in climate-related areas of concern and conflict creates challenges for keeping tabs on Systembolaget's suppliers. This increases uncertainty surrounding whether Systembolaget's products are produced based on good social conditions where human rights are respected.	Systembolaget has implemented system support to make monitoring more effective and thereby enable greater traceability and transparency in the supply chain (see page 42).
Opportunities for our range and supply	Climate change makes growing conditions and competition for raw materials and products in Systembolaget's range hard to predict. This creates future uncertainties regarding Systembolaget's ability to supply products from the areas affected.	Systembolaget works on having a depth to its range where many sources are represented. This lessens vulnerability in the event of failure in regional production or delivery (see page 43).
Adjusting our offering	Increasing demands from customers and other stakeholders require rapid adjustments if we are to meet customers' expectations of our climate work.	Systembolaget is in the process of carrying out strategic work to reduce the climate impact of packaging and transportation (see page 27 and page 44) and to create conditions for sustainable choices (see page 25).
Diversity	Systembolaget's strives to exist for everyone in Sweden, including as an employer. Systembolaget believes that increasing the way it reflects society creates better conditions for achieving the company's mission. The company views attracting and recruiting a broader range of skills, experience and abilities as critical for the future if it is to better meet the needs of all customer groups.	Systembolaget keeps its processes to attract new employees under continuous review and is developing ways to recruit greater diversity and new skills.

Corporate governance report

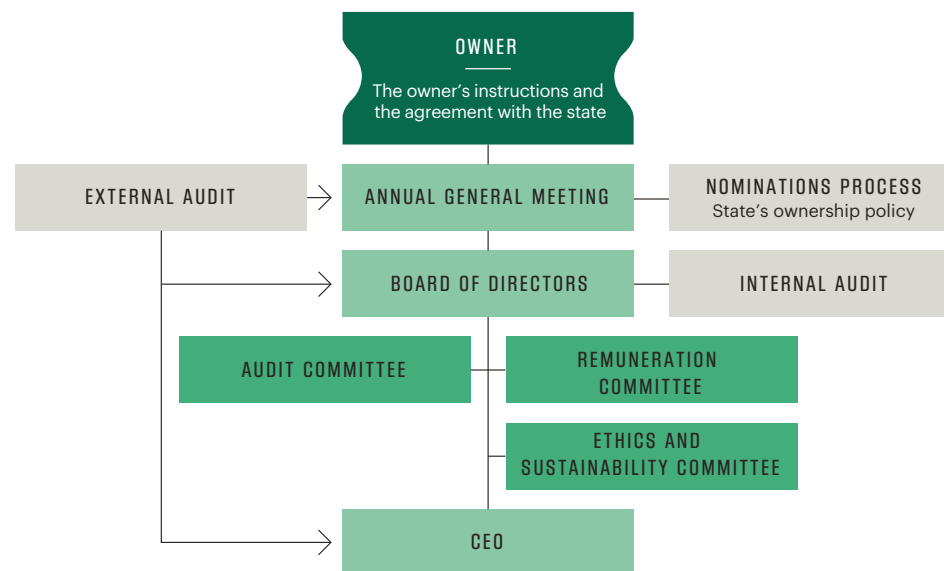
Systembolaget AB is 100% owned by the Swedish state. The Government administers its ownership through the Ministry of Health and Social Affairs. Responsibility for Systembolaget's management and control is divided between the owner, the Board and the CEO.

Systembolaget's mandate is to sell alcoholic beverages and related preparations with exclusive right and with responsibility and good service, as well as to inform about the harmful effects of alcohol. Systembolaget exists for everyone in Sweden with the aim of contributing to improved public health by limiting the harm alcohol causes in society. The exclusive right means that Systembolaget is the only company in Sweden allowed to retail strong beer, wine, spirits, other fermented alcoholic beverages and alcoholic beverage-like substances. Systembolaget's retail monopoly is regulated in the Alcohol Act and based on the public interest acceptable under EU law of protecting public health against the harmful effects of alcohol.

THE OWNER

The requirements the owner places on Systembolaget are specified in the agreement between Systembolaget and the Swedish state, in the owner's instructions and in the state's ownership policy and principles for state-owned companies 2020. The agreement and the owner's instructions set out the basis for Systembolaget's business operations with regard to its social mission, the requirement for financial efficiency and general operational requirements. The agreement and instructions also specify that Systembolaget is not driven by sales targets or profit maximisation. The owner determines Systembolaget's business purpose through the company's Articles of Association. The owner's expectations for Systembolaget as a state-owned company are determined by the ownership policy. The owner issues directions to Systembolaget's Board through the owner's instructions. The owner has decided on a number of mission goals as well as financial targets for Systembolaget, as set out in the owner's instructions. The fulfilment of mission goals is measured based on the Customer Satisfaction Index, Alcohol Index, total alcohol consumption in Sweden and Systembolaget's share of overall consumption. The financial targets comprise requirements on equity/assets ratio, return, cost-effectiveness and dividend payment.

Representatives of the owner and Systembolaget's Chairman and CEO meet four to five times a year. Representatives from Systembolaget's senior management other than the CEO participate in these meetings as needed. Topics discussed at these



meetings were the monitoring of business operations (including follow-up the mission goals), the financial targets and sustainability goals. Other issues discussed over the year concerned Systembolaget's online store, cross-border distance selling, questions related to COVID-19 such as trends in alcohol consumption during the pandemic, legal matters as well as other issues relevant to the company. The owner exercises its rights as shareholder at the Annual General Meeting.

ANNUAL GENERAL MEETING

According to the state's ownership policy, the Annual General Meeting must take place before 30 April each year. Members of the Swedish Parliament have the right to attend the Annual General Meeting provided they register in time. The general public is also given the opportunity to participate.

Systembolaget's Annual General Meeting for 2021 was held in Stockholm on 22 April and was open to the general public. The owner was represented by Minister of State Maja Fjaestad from the Ministry of Health and Social Affairs. Due to the ongoing

pandemic, it was possible to attend the Annual General Meeting via a link. At the Annual General Meeting, the shareholders decided to re-elect Göran Hägglund as Chairman of the Board as well as all other Board members. The Board's proposals for a remuneration report and remuneration guidelines were adopted. A full copy of minutes from the Annual General Meeting is available on omsystembolaget.se. The Annual General Meeting for 2022 will take place in Stockholm on 28 April.

Principles of corporate governance

Systembolaget's corporate governance is conducted primarily on the basis of:

- the Companies Act
- other applicable Swedish legislation
- the Swedish code of corporate governance (the Code)
- the state's ownership policy, which also includes principles for corporate governance, principles for remuneration and other terms of employment for senior management and principles of external reporting
- the agreement between Systembolaget and the state
- the instructions issued by the state to Systembolaget (the owner's instructions)
- the Articles of Association
- the rules of procedure of the Board and the Board's committees
- the CEO's instructions
- internal governing documents

For further information: [Read more](#)

BOARD OF DIRECTORS

Systembolaget's Board is responsible for the company's organisation and the management of its affairs. The state's ownership policy specifies that the Board is responsible for ensuring that the companies are managed in an exemplary manner within the framework set by legislation, the company's articles of association, the owner's instructions and the state's ownership policy. Part of the Board's work to ensure that Systembolaget's business operations have the confidence of the general public is to establish relevant policy documents and annually evaluate current policies. This material is published on Systembolaget's website. The Board has a duty to manage the company's capital in the best possible way and to ensure that the company's missions are carried out properly and that business operations are conducted in a way that promotes sustainable development from financial, social and environmental perspectives.

Appointment of the Board

The appointment of the Board follows the nomination process and the principles described in the state's ownership policy and is coordinated by the Ministry of Enterprise and Innovation. The need for skills and expertise is analysed on the basis of Systembolaget's business operations, situation and future challenges, the composition of the Board and evaluations completed by the Board.

The state's ownership policy, which also constitutes the diversity policy applied in respect of the Board, states that members are selected from a broad recruitment base in order to take advantage of the skills and expertise of both women and men, as well as persons with different backgrounds and experiences.

Prior to the Annual General Meeting for 2021, the owner submitted a motion in support of the proposal for the election of Board members. The proposed Board members were deemed to have the skills, experience and background relevant for the company's governance. The proposed Board was deemed to have an appropriate composition with regard to the company's business operations, development stage and other general circumstances and was characterised by versatility and breadth regarding the members' skills, experience and background. The proposed Board was also deemed to meet the Government's goal of an equal gender ratio in accordance with the ownership policy.

Deviations from the Code

Systembolaget applies the Swedish Code of Corporate Governance with the following deviations:

Code rule	Deviation	Explanation/comments
1.1 Publication of information regarding shareholders' right of initiative	Not published	The purpose of the rule is to give shareholders the opportunity to prepare for the Annual General Meeting in good time and to have a matter included in the notice convening the Annual General Meeting. There is no reason for a 100% state-owned company to observe this rule.
2. The company shall have a Nominations Committee that represents the company's shareholders during the election and remuneration of the Board and auditor	A Nominations Committee has not been set up	The nomination process for the Board and auditors in state-owned companies takes place in the same way and follows the state's ownership policy; see the above description.
8.2 The Board shall continuously evaluate the CEO's work and at least once a year, the Board shall specifically address this issue	The CEO's work was not evaluated during the year and this issue was thus not addressed specifically at any of the Board meetings during the year	The Board decided not to evaluate the CEO's work in 2021 because Magdalena Gerger, who was CEO during the year, left her position at the end of the year and the new CEO (Ann Carlsson Meyer) took office in January 2022.

More detailed information regarding nomination of the Board can be found in the state's ownership policy.

Composition of the Board

Under the Articles of Association, Systembolaget's Board of Directors shall consist of a minimum of six and a maximum of nine permanent members appointed by the general meeting. Employee organisations also have the right to appoint members to the Board.

Systembolaget's Board consists of 9 Board members elected by the Annual General Meeting. Five of these members are female and 4 male. There are also 2 employee representatives plus 2 deputies on the Board. These individuals are appointed by the employee organisations. Two of the employee representatives are female and 2 are male. None of the Board members belong to the senior management of the company. Information about Board members can be found on pages 69-71.

Systembolaget's CEO and CFO attend Board meetings. Systembolaget's Company and Society Director is the Board secretary. Other senior management participate when needed.

The Chairman leads the work of the Board and checks that the Board discharges its duties in accordance with both the Companies Act and the Code. The Chairman continuously consults with the CEO on strategic issues and is responsible for contacts with the owner on ownership-related issues. The Chairman also has additional duties specified in the Board's rules of procedure.

The work of the Board

The Board's rules of procedure specify how work is distributed between Systembolaget's Board, its owners, its committees and the CEO. The rules of procedure are reviewed annually and a new version was adopted at the Board meeting following election in April 2021. According to the rules of procedure, the Board shall, as a general rule, hold at least five ordinary Board meetings per financial year in addition to the Board meeting following election.

The structure of the work of the Board is specified in the Board's work plan as determined annually. The work plan forms the basis for planning the work of the Board and

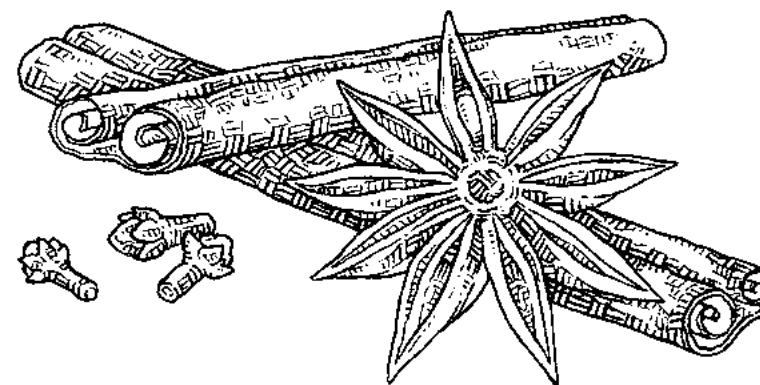
specifies at what time during the financial year the Board has to deal with specific areas of responsibility.

A collection of documents entitled “Acts, governing documents etc. for Systembolaget AB” has been produced to support the work of the Board. The collection contains legal texts relevant to the business, documents from the EU, company-related documents, ownership-related documents and agreements, investment regulations, the current strategic plan for Systembolaget, Systembolaget’s Code of Conduct, policies, internal rules and information about Systembolaget’s subsidiaries.

The Board shall safeguard and promote a good corporate culture. Avoidance of conflicts of interests in the Board is regulated by the Board’s rules of procedure and by the Companies Act (ABL 8:23). When Systembolaget is faced with particularly important decisions, such as major strategic changes in its business operations, the Board, acting through the Chairman, must coordinate its views with representatives of the owner.

The Board is tasked with identifying how sustainability issues affect the company’s risks and business opportunities. Systembolaget’s Board is responsible for setting the goals for the company’s sustainability work and for ensuring that these goals are integrated into the company’s business strategy. See page 12 for more information on Systembolaget’s sustainability work.

In the strategic plan, the Board establishes a strategic direction governing how Systembolaget will prioritise its investments, resources and activities over the strategic period. The strategic plan stretches forward over four years and is revised every three years. The current strategic plan was adopted by the Board in May 2019 and applies for the years 2020-2023. See page 9 for further information about the strategic plan.



BOARD MEETING ATTENDANCE 2021

Name	Board	In attendance	Audit Committee	In attendance	Ethics and Sustainability Committee	In attendance	Remuneration Committee	In attendance
Göran Hägglund	Chairman	11/11	-	-	-	-	Chairman	3/3
Viveca Bergstedt Sten	Board member	11/11	Chairman	5/5	-	-	-	-
Robert Damberg	Board member	11/11	-	-	Board member	2/2	-	-
Anders Ehrling	Board member	10/11	Board member	5/5	-	-	-	-
Ulrika Eriksson	Board member	11/11	-	-	Chairman	2/2	-	-
Cecilia Halle	Board member	11/11	Board member	5/5	-	-	-	-
Barbro Holmberg	Board member	11/11	Board member	5/5	-	-	-	-
Frida Johansson Metso	Board member	9/11	-	-	-	-	Board member	3/3
Håkan Leifman	Board member	11/11	-	-	Board member	2/2	-	-
Maria Nilsson	Employee representative	11/11	-	-	-	-	-	-
Robert Adrell	Employee representative	11/11	-	-	-	-	-	-
Karin Larsson ¹	Employee representative	11/11	-	-	-	-	-	-
Nils Undall-Behrend ¹	Employee representative	10/11	-	-	-	-	-	-

¹ Deputy

Eleven Board meetings were held in 2021. The Board engaged in ongoing monitoring of financial developments in the company, and of social and environmental aspects of its business operations. Business operations were monitored through the presentation of strategic key figures, by monitoring strategic sustainability goals and the owner's mission goals, as well as via other relevant topics. In March, the Board met with the company's auditors in the absence of senior management in accordance with the requirements of the Code. Together, this gave the Board the opportunity to continuously assess the results of business operations, including within the area of sustainable business operations.

In addition to ongoing monitoring of business operations, the Board worked with issues concerning the responsibility report, establishment plan, Alcohol Research Council, strategic plan 2023, home delivery and e-commerce, business plan and forecast for 2022, the CEO change, Systembolaget's funding model, ongoing legal proceedings, as well as leadership development, leadership supply and succession planning. The Board also had to deal with various issues relating to the ongoing COVID-19 pandemic.

Remuneration of Board and Committee members

The remuneration of Board members and members of the Board's special committees is determined by the Annual General Meeting. In accordance with the state's ownership policy, the remuneration must be competitive but not market-leading.

Evaluation of the Board

According to the Code, the state's ownership policy and the rules of procedure for the Board, the Board must annually evaluate the Board's work through a systematic and structured process. The evaluation deals with the processes behind the Board's work and the Board's performance, including how the Board deals with relevant financial, environmental and social matters.

This year's board evaluation was carried out through a questionnaire answered by Board members and the work was led by the Chairman of the Board. The questionnaire included questions about the work climate and cooperation, competence, the Board's work and the role of the Chairman. The results of the Board evaluation were reported and discussed at a Board meeting in November 2021. In summary, the evaluation showed that the Board's work was functioning well.

In accordance with the state's ownership policy, in December 2021 the Chairman of the Board informed the Cabinet Office of the results of the evaluation. In addition, ongoing evaluations of the boards of state-owned companies are made during the Cabinet Office's work on the nomination process.

Board committees

The Board has established three committees and has drawn up rules of procedure for them. At the Board

meeting following election to each committee, the Board appoints a number of Board members elected by the AGM, of which one acts as chair. None of the members of the committees belong to senior company management. Information on the make-up of the committees as well as the number of meetings and the attendance of members can be found on page 64.

The issues dealt with by the committees are recorded in minutes and the Chair of each committee reports to the Board on the committee's work at the next ordinary Board meeting.

Audit Committee

The Board has, firstly, delegated the task of dealing with certain issues, including decision-making power, to the Audit Committee, and secondly, has instructed the Committee to otherwise prepare and monitor issues concerning Systembolaget's financial reporting and the effectiveness of its internal controls, internal and external auditing and risk management. Issues delegated by the Board to the Audit Committee with decision-making power are to annually determine the direction of work for the internal audit, decide on significant sustainability areas to report in the responsibility report plus Global Reporting Initiative (GRI) data and key figures linked to these sustainability areas, determine transparency reporting and evaluate and define Systembolaget's investment rules.

The Committee is also tasked with keeping itself informed about the audit of the annual report, as well as reviewing and monitoring the auditor's impartiality and independence. The Committee shall pay special attention to whether the auditor provides the company with services other than auditing services.

Remuneration Committee

The Remuneration Committee is tasked with preparing questions about remuneration and other terms of employment of senior management. Within the scope of the remuneration guidelines laid down by the Annual General Meeting, the Committee may independently negotiate with the CEO as regards remuneration and other terms of employment. However, decisions on remuneration and other terms of employment of the CEO are made by the Board.

The Remuneration Committee also has an independent right, together with the CEO, to recruit and negotiate remuneration and other terms of employment of senior management other than the CEO. Final decisions on employment contracts for senior management (with the exception of the CEO, for whom the Board makes decisions) are made by the Remuneration Committee.

Ethics and Sustainability Committee

The Ethics and Sustainability Committee is tasked with preparing and monitoring issues concerning Systembolaget's sustainability work and work on compliance and ethics. The Committee's main task is to act as a working committee and it has no decision-making power of its own. The Committee's tasks include preparing and following up questions concerning Systembolaget's strategic sustainability goals, identifying how sustainability issues affect the company's risks and business opportunities, preparing materiality analysis and GRI disclosures, preparing questions concerning Systembolaget's Alcohol Research Council and following up compliance work and the work of IQ.

CEO



Ann Carlsson Meyer

Ann Carlsson Meyer took over as CEO of Systembolaget in January 2022. Among other roles, she was previously CEO of Apoteket AB and held various positions within the ICA Group, most recently as Head of Business Areas at ICA Sverige AB.

Born: 1966

Other jobs: Board member of Vattenfall AB and SNS

Main education: BA Human resources and working life, Stockholm University

Independence: Neither Ann Carlsson Meyer nor any of her close relatives have significant shareholdings in or co-ownerships of companies with which Systembolaget has significant business relationships.

CEO AND OTHER SENIOR MANAGEMENT

Systembolaget's CEO is responsible for the day-to-day management of the company and directs operations in accordance with the Companies Act, other laws and regulations, state principles and the owner's instructions, the Code, the Articles of Association and the framework set out in the terms of reference issued by the Board to the CEO. The CEO, in consultation with the Chairman of the Board, produces information and documentation as a basis for the Board's work with the aim that the Board is able to make well-founded decisions, and also reports to the Board on the company's development.

Systembolaget's senior management consists of ten people, of whom seven are women and three men. The senior management meet every two weeks and its work is led by the CEO, who in consultation with senior management makes decisions regarding day-to-day business operations.

Decisions reached by the CEO and senior management are based on the guidelines and instructions decided by the Board. Based on these decisions, the CEO and senior management prepare, among other things, documents for other managers within Systembolaget. These documents state the framework for day-to-day business operations and take the form of internal governing documents such as internal rules as well as process, operational, governance and information models. More information about senior management can be found on pages 72-73.

Guidelines for remuneration of senior management

Systembolaget follows both the guidelines for remuneration and other terms of employment for senior

management that the company adopted at the Annual General Meeting as well as the Government's principles for remuneration and other terms of employment for senior management in state-owned companies. Systembolaget also follows the Code's principles for determining remuneration of senior management by ensuring decisions on such remuneration are made through formalised and transparent processes. See Note 6 in the financial statement for full information on guidelines and remuneration as well as Systembolaget's remuneration report.

EXTERNAL AUDIT

According to the Companies Act, an external auditor must review Systembolaget's annual report and accounts as well as the Board's and the CEO's administration. The auditor works on behalf of, and reports to, the Annual General Meeting and must not be subject to control by company management or the Board.

At the Annual General Meeting, the auditor Deloitte AB, with chartered accountant Didrik Roos as the principal auditor, was appointed as auditor for Systembolaget for the period up to and including the Annual General Meeting in 2022. The Annual General Meeting also decided that Deloitte AB shall be paid in accordance with an approved invoice.

It was announced at the Annual General Meeting that the Government Board, in accordance with a decision on 24 March 2021, had appointed three lay auditors and three deputies for the period up until the Annual General Meeting in 2022. The lay auditors in question are Jörgen Hellman, Johan Forssell and Kristina Nilsson and their deputies are Håkan Svenneling, Ann-Charlotte Hammar Johnsson and Mats Berglund.

INTERNAL AUDIT

According to the Companies Act and the Code, the Board is responsible for ensuring that the company has good internal controls and formalized procedures for ensuring compliance with the principles set out for financial reporting and internal control. This responsibility also includes ensuring that the company's financial statement is prepared in accordance with applicable law, applicable accounting standards and other external requirements. The most important elements in the company's system for internal control and risk management in connection with its financial reporting are described briefly below.

Control environment

The basis for internal control consists of the control environment with organisation, decision-making paths, authorisations and responsibilities. The control environment is documented and communicated in governing documents such as policies, internal rules, work procedures and manuals, as well as through the value system on which the Board and senior management communicate and operate. Systembolaget has internal functions for risk control, security and compliance. Internal auditing is carried out by an external company.

The Board has appointed the Audit Committee to prepare questions regarding internal control, risk assessment, auditing and financial reporting. Examples of governing documents are rules of procedure for the Board, including its committees, instructions for the CEO and financial authorisations for employees in the company.

Risk assessment

Systembolaget carries out an annual company-wide

risk assessment. The risk assessment consists of the following steps: identify, evaluate, prioritise, manage and monitor risks. The risks are identified and evaluated by managers and key individuals in the business as well as by senior management. The risk assessment is prepared and decided by senior management and the Board's Audit Committee. The Board approves proposals for monitoring, and the highest priority risks are then assigned to the business managers responsible for actioning, which is followed up by senior management and the Board's Audit Committee.

A financial risk assessment is carried out every two years. This involves each item on the balance sheet and income statement being assessed on the basis of specific criteria: materiality, complexity in the valuation, occurrence of errors in the past and risk of fraud.

Assessment of the risk of errors in financial reporting is also performed on an ongoing basis during day-to-day operations via the control activities that are carried out. See page 58 for more information on Systembolaget's risk management.

Control activities

Systembolaget's control activities are designed to prevent, detect and correct errors in its financial statement. For example, transactions with a large impact on Systembolaget's earnings and liquid transactions are monitored daily. Business Control, together with the business managers responsible, monitors how Systembolaget's business operations develop in relation to the business plan, forecast and goals that have been set.

The Board receives follow-up regarding results and key figures on an ongoing basis throughout the year.

Certain niche areas are also presented to the Board, such as indicators, key figures and projects. Dialogue takes place with the owner on several occasions a year regarding how Systembolaget is fulfilling its mandate.

The prioritised company-wide risks form the basis for the internal audit plan. The internal audit is independent and is carried out by an external company. Systembolaget's external auditors review the annual report and conduct ongoing audits.

Information and communication

Systembolaget's internal communication process ensures that information is disseminated in a structured manner throughout the organisation. For example, governing documents such as policies, internal rules, work procedures and manuals are available on Systembolaget's intranet. Work procedures are also provided through our employee training programme.

Systembolaget's external reporting, interim statements, year-end report and responsibility report are published on omsystembolaget.se.

Follow-up

Senior management and the Board take an ongoing part in the financial reporting by monitoring how the business develops in relation to the business plan, forecast and goals that have been set. The Board's Audit Committee also takes an ongoing part in the results from the external and internal audits, as well as in risk management measures relating to business operations. The Chairman of the Board's Audit Committee reports to the Board on significant areas of interest.

Board of Directors



Göran Hägglund,
Chairman of the Board

Born: 1959

Main education: Secondary education and business and industry training within insurance and financial services.

Other jobs: Chairman of Samtrafiken i Sverige AB. Board member of Ellevio AB and Frisq Holding AB (selection).

Elected: 2020

Previous positions: Chairman of the Swedish Pensions Agency 2016-2018. Party leader (Christian Democrats) 2004-2015. Minister of Health and Social Affairs 2006-2014. Member of Parliament 1991-2015.



Viveca Bergstedt Sten

Born: 1959

Main education: Bachelor of Laws, University of Stockholm and MBA, Stockholm School of Economics.

Other jobs: Author and lecturer. Board member of the Stora Sköndal Foundation and the 1.6 Million Club (SWE: 1,6 Miljonersklubben). Chair of Vogue Scandinavia/Four North.

Elected: 2014

Previous positions: General Counsel and Corporate Secretary PostNord AB, Posten AB, General Counsel LetsBuyit.com, General Counsel Amadeus Scandinavia. Board member of Svensk Kassaservice AB, Strålfors AB and Post Danmark. Member of the Confederation of Swedish Enterprise's Legal Reference Group.



Robert Damberg

Born: 1982

Main education: International Social Studies and Political Science at Linnaeus University and Uppsala University.

Other jobs: Training manager F&S Linköping, Regional Council (MP) and Regional Board in Region Östergötland.

Elected: 2016

Previous positions: Councillor (MP) Uppsala County Council, spokesperson, union president of Ungdomens Nykterhetsförbund (UNF).



Anders Ehrling

Born: 1959

Main education: MBA, Stockholm School of Economics.

Other jobs: Chairman of Keolis Sverige AB and Brödernas. Board member of Parks & Resorts Scandinavia AB and Dreamtroopers AB.

Elected: 2019

Previous positions: Worked for SAS for 23 years of which the last five years were spent as CEO SAS Sweden. Group CEO Scandic Hotels AB and BRA Sverige AB. Board of Coor Service Management, Swedish Enterprise, Trygg Hansa, Swedavia, Åre Destination, Nordic Cinema Group, A-Katsastus OY, Unlimited Travel Group, Helsa Vårdutveckling AB.



Ulrika Eriksson

Born: 1969

Main education: MBA, Stockholm School of Economics, Institute of Management's Corporate Management Programme.

Other jobs: Business area manager/CEO Attendo Skandinavien.

Elected: 2019

Previous positions: CEO KungSängen Group AB, deputy CEO/Sales Director Apoteket AB, deputy CEO AB Svenska Pressbyrå, Board member of Bong AB and Pro Pac International AB/Bong Packaging Solutions.

Board of Directors



Cecilia Halle

Born: 1969

Main education: Management track with a focus on international organisations at Uppsala University.

Other jobs: Senior public official and group manager Unit for Public Health and Healthcare, Ministry of Health and Social Affairs. Chair of the National Expert Group for Improving Accessibility in Cancer Care. Swedish representative on the EU's high level group on health.

Elected: 2017

Previous positions: Under-secretary, Health and Medical Care Unit, Ministry of Health and Social Affairs. Special advisor to the Unit for Global Cooperation, Ministry for Foreign Affairs.



Barbro Holmberg

Born: 1952

Main education: BA sociology, management track.

Other jobs: Chair of the Inquiry into Civil Defence. Member of the Swedish Parliament's Remuneration Committee, Orbaden Spa & Resort and Orsjö AB.

Elected: 2018

Previous positions: Chair of the Appropriations Committee, National Government Service Centre. Member of Gävle University College and the Swedish Bar Association Disciplinary Board. Governor Gävleborg County. Runs a consultancy with a focus on alcohol and drug issues.



Frida Johansson Metso

Born: 1984

Main education: Licensed psychologist at Uppsala University.

Other jobs: Coordinator for the Red Cross Skills Centre for Rehabilitation of Victims of Torture and War Injury.

Elected: 2016

Previous positions: Psychologist at the Trans-cultural Centre, Region Stockholm. Psychologist and Deputy Head of Operations Red Cross Centre for Tortured Refugees, member of the Liberal Party Board, member of Stockholm City Council, Stockholm Social Welfare Board and the environment and health protection board as well as Chair of Liberal Youth of Sweden (LUF) 2007–2010.



Håkan Leifman

Born: 1963

Main education: PhD in Sociology at Stockholm University.

Other jobs: Regional director of Planet Youth (Nordic countries), self-employed as an expert and investigator into alcohol, tobacco and drug issues, doctor and researcher at the Karolinska Institute and the National Board of Institutional Care's transparency council.

Elected: 2014

Previous positions: Director Swedish Council for Information on Alcohol and Other Drugs, Board member of the Swedish Association for Alcohol and Drug Research and Svenska Spel's scientific counsel.

Board of Directors, employee representatives



Robert Adrell,
permanent member of
the Board

Born: 1964

Main education: Studied chemistry, political science, history and economic history at the University of Gothenburg.

Other jobs: Employed as salesman and beverage testing supervisor since 1987, member Association Board of Systembolaget's Staff association/Unionen, section Chairman SPF/ Unionen West Region Salesperson.

Appointed: 2018



Maria Nilsson,
permanent member of
the Board

Born: 1965

Main education: Social science secondary education, various art training.

Other jobs: Employee since 1988. Chair of Systembolaget's Staff association SPF Unionen, regional chair of Unionen Stockholm.

Appointed: 2015



Karin Larsson,
deputy

Born: 1958

Main education: Secondary education in care.

Other jobs: Employed as salesperson since 1989. Member of the Association Board of Systembolaget's Staff association (SPF), member of Systembolaget AB's Pension Foundation and its Work Environment Committee as well as coordinating work environment representative (SAMO) for Systembolaget. Association auditor Unionen.

Appointed: 2012



Nils Undall-Behrend,
deputy

Born: 1954

Main education: Science secondary school and mechanical engineer.

Other jobs: Employed since 1982, store manager since 1991. Member of Systembolaget's Staff association. Chairman of the Executive's Club Malmö.

Appointed: 2015

Senior Management



Ann Carlsson Meyer,
CEO

Born: 1966

Employed: 2022

Education: BA Human resources and working life, Stockholm University

Previous experience: CEO of Apoteket AB and held various positions within the ICA Group, most recently as Head of Business Areas at ICA Sverige AB.

Other jobs: Board member of Vattenfall AB and SNS.



Chatarina Eriksson,
HR Director

Born: 1970

Employed: 2009

Education: BA Economics, leadership training at senior management level.

Previous experience: Head of Department for Store Development at Systembolaget, hotel director at a number of hotels, business developer at the Invest in Dalarna Agency.



Tobias Frohm,
Director of E-commerce

Born: 1965

Employed: 2011

Education: Human resources and working life track, Linköping University, internal and external leadership and management development programmes at senior management level.

Previous experience: HR Director at Systembolaget, HR Director at Lernia AB, HR Lead Sweden at Accenture and head of Consultus Leadership Partner AB.

Other jobs: Deputy Chair of the Swedish Basketball Federation.



Hans Jungland,
Sales Director

Born: 1965

Employed: 2003

Education: Internal training at senior management level.

Previous experience: Head of department for store development at Systembolaget, Head of department/category manager for Coop and Sales Director at Stor & Liten.



Eva Listi,
IT Director

Born: 1962

Employed: 2016

Education: Chemistry, biology, law and economics at Stockholm University. Internal and external leadership and management development programmes at senior management level.

Previous experience: Vice CIO at PostNord AB, CIO at Ericsson and various senior IT positions within AstraZeneca, Pfizer and Pharmacia.

Senior Management



Gustav Lovén,
Director of Strategy & Offers

Born: 1981

Employed: 2017

Education: MBA, Stockholm School of Economics and study at Cornell University.

Previous experience: Director of Strategy at Systembolaget, various leadership roles within H&M both globally and in Asia, as well as strategic consultant at Ericsson and Bain & Company.



Sara Norell Murberger,
Director of Range, Procurement and Supply Chain Management

Born: 1964

Employed: 2007

Education: Qualified sommelier and internal and external leadership and management development programmes at senior management level.

Previous experience: Head of department Range and Procurement at Systembolaget, Business area manager at Arvid Nordquist HAB and Food & Beverage Manager at the SAS Radisson hotel chain.

Other jobs: Board member amfori.



Frida Roswall,
acting CFO

Born: 1972

Employed: 2014

Education: MBA, Uppsala University and study at ESC Lyon, internal and external training at senior management level.

Previous experience: Group manager Controlling at Systembolaget, various leadership roles within DHL Freight Swede, management consultant at Accenture and Financial manager at Telia Finans.



Malin Sandquist,
Corporate, Public and Legal Affairs Director

Born: 1972

Employed: 2012

Education: Bachelor of Laws Uppsala University and internal and external training at senior management level.

Previous experience: General Counsel at Systembolaget, formerly worked as a solicitor, most recently as a partner at the Hammarskiöld & Co law firm.

Other jobs: Chair of IQ-initiativet AB and Board member of APL AB.



Kristina Stutterheim,
Communications Director

Born: 1966

Employed: 2018

Education: Degree from the IHM Business School, leadership training at senior management level and qualified coach.

Previous experience: Communications Director National Theatre Company, Communications Director Swedish Teachers' Union, CEO and Marketing Director Energy Forum as well as other senior positions in companies in Sweden and the USA.

Ten-year overview

	2021	2020	2019	2018	2017 ¹	2016	2015	2014	2013	2012
Profit (Loss) (MSEK)										
Net sales (including alcohol tax)	38,120	36,737	32,211	30,907	29,355	28,469	27,645	26,431	25,709	25,099
Net sales (excluding alcohol tax)	23,672	22,605	19,740	18,692	17,511	17,034	16,379	15,901	15,589	15,003
Gross profit (loss)	4,752	4,676	4,119	3,903	3,700	3,591	3,488	3,382	3,303	3,201
Operating profit (loss)	428	542	229	227	270	217	179	370	168	270
Net financial income/expense	36	30	75	-2	58	47	-3	56	208	58
Profit (loss) before tax	464	597	304	232	353	368	256	324	317	248
Profit (loss) for the year	376	471	240	180	282	289	198	251	287	180
Financial position (MSEK)										
Fixed assets	3,150	3,224	3,306	3,665	3,439	2,797	2,300	2,520	2,258	1,921
Current assets	4,552	3,591	2,801	2,266	2,424	3,075	3,517	3,236	3,205	3,222
Equity	1,699	1,794	1,563	1,503	1,605	1,612	1,521	1,574	1,610	1,411
Liabilities	5,874	4,904	4,428	4,319	4,258	4,260	4,297	4,182	3,853	3,732
Balance sheet total	7,702	6,815	6,107	5,931	5,863	5,872	5,817	5,756	5,463	5,143
Cash flow (MSEK)										
Cash flow from operating activities	1,520	674	480	624	529	306	480	632	456	574
Cash flow from investment activities	-401	24	112	-57	-918	-638	-117	-416	-530	-318
Cash flow from financing activities	-471	-223	-164	-265	-246	-182	-251	-287	-90	-159
Cash flow for the year	648	475	428	302	-635	-514	112	-71	-164	97
Strategic key figures and indicators										
Customer Satisfaction Index (CSI)	80.7	81.9	85.1	84.6	84.3	84	84	83	82	81
Age checks, %	96.5	95.3	95.1	95.6	95.6	96	96	97	96	95
Opinion Index (OPI), %	75.2	76.0	73.9	76.5	76.9	76	77	74	72	71
Total sick leave, %	5.6	5.4	4.5	4.5	4.8	5.2	5.3	4.9	-	-
Carbon dioxide emissions from beverage packaging, tonnes ²	183,400	182,543	169,219	-	-	-	-	-	-	-
Carbon dioxide emissions from distribution, tonnes ²	13,100	15,000	-	-	-	-	-	-	-	-
Return on equity, %	21.5	27.9	15.5	11.4	17.2	18	12	14	18	13
Equity/assets ratio, %	22.1	26.3	25.9	25.7	27.8	28	28	31	31	29
Cost-effectiveness	2.3	2.3	2.4	2.3	2.2	2.3	-	-	-	-
Alcohol Index	61.1	63.4	62.8	62.8	63.1	63	67	65	67	-
Total consumption, litres of pure alcohol per inhabitant aged 15 and over ³	-	8.5	8.7	8.8	9.0	9.0	-	-	-	-
Systembolaget's share of consumption, % ³	-	76.5	67.2	65.6	63.1	63	-	-	-	-
Other key figures										
Gross margin, %	12.5	12.7	12.8	12.6	12.6	12.6	12.6	12.8	12.8	12.8
Operating margin, %	1.1	1.5	0.7	0.7	0.9	0.8	0.6	1.4	0.7	1.1
Stock turnover rate, times	24.3	24.6	23.1	22.4	21.8	22.7	22.9	23.5	23.9	24.7
Annual employees ⁴	4,035	3,884	3,613	3,496	3,359	3,258	3,159	3,101	3,038	2,994

¹ As of 2017, all key figures are reported to one decimal place.

² Reported as from 2020

³ Reported with a one-year time lag.

⁴ Annual employees replaced the previous measure (average number of employees) as from 2018. The comparative figures are adjusted based on the new calculation.

Income statement

MSEK	Note	2021	2020
Net sales	2, 3	38,120	36,737
Cost of goods sold		-33,368	-32,061
Gross profit (loss)		4,752	4,676
Selling expenses	4, 5, 6	-3,566	-3,404
Administrative expenses	4, 5, 6	-766	-735
Other operating income	7	9	6
Other operating expenses		-1	-1
Operating profit (loss)		428	542
Profit (loss) from participations in group companies	8	17	17
Profit (loss) from other securities and receivables classified as fixed assets	8	19	13
Interest income	8	0	0
Interest expenses and similar profit (loss) items	8	0	0
Profit (loss) after financial items		464	572
Appropriations	16	0	25
Profit (loss) before tax		464	597
Tax	9	-88	-126
Profit (loss) for the year	10	376	471

A statement of comprehensive income has not been prepared as there are no transactions reported under other comprehensive income

Balance sheet

ASSETS

MSEK	Note	31/12/2021	31/12/2020
Fixed assets			
Property, plant and equipment (PPE)			
Land and buildings	11	23	25
Equipment and fixtures & fittings	11	338	370
Constructions in progress	11	36	39
Total property, plant and equipment		397	434
Financial assets			
Participations in group companies	10	0	0
Deferred tax assets	9	37	32
Other securities held as non-current assets	12	2,715	2,755
Other long-term receivables	12	1	3
Total financial assets		2,753	2,790
Total fixed assets		3,150	3,224
Current assets			
Inventories etc.	13	1,406	1,406
Receivables			
Accounts receivable - trade		15	15
Current tax assets		0	0
Receivables from group companies		0	0
Other receivables		24	61
Prepaid expenses and accrued income, group company	10, 14	8	8
Prepayments and accrued income	14	177	172
Total receivables		224	256
Short-term investments	12	345	0
Cash and cash equivalents	12	2,577	1,929
Total current assets		4,552	3,591
TOTAL ASSETS		7,702	6,815

EQUITY AND LIABILITIES

MSEK	Note	31/12/2021	31/12/2020
Equity			
Restricted equity			
Share capital (360,000 shares)		360	360
Statutory reserve		72	72
Total restricted equity		432	432
Non-restricted equity			
Accumulated profit (loss)		891	891
Net profit (loss) for the year		376	471
Total non-restricted equity		1,267	1,362
Total equity		1,699	1,794
Untaxed reserves			
Tax allocation reserve	16	0	0
Total untaxed reserves		0	0
Provisions			
Provisions	17, 18	129	117
Total provisions		129	117
Non-current liabilities			
Non-current liabilities to group companies	10	91	92
Other liabilities		34	30
Deferred tax liabilities	9	0	1
Total non-current liabilities		125	123
Current liabilities			
Accounts payable - trade		5,145	4,231
Current liabilities to group companies	10	15	8
Current tax liability		97	71
Other liabilities		222	224
Accrued expenses and deferred income	19	270	247
Total current liabilities		5,749	4,781
TOTAL EQUITY AND LIABILITIES		7,702	6,815

Change in equity

MSEK	Restricted equity		Non-restricted equity		Total equity
	Share capital	Statutory reserve	Accumulated profit (loss)	Profit (loss) for the year	
Opening balance 01 January 2020	360	72	891	240	1,563
Transfer to non-restricted reserves			240	-240	-
Profit (loss) for the year				471	471
Dividend to the owner			-240		-240
Closing balance 31 December 2020	360	72	891	471	1,794
Opening balance 01 January 2021	360	72	891	471	1,794
Transfer to non-restricted reserves			471	-471	-
Profit (loss) for the year				376	376
Dividend to the owner			-471		-471
Closing balance 31 December 2021	360	72	891	376	1,699

Cash flow statement

MSEK	Note	2021	2020
Operating activities			
Profit (loss) before tax		464	597
Adjustments for non-cash items	22		
Depreciation and impairment		140	150
Capital loss/gain		2	19
Other		36	11
Cash flow from changes in working capital			
Change in inventories		1	-367
Change in receivables		17	-39
Change in liabilities		935	365
Change in financial receivables/liabilities at subsidiaries		21	11
Cash flow from operating activities after changes in working capital		1,616	747
Tax paid		-96	-73
Cash flow from operating activities		1,520	674
Investing activities			
Purchase of property, plant and equipment (PPE)		-104	-117
Dividend from subsidiaries		17	17
Purchase/sale of financial fixed assets		-314	141
Cash flow from investment activities		-401	41
Financing activities			
Dividend to the owner		-471	-240
Cash flow from financing activities		-471	-240
Cash flow for the year		648	475
Cash and cash equivalents at the beginning of the year		1,929	1,454
Cash and cash equivalents at the end of the year	22	2,577	1,929

Note 1 – Accounting principles

General

The parent company, Systembolaget AB, is a wholly state-owned company with its registered office in Stockholm and registered in Sweden. The Head Office address is Kungsträdgårdsgatan 14 and the postal address is SE-103 84 Stockholm, Sweden. Systembolaget holds the exclusive right to engage in retail sale of strong beer, wine and spirits in Sweden. Systembolaget conducts operations that are not protected from competition through two separate wholly-owned subsidiaries – IQ-initiativet AB and AB K14 Näckströmmsgatan.

The annual report for the 2021 financial year was approved for publication by the Board of Directors and the CEO on 28 March 2022 and will be submitted to the Annual General Meeting on 28 April 2022.

Basis for calculations

AMOUNTS AND FOREIGN CURRENCY

The functional currency, i.e. the currency in the primary economic environment in which the company conducts its business, is Swedish kronor (SEK). Swedish kronor is the reporting currency. Unless otherwise stated, the amounts in the financial statements are rounded to the nearest million Swedish kronor (MSEK), and the amounts in parentheses are the values for the comparison year. Foreign currency transactions are booked in the functional currency at the exchange rate prevailing on the date of transaction. Foreign currency monetary assets and liabilities are converted into the functional currency at the exchange rate prevailing on the balance sheet date. Exchange rate differences that arise during the conversion are reported in the income statement.

ANNUAL REPORT

The annual report has been prepared in accordance with the Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2. RFR 2 means that Systembolaget is required to apply all standards and statements issued by IASB and IFRIC as approved by the European Commission for application within the EU. As far as possible, this shall be carried out within the scope of the Annual Accounts Act and with regard to the connection between accounting and taxation.

As of 01 January 2012, under Chapter 7, Section 3(a) of the Annual Accounts Act, Systembolaget does not prepare consolidated accounts. All subsidiaries are judged, both individually and together, to be of no material significance, and Systembolaget AB's annual report of legal entities provides a true and fair view of the company's position and results.

New and changed standards

No other new or changed IFRS standards or new interpretations or changes in RFR 2 that entered into force on 01 January 2021 have had any significant impact on Systembolaget's financial statements.

Upcoming standards

No upcoming standards, changes and interpretations, either in 2021 or later, are deemed to have affected or will affect the accounts.

Important estimates and assessments

Systembolaget makes estimates and assumptions about

the future based both on the latest available and reliable information and on historical experience. Changed conditions may cause adjustments in the reported amounts of assets and liabilities in upcoming financial years. This follows from the fact that actual outcomes may differ from the sums reported.

When applying the company's accounting principles, senior management makes assessments that may have an impact on the sums reported in the income statement and balance sheet. The risks Systembolaget considers exist are described under Risk and Sensitivity Analysis; see page 58.

Revenue recognition

Under the Alcohol Act, Systembolaget has a monopoly on retail sale of alcoholic beverages in Sweden. The exclusive right has a social policy objective and entails restrictions on the availability of alcohol. Against this background, Systembolaget's retail sales are reported as its main business. Other business activities – which are not critical for Systembolaget's retail business and which could be run by other traders – are reported separately (according to the requirements in the Owner's Directive) and are considered non-operating. This classification has been judged to give the most accurate representation of Systembolaget's main business operation. Revenues from Systembolaget's retail sales include alcohol duty, which is a state excise duty. Changes to alcohol duty affect Systembolaget's revenues in parallel with the cost of goods sold, which is why changes to alcohol duty have no impact on gross profit.

Net sales are essentially generated by selling beverages directly to consumers via Systembolaget's stores.

Sales of gift items and fees at beverage auctions are also included in net sales. The share of sales revenue that derives from other sales channels, i.e. agent sales and home orders, is insignificant. Systembolaget sells gift cards which are reported as income on redemption. Gift cards are valid for 5 years. Systembolaget also receives advance payments for home orders. However, the sums involved are trivial. See Note 3 for total contractual liabilities.

Revenue is mainly reported at a particular point, which is the time when the product is delivered to the customer. Sales are paid for in cash or by debit/credit card. Systembolaget offers a 14 day right of return. The proportion of returns is insignificant and has no material impact on revenue. Revenue is valued at the transaction price that Systembolaget expects to be entitled to receive in exchange for the transfer of goods (excl. VAT).

Interest income is reported as income over a relevant period using the effective interest method. The effective interest rate is the interest rate that exactly discounts estimated future cash flows during the financial instrument's expected term at the instrument's carrying amount.

State subsidies

Subsidies are reported at fair value when there is reasonable assurance that the subsidy will be received and that the company will meet the conditions associated with the subsidy. Subsidies intended to cover costs, in Systembolaget's case minor value wage subsidy costs, are reported net in the income statement under personnel costs.

Cost accounting

The income statement is presented in function-by-function form, which means that the costs are classified based on their function.

Cost for goods sold mainly refers to purchases of merchandise. Cost of sales includes costs for store operations, mostly comprising personnel and premises costs. Administrative expenses include costs for central administrative staff functions at head office.

Leasing

The company has signed lease agreements that essentially relate to rent for premises. Leasing costs are written off on a straight-line basis over the leasing period unless another systematic method better reflects the user's financial benefit over time. The term of the lease is the period Systembolaget has agreed to lease an asset for.

Income tax

Reported tax consists of the total amount of current and deferred tax determined on the basis of the profit for the period. Current tax is the tax to be paid or received during the current period including adjustments to current tax for previous periods. Current tax is the tax calculated on the taxable profit for a period including adjustments to current tax for previous periods. Current tax is calculated and valued on the basis of the tax rules and tax rates prevailing on the balance sheet date, which as of 31/12/2021 was 20.6% (21.4%).

Deferred tax is calculated on the basis of the balance sheet method, whereby temporary differences, i.e.

differences between the reported and taxable values of assets and liabilities, give rise to deferred tax liabilities or tax receivables. Deferred tax liabilities are calculated on all taxable temporary differences, while deferred tax receivables are reported to the extent that it is probable that future taxable surpluses will exist, against which the temporary differences can be utilised. Deferred tax is calculated and valued by applying the tax rules and tax rates that have been decided or announced as per the balance sheet date and that are expected to apply when the tax receivable in question is realised or the tax liability is settled. The tax rate for tax receivables that are estimated to be realised from 2022 onwards is 20.6%. Current tax and deferred tax are reported in the income statement.

Information about related parties

Related parties are defined as Systembolaget group companies, pension foundations, state-owned companies in which the state has the controlling influence as well as senior management, board members and close family members of these persons. Systembolaget applies IAS 24, Information about related parties, which means that information about state-owned companies in which the state has the controlling influence does not need to be provided, except when the value of transactions is significant.

Disclosure is made when transactions with an affiliate have taken place, regardless of whether compensation is paid or not. Transactions refers to the transfer of resources, services or obligations. Transactions with affiliates take place on market terms.

Property, plant and equipment (PPE)

Property, plant and equipment is reported as an asset on the balance sheet when the acquisition cost can be calculated reliably and when it is probable that the future economic benefits associated with the asset will accrue to Systembolaget.

Property, plant and equipment is valued according to the acquisition cost method at acquisition cost less accumulated depreciation and any accumulated impairments. Expenses for improving an asset's performance over and above the original level increase the asset's carrying amount. Expenses for repairs and maintenance are written off on an ongoing basis.

Intangible assets

Development expenses relating, for example, to business systems, are written off when they arise.

Depreciations

Property, plant and equipment and intangible assets are written off on a straight-line basis over the asset's estimated useful life (i.e. the period in which Systembolaget expects to utilise the asset for its purposes). Depreciation is based on acquisition cost after deduction of any residual value. Depreciation is based on the following periods of useful life:

Asset	Useful life
Buildings	33 years
Machinery and equipment	3-5 years
Improvement expenses in a third party's property (remodelling in store)	7 years

No depreciation is applied to land.

As of each balance sheet date, the residual value and useful life of each asset is reappraised and any necessary adjustments made.

Impairments

As of each balance sheet date, an assessment is made as to whether there is any indication of a need for impairment of reported values. If such indications exist, the asset's recoverable amount is calculated, which is the higher of the fair value less selling expenses and the asset's value in use (i.e. the present value of the estimated future cash flows that the asset is expected to generate). Impairment is made when the carrying amount of an assets exceeds its recoverable amount; it is then immediately written off in the income statement.

As of each balance sheet date, a determination is also made as to whether there is an indication that a previous impairment is no longer justified, either in whole or in part, and in such cases the asset's recoverable amount is calculated and a reversal made. The reversal increases the asset's carrying amount. The carrying amount cannot exceed the value that would have been reported, after depreciation, if an impairment had never been made.

Employee remuneration

Remuneration in the form of salary and pension is reported as an operating expense during the period when the employee performs the services to which the remuneration relates. The expense is classified as a selling expense or administration expense depending on the employee's job.

PENSIONS

The company has both defined-benefit and defined-contribution pension plans, mainly within the

collectively agreed ITP pension plan but also through personal pension plans. The defined-contribution pension plans are financed through payments of premiums to insurance companies or administration companies. The defined-benefit pension plans are primarily secured via Systembolaget AB's Pension Foundation but also through provisions on the balance sheet. The provisions reported on the parent company's balance sheet mainly relate to unvested pension commitments, i.e. they are conditional on employment. They are not covered by the Act on Securing Pension Commitments etc. and thus cannot be secured in pension foundations, and Systembolaget has chosen not to report them on the balance sheet under the heading "Set aside for pensions". Instead they are reported under the item "Provisions".

A defined-benefit pension plan is a pension plan that specifies an amount of pension benefit an employee receives after retirement based on age, length of service and pensionable salary. Systembolaget has a duty to provide agreed payments to employees who are or have been employees of the company. In essence, Systembolaget bears the actuarial and investment risk. The calculation of the pension commitment is based on the salary and pension level that prevails on the balance sheet date.

The valuation bases used to calculate the pension liability relating to defined-benefit ITP plans are PRI's valuation bases. For other defined-benefit pension liabilities, the assured bases (i.e. the Swedish Financial Supervisory Authority's instructions for calculating pension liabilities FFFS 2007: 24 according to the 2018 bases) are used as valuation bases.

The company also has defined-contribution pension

plans, primarily within the ITP plan. In defined-contribution pension plans, the company's obligation is limited to the amount the company has agreed to contribute, which means that the employee bears the actuarial and investment risk. The contributions to defined-contribution pension plans are reported as an expense during the period the employee is employed by the company.

TERMINATION COSTS

Termination costs are reported when Systembolaget is obliged to either (i) prematurely terminate an employment according to a detailed formal plan without realistic possibility of this decision being revoked, or (ii) provide a compensation package in connection with encouraging voluntary redundancy.

Financial instruments

Financial instruments comprise any form of agreement that gives rise to a financial asset in one company or a financial liability or an equity instrument in another company. These include cash and cash equivalents, trade receivables, accounts payable (trade) and financial investments. Systembolaget's risk management policy is described in Note 12.

REPORTING AND ELIMINATION FROM THE BALANCE SHEET

A financial asset or liability is recognised on the balance sheet when the company becomes a party to the contractual terms and conditions of the instrument. A claim is reported when the company has performed some form of service and there is a contractual obligation for the counter-party to pay, even if an invoice has not yet been issued. Trade receivables are reported on

the balance sheet when an invoice has been issued. Liabilities are reported when the counter-party has performed some form of service and there is a contractual obligation to pay, even if the invoice has not yet been received. Accounts payable (trade) are reported when an invoice is received.

A financial asset is removed from the balance sheet when the rights in the agreement are realised, when risks and benefits transfer to another party, when the right to cash flows expire or the company loses control of the asset. The same applies to part of a financial asset. A financial liability is removed from the balance sheet when the obligation in the agreement is fulfilled or otherwise extinguished. The same applies to part of a financial liability. Acquisitions and disposals of financial assets are reported on the trade date. The trade date is the date when the company undertakes to acquire or dispose of the asset.

CLASSIFICATION AND VALUATION

Financial assets are classified on the basis of the business model in which the asset is managed and its cash flow character.

If the financial asset is held within the framework of a business model the aim of which is to collect contractual cash flows and the contractual terms and conditions for the financial asset at set times give rise to cash flows that are only payments of the principal and interest on the outstanding principal amount, the asset is reported at amortised cost. This business model is categorised as "hold to collect".

If the financial asset is held in a business model the aims of which can be achieved both by collecting

contractual cash flows and selling financial assets and the contractual terms and conditions for the financial asset at set times give rise to cash flows that are only payments of the principal and interest on the outstanding principal amount, the asset is reported at fair value via other comprehensive income. This business model is categorised as "hold to collect and sell".

All other business models where the aim is speculation, holding for trading or where the cash flow character excludes other business models, entail accounting at fair value via the income statement. This business model is categorised as "other".

Systembolaget applies the "hold to collect" business model for loan receivables, trade receivables and other current receivables, which means that the assets are reported at amortised cost. Loan receivables and trade receivables are financial assets that have fixed or ascertainable payments and which are not listed on an active market.

With regard to other securities held as non-current assets, investments in securities and cash and cash equivalents, Systembolaget applies the "other" business model, which means valuation at fair value via the income statement. Cash and cash equivalents consist of cash and bank balances as well as short-term liquid investments with a maximum maturity of 90 days, which can be easily converted into a known amount and which are only exposed to an insignificant risk of fluctuations in value.

Accounts payable (trade) are mainly in Swedish kronor and are valued at amortised cost. However, the expected maturity of accounts payable (trade) is short,

which is why the liability is reported at nominal amount without discounting. The overdraft facility is valued at amortised cost according to the effective interest method. Other financial liabilities are classified at amortised cost.

FAIR VALUE

The fair value of financial assets and liabilities traded on an active market is determined with reference to the quoted market price. The fair value of other financial assets and liabilities is determined according to generally accepted valuation models such as discounting of future cash flows and the use of information obtained from current market transactions.

The carrying amount of all financial assets and liabilities is considered to be a good approximation of its fair value, unless specifically stated otherwise.

AMORTISED COST AND THE EFFECTIVE INTEREST RATE METHOD

The amortised cost of a financial asset is the amount the financial asset is valued at on the first reporting date minus the principal, plus the accumulated depreciation using the effective interest method of any difference between the principal and the outstanding principal, adjusted for any impairments. The reported gross value of a financial asset is its amortised cost before adjustments for a possible loss reserve. Financial liabilities are reported at amortised cost using the effective interest method or at fair value via the income statement.

The effective interest rate is the interest rate that, when discounting all future expected cash flows over the ex-

pected maturity, results in the initial carrying amount of the financial asset or liability.

OFFSETTING FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities are set off and reported as a net amount in the balance sheet when a legal right to set off exists and when there is an intention to settle the items with a net amount or to simultaneously realise the asset and settle the debt.

Inventories

The inventory has been valued at the lower of the acquisition cost and net realisable value. The acquisition cost is calculated using the first in, first out method (FIFO) and net realisable value is the estimated sales price after deduction of attributable sales costs. The inventory consists of merchandise.

The carrying amount of goods in stock that is sold is written off over the period in which the corresponding income is reported. Adjustments of goods in stock to net realisable value and losses on goods in stock are reported in the income statement for the period in which the adjustment or loss occurs.

Provisions

A provision is defined as a liability that is uncertain in terms of due date or amount. Provisions are reported on the balance sheet when the company has an existing legal or informal obligation as a result of an event that has occurred and when it is probable that resources will be spent settling the obligation and the amount can be estimated reliably. Provisions are valued at the amount

that is the best estimate of the amount that would be required on the balance sheet date to settle the existing obligation. If the time when payment takes place exerts a significant effect, expected future cash flows are calculated at present value. As of each balance sheet date, provisions are reassessed and, if necessary, adjusted to reflect the current best estimate.

Contingent liabilities

A contingent liability is reported when there is a possible liability arising from events that have occurred and whose occurrence will only be confirmed by one or more uncertain future events, when there is an existing liability that is not reported as a liability or provision because it is unlikely that resources will be spent settling the obligation, or when the size of the obligation cannot be calculated with sufficient precision.

Cash flow statement

The cash flow statement shows the cash receipts and cash paid attributable to operating activities, investment activities and financing activities that have taken place over the period.

The cash flow statement was prepared according to the indirect method, which means that the result is adjusted for:

- transactions that have not resulted in cash receipts or cash paid,
- accrued or prepaid items relating to past or future periods, and
- any income and expenses where the effects on cash flow are attributable to investment or financing activities.

Proposed profit distribution and signatures

The Board of Directors proposes that available profit, SEK 1,266,499,406, is distributed as follows:

Dividend (SEK 1,043.6 per share).	375,686,721
Carried forward	890,812,685
Total	1,266,499,406

The dividend is proposed to be paid no later than 12 May 2022.

The Board considers that the proposed dividend distribution is justifiable with regard to the requirements imposed by Chapter 17 Section 3, second and third paragraphs, of the Companies Act, and with regard to the requirements that the nature, scope and risks of the business place on the size of the company's equity. The dividend distribution is also considered justifiable based on Systembolaget's need to strengthen its balance sheet, liquidity and position, as well as in accordance with the owner's requirements and expectations.

The Board of Directors and the CEO hereby declare that the annual report has been prepared in accordance with good accounting practice and that it gives a true and fair view of the state of affairs of the company and its profit or loss for the period. Furthermore, it is also declared that the accounts have been prepared on the basis of the Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for legal entities and that it provides a true and fair view of the state of affairs of the company and its profit or loss. It is also declared that the Directors' report provides a true and fair overview of the development of the company's business operations, position and profit or loss as well as describing significant risks and uncertainties that the company faces.

Stockholm 24 March 2022

Göran Hägglund
Chairman

Robert Damberg
Board member

Anders Ehrling
Board member

Viveca Bergstedt Sten
Board member

Ulrika Eriksson
Board member

Cecilia Halle
Board member

Barbro Holmberg
Board member

Frida Johansson Metso
Board member

Håkan Leifman
Board member

Robert Adrell
Employee representative

Maria Nilsson
Employee representative

Ann Carlsson Meyer
CEO

Our audit report was submitted on 24 March 2022
Deloitte AB

Didrik Roos

Sustainability notes

About our Responsibility Report

The responsibility report integrates the annual accounts and corporate governance report with our sustainability report. We continue to enlist the support of the rules for Integrated Reporting (IR) from the International Integrated Reporting Council (IIRC) as regards our reporting of the business' value creation model.

The sustainability report for 2021 has been prepared in accordance with the Global Reporting Initiative's GRI Standards (as published in 2016) at the Core level of application. The latest report was published on 25 March 2021. In common with last year, for this year's sustainability report Systembolaget's external auditors carried out a combined review involving a general audit of the accounts in combination with a review of four key figures, namely % sick leave, performance culture, gender ratio and % of employees with a foreign background. The auditor's report on the combined review of the sustainability report can be found on page 125.

The financial statement for 2021 only covers Systembolaget AB, while the sustainability report for the 2021 financial year covers Systembolaget AB and the business operations of its wholly-owned subsidiary IQ-initiativet AB which are significant from a sustainability perspective. Sustainability data that fall outside IQ-initiativet's information mission are not reported, and nor is Systembolaget's other subsidiary, as they are of no material importance in relation to Systembolaget as a whole. Where GRI's guidelines call for reporting by region, this region corresponds to the whole of Sweden.

The structure of this year's sustainability report is set out in the materiality analysis (see page 12). The results of the analysis show that the material sustainability topics which were included for the 2020 financial

year remained highly relevant in 2021. However, the names of two topics have been altered for clarification purposes. The topic that was previously called "Reducing the environmental impact of production and cultivation" has been changed to "Promote the environment and biodiversity in the supply chain" to clarify that biodiversity is a significant part of the topic. The topic that in 2020 was called "Working towards circular business solutions" has been renamed "Reduce the environmental impact of the business". Work towards circular solutions includes many different environmental aspects and focuses on the fact that commercial benefits and resource efficiency need to go hand in hand within the confines of our planet. Thinking and acting to discover more circular solutions is thus a vital part of how Systembolaget is acting to reduce its environmental impact. We have concluded that goals and means become clearer when a broader name is used. The high-priority material sustainability topic that concerns climate impact has been divided into two parts in the reporting. The purpose of this is to distinguish between the work that takes place within our own business operations and the work we carry out in and around our supply chains.

At least one key figure or GRI disclosure is reported for each material sustainability topic. As the material sustainability topics are more or less unchanged, the sustainability report's GRI Index for 2021 is similar to the previous year's Index. The company-specific key figure regarding the number of single-use plastic carrier bags sold is the only item that has been omitted. It has been replaced by tonnes of cardboard and soft plastic waste in operations as a measure of how Systembolaget is working to reduce the environmental impact of its business operations.

As in the previous year's responsibility report, key figures regarding the Customer Satisfaction Index and financial key figures are reported without being linked to a material sustainability topic and are thus not included in the GRI Index. As before, a number of strategic indicators such as the Alcohol Index and average alcohol consumption are dealt with as part of the control system but outside the GRI Index.

Measurement and calculation methods are described where necessary in connection with the respective disclosure. The compilation and quality assurance of the sustainability report's company-specific key figures and GRI disclosures has been carried out by Systembolaget's Sustainability Controller. Targets and figures for comparison are reported where applicable. Since 2015, all follow-up data of our carbon dioxide emissions have been calculated on the basis of the Greenhouse Gas (GHG) Protocol. In cases where comparative figures from previous annual reports have been amended, this is reported under the disclosure in question.

Systembolaget's annual internal audit reviews a number of areas within the business, including anti-corruption work, based on a risk analysis that assesses relevance based on weighted risk value. This is described in more detail in the Corporate Governance report; see page 61.

Contact person at Systembolaget:
Acting Press Officer Maria Frändegård
Telephone (switchboard): 08-503 300 00

Stakeholder dialogue

To live up to the expectations on our business and in line with our social mission and ambitions for sustainability, we engage in ongoing dialogue with our stakeholders. This is a wide group that, at different levels, includes our owners, customers, employees, suppliers, producers, stakeholder organisations and society at large. We use stakeholder surveys to continuously review which sub-groups are the most important. This allows us

to create relevant networks and platforms for our stakeholder dialogues. Questionnaires are carried out at least once a year. We also hold roundtable discussions and carry out investigations based on need and specific subject areas. The results from questionnaires and dialogues are used, among other things, in Systembolaget's strategic work. The dialogues held during 2021 are listed below along with a brief description of their output.

Stakeholder group	Important key issues	SIGNIFICANT DIALOGUES 2021
Society	Systembolaget and society	<p>Systembolaget meets politicians and those engaged in party politics on a regular basis for dialogue about Systembolaget's business operations and social mission.</p> <p>In 2021 we held dialogues about the societal costs of alcohol, alcohol, violence and insecurity, alcohol and societal crises, alcohol and healthcare as well as about our Local and Small-scale Range.</p>
	Opinion survey	Every month, a nationally representative sample of the general population is asked for their views on our exclusive right. Approximately 9,000 interviews are conducted every year.
	Information about the harmful effects of alcohol	<p>The Alcohol Report is produced to provide an overall picture of alcohol in Sweden, with the idea being that the report can be used as a knowledge base for decision-making. The theme of this year's report was alcohol and healthcare.</p> <p>Systembolaget holds regular meetings with researchers and community representatives within the framework of the Development Group for Alcohol Research Issues (UG). The group, which meets 3-4 times a year, plays an advisory role in identifying knowledge gaps when it comes to contract research and our dissemination of results. Parts of UG also constitute the Prize Committee for the Knowledge Prize and the Junior Scholarship.</p> <p>Systembolaget has two partnerships in the research area, namely with the Swedish Association for Alcohol and Drug Research (SAD) and the Nordic Welfare Centre (NVC). For both collaborations, it is important to jointly identify knowledge and research needs and to disseminate knowledge collectively, for example through conferences and training. Both SAD and NVC nominate members to Systembolaget's Alcohol Research Council.</p> <p>Systembolaget's Alcohol Research Council (comprising 11-15 members plus a chair) meets twice a year, in March for planning and discussion ahead of the upcoming call and in December for decisions on allocating grants.</p>
	Attitudes to alcohol	IQ monitors the attitude of Swedes to alcohol in different contexts through the annual Alcohol Index survey. Its purpose is to track how views on alcohol in Sweden change over time. A number of dialogues were held during the year based on IQ's focus areas, around alcohol habits, weekday drinking, alcohol and gender norms, alcohol and sex as well as the Alcohol Profile self-test tool. An annually recurring theme is teens and alcohol, which IQ contributes to via, among other things, its Teenage Phrasebook offering facts and tips about young people and alcohol. Through its efforts, IQ wants to create dialogue between individuals, as well as with operators at local, regional and national level.
	Diversity and inclusion	During 2021, we have continued our collaboration with the Swedish Public Employment Service, Korta Vägen (Fast Track) and Mentorship Stockholm which, among other things, has entailed our participation in the Korta Vägen project, a labour market programme directed at foreign-born academics. Together with the Swedish Public Employment Service we have also pursued additional job tracks in some of our sales areas.

Stakeholder group	Important key issues	SIGNIFICANT DIALOGUES 2021
Society	Supervisory authorities	We engage in regular dialogue with supervisory authorities in areas of relevance to our business operations. These authorities include the Alcoholic Beverages Product Range Board, the Swedish National Council for Crime Prevention, the Public Health Agency of Sweden, the Swedish Work Environment Authority, the Swedish Consumer Agency, the Swedish Competition Authority, the Swedish Food Agency, the Swedish Tax Agency, the Swedish Customs Authority as well as the Swedish Economic Crime Authority, the Swedish Police Authority, the Swedish National Board of Health and Welfare and the Swedish Agency for Health Technology Assessment and Assessment of Social Services (SBU). In 2021, we discussed issues such as distance selling, labelling of alcoholic beverages, the impact of the COVID-19 pandemic, smuggling, importation, fake accounts and the importance of preventive work.
	Collaboration with higher education establishments	We are engaged in ongoing collaborations with various higher education establishments in order to exchange knowledge and information and as part of our work to be an attractive employer.
	Collaboration with international institutions	During 2021, we contributed to meetings of the International Organisation of Vine and Wine as a national expert. Issues under discussion were the environment, public health and consumer legislation concerning alcohol labelling.
Customers	The in-store customer encounter	A Customer Satisfaction survey is carried out three times a year to help us develop and improve our offering and the approx. 125 million in-store customer encounters we have each year. The analysis reveals what is important to our customers and how well we are meeting their expectations. We do this to ensure we live up to our customers' expectations of good service and a dependable interaction.
	The digital customer encounter	We continuously conduct customer surveys where we monitor our customers' experience when they encounter us digitally (via Systembolaget.se and our App). We also monitor their experience of our customer service and advice and how customers find their experience of dealing with us and receiving deliveries to a store, agent or home. We do this to obtain an in-depth picture of their experience, detect gaps between their expectations and our perceived performance and to be able to identify new areas for development.
	Developing with the customer	We constantly test new solutions in physical and/or digital environments – where we can quickly gauge customers' reactions. These tests form the basis for ongoing development work.
	Sustainability work	Every year, we conduct various types of dialogue with the general public where we examine how best to assess our sustainability work based on knowledge, performance and how important they think it is. For example, in 2021 we held a digital workshop in collaboration with the Sustainergies Academy in order to engage in dialogue with students. The results form the basis for both our materiality analysis and our work on strategy and communication.
Owner	Social mandate	Owner dialogue and Annual General Meeting. We engage in continuous dialogue with our owner to ensure we meet its expectations and requirements. Areas that have been discussed during the year include the work of the Board, operational follow-up, the Annual General Meeting and follow-up of key figures, mission goals, financial targets and the strategic goals for a sustainable business enterprise.
Employees	Skills and development	Continuous performance reviews provide managers and employees with their most important tool for setting goals together, talking about expectations and developing both employees and the business. The company carries out a large number of learning and development activities for all employees, including "New to Systembolaget", training in food and beverages and "Good Leadership – parts 1 and 2". The programme is set-up with a 70/20/10 division, i.e. 70% takes place in store and the rest digitally or, for example, at our training centre at Skarpö.

Stakeholder group	Important key issues	SIGNIFICANT DIALOGUES 2021
Employees	Performance culture and performance conditions	Work on good leadership and employee surveys. Every autumn, Systembolaget's joint and annual Agerus survey and dialogue are carried out in the working groups. The survey measures basic human needs as well as the presence of good conditions for performance. This also includes issues related to the Anti-Discrimination Act and the Work Environment Act. If a finding of relevance emerges from the answers to the survey (only yes/no to maintain anonymity), the manager must provide information about Systembolaget's rules and procedures and how to proceed if, as an employee, you feel vulnerable. All groups engage in dialogue based on the results of the survey with the aim of identifying and implementing improvement and development efforts.
	Ethics and sustainability	Ethical dialogues with the aim of keeping ethical issues alive and creating dialogue around ethical dilemmas throughout the business. We engage in ongoing dialogue about our internal Code of Conduct (the Compass); two e-training modules are also available on this topic.
	Work environment issues	Work Environment committee and collaboration agreements. Systembolaget has a Work Environment committee that meets four times a year. It provides a forum through which employer and staff representatives (from various unions) can meet to raise and collaborate on strategic work environment issues. Both parties are responsible for raising important issues. Systembolaget is careful to keep staff representatives informed about ongoing developments in the work environment area while their contribution is important for the end result. It is also important that the union informs and signals if something is not working so that the company can act.
	Collaboration into issues concerning the workplace, such as operations and financial conditions, organisational changes, personnel and the work environment	Collaboration deals with simplifying decision-making and creating a good level of engagement - providing employees with the opportunity to influence their work situation, reason about the business and discover potential problems at an early stage. It is also about firmly embedding decisions in good time. Both manager and employee have a responsibility to raise points that they want to discuss. Collaboration is carried out on an ongoing basis, partly in working groups between manager and employees, and partly in various collaboration forums that bring representatives from the employer and trade unions together. We further developed our collaboration forums during the year to meet changing demands and needs in our business.
Suppliers	Environment and climate	Together with the Swedish Wines & Spirits Suppliers Association and the Swedish Brewers Association, Systembolaget has implemented a third climate report within the Beverage Industry's Climate Initiative for its suppliers. 51 suppliers participated, corresponding to almost 84% of volume in our Set Range. During 2021, the Climate Initiative developed common overall goals running until 2030 and started up a working group in the field of international and national transportation.
	Ongoing collaboration including terms of employment and health	In 2020, two expanded collaboration groups were created for operational sustainability issues within the Swedish Wines & Spirits Suppliers Association and the Swedish Brewers Association. The aim is to increase understanding among all parties of the requirements, challenges and opportunities that exist in the sustainability area for collaboration during periods of change. The groups meet four times per year.
	Collaboration	Supplier meetings for collaboration (opportunities, challenges and way forward) on different themes: <ul style="list-style-type: none"> - Sustainable procurement of rum (as well as sugar cane cultivation) - Living wage together with Fairtrade Sweden - Environmental requirements in the supply chain

Stakeholder group	Important key issues	SIGNIFICANT DIALOGUES 2021
Stakeholder organisations	Ongoing collaboration into social and environmental sustainability	Collaboration and continuous dialogue with other Nordic monopolies within the Nordic Alcohol Retail Monopolies (NAM) organisation. In 2021, we decided to focus training initiatives on those activities that were already under way and, due to the pandemic, not to bring any more initiatives forward. Within NAM's EG (Environmental Group), we have jointly prepared a new roadmap to reach agreement on at a general level and to communicate common commitments and exchange experiences.
	Terms of employment and health within the supply chain	Ongoing collaboration with IUF (the International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers Associations) with the aim of collaborating with trade unions to improve working conditions in the alcoholic beverage industry.
	Sustainable supply chain	<p>Together with the other Nordic monopolies, we engage in regular dialogue and meetings on specific sustainability challenges and activities of relevance to our industry.</p> <p>In 2021, we have been involved in forming an international collaboration on sustainable wine – the Sustainable Wine roundtable or SWR. SWR will work to create a global reference standard for sustainable viticulture and production and an increased consensus in the industry with representatives from all parts of the supply chain.</p> <p>Sara Norell Murberger, Systembolaget's Director of Range, Procurement and Supply Chain Management, sits on amfori's Board and Hanna Sutherlin (Sustainability Officer) was elected to amfori's Member Advisory Council (MAC) in 2020. Systembolaget also has representatives in the following working groups: Sustainable Wine Programme, System group and Food group.</p> <p>Continued involvement in Stronger Together, an initiative working to prevent modern slavery in commercial supply chains.</p> <p>Ongoing involvement in Ethical Trading Initiative (ETI) Sweden. Systembolaget is one of the founding members of the network, which we believe has great potential to address common sustainability challenges in the supply chain together with other stakeholders. Hanna Sutherlin (Sustainability Officer) sits on the Board.</p> <p>During 2020 and 2021 work took place on a HRIA (Human Right Impact Assessment) under the direction of Oxfam in four different regions of Italy. The report provides an analysis of Systembolaget's direct and indirect impact on human rights among producers and growers in Italy. The analysis was published in 2021 and forms the basis for our ongoing work on sustainable supply chains.</p> <p>In 2021, the Barndom utan Baksmälla initiative has focussed on continued collaboration with partner organisations Maskrosbarn, Bris, Childhood and Trygga Barnen in order to expand coverage through each organisation's own network. Collaboration has also been initiated with elevhälsan.se in order to engage staff active in student and pupil health. The initiative has also developed a tool to provide the material to more stakeholders in the area.</p>
	Collaborative partnerships with a focus on children and indirect harm	

Carbon dioxide emissions reported according to the GHG protocol

In 2015, Systembolaget began to more clearly monitor its emissions based on the Greenhouse Gas (GHG) Protocol²⁴. In 2015, Systembolaget began to more clearly monitor its emissions based on the Greenhouse Gas (GHG) Protocol. Since then we have included relevant GRI disclosures, referred to as 305-1, 305-2 and 305-3 in the GRI Standards, in our sustainability report in order to report our climate impact.

GRI disclosure 305-1 applies to the area known as Scope 1 in the GHG protocol. GRI disclosure 305-2 applies to the area known as Scope 2. Scope 1 presents estimated direct carbon dioxide emissions from business operations, for example emissions from the vehicles the company leases. Scope 2 applies (in Systembolaget's case) to estimated indirect carbon dioxide emissions from energy use during business operations.

The GHG protocol also includes a Scope 3 that covers other indirect emissions. In common with last year, two strategic key figures within Scope 3 have been included in this year's sustainability report: carbon dioxide emissions from beverage packaging and carbon dioxide emissions from distribution related to beverage transportation. As the key figure measuring climate impact from distribution was only reported for the first time in 2020, only one comparison year is available for that part of Scope 3. Emissions from waste management are also included for the first time in our GHG reporting for 2021. Consequently, no comparative figures are available for that part of Scope 3.

We discuss our ambitions and governance in the climate area in the sections on reducing climate impact

Calculation of carbon dioxide emissions based on the GHG protocol		2021	2020	2019
Scope 1	Emissions from leased vehicles	171	161	304
	Heating of training centres (geothermal heat)	0	0	0
	Refrigerant taken care of	8	-	-
Scope 2	Energy use in own business operations (electricity and heating) ¹	2,818	3,678	3,355
Scope 3	Emissions from packaging ²	183,409	181,000	167,833
	Emissions from distribution	13,094	15,023	-
	Emissions from business travel	296	521	1,276
	Emissions from premises	789	1,058	1,029
	Emissions from waste management	89	-	-
Total, tonnes CO₂e		200,674	201,442	173,797

1 If our energy use for 2021 had been calculated using the "location based" method in the GHG protocol's Corporate Standard (based on IEA, 2017), carbon dioxide emissions from energy use would instead equal 2,785 tonnes of carbon dioxide equivalents.

2 The calculation method has been refined in 2021 with more detailed and updated standard values for some of the weight parameters applied. For correct comparability going forward, results for 2020 and 2019 have been recalculated in accordance with the updated method.

from our business operations (see page 27) and our procurement and range (see page 44), respectively.

When applying the GHG protocol, we use the so-

called "operational control" calculation procedure. These calculations use the global warming potential (GWP) of the Kyoto gases based on the Intergovernmental Panel on Climate Change's or IPCC's Fourth Assessment Report (2007).

GRI Boundary table

For the 2021 financial year, Systembolaget has identified ten company-specific key figures and seven GRI disclosures for monitoring our material sustainability topics. Boundaries and results for them are shown in the table below.

COMPANY-SPECIFIC KEY FIGURES AND GRI DISCLOSURES IN OUR SUSTAINABILITY REPORT

Material sustainability topic	Boundary – where in the value chain the area is significant – and a brief description of its impact	GRI disclosure	Company-specific key figure *=Strategic key figure	Result 2021	Target 2021
Limiting the harmful effects of alcohol in Sweden	Every local community (right across Sweden) is directly and/or indirectly affected by how well Systembolaget succeeds in its aim of limiting the harmful effects of alcohol in society. At the same time, we are aware that we are only one of a number of factors affecting the results.	413-1 (Our impact on society)	Opinion Index (OPI)* (The proportion of the population who want Systembolaget to retain its exclusive right to sell spirits, wine and strong beer)	75.2	≥76.5
			Age checks (%)*	96.5	96.0
Combating bribery and corruption	The area is significant both within the organisation and in the supply chain. We have an impact by reducing the risk of corruption via monitoring compliance with our Code of Conduct.	205-3 (Confirmed incidents of corruption where action has been taken)		1	–
Reducing the environmental impact of the business	Significant because the transition to a circular economy is necessary for a more sustainable development where resources are used efficiently in non-toxic circular flows. We have an impact by integrating the circular perspective into our business operations.		Tonnes of waste from business operations (cardboard and soft plastic)	7,600	Annual reduction
Ensure working and performance environment for employees	Systembolaget's entire business operation, where we have a direct impact on our employees through initiatives that create the conditions they need.		Performance culture*	82.8	83.0
			Sick leave (%)	5.6	5.3 ¹
Reflecting the diversity in society	We look at diversity based on the fact that we are there for everyone in Sweden. The area is also significant based on our skills provision, where we have a direct impact through our recruitment processes.	405-1 (Diversity and inclusion)	The proportion of employees with a foreign background*	14.8	13.2 ²

1 Revised target level from the previous 4.6.

2 Strategic goal concerning the proportion of permanent employees with a foreign background, revised target level from the previous 16.9.

Material sustainability topic	Boundary – where in the value chain the area is significant – and a brief description of its impact	GRI disclosure	Company-specific key figure *=Strategic key figure	Result 2021	Target 2021	
Reducing climate impact in the value chain	The direct climate impact of our business operations is where we have the greatest opportunity to exert an influence, and it has an important signalling value even if its extent is insignificant.	305-1 (direct sources)		179	–	
		305-2 (indirect sources from energy)		2,818	–	
	The climate impact from our supply chain has a major impact on sustainable development, and we primarily influence it through collaboration.		Carbon dioxide emissions from beverage packaging, tonnes*	183,400	Downward trend	
		305-3 (other indirect sources)		Carbon dioxide emissions from distribution (beverage transportation), tonnes*	13,100	-5% (baseline year 2020)
Promoting the environment and biodiversity in the supply chain	Significant both at producer and cultivation level and also for evaluating whether suppliers are taking responsibility for the issues involved. We have an impact through collaboration and training as well as through requirements for compliance with our Code of Conduct.		Organic sales share (volume as a % of total sales)	13.8	–	
Promoting human rights and good working conditions in and around our supply chains	Significant both at producer and cultivation level and also for evaluating whether suppliers are taking responsibility for the issues involved. We have an impact through collaboration and training as well as through requirements for compliance with our Code of Conduct.	412-2 (Social responsibility in the supply chain)	Proportion of partners in Set Range fulfilling more than 75% of their requests on the sustainability platform and thereby included in the risk analysis	75.8	Traceability to grower level in the sustainability platform	

GRI Index

This sustainability statement follows the guidelines of the Global Reporting Initiative, Standards version, and has been subject to a combined review by Deloitte AB. Systembolaget reports at least one GRI disclosure or company-specific key figure per significant sustainability issue in accordance with the Core option. For the 2021 operating year, Systembolaget has grouped its material sustainability topics around eight sustainability issues within the GRI index.

This index contains all GRI disclosures or company-specific key figures that Systembolaget deems relevant to its business operations based on the company's most important sustainability issues. Information about boundaries etc. can be found in the index or a reference is given to where the information can be found. Publication year 2016 applies to the following GRI disclosures unless otherwise stated.

Disclosure no.	Name	Reference	Page	Deviation or comment
GENERAL DISCLOSURES				
Organisational profile				
102-1	Name of the organisation	Note 1 – Accounting principles	78	
102-2	Activities, brands, products and services	Financial developments	55	
102-3	Location of headquarters	Note 1 – Accounting principles	78	
102-4	Number of countries where the organisation operates	Note 1 – Accounting principles	78	
102-5	Ownership and legal form	Corporate Governance report	61	
102-6	Markets served	Financial developments	55	
102-7	Scale of the organisation	Financial developments	55	*See Systembolagets Ansvarsredovisning 2021 for full Notes to the Accounts.
		Income statement	74	
		Balance sheet	75	
		Note 2 – Net sales*	83	
		Number of employees 2021	119	
102-8	Information on employees	Number of employees 2021	119	Figures for contract workers are unavailable as we have used our Heroma payroll system for this analysis and it only provides data on Systembolaget employees. At present, we have no method for reporting contract workers in an equivalent manner and they are therefore excluded so as not to cause misleading reporting.
102-9	The organisation's supply chain	Sustainable purchasing and range - Introduction	39	
102-10	Significant changes to the organisation and its supply chain	Financial developments Sustainable purchasing and range - Introduction	55 39	
102-11	Precautionary principle or approach			Even if Systembolaget does not use the precautionary principle as a control concept, in many cases we act in accordance with it. One example is the risk analyses we decide to do and their follow-up in order to identify, evaluate, compile and report risks, including those related to sustainability. Risk management is monitored annually.

Disclosure no.	Name	Reference	Page	Deviation or comment
102-12	External initiatives			Systembolaget has been a member of amfori BSCI (Business Social Compliance Initiative) since 2011 and a member of Global Compact since 2013. In August 2017, an agreement was signed with IUF (the International Union of Food, Agricultural, Restaurant, Catering, Tobacco and Allied Workers Associations) and in the same year the decision was made to become a member of Global Deal. Systembolaget has also been a member of Stronger Together, an initiative working to prevent modern slavery in supply chains, since June 2018. In 2016, Systembolaget initiated the Beverage Industry's Climate Initiative together with the Swedish Wines & Spirits Suppliers Association (SVL) and the Swedish Brewers Association. Systembolaget has also been a member and one of the initiators of Ethical Trading Initiative (ETI) Sweden since December 2019.
102-13	Membership of associations			From a strategic perspective, Systembolaget is a member of amfori BSCI (Business Social Compliance Initiative), the Swedish Trade Federation, the Confederation of Swedish Enterprise, SNS, the Swedish Communication Association, Royal Swedish Academy of Engineering Sciences' (IVA) and the Centre for Retailing (Stockholm School of Economics).
Strategy				
102-14	Statement from senior decision-maker	CEO's statement	5	
Ethics and integrity				
102-16	Values, principles, standards and norms of behaviour	Combating bribery and corruption	22	An internal Code of Conduct was adopted in 2015. There is also an external Code of Conduct, employee policy and a policy regarding business ethics responsibility.
Governance				
102-18	Governance structure	Corporate Governance report	61	
Stakeholder engagement				
102-40	List of stakeholder groups	Stakeholder dialogue	107	
102-41	Collective bargaining agreement			100% of employees are covered by a collective bargaining agreement.
102-42	Identifying and selecting stakeholders	Materiality analysis	12	
102-43	Approach to stakeholder engagement	Stakeholder dialogue	107	
		Customer Satisfaction Index (CSI) – Sustainability	24	
102-44	Key topics and concerns raised	Stakeholder dialogue	107	

Disclosure no.	Name	Reference	Page	Deviation or comment
Reporting practice				
102-45	Entities included in the consolidated financial statements	About our Responsibility Report	106	
102-46	Defining report content and topic boundaries	Materiality analysis	12	
102-47	List of material topics identified	Materiality analysis	12	
102-48	Restatements of information	About our Responsibility Report	106	
102-49	Changes in reporting	Materiality analysis	12	
102-50	Reporting period	About our Responsibility Report	106	
102-51	Date of most recent report	About our Responsibility Report	106	
102-52	Reporting cycle	About our Responsibility Report	106	
102-53	Contact point for questions regarding the report	About our Responsibility Report	106	
102-54	Claims of reporting in accordance with the GRI Standards	About our Responsibility Report	106	
102-55	GRI Index	GRI Index	114	
102-56	External assurance	About our Responsibility Report Audit Report and Review Report in respect of the Annual Accounts Combined assurance engagement of the Sustainability reporting Corporate governance report	106 121 125 61	

INFORMATION AND COMPANY-SPECIFIC KEY FIGURES BY MATERIAL SUSTAINABILITY TOPIC

Disclosure no.	Name	Reference	Page	Deviation or comment
Limiting the harmful effects of alcohol in Sweden				
103-1/2/3	Management approach disclosures to limit the harmful effects of alcohol in society	Limiting the harmful effects of alcohol	16	
413-1	Type of activity and appropriateness of the programmes being evaluated and controls on the organisation's impact on the local community			The goal of Swedish alcohol policy is to reduce total alcohol consumption in society so that the harm alcohol causes, both medical and social, is minimised. Systembolaget therefore has a clear social mission: to sell spirits, wine and strong beer and other alcoholic beverages and related preparations with exclusive right and with responsibility and good service, and to inform about the harmful effects of alcohol. To do the latter requires research, clear information outreach and an ongoing dialogue with the different sections of society.
Company-specific key figure	Opinion index (Measures the attitude of the Swedish population to Systembolaget)	Limiting the harmful effects of alcohol	20	
Company-specific key figure	Age checks % (Ensuring that alcohol is not sold to minors)	Limiting the harmful effects of alcohol	21	

Disclosure no.	Name	Reference	Page	Deviation or comment
Combating bribery and corruption				
103-1/2/3	Management approach disclosures regarding ethics and anti-corruption	Combating bribery and corruption	22	
205-3	Confirmed incidents of corruption where action has been taken	Combating bribery and corruption	23	We use this key figure to measure incidents where we have discovered that employees have breached the rules and procedures we have drawn up to combat corruption. No reports regarding any terminations of business contracts due to breaches of contractual terms committed by the supplier are made here.
Reducing the environmental impact of the business				
103-1/2/3	Management approach disclosures to limit the environmental impact of the business	Reducing the environmental impact of our business	30	
Company-specific key figure	Tonnes of waste from business operations (cardboard and soft plastic)	Reducing the environmental impact of our business	32	
Ensure working and performance environment for employees				
103-1/2/3	Management approach disclosures regarding how we ensure a sustainable working environment/performance environment for our employees	Ensuring a good working environment/performance environment for employees in our business operations	33	
Company-specific key figure	Performance culture	Ensuring a good working environment/performance environment for employees in our business operations	34	
Company-specific key figure	Sick leave (%)	Ensuring a good working environment/performance environment for employees in our business operations	35	
Reflecting the diversity in society				
103-1/2/3	Management approach disclosures to diversity and inclusion	Reflecting the diversity in society in our business operations	36	
405-1 incl. company-specific key figure	Diversity in management groups and among employees incl. the proportion of employees with a foreign background	Reflecting the diversity in society in our business operations	37	

Disclosure no.	Name	Reference	Page	Deviation or comment
Reducing climate impact in the value chain				
103-1/2/3	Management approach disclosures regarding the climate and environmental impact of the entire value chain, including from our own business operations	Reducing climate impact in our business operations and reducing climate impact within purchasing and range	27 44	
305-1	Carbon dioxide emissions from direct sources calculated based on the Greenhouse Gas Protocol Scope 1 Leased vehicles and heating of training centre	Carbon dioxide emissions reported according to the GHG protocol	111	
305-2	Carbon dioxide emissions from indirect sources calculated based on the Greenhouse Gas Protocol Scope 2 Energy use in our own business operations	Carbon dioxide emissions reported according to the GHG protocol	111	
305-3	Carbon dioxide emissions from indirect sources calculated based on the Greenhouse Gas Protocol Scope 3 other indirect sources incl. the below:	Carbon dioxide emissions reported according to the GHG protocol	111	
Company specific key figure	- Carbon dioxide emissions from distribution (beverage transportation)	Reducing climate impact in our business operations	28	
Company specific key figure	- Carbon dioxide emissions from beverage packaging	Reducing climate impact within purchasing and range	45	
Promoting the environment and biodiversity in the supply chain				
103-1/2/3	Management approach disclosures regarding promoting the environment and biodiversity in the supply chain	Reducing environmental impact within purchasing and range	46	
Company-specific key figure	Organic sales share (volume as a % of total sales)	Reducing environmental impact within purchasing and range	48	
Promoting human rights and good working conditions in and around our supply chains				
103-1/2/3	Management approach for GRI 414 – management approach disclosures regarding human rights and working conditions in the supply chain	Promoting human rights and good working conditions within purchasing and range	49	
Company-specific key figure	Proportion of partners in Set Range fulfilling more than 75% of their requests and thereby included in the risk analysis	Promoting human rights and good working conditions within purchasing and range	52	
414-2	Evaluation of negative social impact in the supply chain and measures taken	Promoting human rights and good working conditions within purchasing and range	53	

Number of employees 2021

	All employees			Permanent employees			Fixed-term employees			Full-time employees			Part-time employees		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
Sales staff	1,951	3,081	5,032	1,501	2,378	3,879	450	703	1,153	448	458	906	1,503	2,623	4,126
Northern sales region*	1,070	1,513	2,583	834	1,170	2,004	236	343	579	238	192	430	832	1,321	2,153
Southern sales region*	881	1,568	2,449	667	1,208	1,875	214	360	574	210	266	476	671	1,302	1,973
Store managers	201	275	476	201	274	475	0	1	1	201	273	474	0	2	2
Northern sales region*	102	131	233	102	131	233	0	0	0	102	129	231	0	2	2
Southern sales region*	99	144	243	99	143	242	0	1	1	99	144	243	0	0	0
Caretakers	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Northern sales region*	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Southern sales region*	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Head Office Staff - managers	54	64	118	54	64	118	0	0	0	54	64	118	0	0	0
of which Unit managers	15	23	38	15	23	38	0	0	0	15	23	38	0	0	0
of which Area managers	15	14	29	15	14	29	0	0	0	15	14	29	0	0	0
Head Office Staff - employees	279	333	612	271	325	596	8	8	16	273	317	590	6	16	22
Contract workers															
Systembolaget total	2,485	3,753	6,238	2,027	3,041	5,068	458	712	1,170	976	1,112	2,088	1,509	2,641	4,150
IQ	1	7	8	1	7	8	0	0	0	1	6	7	0	1	1
Total	2,486	3,760	6,246	2,028	3,048	5,076	458	712	1,170	977	1,118	2,095	1,509	2,642	4,151

* Sales region

Comments: Systembolaget reports the total number of employees as of 31 December, i.e. permanent employees, fixed-term employees, employees on probation and temporary employees. The large number of fixed-term and part-time employees is explained by the fact that we have sales peaks at the end of the week and do not have enough work to keep weekend staff occupied on a full-time basis. This situation is common in the retail sector.

Boundary: Consultants/contract workers are not reported. Staff at outsourced IT operations are also not reported. We do not record gender distribution by region. Our business is only in Sweden and therefore Sweden is our sole reporting region.

Percentage of employees 2021

	All employees (%)			Permanent employees (%)			Fixed-term employees (%)			Full-time employees (%)			Part-time employees (%)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
Sales staff	39	61		39	61	77	39	61	23	49	51	18	36	64	82
Northern sales region*	41	59		42	58	78	41	59	22	55	45	17	39	61	83
Southern sales region*	36	64		36	64	77	37	63	23	44	56	19	34	66	81
Store managers	42	58		42	58	100			0	42	58	100	0	100	0
Northern sales region*	44	56		44	56	100			0	44	56	99	0	100	1
Southern sales region*	41	59		41	59	100			0	41	59	100			0
Caretakers	0	0		0	0	0			0			0			0
Northern sales region*	0	0		0	0	0			0			0			0
Southern sales region*	0	0		0	0	0			0			0			0
Head Office Staff – managers	46	54		46	54	100			0	46	54	100			0
of which Unit managers	39	61		39	61	100			0	39	61	100			0
of which Area managers	52	48		52	48	100			0	52	48	100			0
Head Office Staff – employees	46	54		45	55	97	50	50	3	46	54	96	27	73	4
Contract workers															
Systembolaget total	40	60		40	60	81	39	61	19	47	53	33	36	64	67
IQ	13	88		13	88	100			0	14	86	88			13
Total	40	60		40	60	81	39	61	19	47	53	34	36	64	66

* Sales region

Boundary: Consultants/contract workers are not reported. Staff at outsourced IT operations are also not reported. We do not record gender distribution by region. Our business is only in Sweden and therefore Sweden is our sole reporting region.

Auditor's Report

To the Annual General Meeting of the shareholders of Systembolaget AB, company registration no. 556059-9473

Report on the annual accounts

OPINIONS

We have audited the annual accounts of Systembolaget AB for the financial year 01/01/2021 - 31/12/2021 with the exception of the Corporate Governance report on pages 61-72. The company's annual accounts can be found on pages 2-3 and 54-104 of this document.

In our opinion, the annual accounts has been prepared in accordance with the Annual Accounts Act and fairly presents, in all material respects, the financial position of Systembolaget AB as of 31 December 2021 and its financial performance and cash flows for the year then ended in accordance with the Annual Accounts Act. Our opinions do not cover the Corporate Governance report on pages 61-72. The statutory administration accounts is consistent with the other parts of the annual accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet.

BASIS FOR THE OPINIONS

We carried out the audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibility under these standards is described in more detail in the Section entitled "Auditor's Responsibility". We are independent in relation to Systembolaget

AB in accordance with generally accepted auditing standards in Sweden and have otherwise fulfilled our professional ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit statements.

OTHER INFORMATION THAN THE ANNUAL ACCOUNTS

The Board of Directors and the CEO are responsible for information apart from the annual accounts ("other information"). Other information comprises the remuneration accounts as well as pages 4-53 and 105-129 of this document but does not include the annual accounts or the auditor's report on it.

Our opinion regarding the annual accounts does not include this information and we provide no supporting opinion with regard to this other information.

In connection with our audit of the annual accounts, it is our responsibility to read the information identified above and consider whether it is materially incompatible with the annual accounts. During this review, we also take the knowledge we otherwise acquired during the audit into consideration and assess whether the information otherwise appears to contain material inaccuracies.

If, based on the work that has been carried out regarding this information, we conclude that the other information contains a material inaccuracy, we are obliged to report it. We have nothing to report in that regard.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE CEO

The Board of Directors and the CEO are responsible for the preparation and fair presentation of the annual accounts in accordance with the Annual Accounts Act. The responsibility of the Board of Directors and the CEO also includes the internal controls they determine are necessary to enable the preparation of an annual accounts that is free from material misstatement, whether due to fraud or error.

When preparing the annual accounts, the Board of Directors and the CEO are responsible for assessing the company's ability to continue as a going concern. They disclose, where applicable, conditions that may affect the ability to continue as a going concern and to use the assumption regarding continued operations. However, the assumption regarding continued operations does not apply if the Board of Directors and the CEO intend to liquidate the company, cease business operations or have no realistic alternative to doing either of these.

AUDITOR'S RESPONSIBILITY

Our goal is to achieve a reasonable degree of assurance as to whether the annual accounts as a whole does not contain any material inaccuracies, whether due to fraud or error, and to provide an audit report that includes our opinions. Reasonable assurance is a high degree of assurance but is no guarantee that an audit performed in accordance with ISA and generally accepted auditing standards in Sweden will always detect a material inaccuracy if one exists. Inaccuracies can arise due to fraud or error and are considered significant if, either individually or together, they can

reasonably be expected to influence the financial decisions that users make on the basis of the annual accounts.

We use professional judgement and have a professionally sceptical attitude throughout the audit as required for an audit in accordance with ISA. Furthermore:

- we identify and assess the risks of material inaccuracies in the annual accounts, whether due to fraud or error, design and carry out audit tasks based, among other things, on these risks and collect audit evidence that is sufficient and appropriate to form the basis of our opinions. The risk of not detecting a material inaccuracy due to fraud is higher than for a material inaccuracy due to error, as fraud may include acting in collusion, forgery, intentional omissions, incorrect information or breach of internal controls.
- we gain an understanding of the part of the company's internal controls that is important for our audit in order to design audit measures that are appropriate in the circumstances, but not for the purpose of commenting on the effectiveness of the internal controls.
- we evaluate the appropriateness of the accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the CEO.
- we draw a conclusion about the appropriateness of the assumption regarding continued operations made by the Board of Directors and the CEO when preparing the annual report. Based on the audited evidence obtained, we also draw a conclusion as to whether there is any significant uncertainty factor relating to such events or circumstances that could lead to significant doubts about the company's ability to continue as a going concern. If we conclude that significant uncertainty exists, we are required, in the

audit accounts, to draw attention to the information in the annual report regarding the significant uncertainty or, if such information is insufficient, to modify the opinion regarding the annual accounts. Our conclusions are based on the audit evidence obtained up to the date of the audit report. However, future events or circumstances may mean that a company can no longer continue as a going concern.

- we evaluate the overall presentation, structure and content of the annual accounts, including any disclosures, and whether the annual accounts reflects the underlying transactions and events in a way that gives a true and fair view.

We must inform the Board about, among other things, the planned scope and focus of the audit and the time when it will take place. We must also provide information on meaningful observations made during the audit, including any significant deficiencies in internal controls that we have identified.

Report on other legal and regulatory requirements

OPINIONS

In addition to our audit of the annual report we have also carried out an audit of the administration by the Board of Directors and the CEO of Systembolaget AB for the financial year 01/01/2021 - 31/12/2021 and of the proposed allocations of the company's profit or loss.

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that

the members of the Board of Directors and the CEO be discharged from liability for the financial year.

BASIS FOR THE OPINIONS

We carried out the audit in accordance with generally accepted auditing standards in Sweden. Our responsibility in accordance with this is described in more detail in the Section entitled "Auditor's Responsibility". We are independent in relation to Systembolaget AB in accordance with generally accepted auditing standards in Sweden and have otherwise fulfilled our professional ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE CEO

The Board of Directors is responsible for the proposal for allocating the company's profit or loss. When proposing a dividend, this includes, among other things, an assessment of whether the dividend is justifiable with regard to the requirements that the company's type of business, its scope and risks place on the size of the company's equity, consolidation needs, liquidity and position in general.

The Board of Directors is responsible for the company's organisation and the administration of its affairs. This includes, among other things, continuously assessing the company's financial situation and ensuring that the company's organisation is designed so that its accounting, asset management and financial affairs are otherwise adequately controlled. The CEO manages

the day-to-day administration in accordance with the guidelines and instructions from the Board of Directors and, among other things, takes the measures necessary for the company's accounting to be carried out in accordance with law and for its assets to be adequately managed.

AUDITOR'S RESPONSIBILITY

Our goal regarding the audit of the administration, and thus our opinion on discharge from liability, is to collect audit evidence in order to be able to assess with a reasonable degree of assurance whether any Board member or the CEO have in any significant respect:

- taken any action or committed any negligence that may give rise to liability for damages against the company; or
- acted in any other way in violation of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our goal regarding the audit of the proposed allocations of the company's profit or loss, and thus our opinion on this, is to assess with a reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high degree of assurance but is no guarantee that an audit performed in accordance with generally accepted auditing standards in Sweden will always detect actions or negligence that may give rise to liability for damages against the company, or that a proposal for allocating the company's profit or loss is not in accordance with the Companies Act.

We use professional judgement and have a professionally sceptical attitude throughout the audit as

required for an audit in accordance with generally accepted auditing standards in Sweden. The review of the administration and the proposed allocations of the company's profit or loss is mainly based on the audit of the accounts. Any additional review measures that are carried out rest on our professional judgement based on risk and materiality. This means that we focus the review on such measures, areas and conditions as are material to the business and where deviations and infringements would have particular significance for the company's position. We review and examine decisions that were made, the basis for the decisions, measures that were taken and other circumstances relevant to our opinion on discharge from liability. As a basis for our opinion regarding the Board of Directors' proposed allocations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

Auditor's review of the Corporate Governance report

The Board of Directors is responsible for the Corporate Governance report on pages 61-72 and for preparing it in accordance with the Annual Accounts Act.

Our review has taken place in accordance with the Swedish Association of Certified Public Accountants' (FAR's) note RevU 16 "*The auditor's review of the Corporate Governance report*". This means that our review of the Corporate Governance report has a different focus and much smaller scope compared to the focus and

scope of an audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that this review provides us with a sufficient basis for our opinions.

A Corporate Governance report has been prepared. Disclosures in accordance with Chapter 6 Section 6, second paragraph points 2-6, of the Annual Accounts Act are compatible with the other parts of the annual accounts and are in accordance with the Annual Accounts Act.

Stockholm 24 March 2022

Deloitte AB

Didrik Roos

Authorised Public Accountant

The auditor's opinion regarding the statutory sustainability report

To the Annual General Meeting of the shareholders of Systembolaget AB, company registration no. 556059-9473.

TASK AND ALLOCATION OF RESPONSIBILITY

The Board of Directors is responsible for the sustainability report for 2021 found on pages 4-53 and 105-129 and for it being prepared in accordance with the Annual Accounts Act.

FOCUS AND SCOPE OF THE REVIEW

Our review has taken place in accordance with the Swedish Association of Certified Public Accountants' (FAR's) recommendation RevR 12 "Auditor's opinion on the statutory sustainability report". This means that our review of the sustainability report has a different focus and much smaller scope compared to the focus and scope of an audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that this review provides us with a sufficient basis for our opinion.

OPINION

A Sustainability Report has been prepared.

Stockholm 24 March 2022

Deloitte AB

Didrik Roos
Authorised Public Accountant

Review report regarding the annual accounts

To the Annual General Meeting of the shareholders of Systembolaget AB, Company registration no. 556059-9473.

In our role as lay auditors and on behalf of the Government Board, we have reviewed the administration and internal controls of Systembolaget AB for 2021. We have reviewed significant decisions, measures and conditions in the company in order to assess whether the business has been managed in an appropriate and financially satisfactory manner and whether the company's internal controls are sufficient. Our review has not uncovered any circumstances worthy of comment. We have also reviewed whether the company, its management and Board of Directors comply with the specific guidelines for Systembolaget AB and general guidelines for state-owned companies that have been laid down by government. With regard to this, our review again failed to uncover any circumstances worthy of comment.

Stockholm 24 March 2022

Johan Forssell
(Lay auditor)

Jörgen Hellman
(Lay auditor)

Kristina Nilsson
(Lay auditor)

Auditor's report on the combined review of Systembolaget AB's sustainability report

To Systembolaget AB, company reg. no. 556059-9473

INTRODUCTION

The Board of Directors of Systembolaget AB has tasked us with reviewing Systembolaget AB's sustainability report for 2021. The company defined the scope of the sustainability report in the table of contents to Systembolaget AB's 2021 Responsibility Report.

THE RESPONSIBILITY OF THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT FOR THE SUSTAINABILITY REPORT

The Board and senior management are responsible for preparing the sustainability report in accordance with applicable criteria set out in the table of contents to Systembolaget's 2021 Responsibility Report. These criteria consist of those parts of the framework for sustainability reporting published by GRI (Global Reporting Initiative) applicable to the sustainability report, as well the reporting and calculation principles developed by the company. This responsibility also includes the internal checks deemed necessary to prepare a sustainability report that does not contain material inaccuracies, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express a conclusion on the sustainability report based on our review. Our assignment is limited to the historical information reported and does not include future-oriented tasks.

We performed the assignment in accordance with ISAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information. The assignment

consisted of a general review of the sustainability report as a whole and an audit of certain information specified below. The aim of an audit is to achieve reasonable assurance, in order to ensure that the information does not contain material inaccuracies. An audit includes reviewing a selection of the supporting evidence underlying the quantitative and qualitative information contained in the sustainability report. A general review consists of making inquiries, primarily with those persons responsible for preparing the sustainability report, carrying out an analytical review and taking other general review measures. A general review has a different focus and a much smaller scope as compared to the focus and scope of an audit in accordance with International Standards on Auditing and generally accepted auditing standards.

The auditing company applies ISQC 1 (International Standard on Quality Control) and thus has an all-round quality control system which includes documented guidelines and procedures regarding compliance with professional ethical requirements, standards of professional practice and applicable requirements in acts and other statutes. We are independent in relation to Systembolaget AB in accordance with generally accepted auditing standards in Sweden and have otherwise fulfilled our professional ethical responsibilities in accordance with these requirements.

Therefore, the conclusion we express on the basis of our general review does not have the same level of certainty as our conclusion expressed based on our audit. As this is a combined assignment, we have submitted our conclusions regarding the audit and the general review in separate sections.

Our audit included the following sustainability-related information presented in Systembolaget AB's Responsibility Report 2021 - the key figures "Performance Culture", "Sick leave (%)", "Proportion with a foreign background" and "Gender Ratio" on pages 34-35 and 37-38.

Our review is based on the criteria chosen by the Board and senior management as defined above. We believe these criteria are suitable for preparing the sustainability report.

We believe that the evidence we have obtained during our review is sufficient and appropriate to provide a basis for our opinions below.

OPINIONS

Based on our general review, nothing has emerged to give us reason to believe that the sustainability report has not, in all material respects, been prepared in accordance with the criteria specified by the Board of Directors and senior management above.

Based on our audit, we believe that the information in the sustainability report covered by our assignment has, in all material respects, been prepared in accordance with the criteria specified by the Board of Directors and senior management above.

Stockholm 24 March 2022

Deloitte AB

Didrik Roos
Authorised Public Accountant

Glossary

AGE CHECKS

Age checks measure the proportion of occasions when identification is requested as a percentage of the total number of control purchases. Control purchases are carried out by persons in the 20–24 year-old age group. Systembolaget appointed Better Business to carry out the purchases. From 2020, the strategic key figure includes age checks in all channels (i.e. in store, home delivery and via agents). Age checks are carried out daily and reported monthly.

ALCOHOL INDEX

The Alcohol Index is an overall measure of people's attitudes to alcohol in different situations. The higher the index (on a scale of 0–100), the more restrained the attitude towards alcohol. The Alcohol Index is derived from the answers given to seven questions about what people think is right and wrong as regards alcohol. The survey also asks further questions, including five about "weekday drinking" that form the basis for the Weekday Drinking Index. The questions are asked once a year to at least 2,000 people aged 16 and above. Data collection is carried out by Novus.

ALCOHOL CONSUMPTION

The consumption of alcoholic beverages, converted to litres of pure alcohol per person aged 15 and above. Alcoholic beverage means a beverage with an alcohol content greater than 2.25 volume percent (Alcohol Act 2010:1622).

ALCOHOL DUTY

Alcohol duty is a state excise duty. Changes to the alcohol duty impacts Systembolaget's revenues in parallel with the cost of goods sold, which is why changes to alcohol duty have no impact on gross profit.

AMFORI

The sustainability initiative to which Systembolaget belongs, the Business Social Compliance Initiative (BSCI), re-launched as amfori in 2018. This took place as part of a merger between FTA (Foreign Trade Association - focus on business issues), BEPI (Business Environmental Performance Initiative - focus on environmental issues) and BSCI (focus on social issues). BSCI has retained its name for a transitional period (as has BEPI), but both will eventually completely switch over to amfori.

The Brussels-based initiative is a European business-driven collaborative programme for companies looking to improve working conditions in global supply chains.

ANNUAL EMPLOYEES

Annual employees corresponds to hours worked including holidays divided by the number of hours for a full-time job during the period in question. The parameter annual employees was introduced in 2018 to replace the previous parameter of average number of employees.

ANDT

Alcohol, Drugs, Doping and Tobacco-related issues. The ultimate goal of the ANDT strategy is a society free of drugs and doping, with reduced medical and social harm caused by alcohol and lower tobacco use.

CFI

Claes Fornell International CFI AB, the company that carries out our surveys for the Satisfied Customer Index.

CUSTOMER SATISFACTION INDEX (CSI)

The CSI measures how satisfied customers are with Systembolaget. The overall index is an average of answers to the following three questions:

With regard to all aspects of Systembolaget:

- How satisfied or dissatisfied are you with Systembolaget overall?
- How well does Systembolaget meet your expectations?
- Imagine a company that sells alcoholic beverages and is perfect in every way. How close or far away from this ideal do you think Systembolaget is?

Customers' answers, which are given on a scale from 1 to 10, are converted to a number between 0 and 100. Systembolaget instructed CFI Group to carry out the survey. A total of just over 25,000 customers were interviewed for this year's surveys. CSI is measured and reported three times a year.

GLOBAL COMPACT

A UN initiative and framework for sustainable business whose principles we are committed to follow. Global Compact is designed around ten principles within human rights, working conditions, the environment and anti-corruption.

GLOBAL DEAL

In November 2017, Systembolaget chose to join Global Deal, an initiative that seeks to enhance dialogue between the parties in the labour market and national governments to improve employment conditions and productivity. Initiated by Sweden's then Prime Minister

Stefan Löfven, Global Deal has been developed in collaboration with the OECD and the ILO. Agenda 2030 contains a specific goal on decent working conditions and economic growth, and Global Deal is a contribution towards this being achieved.

MYSTERY SHOPPERS

Persons aged 20–24 who make control purchases in our stores to find out whether we are following our sales rules regarding age checks.

OPINION INDEX (OPI)

The Opinion Index measures what proportion of Sweden's population wants to retain Systembolaget and its monopoly for selling strong beer, wine and spirits. The interviewees are asked their opinion on the question: Do you think we should keep Systembolaget and its monopoly for selling strong beer, wine and spirits or do you want other shops to be able to sell strong beer, wine and spirits?

Systembolaget appointed Kantar Sifo to carry out the survey. A total of 750 randomly selected individuals aged 15 and above are interviewed every month with the exception of July (no interviews) and August (1,500 interviews). The Opinion Index is reported quarterly.

OWNER'S GOALS

The owner's goals consist of the mission goals and financial targets set out in the owner's instructions and which were adopted at the Annual General Meeting on 11 December 2019.

PERFORMANCE CULTURE

Performance culture measures the extent to which employees feel that their work gives them the condi-

tions they require to perform (want, know, can, may and should) as well as the individual's experience of having his or her basic needs catered for. Measured once a year via a common employee survey.

PROFIT MAXIMISATION

When the main purpose of an organisation's business operation is to generate the maximum possible profit for the owner.

TOTAL SICK LEAVE

Total sick leave is measured based on the Swedish National Financial Management Authority's definition and measures hours of sick leave relative to all available hours during the same period.

VIRGIN MATERIAL

A freshly extracted material. Virgin material can be described as the first time a natural resource or raw material is used to produce a product. Extraction and mining of resources are reduced when virgin materials are replaced by recycled or recovered materials, which is one of the cornerstones of a circular economy.

Definition of alternative key figures

Alternative key figures are financial measures that are not defined under IFRS. Systembolaget believes that these measures give the owner, Board and senior management valuable supplementary information as they facilitate evaluation of results and financial developments. Three alternative key figures are included as goals in the owner's instructions to Systembolaget.

These alternative key figures are not always comparable with measures used by other companies as calculations may be made in different ways. These financial measures should therefore be seen as a complement to measures defined in accordance with IFRS. For a check of the alternative key figures that cannot be directly derived from the financial reports, see the calculations below.

Key figure	Description	Area of use
Return on equity	Profit (loss) for the period (rolling 12 months) as a percentage of average equity.	The key figure is included as a goal in the owner's instructions to Systembolaget
Cost-effectiveness	Cost-effectiveness is calculated on the basis of the ratio between total overheads (adjusted for one-off items) relative to quantity sold (the number of packages sold weighted on the basis of each product category's estimated handling time).	The key figure is included as a goal in the owner's instructions to Systembolaget and reported annually.
Operating margin	Operating margin excluding alcohol duty is calculated based on operating profit (loss) as a percentage of net sales excluding alcohol duty.	This key figure shows how large a part of revenue covers operating costs to ensure long-term, sustainable business operations.
Operating profit (loss)	Operating profit (loss) is calculated based on gross profit (loss) with addition of other operating income and deduction of operating expenses.	The key figure shows profit (loss) before net financial income/expense and taxes and Systembolaget follows developments over time to ensure long-term, sustainable business operations.
Equity/assets ratio	Equity as a percentage of total assets.	The key figure is included as a goal in the owner's instructions to Systembolaget
Net sales excluding alcohol duty	Calculated as net sales less alcohol duty.	The key figure is monitored to see the impact of alcohol duty on net sales

Return on equity

MSEK	2021	2020
Profit (loss) for the period, rolling 12 months	376	471
Average equity ¹	1,747	1,688
Return on equity	21.5%	27.9%

Cost-effectiveness

MSEK	2021	2020
Total overheads (MSEK) adjusted for one-off items	4,414	4,202
Quantity sold (millions), weighted based on handling time	1,898	1,832
Cost-effectiveness	2.3	2.3

Net sales excluding alcohol duty

MSEK	2021	2020
Net sales including alcohol duty	38,120	36,737
Alcohol duty	14,448	14,132
Net sales excluding alcohol duty	23,672	22,605

Operating margin

MSEK	2021	2020
Net sales including alcohol duty	38,120	36,737
Net sales excluding alcohol duty	23,672	22,605
Operating profit (loss)	428	542
Operating margin excluding alcohol duty	1.8%	2.4%
Operating margin including alcohol duty	1.1%	1.5%

Equity/assets ratio

MSEK	2021	2020
Balance sheet total	7,702	6,815
Equity	1,699	1,794
Equity/assets ratio	22.1%	26.3%

1. Average equity

MSEK	2021	2020
Equity	1,699	1,794
Equity for the same period in the previous year	1,794	1,583
Average equity	1,747	1,688

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- 4 Sustainable Brand Index 2021
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- 24 Green House Gas Protocol, <https://ghgprotocol.org/>

Financial calendar

- 28 April 2022 Annual General Meeting for 2021
- 29 April 2022 Interim Report January – March 2022
- 18 July 2022 Interim Report January – June 2022
- 28 October 2022 Interim Report January – September 2022

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