



Sustainability Report 2020

Espresso House Group

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About this report

This is Espresso House Group's fourth Sustainability Report. The previous report covering the year of 2019 was published in March 2020. This report has been prepared in accordance with Global Reporting Initiative (GRI) Standards: Core option. Data and activities reported in this report occurred between January 1st, 2020 and December 31st, 2020 unless stated differently.

The report is also guided by the legal requirements of the EU Directive (2014/95/EU) on non-financial reporting and hence, Espresso House Group reports on five areas: environment, social conditions, personnel, anti-corruption as well as respect for human rights.

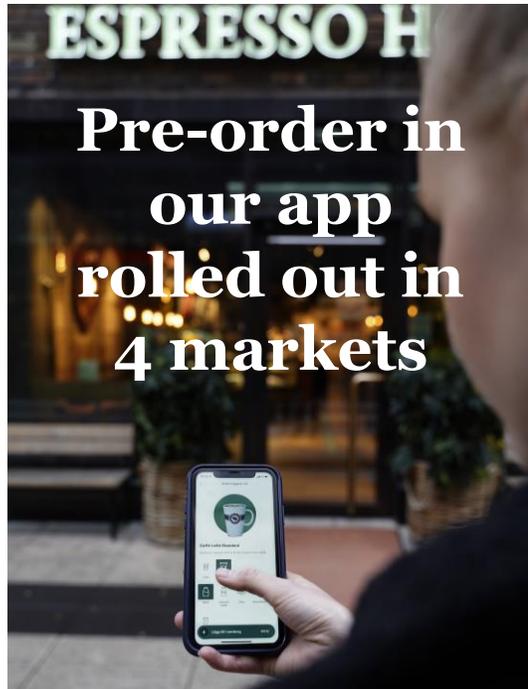
The Sustainability Report applies to all subsidiaries within the Espresso House Group in 2020 including Espresso House, Johan & Nyström and Balzac Coffee. For the purpose of this report all Balzac Coffee activities falls under Espresso House Germany.

All subsidiaries operating under Espresso House Group in 2020 are included in the financial results in this report.

The GRI Content Index can be found in the end of this report (p.58).



Highlights of 2020



ESPRESSO H
Pre-order in our app rolled out in 4 markets



Espresso House Sweden joined the network for clean oceans (Håll Havet Rent)



47% of all filter coffee sold was organic

← ♥ →
More caring than ever, same great coffee.

Approximately 500 000 SEK donated to different causes including Maskrosbarn, Child Cancer Foundations in Sweden and Norway and Danish Red Cross



US\$ 11 000 donated to establish a Farmer Field School in Colombia



46% plant-based food and drinks in assortment



Du kan bidra ved å kjøpe en gullsløyfe eller donere ønsket beløp i kassen



Over 5000 bright stars in our team and over 86 000 applications received

A word from the Group CEO

Looking back at 2020, it has now been little over a year since covid-19 made an entry in to our world. No one could ever have predicted that we would see a pandemic hit our planet, that this unprecedented virus would cause so many deaths and severe impact on our societies. No one could ever have predicted life would not again be lived as we knew it.

The corona pandemic has and is still affecting Espresso House profoundly. Early on, taking up the fight with the virus, we decided our most important objective was to take as good care of our employees as we possibly could during this severe situation. In addition, we also were determined to stay resilient and ensure we came out on the other side.

Still today, trying to put words on what we are going through, it is too early to say when the fight is over. I don't know when the time will come that we can call "post covid". What I do know, is that it is not going to be back to normal because our societies have forever been transformed in to a new way of living, the "new normal". What I also know is that there is light and hope, hope that the vaccine will slowly heal our wounds and enable us to open up our societies again.

It is tough to navigate through the landscapes of five countries with different government regulations and restrictions, often changing overnight. We have had to manage new ways of securing jobs, health and safety for our staff and guests. This has of course meant a lot of unprecedented challenges and hard work. But it has also shown an amazing fighting spirit among our employees to support our people, our guests and our brand.

Ultimately these new conditions led us to conducting major changes in our business to support our people and our guests. Most significantly, securing as many jobs we could, providing our employees new ways of working. Furthermore, we intensified safety measures and internal communication. For our guests, ensuring safe visits and introducing new channels to reach them, focusing on strengthened take away operations, digital pre-order, third party deliveries and subscription services. All for us to survive as employer and business.

Espresso House is being carried by over 5000 employees, and I think to myself how fortunate I am to work together with them to develop this company. Espresso House truly

starts with each and every one of them and with their help and support we will survive this pandemic. As we now enter the 25th year of our journey, I am confident that we will come out even stronger on the other side. Because of them, our people. We have been in this together, fought our way back, and can all look forward to a brighter tomorrow.

We will also continue our fight to contribute to a better tomorrow. Our work has never stopped, we have kept up our efforts to help our planet and live up to our promise to be Tomorrow Friendly.

John Nylén started his career within Espresso House as a Barista in 2004 and has since then worked in various functions in the company, until he became CEO for Espresso House Group in 2015.



2004	Barista
2005	Coffee Shop Manager
2005	Master Barista
2007	District Manager
2009	Regional Manager
2012	COO EH Sweden
2014	CEO EH Sweden
2015	CEO EH Group

Good progress during 2020

- Being a major youth employer, we always want to create opportunities for our people to grow. We have introduced new, enhanced digital trainings and leadership development programs. It has also been extremely important for us to intensify our internal communication during the pandemic. Focusing on keeping in touch with all our employees frequently, even though some countries have been in lockdown. We have grabbed the opportunities with digital channels and encouraging our people to help sharing. It has been truly amazing to see the engagement and leadership in all our countries to strengthen and support each other in these tough times. They have also been sharing and giving back during this crisis that has affected the communities where they live. Initiatives supporting the heroes in the hospitals or organizations working hard to help all infected with covid. Other initiatives were donations of leftover food stock and coffee to local associations to reduce food waste and to help the community.
- Coffee is our passion, and we believe in long lasting relationships with our coffee farmers. During 2020 we introduced a new joint initiative, a Farmer Field School that we started in Colombia as a way of supporting the farmers there. Together we can co-operate to always learn more and improve all steps from seed to cup.
- We know that our food habits have a big effect on our planet. We can be a big contributor and ambassador to promote eating more plant-based. Continuously we add more plant-based options on our menu and are now closer to our target of 50%, reaching 46% in 2020.
- I am happy to tell you that our own Bakery now launched delicious plant-based pastries, for example four different vegan cookies and our new vegan caramel pecan brownie. We see a very positive development with good feedback from our guests, they as we want more plant-based options. In addition, of course we continue our fight to reduce food waste and daily rescue food with food rescue apps used in all our countries.

- Step by step we continue on our journey to reduce our disposable plastics and to promote reusables. Unfortunately, plastics often end up outside the recycling scheme and in our nature and oceans. In 2020 we joined forces with the network for clean oceans (Håll Havet Rent) to support the fight against litter and to help to keep our oceans clean. To promote more people to use reusable cups we also presented a special design edition reusable cup to inspire more young people to change their behavior and minimize use of disposables.
- At Espresso House we need to further understand the impact of our business practices. In 2021 we therefore aim to start climate calculations as to map out where our impacts are and how to take the right actions towards reducing our climate footprint.

As you probably understand, I am happy to put 2020 behind us and look forward to 2021 as the year when we win the fight against covid. It will also be the year that we turn 25 and I am so excited to be able to celebrate our first part of our journey with all of my 5000 amazing colleagues. Because they are Espresso House. They made sure we won the fight against covid. They will be with me when we start our next chapter of Espresso House, and one thing I know for sure is that our Tomorrow will be fantastic because of them and the fantastic contribution they give to this company.



John Nylén, CEO Espresso House Group

About Espresso House Group

The story of Espresso House began in 1996, almost 25 years ago in the south of Sweden. Two young students, Charles and Elisabet Asker, opened the first Espresso House coffee shop in the small town of Lund. From start, passion and quality were the beacons of everything they did, and this is still true today.

At Espresso House we are all passionate Baristas. Our mission is to serve our guests an experience that exceeds their expectations. Friendliness is guiding our actions, both to each other, our guests and our planet. We also believe that everyone deserves really great coffee. It is our vision to show our world class guests what a world class coffee experience is, and we strive to do so by offering high quality Specialty Coffee roasted in our own roastery. In addition we have a broad menu of warm and cold drinks, hot and cold food, as well as pastries from our own bakery. All is served by a friendly Barista in a truly cozy coffee shop atmosphere.

Espresso House Group has since the start grown into a leading premium coffee shop brand in the Nordics. The Group operates coffee shops under the brands Espresso House* and Johan & Nyström. We are established in five countries: Sweden, Norway, Denmark, Finland and Germany, our biggest market being Sweden. Our products can also be found in approximately 700 selected retail stores in Sweden, Denmark and Norway, where the product range includes espresso, filter coffee and coffee capsules.

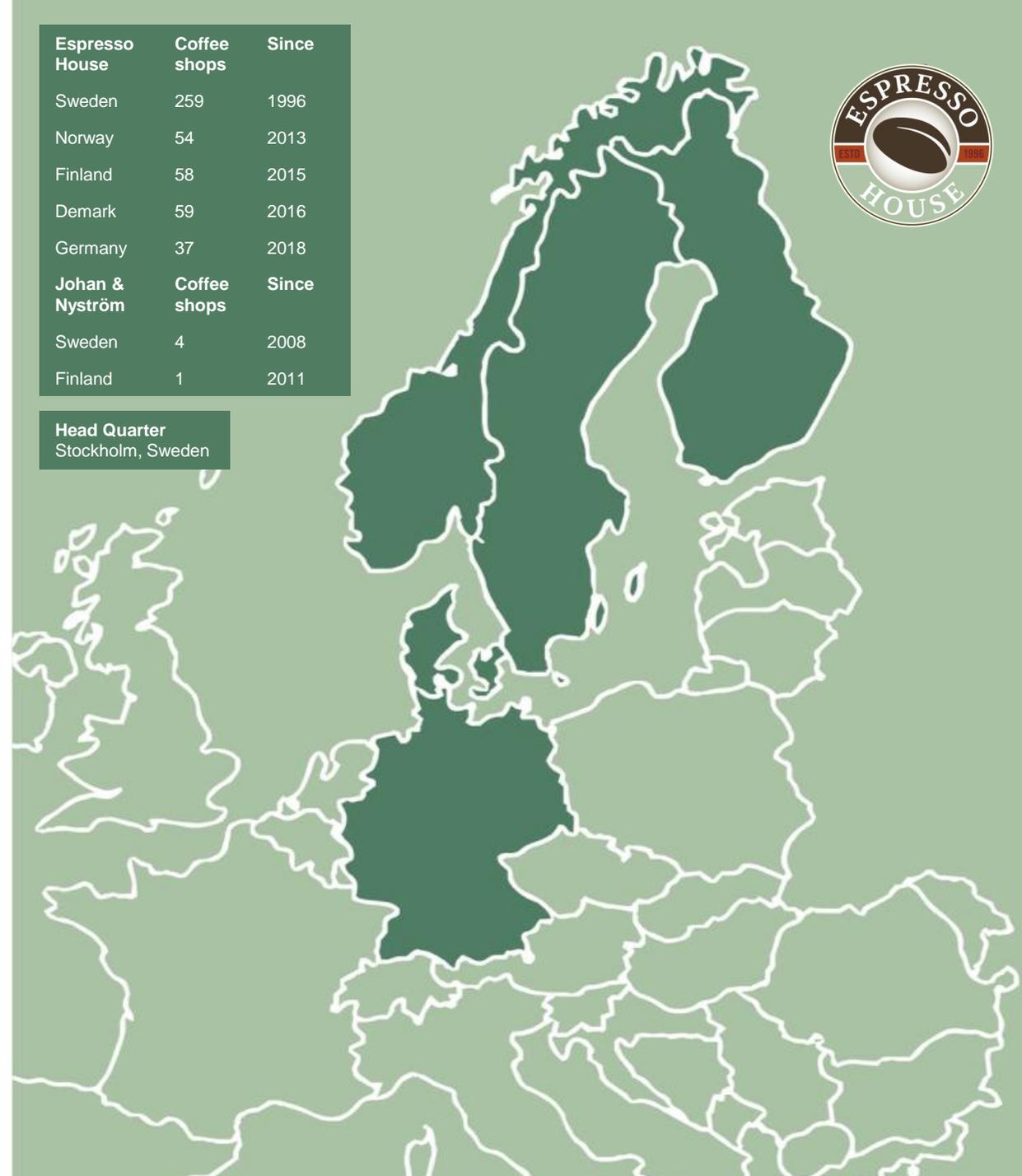
At the end of year 2020, Espresso House Group had in total 472 coffee shops of which 467 are Espresso House and 5 are Johan & Nyström. During the year we opened 26 new Espresso House Coffee Shops including 5 conversions from Balzac Coffee to Espresso House in Germany. We welcomed more than 30 million guests, and by December 2020, over 5000 people employed in all markets. The Head Office of Espresso House Group is located in Stockholm.

**Includes Balzac Coffee in Germany which is being converted into Espresso House*

Espresso House	Coffee shops	Since
Sweden	259	1996
Norway	54	2013
Finland	58	2015
Denmark	59	2016
Germany	37	2018

Johan & Nyström	Coffee shops	Since
Sweden	4	2008
Finland	1	2011

Head Quarter
Stockholm, Sweden



About Espresso House Group

For Espresso House it is key to always consider and identify consumer needs, and we know that digital services are an important area to constantly evolve. With the aim to improve service and speed, and to contribute to minimizing contact and queuing, we accelerated our digital innovations during 2020. Pre-order of our food and drinks is incorporated as a function in our popular loyalty app My Espresso House, and in 2020 we rolled this out in four markets. Furthermore we initiated third party delivery possibilities in all countries, and we launched the first ever coffee subscription in the Nordics, which brings a new guest experience for those who would like unlimited brewed coffee and tea at an affordable price.

At Espresso House, sustainability is at the heart of every function in the organization and the coordination of the work is undertaken at Group level. Specialists are found in the different subsidiaries and countries, which allows us to take Group-wide responsibility with local relevance and compliance in each country. In our work we are directed by our people values, vision and mission statements. Furthermore we have several policy documents (including Environmental policy, HR policy, Anti-corruption policy, Sourcing principles, Coffee Sourcing programme and Supplier code of conduct) that guide us in our everyday operations.

Espresso House Group is owned by JAB Holdings BV situated in Amsterdam. The board of directors consist of seven ordinary members, of whom five represent JAB Holdings BV, and two are from Espresso House. The Chief Executive Officer for Espresso House Group is John Nylén. He has held the position since 2015, and has previously held most operational positions within the company since he started his Espresso House journey as a Barista in 2004.

Espresso House*

Revenue

2 138 334 854 SEK

Guests

30 189 499

Employees (by Dec 2020)

5096

Johan & Nyström

Revenue

173 946 376 SEK

Guests

254 433

Employees (by Dec 2020)

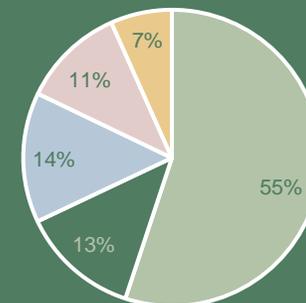
92



*Data includes EH Sweden, EH Norway, EH Finland, EH Denmark and EH Germany incl. Balzac Coffee.

Share of Sales

Espresso House 2020



- Sweden 55%
- Norway 13%
- Finland 14%
- Denmark 11%
- Germany 7%

Our Brand Pillars & Our Mission

Nordic Roots

The birth of Espresso House was a re-invention of a Nordic pastry shop and a bar. That's us – always curious, tweaking trends and constantly evolving the traditional Nordic fika moments. In a unique blend of Nordic creativity, strong traditions of indulgent breaks and among the world's most passionate coffee drinkers. This is where we find our inspiration and thrive.

Warm & Welcoming

Our house is your house. Come as you are, come solo, with friends, for a craving, to work or just to take a break. We are always happy to be your friendly host, foreseeing your every need and brighten up your day.

Public Premium

We serve a public premium experience, taking trend and inspiration to the many. We add a premium touch to make sure we exceed your expectations. We pay attention to the details in everything we do, from what we serve & how we serve it, to how our interior, packaging and communication look and feel.

Tomorrow Friendly

Sustainability is in our DNA, built in to every building block of Espresso House. With passion we care about both our Planet and our People, of course we will act responsibly today but also ensure a great Tomorrow. We promise to always improve for the better and to be Tomorrow Friendly.

Our Mission

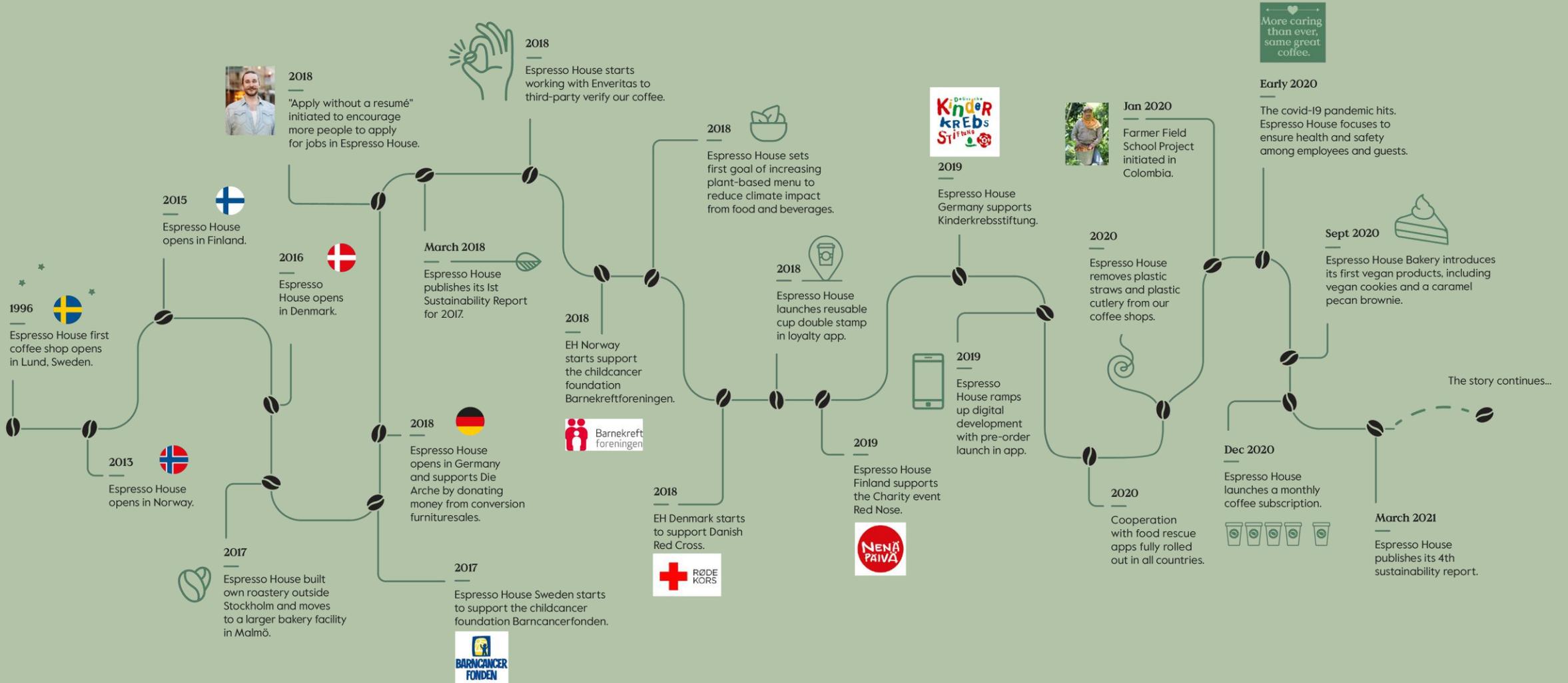
Our mission statement was developed in 2019. It is a mission that place prominence on what is vital to us; our people, our guests and our planet. We want our employees to know that they are important, that their work is important, every day, and that they are contributing to creating world class experiences for our guests while considering the environment in which we operate.

**We are passionate Baristas.
Friendliness is guiding
our actions for each other,
our guests and our planet.**

**It's our mission to serve
our guests an experience
that exceeds their
expectations.**

Today and Tomorrow.

Milestones



Our Approach to Sustainability

Nature, society and business are all interconnected and at Espresso House we are aware that our activities and the choices we make can have an impact on the planet in various ways. We have a responsibility towards future generations, and we know that sustainability means more than simply complying with the law. It is therefore our responsibility, duty and will to do what we can to contribute to a better and more sustainable future. Our aim is to work towards reducing any negative impact and instead find and create solutions to craft a positive impact throughout our value chain.

In the past years we have seen a sharp increase in the interest and commitment among our employees, guests and suppliers around sustainability. We therefore believe it is important to inform and create transparency around the work we do. We therefore strive to inform, educate and hold dialogue with our stakeholders about the sustainability work that we do.

Sustainability is for us a key, long-term commitment that needs to be placed at the core of what we do as a company, and in our work with sustainability we are guided by our strategy, goals and policies. To strengthen our commitment even further we have sustainability as part of our Brand Strategy and Brand Pillars, along side our Sustainability Manifest which is to be **Tomorrow Friendly**. This manifest was launched in 2019 and is today our sustainability promise and communication platform for all the initiatives we carry out within sustainability and social responsibility.



Espresso House is built on consideration. For our employees, our guests and for our planet. We always strive to be better and to make smart choices today which will benefit our planet tomorrow.

Follow our work for a sustainable tomorrow at www.tomorrowfriendly.com

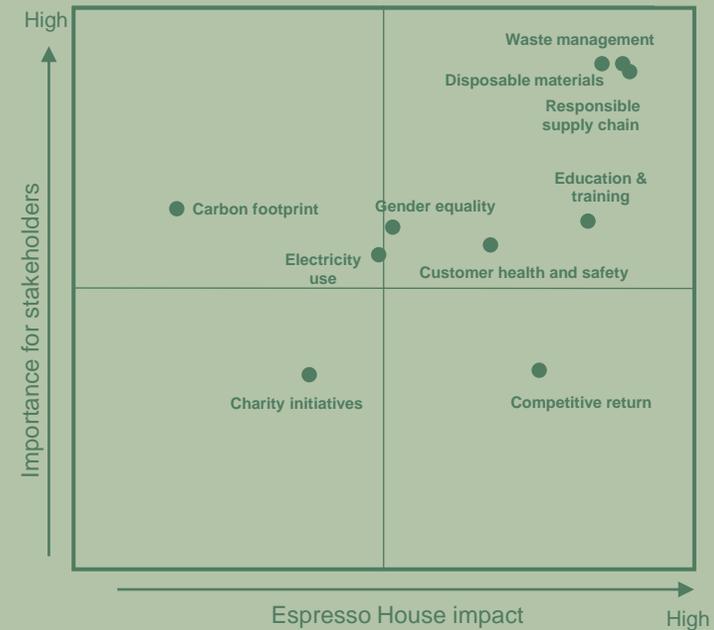
Our Stakeholders & Material Topics

A considerable number of people are directly or indirectly affected by our actions. Stakeholder expectations, along with Espresso House own strategic direction, serve as a basis for the priorities chosen for Espresso House Group's sustainability work. In 2017, we sent out our first survey on the company's sustainability work to a selected number of stakeholders, including employees, guests suppliers and the management group. Based on the valuable input, we identified areas that could prove to have a significant impact on our business, as well as where we have potential to influence and craft positive change. This study laid the foundation of our overall sustainability strategy and guides us in our decision-making and actions towards decreasing our sustainability risks in our value chain. We have grouped our material topics in the areas of **People**, **Planet** and **Product**, and the presentation of this report is also structured accordingly.

Since the first survey we have continued our stakeholder dialogue discussing sustainability specifics and priority areas relating to our company as well as closely monitoring science, facts and trends relating to sustainability. In the past year we have had to take a moment of introspection in all our departments and functions to evaluate what is important to our stakeholders. Even if the complete effects of the covid-19 pandemic are not certain, we know it has become a very important and dominant question for sustainability, as the pandemic has affected all our departments in many different ways.

To ensure our sustainability agenda is relevant going forward and aligned with our stakeholders' expectations, a new sustainability survey is being undertaken in 2021. The analysis will be based on the GRI Sustainability Reporting Guidelines. By this survey, we are able to set new tangible goals and to strengthen our sustainability strategy further for the coming years. We feel it is of outmost importance to adapt and stay resilient in this currently complex and evolving risk landscape that we are in.

Our Material Topics



People

- Promote a culture of diversity and equal opportunity.
- Educate and train our employees in the best possible way

Planet

- Minimize environmental impact in our operations by minimizing waste.
- Reduce climate impact by decreasing the amount of transports.
- Reducing the use of disposable materials

Product

- Offer a healthy and sustainable product assortment and promote local sourcing.
- Reduce climate impact of our products
- Responsible sourcing of coffee
- Ensure that our suppliers comply with established international standards.

Our Stakeholders

Guests

Our guests always come first and represent our most important stakeholder group. In 2020 we welcomed over 30 000 000 guests in our coffee shops

Employees

We want everyone to feel welcome at Espresso House Group. Opinions and feedback from our employees are highly valued for us in our aim to become an even better employer

Suppliers

We keep continuous dialogue and work together with our suppliers. They represent an important part of our business

Our Sustainability Risks

Espresso House Group is exposed to several sustainability risks in our whole value chain and our risk management covers all levels of the value chain, from coffee bean to coffee cup. We also recognize the importance of monitoring the possible risks related to human rights impact in our own operations, as well as in our supply chain. By evaluating and analyzing our risks continuously we are able to identify important matters that potentially can have a negative impact .

In 2020 the pandemic showed us that even the most developed forecasting models can not show the full extent of the environmental, health and safety as well as social risks and impacts that this crisis has brought. It forced us to reorganize and to reprioritize without compromising the health and safety of our employees and guests. The spread of infectious diseases is by no means a new risk, however it has made the risk a reality for us being in an industry where we are dependent on the meeting of people. Our continuous focus on ensuring a safe environment was carried out through rigorous communication and the implementation of new strict routines for the purpose of ensuring health and safety of our employees and guests.

Apart from that, the main sustainability risk for Espresso House relates to ensuring that sustainability is embedded into our services and products including managing risk of supply chain disruption. The risks in our upstream supply chain activities are identified as being highly significant. These risks are related to supplier social and environmental assessment, and we are aware of the human rights and environmental risks associated with coffee production. To manage risks in the supply chain of the coffee for example, we follow a coffee sourcing programme where we make third-party assessment of our coffee producers to ensure responsible sourcing. A programme that has successfully been going on for three years now, and a work that we will continue in 2021.

In our coffee shops our sustainability risks primarily include health and safety, product development, attracting and retaining staff, use and disposal of different materials as well as waste management. All our activities described in this report signifies the steps that we have taken to manage our sustainability risks as well as to strengthen our opportunities under the areas of **People**, **Planet** and **Product**. However, before we move to the People chapter we would like to write a little bit about the year of 2020 and how it has affected us.

Identified risks in the value chain

- Climate impact
- Pandemic impact
- Local community impact
- Supplier social assessment
- Environmental impact
- Corruption & business ethics
- Materials and packaging
- Attracting & retaining work force
- Diversity & equal opportunity
- Product health & safety
- Occupational health and safety
- Guest health and safety
- Waste and energy management
- Damage to company reputation

Coffee producers, raw material and ingredients



Transports



Roastery/Bakery



Distributor/Transports



Coffee shops



Guests



Recycling

Note. Risk assessment is a continuous process for Espresso House, and therefore the risks are not limited to above points.

The year of 2020

Covid-19: Response and Resilience

The year of 2020

Covid-19: Response and Resilience

Like most businesses within our trade, the corona pandemic affected Espresso House profoundly in the year of 2020. Our most important objective was and is to take good care of our employees and guests during this severe situation, and to ensure we come out on the other side.

In this past year, not only our financial performance was severely hit by local political restrictions and lockdowns, we have also had to manage new ways of securing jobs as well as health and safety for our staff and guests.

Ultimately these new conditions led us to conducting major changes in our business with the priority of securing as many jobs we could, providing our employees with new ways of working and intensifying safety measures and internal communication. For our guests we have focused on ensuring safe visits and introducing new channels to reach them with focus on strengthened take away operations, digital pre-order, third party deliveries and subscription services. All for our business to survive short and long term.

Studies show that the more tangible the threat, the more resilient we become. That we believe to be true for Espresso House. We believe we have been in the eye of the storm of this crisis as a company.

We will continue to raise the bar of our internal communication and engagement in care of our most important asset: the people of Espresso House. Everyone has shown so much support and loyalty towards each other and Espresso House through 2020. We have been and are in troublesome times, we have had our people making considerable sacrifices by being on short term leave, taking a hit to their personal finances, we have had to make the difficult decision to let colleagues go in order for our company to survive. These decisions have not been easy and we have made them with great consideration, but we firmly believe that our actions will make it possible for us to come through this crisis with a greater understanding for each other because we have listened and talked to one another with great respect during this period.

How it began

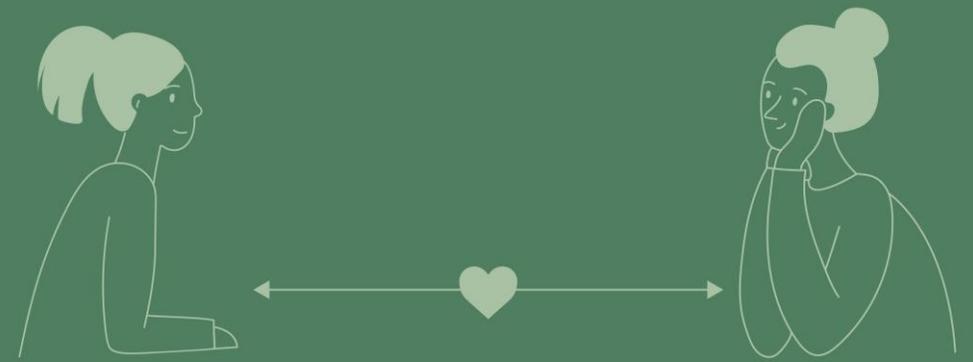
In February 2020 we experienced the first indications of covid-19 affecting our business. In March three of our five markets were locked down and for the remaining two restrictions and consumer behavior severely impacted our performance.

During Spring our five markets all became subjects to different levels of governmental restrictions. We had to make sure that critical information on restrictions and new ways of working to secure health and safety reached all of our colleagues and our guests in a fast pace.

Given the fact that covid-19 was handled very differently by the authorities across our markets, Espresso House had to navigate in different regulatory landscapes to understand how to operate under these new circumstances. We had a strong focus internally with support teams both on international and country level working intensely to support our people and operations out in the coffee shops.

In addition to that challenge, we had a new task of engaging and connecting with the many employees temporarily not working or now working from home; We established the channel "EH_sharing4caring" in our chat forum to connect across markets and to share engaging content, "Digital Fika" became our new way of getting together and internal Facebook groups were now boosted with music videos and quizzes among many other creative productions by our Baristas. Our most important objective being to take good care of our employees during this severe situation, and to ensure we came out on the other side.

How we have been affected by the challenges will also be explained further where appropriate and is weaved in under the areas of People, Planet and Product in this report.



The year of 2020

New ways of working

To minimize the risk of infection, we quickly adapted our hygiene and training routines in our coffee shops. A safe and care kit was continuously updated and communicated to our employees and guests across our channels to take responsibility and secure social distancing and disinfection in our locations.



Take care of each other

Please keep a distance in line and at the tables and enjoy your favourite to-go whenever possible.



Thank you for taking such good care of our colleagues and of each other.



Thank you for caring.

ESPRESSO HOUSE

In any crisis there are many things that we cannot control but instead of focusing on them we have tried to focus on the things we can.

The corona crisis turbo charged a shift in our business model and a number of multichannel developments in order for our business to survive, and to secure as many jobs as possible.

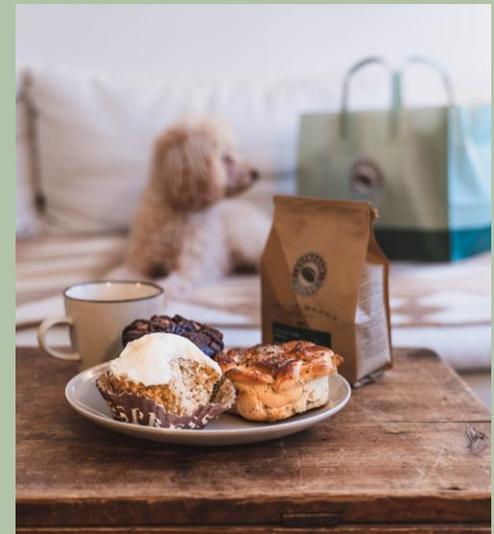
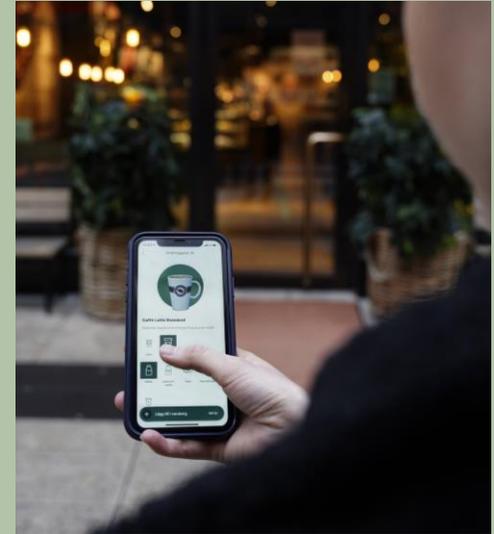
We intensified our take away operations, making it even better. In some countries we are even only allowed to serve our products “to go”.

To further simplify, we have rolled out a digital pre-order program. With our app the guests are able to order and pay before entering the coffee shops and thereby avoid contact and queuing.

Working with 3rd party delivery partners also became a way of reaching our guests outside our physical locations, and these collaborations continue to be a growing part of our business model today.

Lastly, we have introduced an even smoother way to enjoy our coffee, a subscription model where you simply sign up, pre-pay and then just pick up your coffee to go.

All of the innovations have proved to be strong assets and all add on to our traditional business model. We will continue to strengthen these new areas to maximize the potential of it and to adapt to consumer behavior and needs.



The year of 2020

Not only did we see a fantastic fighting spirit and support for our company among our employees. We also saw how our people supported their communities. Many good initiatives were done by our teams to support the heroes in the hospitals and organizations working hard to help all infected with covid-19. Other initiatives were donations of leftover food stock (due to temporary coffee shop closures creating food surplus) and coffee to local associations to reduce food waste and to help the community.



Espresso House Finland supported the personnel in the hospitals working in tough times, and we delivered almost 21 000 buns to Helsinki University Hospital. Our charity intent reached all the personnel in all 25 hospitals in the Southern area of Finland. Finland also supported families with a challenging situation through the organization Apuna Ry by delivering them buns and scones, all together 11 600 pieces.



As a result of the covid-19 lockdown in **Germany**, **Espresso House** donated lots of fresh food products and helpful items to local food banks, called "Die Tafel". Since the organizations were partially not able to pick up the donations, some of our great colleagues delivered the goods right to their doorstep! Basically, we just packed our cars to the maximum with goods like coffee cups, food, milk, fruits & vegetables, bread, etc.



In spring 2020 **Espresso House Denmark** offered a free coffee to the health care staff working at the National hospital of Denmark. Care packages with coffee and sweets were given to the hospital departments. During 2020, we also offered surplus food to the food safety organization "Fødevarebanken" and to smaller local initiatives supporting homeless people. Furthermore, we donated coffee beans and snacks to all the volunteers working to support the official national Corona telephone hotline at Red Cross Head Quarters



During 2020, **Espresso House Sweden** collaborated with "Stadsmissionen", the food rescue organization Food2Change and other smaller initiatives. Surplus products such as juices, smoothies, buns, dairy products and different salad bases were donated. We have in this way been able to contribute and at the same time minimize food waste. We also donated coffee at all our hospital coffee shops to hospital staff (during March April and December). About 4000 coffees were handed out.



Espresso House Norway donated surplus food to "Matsentralen" in the spring 2020. They facilitate the redistribution of surplus food from the food industry to non-profit organizations that help the disadvantaged. In April we also gave free coffee to all employees at Oslo University Hospital for their effort and hard work during the pandemic. Over 500 employees visited us to receive their coffee. In addition, multiple boxes with coffee bags were donated.

People



Our People

Our people are the foundation of our brand, and with our warm, personal, and including atmosphere we welcome everyone just the way they are. Our five people values (p.21) set the foundation for our culture and guide us in our daily work. The HR Manager in each country and company is responsible for the people function, guided by our HR policies, and with support from our Group HR team. The Group HR team was created in 2020 as a part of strengthening the HR function during the pandemic. As of December 2020 we had 5188 employees in both Espresso House and Johan & Nyström. 78 % of our employees at Espresso House Group are covered by collective bargain agreements. During 2020 we received almost 86 000 work applications, which is an increase of applications received with 10% compared to 2019.

The year of 2020 has without a doubt been the most challenging year for Human Resources in the history of Espresso House. From realizing we were heading into a large scale pandemic to making tough decision, and having to close coffee shops happened in just a matter of weeks and even days in some aspects. This resulted in restructuring of our different business functions and having to make the difficult decision to reduce the amount of employees at the same time. Our focus was from the start to always protect our employees and guests, to take care of each other and at the same time secure business continuity. New covid guidelines and policies related to health and safety were created for both coffee shops and office employees. A safe and care kit was developed for the coffee shops and communicated to our employees and guests across our channels to take responsibility and secure social distancing according to national and local restrictions. For our offices, hygiene and social distance measures were introduced for the different spaces, and home office have been encouraged at all times. We have during the year continued with employee surveys, now specifically with questions related to the pandemic. Furthermore we have also strengthened our digital training through our E-learning system Academy Learn.

Our Employees

20

	Total	Sweden	Norway	Denmark	Finland	Germany	Johan & Nyström
Dec 2020	5188	2941	647	466	667	375	92
Dec 2019	6324						

Gender distribution Employees Espresso House

Year	Men	Women
2020	17%	83%
2019	17%	83%
2018	16%	84%

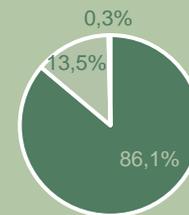
Gender distribution Employees Johan & Nyström

Year	Men	Women
2020	59%	41%
2019	58%	42%
2018	57%	43%

Gender Distribution Management EH Group

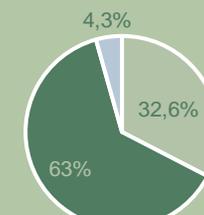
Year	Men	Women
2020	47%	53%
2019	49%	51%
2018	58%	42%

Age Groups Espresso House



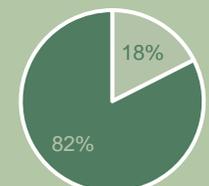
- under 30yrs (86,1%)
- 30-50 yrs (13,5%)
- over 50yrs (0,3%)

Age Groups Johan & Nyström



- under 30yrs (32,6%)
- 30-50 yrs (63%)
- over 50yrs (4,3%)

Gender distribution Coffee Shop Managers



- Male Coffeeshop managers
- Female Coffeeshop managers

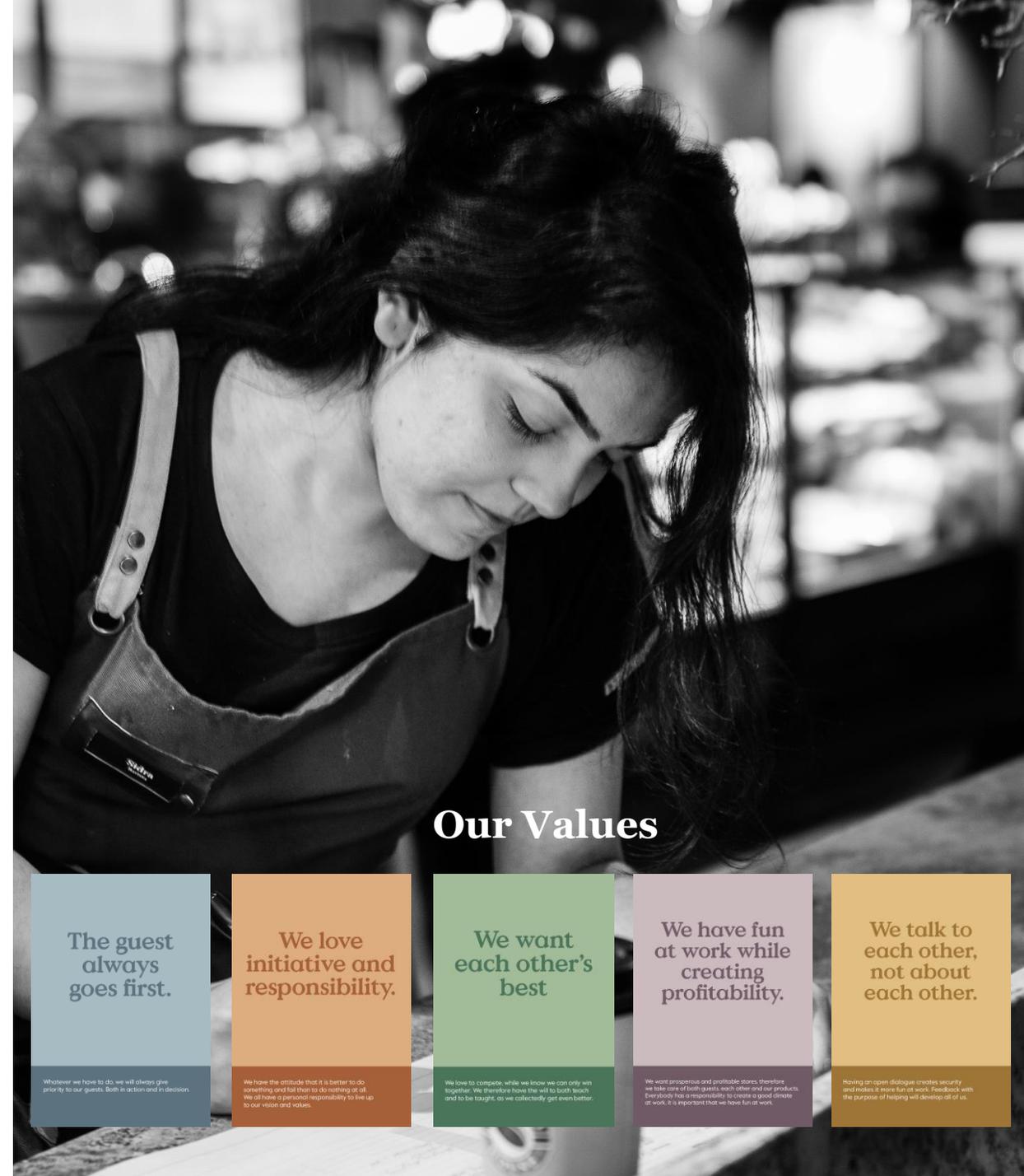
Youth Employer

Work environment

Espresso House is a major youth employer with over 5000 employees and of which 86 % are under the age of 30. Each and every one of all fantastic individuals is what makes Espresso House what it is today. Being a large youth employer comes with a great responsibility for us to ensure a safe work environment for all of our employees and to allow for a workplace where everyone is accepted and welcomed for who they are. Our culture is value driven and we want to see our employees thrive with us and succeed as valuable individuals and as team members.

Our employees are our most important ambassadors and having 96 % of our total workforce in the coffee shops, we need to ensure that we are present where the majority of our employees are and that we learn from them and their needs. Listening to our employees about what they are thinking and feeling is one of our most important tasks and we do this through surveys, focus groups, team meetings and one on one meetings. Feedback channels for the employees are in place in all countries where queries and thoughts can be raised. We also have work environment representatives and we work with open communication between our coffee shop operations and the service offices supporting these. In 2020 we also started rolling out improved employee rest and break areas initiating in 18 coffee shops. This is a continuous work as a part of bettering the physical work-environment and create a larger and better areas for calm and rest during the employee work breaks.

In 2021 we will take steps to further reinforce and standardize Group policies and guidelines, related to onboarding, training, capacity development, work environment, as well as continue our work on equality and diversity. Ultimately, everyone matters and we want to see our people thrive in their role regardless of what work title they hold.



Our Values

**The guest
always
goes first.**

Whatever we have to do, we will always give priority to our guests. Both in action and in decision.

**We love
initiative and
responsibility.**

We have the attitude that it is better to do something and fail than to do nothing at all. We all have a personal responsibility to live up to our vision and values.

**We want
each other's
best**

We love to compete, while we know we can only win together. We therefore have the will to both teach and to be taught, as we collectively get even better.

**We have fun
at work while
creating
profitability.**

We want prosperous and profitable stores, therefore we take care of both guests, each other and our products. Every employee has a responsibility to create a good atmosphere at work. It is important that we have fun at work.

**We talk to
each other,
not about
each other.**

Having an open dialogue creates security and makes it more fun at work. Feedback with the purpose of helping will develop all of us.

Learning from our People

Our people, our priority

Our people are our first priority, as they make Espresso House what it is. We are continuously working hard in all markets to make Espresso House an even better place to work. Year 2020 brought unforeseen challenges with the covid-19 pandemic that forced us, like so many other companies, to very quickly take exceptional actions and find all new ways to operate our business and to take care of our people.

The feedback we receive from our employees is extremely important to us in our work to become an even better place to work. We are regularly conducting employee surveys to ask our people how they are doing, and to initiate discussions on how to improve Espresso House as a workplace in every team. In autumn 2020, we wanted to ask our people specifically about their thoughts during the covid-19 restrictions.

The results of this survey showed that our people think Espresso House has succeeded relatively well in handling the situation: 88 % of the respondents totally or partially agreed on having received enough and correct information from the employer, 85 % felt Espresso House had followed the local rules and restrictions very or relatively well, and 80 % felt completely or partially safe at work. What was especially nice to notice was that 84 % were somewhat or very happy with the way their closest manager had supported them during the crisis. We also received a lot of good feedback and suggestions from our people on how to improve in these areas, and actions have been taken based on this feedback in all markets.

Moving forward we know that we can only do better as a company, and listening to our baristas help us in that. *“We are continuing the work to develop the feedback channels for our people to express their opinions, concerns and ideas. The whistleblower channel, that is meant for reporting suspected criminal activities or serious misbehaviors, is now used in four markets. We have also started an Advisory Board, a cross-market forum with representatives from the shops and the offices, that will meet to discuss what works well and what can be improved at Espresso House. In addition, we have been and are introducing other, lower-threshold channels for our employees to make their voice heard.”* Hilppa Horneman Head of HR, Espresso House Group

Anti-corruption

We are a company that our guests, employees and suppliers can rely on and it is important that all parts of our operations are handled transparently and in accordance with existing laws and regulations. In 2018, we formulated an Anti-Corruption Policy for Espresso House Group, and in October 2019 we furthermore introduced a whistleblower function in Espresso House Sweden that enables malpractice, unlawful or unethical behavior to be reported anonymously by our employees. In the beginning of 2021 the whistleblower had been implemented in four markets. The Finance department has the ultimate ownership of the anti-corruption policy and the implementation of it. In 2020, zero incidents were reported in terms of issues related to corruption.



Plan for Equal Rights and Opportunities

Our approach to equal rights and opportunities

At Espresso House Sweden we have previously worked with gender equality plans to promote equal distribution between men and women. However, moving forward we are committing to a broader perspective.

Not only is it important to work actively for women and men to have equal rights and opportunities. All our employees must have the right to be themselves, regardless of who they are or whatever their backgrounds are. We believe in the equal value of all people and that everyone should have the same opportunities and rights in working life, regardless of gender, gender identity or expression, ethnic affiliation, religion or other beliefs, disability, sexual orientation or age. We have thus gone from having a gender perspective only, to focusing on all the seven grounds for discrimination. In this way, all our existing and potential employees should feel welcomed, respected and safe at Espresso House, a workplace that is characterized by diversity and differences. The plan goes hand in hand with our Equality Policy.

To follow up on our work we also ask our employees about this matter, and in the spring survey in March 2020, the strongest area was “free from discrimination”. 96 % of our employees agree partially (15 %) or completely (81 %) with the statement “I find the company to be a workplace free from discrimination, regardless of ethnicity, disability, gender, transgender identity, sexual orientation, religion or age.”

Our continued objective is to be an open and inclusive employer where all employees have the same opportunity to achieve their full potential, and to be accepted for exactly who they are. This is a continuous work that will always be a priority for us.



Espresso House - starts with you -

It starts with you

Espresso House - starts with you - was a campaign initiated in September 2020. Our greatest ambassadors are the ones working at Espresso House and we want everyone to be proud of the organization. The Espresso House culture is key to our success and we have many ambassadors within the organization that have taken the opportunity given by Espresso House and excelled – both personally and from a career perspective. There are many examples that Espresso House is a great platform for growth, and our own CEO is maybe the most telling example. Going from working behind the coffee station as a barista, to being the leader of Espresso House in all markets is impressive. That amazing journey is rooted in the company philosophy of believing in people and their ability to do good. When the people grow, the company grows. That is why Espresso House starts with our people.

We want You – not your Resumé

At Espresso House we are always welcoming new stars to our team. We are convinced that personality and drive is a crucial component in each and every individuals journey to actualize their dreams. Our focus is finding the person with the right personality and drive, and enable for them to get maybe that first job and grow with us. A resumé might well be important, but ultimately we hire for attitude and train for skills. This was the message behind the launch of “We want you – not your resumé” which is about inclusion and providing opportunity to work and grow within our company, regardless of background. The recruitment method was initiated in Sweden in 2018 and is still our strong card in being a frontrunner of inclusive recruitment strategies.



ESPRESSO HOUSE

— STARTS WITH YOU —

Grow with Espresso House

Our training

In our aim to provide our guests with a world class coffee experience, education of our baristas is fundamental. A priority for us is to provide a safe and meaningful place to work and where our employees feel that they have the right training and opportunities to thrive in their work. Our training includes both on the job training and theoretical introduction and every new barista at Espresso House received in 2020 approximately 26 hours of training. We continuously evaluate our own routines and improve our operations and practices related to capacity development.

When a new employee starts, they will first of all become a certified Barista. Hence, there are no prerequisites of certain experience or skill sets before starting in our company; We will provide the needed training. We also offer further training within coffee including opportunities to complete a Senior Barista course or even a more deep diving advanced Master Barista course. Our different barista training programs cover everything the employee needs to know in terms of coffee farming, roasting, taste notes, quality, milk skimming, latte art and machine reparations. We also provide good possibilities to grow into new roles within the company as a leader, including Shift Leader, Coffee Shop Manager or District Manager. Furthermore, opportunities exist within our service offices where we have specialist roles like HR, Product or Finance for example. Ultimately, the most important thing when seeking new employees is to find the right person with the right personality and drive!

Successful District Manager

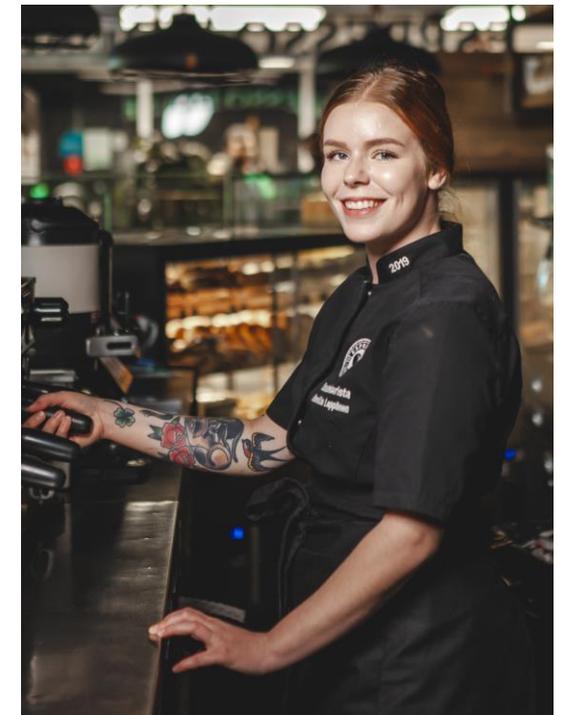
Our District Managers are doing an incredible job at Espresso House and they play an important role in driving performance success and employee satisfaction in our Coffee Shops. The District Managers have a big people responsibility, managing the Coffee Shop Managers and up to 12 coffee shops in their district. Our District Manager programmes have been

running for many years, however in 2020 we decided to upgrade it. We believe that this group of managers has a large effect on execution and implementation of operational strategies and we therefore need to ensure they receive the right support and tools. The upgraded Successful District Manager programme was introduced in November 2020 as a part of further strengthening the skills amongst our incredible District Managers.



ESPRESSO HOUSE
— SUCCESSFUL DM —

As a District Manager you are carrying out an important job each and every day, being the face of the Company to our CS Leaders and Baristas. This program is designed to support you in your everyday work. It is focusing on leadership and tools, to continuously improve our operations.

Digital Training

Espresso House Academy

We want to see our employees succeed in their job, and we are aware of our responsibility to ensure our employees receive the right introduction, knowledge and prerequisites to feel safe at work and to be able to do the best job possible. For the purpose of strengthening the onboarding process, Espresso House has developed an extensive training that is both practical and theoretical under the name of Espresso House Academy. In 2020 Espresso House Sweden has accelerated the digital trainings in our Academy that is divided into three parts. The parts are called **Learn**, **Play** and **Skills**. With the digital platform we are able to provide customized training based on our employees' role in the company.

While **Learn** is our formal digital E-learning platform with interactive quizzes, **Play** is a 'channel' with informative video trainings including maintenance videos, product videos and barista 'hacks'. **Skills** is an interactive gamification App where Baristas and Coffee Shop Managers can learn by simply gaming their way through information and facts about Espresso House. The interactive training has proved to be efficient and fun, and 95% of the employees asked in 2020 agree that they like our digital interactive training.

"At Espresso House our vision is to offer "The world's best coffee experience to the world's best guest". The digital learning platform has enabled us to reach our employees in an efficient way, from Boden in the north to Ystad in the south of Sweden - giving our employees the best training conditions and ability to live up to our vision" Jonas Krantz, Training Manager, EH Sweden.

While we have implemented the entire program in Sweden, Norway has successfully implemented the module Learn, and Germany plan to implement it in 2021. Our ambition is for all countries to have the platform to ensure the quality of the education we provide across all markets. Moreover, as a part of strengthening the awareness around our work on sustainability, in 2020 we also implemented a digital training session on Sustainability as an E-learning module. The training consists of informative videos, fact cards and questions with the purpose to educate our employees in our sustainability work.



95% of the employees asked in 2020 like our digital interactive training



People is my thing

With almost 10 years of experience at Espresso House, Anna has, with her optimism and dedication, always shown what the true Espresso House spirit is about – it's about our People.

"I started at Espresso House in 2011 as a Barista, and my initial thought was to work for a couple of months. Almost directly I was caught by the energizing tempo and the amazing atmosphere we had in the coffee shop amongst the employees and our guests. My own Coffee Shop Manager was fantastic and saw more potential in me than what I saw in myself at the time. She offered me the role to become a Shift Leader, where I developed my leader and organizing skills. A little more than a year later I was going to apply for the position as Coffee Shop Manager, but I found myself thinking that working with people was more fun than working with numbers. I realized that I needed to take the path towards Human Resources, which since then has been 'my thing'.

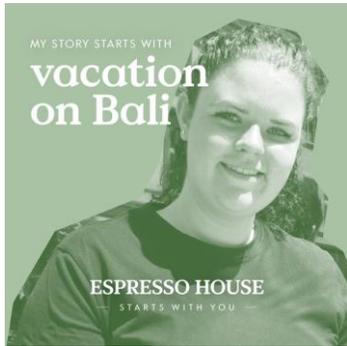
What I love most about working at Espresso House is of course the People! You get inspired every day by working with so many different types of personalities that are so driven in their work. In my own role I always try to think: 'How can my work today help the employees and the managers?' and 'How can I make their day better?'. By keeping these questions top of mind, I am able to prioritize and make the best decisions, at least under normal circumstances. However, how is this done when we find ourselves in the middle of a pandemic?

This year has by far been the most challenging year in my time at Espresso House, for pretty obvious reasons. We have had to restructure our business differently and our work has been needed in different ways than usual. We have unfortunately had to make some difficult decisions that we did not want to take, saying goodbye to some of our dear colleagues, which has been the hardest thing I have been through. It has also been a very educational year, where initially and voluntarily I shouldered the role of keeping track of the restrictions and guidelines placed by authorities, learning everything about the spread of the corona virus. But this was not even the most important lessons for me. The main lesson has been to really understand our values and what really matters. At the end of the day the only important thing is to take care of each other and create a safe environment in the coffee shops for our employees and for our guests. It has been our priority in 2020 and will continue to be our priority in 2021. People are our most important asset, and that has to be seen and felt in every decision we make."

Anna, HR Business Partner, Espresso House Sweden



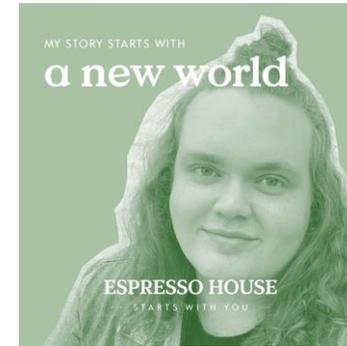
Our People, our Foundation



Fanny, Trainee, Germany
While lying on the beach, I got a call from Espresso House and was invited to a trail day. From the moment I entered the shop for the first time, I felt as a part of the team.



Simon, District Manager, Norway
I have grown as a human being thanks to Espresso House. I have failed, I have learned, I have grown and I have always been well taken care of along the way. I was a seed when I started, today I am a coffee plant!



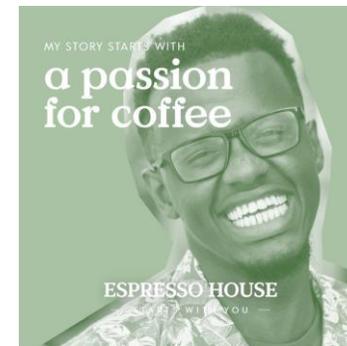
Cazper, Shift Leader, Sweden
To work at Espresso House has really made me grow a lot, both personally and professionally. For me, it is so much more than just a job. For me it is friends for life, opportunities to do funny things and to become an adult. My job opened the door to a new world.



Ida, Coffee Shop Manager, Denmark
The best thing about the job is the colleagues and the team. I've got to know amazing people and we have gotten a new hobby together. Some of our regulars play in the local ice hockey club, so now we always go and cheer on them when they have a game!



Hoda, Senior Barista, Germany
I commuted between two cities and occasionally had a coffee at the Espresso House at the train station. When I moved to Hamburg, I knew that I would only want to work for that company.



Sharmarke, Barista, Norway
The opportunity to make and serve delicious coffee to our guests and make them fall in love with coffee is the main reason I want to work at Espresso House. There is no better feeling than when a guest likes what you've made for them.



Michaela, District Manager, Norway
When I moved from Sweden to Norway, my parents thought I only would stay a couple of weeks. Almost seven years later I am still here, and I have built a life and a career along the way. Espresso House has taught me that you will go really far with the right attitude: you need to be focused and never ignore your own goals.



Victor, Master Barista, Denmark
We always have fun when we are behind the bar – and then it is only a bonus that you can serve a good cup of coffee in the meantime. In addition to my work at Espresso House, I also work with music. For me, it's great to work in a place where you can give everything when you're there, but also put it away when you go home and concentrate on other interests.



Maja, Barista, Sweden
During my last year at high school I was very tired of school and did not want to study further after graduation. When Espresso House opened their first shop in Piteå, I took the chance and applied for the job. Today I work as a Shift Leader, I have attended several internal trainings and there is always something new to move forward to.

Our Social Responsibility

Our support

At Espresso House we are in a unique position to be able to help others and we feel it is our responsibility to support and make our contribution to charity initiatives. We follow up and evaluate our social engagements yearly, and we are continuously evaluating potential partnerships where we feel we can contribute to a positive change or development. The decision making and coordination of our social responsibility and charity work is carried out locally in each country and company.

The support by Espresso House focuses primarily on contributions and support to local events and organizations in the countries where we operate. Our aim is to make meaningful contributions that go towards improving lives, often related to children and young people. In 2020 our social responsibility work focused mainly to raise awareness digitally through our website and social media.

In 2020 we contributed with over 500 000 SEK to different charity causes.



Espresso House Sweden supported for the fourth year in a row, the Swedish Child Cancer Foundation (Barncancerfonden). Through various activities online including a Tradera Auction as well as Instagram and Facebook activities, we raised 44 306 SEK for the important cause that the foundation stands for.



Espresso House Sweden initiated a collaboration with Maskrosbarn, which is a children's rights organization that aims to improve living conditions for children with parents who are struggling with addiction, mental problems or who expose them to violence. We donated 150 000 SEK during 2020 and raised awareness through our social media channels.



Espresso House Denmark continued the support for Danish Red Cross. On Valentine's we had a one-day campaign where we gathered 19.613 DKK. For Christmas we supported their Christmas help programme through the sales of the Danish Christmas bakery classic Æbleskiver, which resulted in a donation of 31.944 DKK. Espresso House also participated in a Christmas Relay. In total 71.557 DKK was donated to the Danish Red Cross to support their important work in fighting loneliness and social isolation.

Our Social Responsibility



For the third year, **Espresso House Norway** again united with the Norwegian Childhood Cancer Society (Barnekreftforeningen) to support their important cause to eradicate childhood cancer. Throughout September, our guests could buy gold bows in all our coffee shops, and in addition they could donate a desired amount at checkout. With the help from our guests, Espresso House managed to raise a total of 154 509 NOK. In addition, we have donated 100 Espresso House gift cards worth 500 NOK each to Barnekreftforeningen.



Espresso House Germany has for the past few years supported the child aid organization 'Die Arche'. Support has been given through flea market sales of our left over furniture and decorations from the conversions of Balzac to Espresso House. In 2020 we raised 6636 EURO for the important work of "Die Arche" to support neglected children and youth in Hamburg and Berlin.



At **Johan & Nyström** we are having a continuous cooperation with Stadsmissionen, an organization that focuses on inclusion, supports homeless people and other people feeling alienated in society. In 2020 we supported with 10 000 SEK as well as over 1000 cups of coffee.

Furthermore, we continued to support Regnbågsfonden by donating SEK 5 per every sold "Earl Gay Tea", in total 8955 SEK. Also, our support of Maskrosbarn continues by donating 3 SEK per every sold product of "Tro, Hopp och Kaffe" (Faith, Hope and Coffee), a total donation of 8682 SEK.



At **Johan & Nyström** we always want to contribute to the development of more high-quality and sustainable coffee for future generations. This is why we in 2020 decided to give two of our producers in Colombia, Carlos T. and Eiver M. a christmas gift of 1000 \$. A minor bonus for producing coffee at an absolute top level despite the challenges they faced during the year. The purpose of the contribution is for them to invest further in their business.

Planet



Our Environmental Impact

Our approach

Espresso House Group recognizes that we, in our business activities across all countries and through our value chain, have a fundamental impact on the planet. Environmental sustainability means to minimize (or if possible, eliminate) the footprint of our business on the planet. Therefore we are aware of our responsibilities to prevent and minimize any negative impact from operating our Coffee Shops, Bakery and Roastery. Our Environment Policy is guiding our work and we revise our goals yearly.

A large part of our environmental impact comes from the food we serve and having a better understanding of this could help us all to make better decisions. This will be described more under Product (p. 44). However, sustainable food is not only about the food itself and our impact stretches further than this. It is a combination of factors including how the food is produced, how it is packaged, how it is consumed, in what locations we serve our food, how it is discarded, and how it is transported amongst others factors. For example, at Espresso House we try to streamline transports across operations more effectively by simplifying our maintenance work related to our coffee shops, and our main product distributor HAVI uses 98,7% renewable fuel for the transportations of own trucks to our coffee shops in Sweden.

Our ambition is to continuously and structurally work towards setting goals, monitoring and reducing our climate footprint, and to ensure that our sustainability strategy is aligned with our stakeholders' expectations.

Measuring our climate footprint

We acknowledge the need to take a closer look at our current practices and our ambition for 2021 is to set new goals that aims to reduce our climate impact. In doing so, we first of all need to map out where we stand today, and in this work we have decided to initiate the process of calculating our climate footprint in 2021. This is an important step to us, not only to take action, but to identify the right actions and right choices that we need to make for the future.



Zero Food to Waste

Food rescue

Globally, it is estimated that a third of all food that is produced for human consumption will go to waste. This is a huge and complex problem, and at Espresso House we acknowledge our responsibility to be a part of the solution and work towards preventing and minimizing food waste in our operations. Espresso House first of all works specifically with preventing food waste in the first place, by planning and working to ensure freshness and quality of the products in the coffee shop. In fact, majority of our coffee shops prepare the food in-shop.

In 2018 we further joined in on the mission to fight food waste, and we initiated a work to partner up with leading food rescue application services. By cooperating with these apps we are able to sell good surplus food, that would else have been thrown away, at a discounted price. As of 2020, Espresso House in all countries are cooperating with a food rescue service. In Sweden we cooperate with Karma, and in Norway, Denmark and Germany we are cooperating with Too Good To Go. Espresso House Finland collaborates with ResQ Club, and since 2019, Johan & Nyström also cooperates with Karma in Sweden. At Espresso House Sweden we also received an award from Karma in 2020. The award 'CO2minator of the Year' was received in 2020 with their justification: *"For smart and focused sustainability work all over the country, from group level down to every everyday hero who plans, prepares, packages and serves customers in the cafés. Espresso House shows how to work effectively to reduce carbon dioxide emissions"*.

We believe that by creating valuable partnerships with these leading food rescue companies, we can take an important step in the right direction towards ensuring that zero food should go to waste.



The total amount of food rescued equals

327
tons CO₂

2019

491
tons CO₂

2020

Rescued food 2020

Espresso House Norway

Rescued food: 41 570 Product bags
CO₂ emissions: 103 948 kg

Espresso House Denmark

Rescued food: 20 159 Product bags
CO₂ emissions: 50 398 kg

Espresso House Germany

Rescued food: 20 560 Product bags
CO₂ emissions: 51 413 kg

Espresso House Sweden

Rescued food: 367 564 Products
CO₂ emissions: 192 752 kg

Espresso House Finland

Rescued food: 71 405 Product bags
CO₂ emissions: 89 418 kg

Johan & Nyström

Rescued food: 7 199 Products
CO₂ emissions: 3 790 kg

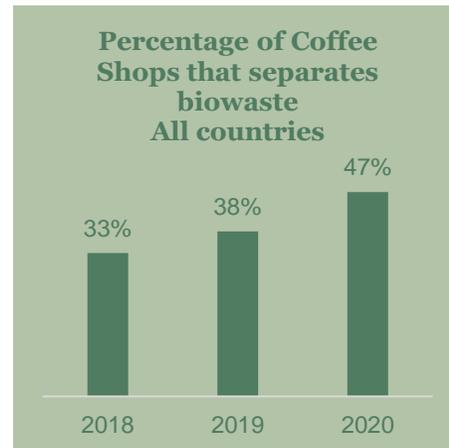
Waste Management

Proper waste management plays an important role in ensuring a sustainable society and the protection of the environment that we depend on. Espresso House is not exempt from this responsibility and we are currently taking steps to improve our waste management in our coffee shops. The waste management policy for Espresso House is set on a group level; however each country is responsible for the implementation and follow-up to ensure national and local compliance on waste management regulations.

The work towards solid waste management is challenging. Not only is it necessary to adhere to different rules and regulations in five different countries, but also, in 2019, we redesigned our coffee shop floorplans to provide for better integration of waste management. Furthermore, our facilities also provide some challenges in terms of possibilities of waste management.

Food waste management

Through our waste management policy we set a long-term goal that 100 % of our coffee shops must have food waste management in place (i.e. separates biowaste for collection). As per December 2020, 47% of our coffee shops had food waste management in place. The implementation differs from country to country and even if we are happy to see that we have increased the amount of coffee shops separating food waste during 2020, we are far from our goal. We are aware of our responsibility and therefore need to place the project high on our agenda and work through the challenges to be where we want to be.



Packaging and Materials

Our approach

Being the largest coffee shop brand in the Nordics, Espresso House indisputably has a big responsibility to secure the use and disposal of different materials. Our main approach towards materials can be divided into **Reduce, Replace** and **Reuse**. Our main focus has been on the plastic where our goal has been to reduce the serving methods using disposable plastics with 50%. The sustainability division and product department have the overall responsibility for identifying areas of material improvement.

In 2020 we used just over 13 million disposable cups and lids for warm coffee drinks. Even if the total amount of used cups was less compared to 2019, the share of take away materials increased in our sales. This was a result of the changed buying patterns that we have seen throughout the pandemic, as well as legal restrictions only allowing us to sell take away in some countries. Normally, in the past years we have seen an average of 30% take away purchases across the group, however during 2020 this increased to an average of 38% with variations between the countries. The increase naturally also increased the use of materials such as cups, lids and bags and also facemasks due to restrictions in some countries demanding the use of such.

Reduce

In 2020 an average of circa 62 % of Espresso House's guests chose to sit down in our coffee shops when they had something to drink or eat. Using glass and porcelain to our guests that choose to sit-in provides the opportunity of reducing the use of disposables. We are currently trialing more sustainable serving options for cold drinks in-house. Finland and Germany today use real glass and we hope to see all countries follow in 2021. In 2019 we introduced the strawless lid and have since then avoided the use of just over five million straws. In addition to this we also encourage the use of reusable cups. Read more on page 37.

Replace

We are aware that reducing the disposables is not enough, also we need to focus on making the disposables that are still in use more sustainable. We continuously try different options of both functional and environmentally better materials, that can replace existing disposable plastics. During 2020 we replaced our plastic straws with biodegradable paper straws and we replaced our plastic cutlery to FSC certified wood. This has eliminated our previous usage of approximately 17 tons* of plastic yearly on these items. During 2020, we also introduced new take away materials such as a new craft paper box for our baked goods, which replaced the previous method of using plastic. In 2021 we will continue to find better alternatives for our coffeecup lids and saladbowls.

By reducing and replacing disposable materials we have, since 2018, reduced the number of serving methods using disposable plastics with 45%. The number of reduction is derived from the materials used in the Swedish market.



* Estimation based on 2019 volumes

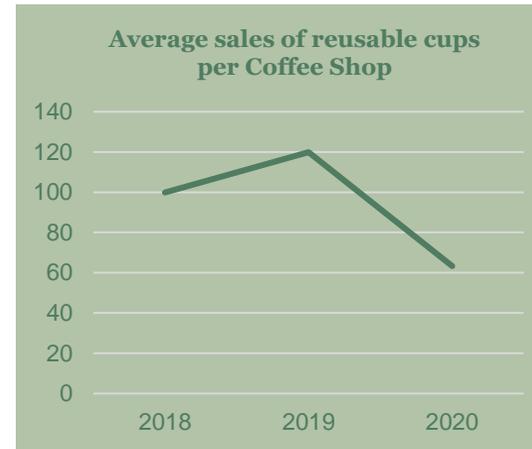
Reuse

We feel it is our duty to encourage our guests to favor reusables over disposables. Plastic that ends up in the ocean is one of our time's biggest environmental problems, and we want to play a part in encouraging and inspiring towards a change in that behavior.

At Espresso House we hold a range of reusables for sale in our coffee shops, and in the past couple of years we have renewed our reusables with new materials and designs. Our newest reusable cup is made of 80 % renewable sources including FSC certified wood fiber. Another reusable product is our Huskee cup which is partly made of coffee husk. In 2020 Espresso House Sweden and Denmark also added our own branded stainless steel straws to the merchandise assortment. These reusables are always placed close to the cashier to increase awareness and inspire more people to buy and use them.

Since 2019 we offer rewards to our guests in our app when they bring their own reusable cup. By being a member in our loyalty program My Espresso House, the guest normally gathers one stamp per purchase, and when reaching nine stamps, the tenth will trigger a free drink. Now, purchasing a drink using their own reusable cup, two stamps will be offered instead of one. Espresso House in Norway and Germany also offer monetary discount in addition.

We love when our guests bring their reusable cup and we would have hoped to see an increase in the use of reusables during 2020, however this was unfortunately not the case. As the pandemic took its grip in early 2020, we almost immediately stopped the option for our guests to bring their own reusable cup. This was done to take safety measures to reduce the risk of spreading infection. Not only did the use of reusables in the coffee shop drop, we also saw a sharp decline of sales of reusables. While the handling of reusable cups was ceased, we did still offer the double stamp as a symbolic reward, and to show our appreciation towards the guests who still brought theirs. In fact, just over 200 000 extra stamps were given during the period March-December 2020.



Double rewards
— for you and and the planet —

Order your beverage in any reusable cup

Don't have our app? Download now and start collecting stamps for gifts

Receive double stamps in our app

ESPRESSO HOUSE



Clean oceans

Support for cleaner oceans

The Keep Sweden Tidy Foundation (Håll Sverige Rent) contributes to achieving the SDGs 11, 12 and 14. Espresso House Sweden has together with Håll Sverige Rent engaged in the littering issue in various ways during 2020. Among other things, we joined their network for clean oceans (Håll Havet Rent), which will relaunch as Havsalliansen as from 2021. The Ocean Alliance gathers organizations to work together towards the same goal - a sea without plastic. We also joined the campaign 'Hejdå engångsmugg', promoting consumers to make the leap from single-use to reuse, by giving discounts and bonuses to customers who buy coffee in a reusable mug.

Espresso House also participated in the annual clean-up day in Sweden (which is a part of the World Clean-up Day) on September 19th, by sponsoring clean-up kits and picking up litter with staff. Across the country, Espresso House participated in the clean-up in Malmö, Helsingborg, Kalmar, Oskarshamn, Varberg, Stenungsund, Karlstad, Gävle, Umeå and Sundsvall.

"The negative impact on the environment is caused by many and we all need to contribute to increase the use of reusables, reduce plastic and stop plastic littering. The annual clean up day in Sweden was an important initiative to address the problem and inspire us all to take steps to be part of the solution. Together with our baristas, we walked paths and coastlines picking up what others had left behind. We are happy to support the Keep Sweden Tidy foundation and the important work they do, and for contributing to a better tomorrow!" – Stina Möller, CEO Espresso House Sweden



Design & Construction

Building our Coffee Shops

Sustainable construction involves the design and management of buildings, materials performance, energy and resource efficiency, operation and maintenance, robust products and viable environments. Our Espresso House coffee shops provide a cozy and friendly atmosphere where our guests always should feel welcome to relax and enjoy their fika moment. The architecture and construction department at Espresso House is responsible for drawing and building our coffee shops with a welcoming atmosphere meanwhile enabling a safe and practical work environment for our employees. The design and construction function is managed on a Group level to ensure that synergies are optimized across all countries.

Our team carefully plans and includes sustainability to be integrated in the work towards reducing our impact on the environment. When building or refurbishing, we always adapt to the premises, both in terms of interior design and lighting, and we strive to source sustainable material of high quality to ensure the longevity of our furniture and fixtures. We strive to optimize and streamline our transportations and, if possible, co-transport products and materials to construction sites. We have in 2020 created new and more detailed drawing structures that will ensure to minimize scope for errors and misinterpretations. This will in the long run reduce building material waste and contribute to fewer transports. As of 2017, all new coffee shops are equipped with LED-lights allowing for significant energy savings compared to conventional light being a more energy efficient illumination source.

Furniture and materials

At Espresso House we favor local/European purchasing of our furniture and fixture. This simplifies distribution and minimize transportation distances, and it also allows for a better improvement cycle when it comes to quality and sustainable materials. An example of local sourcing is our furniture, where the majority is designed inhouse and produced in Sweden. In fact, 74% of our investment in furniture in 2020 was for furniture produced in Sweden. In future concepts we have also reduced the total amount of product mix which will contribute to less suppliers and less transportation routes. We strongly believe in product design with reused materials, and we are unwilling to throw away well functioning furniture unnecessary.

Many of our wall panels, tables and shelves today are made from recycled old wooden scaffolding. Besides this, we plan carefully when refurbishing existing coffee shops. In cases when we close coffee shops we also reuse majority of the furniture for other purposes within the company. Our ambition for 2021 is to reuse even more and also restore furniture to be used again.

“We do not want to throw away things unnecessarily, it is not sustainable. If we have well-functioning pieces of furniture in a coffee shop that is being refurbished, we will always try and find use for this by reusing it in another coffee shop or selling it forward to ensure it gets a second life. In fact, our aim is always to reuse the majority of our furniture” Peter Bergqvist, Facility & Maintenance Manager, EH Group.



Facility & Maintenance

Coffee Shop maintenance

The Facility & Maintenance (F&M) team at Espresso House is responsible for the maintenance and utility optimization of all our coffee shops, offices and storages. The responsibilities are managed on a Group level with local F&M experts in each country organization. The routine of servicing 467 coffee shops in five countries is a complex task, however in Autumn 2020, we did a large work to plan and structure the areas pertaining to F&M in a more effective way. We wanted to find synergies between departments and countries, especially with the operations. F&M is constantly working to identify improvement areas related to infrastructure, operations, energy savings, as well as identifying ways to improve working conditions.

In 2020 we invested in reparations of a selected number of coffee shops where we had identified structural quality issues that had negative effect on the working conditions, such as changing floors for better walk and standing areas. We also reduced the space needed for storage of furniture and fixtures, and have closed a selected number of storage spaces. By doing this we have simplified the work related to these as well as reduced amount of transports to different locations. We are also in the process of optimizing our existing case management system to be able to improve information flow and find better synergies across the country and reduce unnecessary transports (both long-distance and short distance) to and from when we have to make checks and repairs in different coffee shops.

At Espresso House we support sustainable facilities and know that this is an area where we have an opportunity to automatize and streamline processes better and instead save energy, reduce transports and hence reduce our environmental effect. In 2021 we will propel this work and also make an effort in ensuring waste management is improved. We will also do a new energy mapping to identify areas where we can improve our energy usage.



Digital Guest Services

We have all witnessed how the world has become more digitized than ever and how we are hurdling towards a more cash-free society, where cards and digital innovations are favored. Not least during this past year we have propelled and accelerated our digitalization strategy in all the countries where we operate to adapt to changing buying patterns, building loyalty and ensuring business continuity during the challenging times of the pandemic.

For Espresso House it has always been key to consider consumer needs and the leveling up of our digital services has helped us in this matter. During 2020 we have introduced improved digital services, optimized our business processes and developed new innovative solutions to offer a greater guest experience. The pandemic proved to be a moment of truth for us to find new ways for our guests to visit us and enjoy our coffee and other products. In response, we speed-launched our pre-order function in three more countries, as well as introduced home delivery through third party operators such as Foodora, Wolt and Lieferando. As a part of improving, simplifying and diversifying our digital services, we also introduced a new coffee subscription of filter coffee and tea.

Cash-free coffee shops

Cash-free coffee shops were first introduced in Sweden in 2017, and by December 2020, 98 % of the coffee shops of Espresso House Sweden were cash-free and only accepted payment by card or by the Espresso House App, our popular loyalty application. By removing the handling and management of cash, we have over the years increased transactional transparency, enhanced the safety for our baristas by reducing the risk of theft, and we have contributed to avoiding a large amount of transports related to cash. By having cash-free coffee shops we have avoided circa 7500 money transport in varying distances in the past year.

Year	Cash-free coffee shops (EH Sweden)
2020	98%
2019	97%
2018	45%



We have during 2020 managed to introduce improved digital services, optimized our business processes and developed new innovative solutions to offer a greater guest experience

Digital Guest Services

My Espresso House

My Espresso House is our app and loyalty program that we created to provide an additional experience for our frequent guests. The app is now available in all five countries. As a member you receive various offers and discounts as well as other services such as a pre-order function and coffee subscription service. When using the app as means of payment there will be a discount of 10 % of the purchase. Also we offer a digital “stamp card” where you collect stamps for each purchase over 20 SEK. For every 9th stamp you will automatically receive a coupon to collect your favorite drink for free in any of our coffee shops. Our loyalty program members also receive a birthday gift and can send gifts to other members. In December 2020 we had a total of 1,4 million members in our loyalty program, and during 2020 we have also seen a significant increase of the members that use the app for payment. In 2020 we also lowered our deposit requirement in the app to encourage more people to download and use the app.

Pre-order

In our aim to improve guest service and speed we first introduced digital pre-order in Sweden during 2019. The pre-order is a function in our app, where our guests can place and pay their order in advance, and then pick up their products quickly and smoothly as they arrive at the coffee shop. In 2020, pre-order was rolled out in four of our markets. The use of pre-order has increased month by month and has been an important step towards reducing close contacts and allow for minimized queuing in coffee shops.

Coffee non-stop

As the first coffee shop brand in the Nordics and Germany, in December 2020 we introduced our new coffee subscription concept. The digital service is integrated in the Espresso House app. People in the Nordic region consume the most coffee in the world and with this initiative

we want to make premium coffee available to everybody at an affordable rate. The purpose of the coffee subscription is to further simplify the service and improve guest experience, especially important in our current situation. The service will be even faster when the payment is pre-made and with pre-order you also avoid any waiting time and can easily just pick up your coffee. The new service is a new and unique way to a pleasant coffee experience. The initial prescription included filter coffee and we are looking at the possibilities to diversify the product range offered in 2021.

“Consumer behavior and innovation have always gone hand in hand at Espresso House. Our guests are more than ever using pre-order in our mobile app and we see a big increase in “to go” purchases, all for a safe, fast and smooth experience. Our guests can now sign up in the app and subscribe to unlimited brewed coffee at a really good price” John Nylén, CEO Espresso House Group.



Business Travels

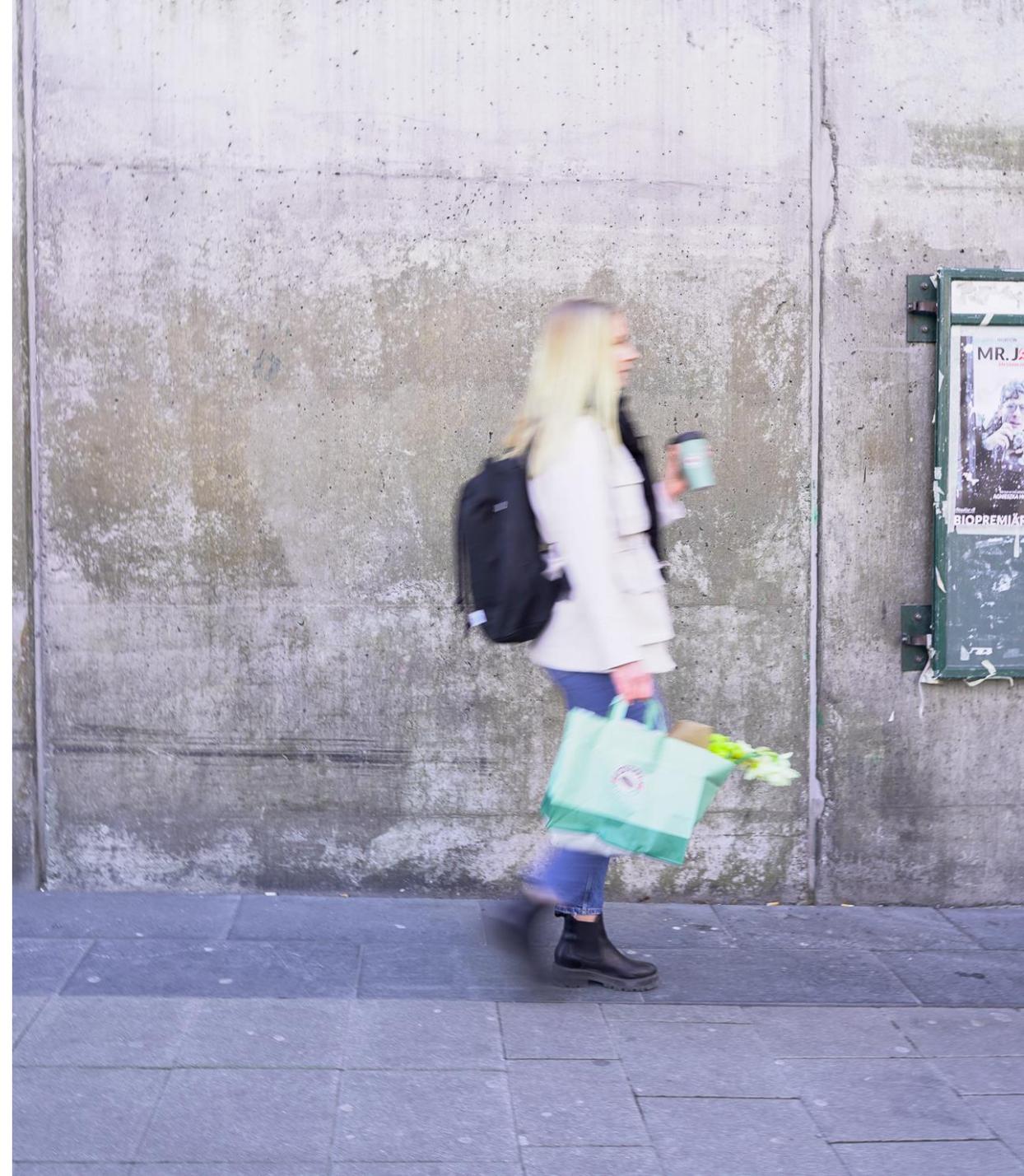
Due to our geographical spread of our coffee shops and offices in five different countries, we do undertake a significant amount of business travels at Espresso House every year. From shorter distances within cities and regional districts to international travels between the service offices that are located in Stockholm, Gothenburg, Malmö, Oslo, Helsinki, Copenhagen and Hamburg.

We are aware that increased travels brings costs to both the business and to the wider society including the climate impact related to travels. To govern our travels Espresso House Group has developed a travel policy which has one general rule – don't travel if you must not. We encourage digital meetings as preferential as it improves efficiency, it reduces our climate impact and it saves time and money. However even if we favor our digital solutions mostly, we also acknowledge that some face-to-face meetings are necessary to have in person.

When we in the first quarter of 2020 saw the first big effects of the pandemic, and governmental restrictions were imposed, our travel patterns instantly and drastically changed. Video meetings overtook majority of our physical meetings and this has been the general rule ever since. Between March and December 2020 we estimate based on our travel expenses that we reduced our travels with an average of 72%* compared to the same period in 2019, something that arose as a direct effect of the travel restrictions and regulations placed by authorities.

The travels going to and from work to our offices has also reduced substantially with majority of our office employees working from home in all countries. As we have now become even more familiar with digital solutions and meetings there is a high probability that our business travel routines and patterns will change frequency also in the future.

*Does not include data from Espresso House Germany & Johan & Nyström



Product



Our Menu

Product development

At Espresso House Group we are aware that what we serve on our food and drinks menu has an environmental impact. Therefore, we are placing a large focus and effort to provide our guests with a diversified, high quality and sustainable product assortment. Our menu consists of hot and cold handcrafted drinks, as well as hot and cold food that can be served as breakfast, lunch, snack, dinner or lighter meals. Our very own Bakery (located in Arlöv, Sweden) provides us with a large range of delightful bread and pastry, and our Roastery (located in Länna, Sweden) carefully roasts the coffee beans for our coffee menu. We serve our coffee both hot and cold, in different sizes and flavors, with seasonal relevance and to the taste of our guests.

The product development is since 2020 managed on a Group level, with local coordinators. The organization aims at finding synergies without compromising local relevance, as well as building strong supplier relationships. The work of the product department has been heavily affected by the pandemic. When sales dropped and forecasts became unpredictable, we had to redirect the food and drinks assortment plan and reduce number of products in order to avoid waste. We also had to limit the number of product launches in general. Furthermore, when we have had to close coffee shops on very short notice during lockdown, we have had a lot of surplus food that we have given away. Examples of this are described earlier (p.17).

Our product team is guided by our Product Sourcing Principles that is a set of sourcing standards focusing on local, national and sustainable sourcing of certain products and product categories. For example, our tea assortment from Dear Tea Society is always organic. We strive to only use fish and shrimp that is MSC certified, and the cow's milk that we serve for our drinks is sourced locally in each country.

One of our values says that our guests always go first, and therefore it is ultimately the guests who decide what they would like us to have in our assortment. Our assortment is constantly being refined and renewed with the goal to give our guests a great food and drinks experience that is tasty, healthy and sustainable.



Our Coffee

The coffee we serve

At Espresso House we are passionate about coffee and we think that only the best quality is good enough for our guests. Therefore at Espresso House we are committed to serve Specialty Coffee. Specialty Coffee means that the coffee is ranked with at least 80 points on a 1-100 scale, which makes it fall within the highest quality coffee in the world according to the Specialty Coffee Association (SCA). We are today one of the largest coffee shop brands to offer this high quality and by this we are able to make better coffee more accessible. Our Signature Brew, Seasonal Brew and Espresso blend are always Specialty Coffee.

In 2020 we sold approximately seven million cups of drip coffee, and behind each and every one of these cups lies a story; The journey of our coffee beans. This journey goes from the coffee cultivation and harvesting by the coffee farmers, to our roastery, and then to be brewed to the perfect cup by our Baristas for each and every guest. The coffee bean is the foundation of the story, one that we need to source responsibly while supporting the people who grow and nurture it.

Our coffee beans are carefully sourced and selected from all around the world. The best cultivation areas for coffee are in the countries along the equator in the 'coffee belt' where coffee plants have the ideal conditions to thrive. In 2020, Espresso House and Johan & Nyström sourced coffee from 13 countries in total with the majority of our coffee coming from Brazil. Our coffee is sourced from either a Single Estate (specific farm) or Single Origin (specific region), to increase the traceability of the coffee bean's path from plant to cup.

Coffee plays an important role in the livelihoods for millions of people around the world as it is an important source of employment. At the same time as the farmers depend on their agricultural practices for their financial security, research shows that coffee is among the crops under threat from climate change. Rising temperatures, increased incidences of plant-disease and pest, and reduction of insect pollinators are all posing large challenges to the quality and quantity of agricultural production in general.

Without action to reduce carbon emissions, climate change is predicted to reduce the global area suitable for coffee production which can have detrimental effect on the livelihoods of those who depend on it. The climate threat alongside market volatility poses challenges for both farmers and consumers around the world. Therefore, we strive to not only serve the best quality coffee, but also a coffee that has been sustainably produced.

We want sustainable farming practices that maintains or increases output, while increasing the environmental benefits. Together with Johan & Nyström our aim is to create positive impact in the coffee trade, by working closely with our farmers to create a sustainable coffee future. Ultimately, we would like to see everyone be able to enjoy a really good cup of coffee, both today and tomorrow.



Our Coffee

Our own Roastery

The coffee beans for Espresso House and Johan & Nyström are roasted in our very own Roastery located in Länna just outside Sweden's capital Stockholm. Brand new state-of-the-art facilities were built in 2017, making it one of Europe's most modern roasteries of Specialty Coffee. The team running the Roastery is a group of 22 passionate and coffee loving employees who believe in better coffee for the people. Specialty Coffee roasting is an art in itself, which requires a high degree of knowledge and understanding. At our roastery we are committed to craft roasting, using the slow roasting method to ensure that every batch of beans is roasted to perfection. The beans are carefully selected and sourced from all around the world. In 2020 we roasted just over 1000 tons of coffee beans.

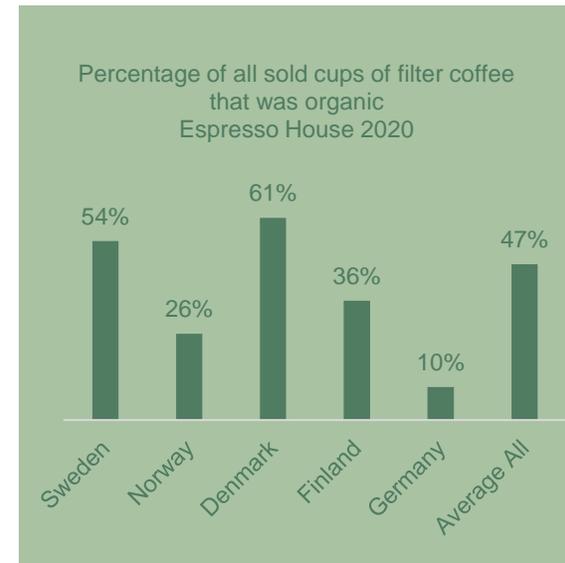
The roastery is consistently working to minimize its environmental impact. With the large amount of beans being roasted, our roasting machine is working long hours which naturally increases energy usage. Therefore we strive to precisely utilize the production hours of the machine to reduce the energy used in the roasting process. The roastery uses outgoing transportations (within the Nordics) that are 100% climate compensated, and whenever it is possible we also try to streamline the transports with our tea supplier in Germany to ensure that no transportations are running empty.

The Roastery takes organic waste seriously and we do not want to waste any scraps from production. While we are unable to control coffee waste at every stage of the supply chain, we have a responsibility to minimize waste in the roastery wherever we can, Today, organic residuals from the roasting process are separated and sent to either farmers or to bio-heating facilities. We have also have in the past years collaborated with Foodloopz who wants to help companies reduce their foodwaste. We have in total donated 200 kg coffee to Foodloopz and they ensure the coffee is coming to use instead of being thrown away.

Organic Coffee

Sustainable agriculture requires an understanding of the surrounding ecosystem. It protects biodiversity while meeting the needs of the farm, and with an aim to be able to care for the soil for future cultivation and production. Such farming supports organic farming methods as it avoids the use of artificial fertilizers and pesticides that can be harmful to wildlife and cause health risks.

The organic coffee we have had in our coffee shops have been going under different names in the past years, and in 2020 we served organic coffee under the name of our 'Special Brew', which represented 47% of our total sold filter coffee that year. Furthermore we also have an organic brew available amongst our products in retail stores. The Espresso House branded organic coffee is certified and labeled with the EU logo for organic production, which guarantees that the EU rules for organic farming have been respected.



Supplier Relationships

Supplier Code of Conduct

At Espresso House we want to create strong, healthy and transparent supplier relationships. Since 2017, we ask all our suppliers to sign our Code of Conduct. The purpose of the Code of Conduct is to ensure that Espresso House Group's suppliers abide to our standards and work in accordance with internationally recognized minimum standards for human rights, labor law, the environment and anti-corruption. The Code of Conduct is a mandatory document that must be used by all countries and companies under Espresso House Group.

The supply chain division has the overall responsibility for the suppliers' compliance at Espresso House Group and we follow up on a regular basis. By December 2020, a total of 97% of all product suppliers had signed our Code of Conduct, which is a minor increase from 2019. Our ambition and goal is to always have a 100 % commitment from all suppliers. In 2020 we improved our supplier screening by also introducing and mapping certain sustainability aspects of potential new suppliers in the initial questionnaire before signing an agreement. The work to improve the supplier screening and follow up will continue in 2021.

Percentage of product suppliers signed Code of Conduct

2020	97%
2019	95%
2018	87%



Sourcing Coffee

At Espresso House we want to take responsibility for the full coffee circle to ensure we are part of a sustainable coffee future. The first step towards this is to create and maintain good relationships with our farmers, to know where our coffee has grown and under what conditions. We believe that close relationships and cooperation is the way towards transparency and sustainability in the value chain of coffee.

At Espresso House we are, in addition to our Supplier Code of Conduct, guided by our Coffee Sourcing Program. The program contains routines, actions and principles which we have to adhere to in our work towards ensuring sustainable sourcing of coffee. This program includes, but is not limited to, **farm visits and self-assessments** and **third-party assessments** of the coffee farms and cooperatives. The coordination of the work is done by an internal Coffee Council with members from both Espresso House and Johan & Nyström.

Farm visits and Self-Assessments

Knowing our coffee implies visiting our farmers and getting to know the people who cultivate it. Our process of self-assessments includes farm visits where we get to know the farmers, their agricultural land, farm practices and the fantastic work they do. On site we make observations and self-assessments based on the Global Coffee Platform (GCP) Baseline Common Code framework. The framework follows a number of internationally recognized standards within the *Economic*, *Social* and *Environmental* dimensions. In 2019 we visited 20% of our coffee producers and had several trips planned for 2020. Due to travel restrictions, all planned visits were not completed during the year and we had to cancel some trips. However, we did manage to visit 15 % of the producers before March 2020. We then visited and assessed coffee farms in Ethiopia, Honduras and Guatemala, and our plan is to continue our farm visits when restrictions allow and when safety can be secured for.

We believe that our self assessments need to be complemented by external third-party assessments of our coffee farms and cooperatives, however with a little different approach of independent validation which will be explained further on the next page.



Third-Party assessments

Our coffee commitment is to source Specialty Coffee, with responsibility from bean to cup. In addition to our own internal farm visits and assessments, we initiated in 2018 third-party assessments for our coffee farms and cooperatives to provide independent validation of our supply chain performance. Our goal is to have 100 % of our coffee volumes verified by 2022. Espresso House Group is working with Enveritas, an independent, nonprofit organization that verifies coffee purchases for sustainability, traceability, and improvement activities. Enveritas helps us to gain a deeper understanding of the farming practices because it provides us with truthful, independently-verified sustainability claims about the products we purchase.

The aim of Enveritas is to help, in particular, smallholder farmers participate in a globally sustainable coffee industry. The majority of smallholder coffee farmers are excluded from high-value sustainability markets, not necessarily because their practices do not meet standards, but because it is more challenging to verify their activities. These farms are small, they are not organized into groups, their supply is not aggregated consistently, and they live in places that are difficult to reach. Enveritas closes this gap, by travelling to these places and verifying their sustainability practices, without any cost for the farmer. Interviews and observations on site are conducted with the farmers. The field assessments are evaluated against Enveritas standards, which cover three pillars of sustainability including *social*, *environmental* and *economic* dimensions as shown here to the right.

Since 2018 we have verified 60% of our total coffee volumes. The verifications have been undertaken in Brazil, Guatemala, Ethiopia, Colombia, and Honduras. In 2021 we will continue the work and assess an additional seven suppliers in seven different countries also including Peru and El Salvador this year. The aim is to assess further 20% of the volumes in 2021.

Since the project started, 60% of our total coffee volumes have been verified



Three Pillars of Sustainability

Social	Environmental	Economic
No Child labor	No deforestation	Above the poverty line
No forced labor	No pollution	Transparent pricing
Minimum wage respected	Biodiversity protection	Ethical business practices
No discrimination	Soil conservation	No forced land evictions
Clean water	Water conservation	Sustainable production
Decent housing	Energy conservation	Quality improvement
Worker Rights and benefits	No GMOs	Traceability
Freedom of association	No banned pesticides	Access to training
Written contracts	Safe chemical handling	Access to finance
Occupational health and safety	Pest and disease management	Records kept

Coffee Community Support

Our approach

At Espresso House we value the relationships we have built with our farmers, and for us it is important to contribute to meaningful projects that foster positive change. We are aware that the coffee we source is from regions with various socio economic challenges, and we therefore strive to identify projects that are designed to tackle these challenges.

The projects are to us an important part of our commitment towards creating meaningful impact for our coffee farmers and their communities. The Sustainability division at Espresso House Group is responsible for the Coffee Community Support platform.

2018-2019 Projects

Since 2018 we have contributed to various projects in different countries. In 2018 we contributed with \$ 20 000 towards a school project for the coffee farmers children in the region of Quillabamma in Peru. There we built a proper school canteen and bought a school bus to enable children that live far away to access school easier. In 2019 we decided to support our coffee producer Ibrahim Hussein in Ethiopia with a \$ 20 000 funding towards the construction of a medical clinic that is estimated to benefit 2500 people in the area.

Farmer Field School 2020

In 2020 we chose to set up a Farmer Field School in Planadas, Colombia from where our San Fermin coffee is sourced. The school aims to be an instrument for capacity development through the teaching and sharing knowledge on specialty coffee production and how this can be linked with sustainable farming practices and farm management. The project is coordinated and managed in cooperation with our project partner Caravela and their PECA programme (short for “Grower Education Program” in Spanish). The Farmer Field School includes physical and virtual classrooms as well as farm-visits and workshops where professional agronomists are managing the trainings. The classes are free for the farmers.



Our Coffee Community Projects		Country	Status
2018	Schoolproject (canteen construction and purchase of equipment and schoolbus), Peru	Peru	Project completed
2019	Medical Clinic construction, Ethiopia	Ethiopia	Construction in finishing stages
2020	Farmer Field School, Colombia	Colombia	206 attendees during 2020
2021	Continue the Farmer Field School towards building further capacity development amongst the farmers.	Colombia	Ongoing

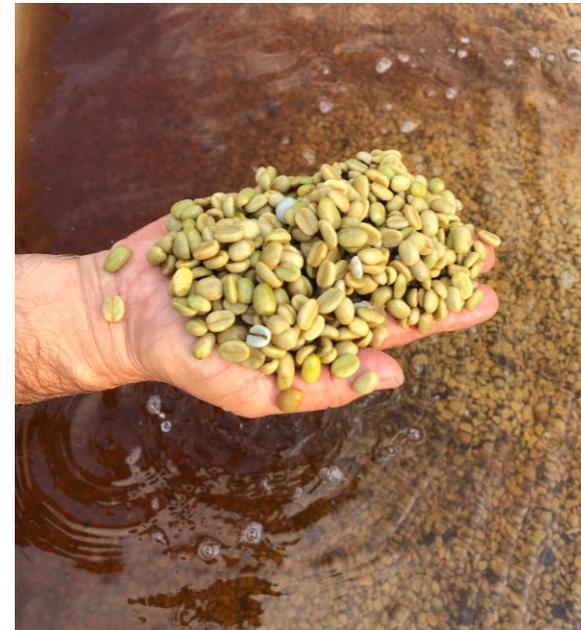
Farmer Field School

The Farmer Field School project began in January 2020 by setting up and preparing the physical school facilities including refurbishment of classrooms and purchasing equipment for the teaching in the municipal of Planadas. The teachings also started in January. A couple of months later when the pandemic started affecting the farmers and their communities, the physical classroom teachings were paused, and instead more individual farm visits and workshops were undertaken as well as virtual classrooms.

During the year, 55 individual one on one farm-visits and 43 farm workshops were done by professional agronomists. In total 206 attendees so far have been benefiting from the project during 2020. Furthermore, the project has contributed with 10 000 facemasks and 400 litres of sanitising gel for the farmers and their families. It also undertook 10 trainings to replace migrant workers by community workers. This had to be done to ensure having enough local workers during the harvest when migrant workers were restricted by not being able to travel to the farms.

With this project we can promote environmental education, awareness, and habitat protection, whilst supporting sustainable development and livelihoods at the same time. The project will continue in 2021 and we look forward to catching up with some of the farmers to learn more about the impact and support of the program. Below are some words from José, who is one of the farmers benefiting from this project in 2020.

“I have been a coffee farmer pretty much all my life as I started helping my family in their farm when I was young. Thanks to the programme I have learned what I need to do to improve my quality. I want to especially thank Espresso House and Johan & Nyström for two things that have an impact in our lives. First and foremost, buying since 2018 the specialty organic coffee that we produce has helped me and my family to grow our farm and to improve our lives. Secondly, the investment they did to build and improve the Farmer Field School. Thanks to this we have better infrastructure and can learn more easily. Also, during the coronavirus pandemic, we are able to have virtual lessons so that all the work and learnings of the past years are not lost.” José



Food & Pastries

What we serve

At Espresso House coffee and other handcrafted drinks mean a lot to us, However that is not all – our heart also beats for our wide assortment of delicious product pairings including hot and cold food as well as delicious baked goods from our own Espresso House Bakery. Our product assortments varies throughout the year with seasonal trends and local relevance and we strive for highest quality at all times.

Guiding the product development for Espresso House in all countries, is a set of Product Sourcing Principles. These principles focuses on national and sustainable sourcing. Since 2017 we have continuously increased the plant-based and lacto-ovo vegetarian options and also this past year our focus has been to develop our assortment of such. This is for us steps that we have taken to reduce the climate impact from our food.

We source a lot of our product ingredients for our assortments nationally or regionally based on the countries where we operate. However we also strive to create partnerships with smaller local cultivators of different produce which is explained further on p. 56. By narrowing the geographical spread of our sourcing, we can maintain high quality standards, ensure better traceability of our products, as well as reduce transports. Furthermore it helps us to stay flexible and adapt to local needs.

Our own bakery introduced vegan pastries in 2020, which is another great development and a step in the right direction towards more climate friendly products. The benefits of having our own bakery at Espresso House are many; We are able to safeguard all the ingredients, and have full control of what we serve our guests. Also, it gives us the possibility to experiment and innovate, and we are able to adapt our assortment according to guest wishes.



Lacto-ovo vegetarian warm & cold food assortment Espresso House 2020



Plant-based is here to stay

At Espresso House we are aware that our greatest environmental impact trickles down to the products that we serve. Therefore, this is an area where we continuously need to innovate and renew and where our focus has been towards plant-based options. According to the UN Climate Change report 'a shift toward plant-based diets is one of the most significant ways to reduce greenhouse gases from the agriculture sector'. We subscribe to that thinking, and already in 2017 we started expanding our plant-based and vegetarian options on food and drinks, a work that has been ongoing ever since. We have set a goal that strives for 50% plant-based food and drinks in our assortments, and in the end of 2020 we had reached an average of 46% for all countries.

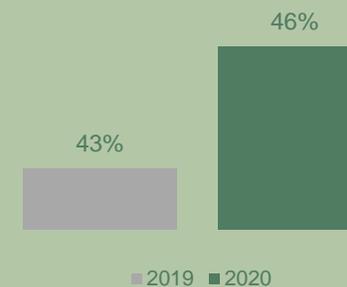
During 2020 many new plant-based products were trialed and developed. Our own bakery delivered a range of five vegan products including three cookies and a Caramel Pecan Brownie that became a best-seller amongst these products. During Christmas campaign, we also launched a vegan saffron cookie. We saw new vegan Frapinos, bowls and new vegan products in our grab 'n' go box on the counter. In Germany we also launched a new delicious vegan avocado bread roll, and in Denmark a new vegan focaccia. Finland offers a vegan raw cake from a local Finnish bakery.

The demand for plant-based amongst our guests have been increasing steadily throughout the past years and this can for example be observed in the use of plant-based milk for hot and cold drinks across all countries. In 2020, approximately 12% of all hot drinks were sold with plant-based milk, compared to 8,2% in 2019. The plant-based alternatives to cow's milk includes oat, soy, pea and coconut milk with some variations between the countries.

We are very curious about the endless possibilities within plant-based food, and our plan in 2021 is to continue to develop products that are not only tasty but also better for the climate.

Plant-based food and drinks* in our assortment Average all countries 2019 vs 2020

55



* The % is based on the food and drinks that are plant-based and drinks that can be served plant-based as an option. Calculated from standard assortment. 'Ready to drink' assortment not included.

Percentage of plant-based milk used in hot drinks Espresso House 2019 vs 2020



Sourcing Locally

At Espresso House Group we believe in supporting local cultivators and producers. The advantages by sourcing locally are many, and it is for us an important step towards more responsible purchasing patterns and building our sustainable business practices. We encourage meaningful relationships and co-labs with local businesses. In 2020 we have continued to search for quality and excellence by local producers.

In 2020, **Espresso House Sweden** relaunched the collab with local supplier Solsken that was first initiated in 2019. They supply us with apple juice with apples from Österlen to make our fantastic Äppelmumma. We have continued our collab with Svegro, a local greens producer from Färingsö, who supplies us with pesto that is partly made from kale that would have otherwise gone to waste. We source local vegetables from farmers in south of Sweden, for example our alfa sprouts and pickled yellow beet from Steglinge Gård. During the summer of 2020, we also launched a really exciting collab with Grönska, a local vertical farmer of herbs, who supplied us with fresh mint to use in our refreshing ice teas.

At **Espresso House Denmark** we continued in 2020 the local cooperations that we also had in 2019. For example with Emmerys, which is a local premium organic bakery that provides fresh bread and pastry for our coffee shops. We also continued to purchase local and organic juice from Bornholms Mosteri which is a juice mill located on Bornholm. They make delicious organic fruit juice and nectar while simultaneously creating job opportunities for marginalized people, that due to different reasons have challenges with managing an ordinary full time job.

At **Espresso House Finland** we use Finnish Fazer Aito Oat drink as a plant-based option for our crafted drinks. Fazer Aito Oat products are completely gluten-free and focuses on traceability in their supply chain. In the summer 2020 we introduced a raw cake made by Makers, a small bakery in Helsinki. The cake is vegan and the flavor combination of the cake takes into account the freshness of the Finnish nature, consisting of lingonberries. The cake is made exclusively for us and is only available at Espresso House Finland.

At **Espresso House Germany** we love to collaborate with local bakeries. They not only produce some of our local heroes, e.g. our Lemon or Banana Bread, but can also react very quickly to product requests, such as the “Winter-Stollen”, which is a typical German product. We also started cooperating with “Viva con Agua”, a local water brand based in Hamburg. Their vision is that all people have access to clean drinking water, hygiene facilities and basic sanitation. With every Viva Con Agua bottle sold, a part is donated to water projects around the world. Last but not least, we continued our collaboration with two beverage partners in 2020. Fritz-kola, a local German beverage producer that uses recyclable glass bottles instead of plastic, and our cold pressed and delicious organic juices and shots are sourced from a local small startup called Rawlution. Both focus on high quality and sustainability.



Our own Bakery

Espresso House Bakery

At Espresso House we are proud to serve baked bread and pastry from our very own bakery. Located in Arlöv outside Malmö in Sweden, the bakery is run by a devoted and professional team who are working everyday to develop and bake various delicious products of highest quality for our coffee shops. With its 7200 square meters and 45 employees, the bakery produced 1980 tons of products in 2020 including 345 000 delicious vegan cookies and 239 000 vegan brownies which was the new plant-based produce of the Bakery.

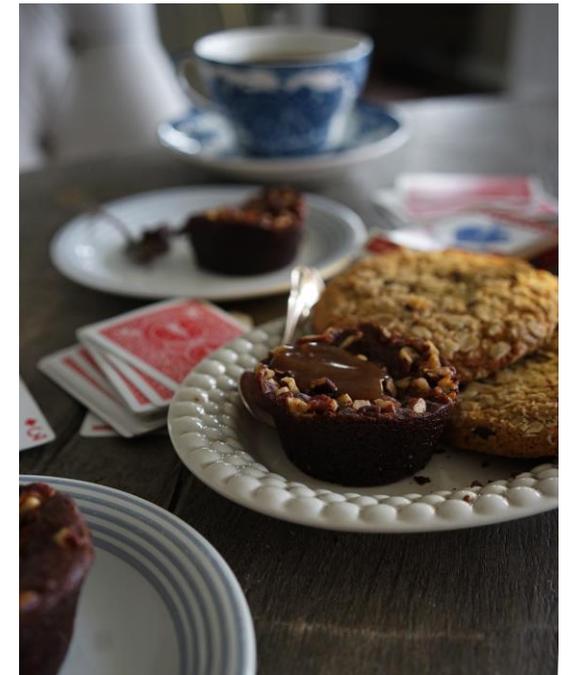
The bakery continuously evaluate its opportunities and risks in the bakery operations, and strives to handle the bakery process in a sustainable manner. We follow the laws and regulations that we are covered by and adapt accordingly. The coordination of this work is managed by the Quality Manager together with the Environment, Health and Safety coordinator.

Due to the sudden change in product demand because of the pandemic, the total amount of products was in 2020 reduced with approximately 40% compared to the previous year which created challenges for the operations. *"The main challenges of the bakery during the past year has been temporary and permanent layoffs on staff. To change focus from being an expanding bakery to loss of production and going into survival mode in a very short time has been a challenge that in the end has strengthened us and ensured that we are better prepared for challenges ahead"*, Thomas Edgarn, Head of Bakery.

In the continuous work towards maintaining and improving our food safety and quality, in November 2020 the bakery was again certified for quality and food-safety, with the grade AA according to the British Retail Consortium (BRC) Food Safety Standard. We have also continued our work in ensuring responsible sourcing of raw ingredients such as cocoa. The bakery became in March 2020 members of UTZ (www.utz.org) and we are now using good insight portal to register all of our purchases of cocoa for traceability. 73% of all cocoa powder purchased in 2020 was UTZ certified.

We strive to always plan and utilize the production process carefully to minimize any waste. From the beginning of any product development we evaluate potential risks of scrap, and we adapt and optimize the settings of the machineries to minimize waste. Our goal in 2020 was to keep production scrap under 2%, and we ended the year with 1,7% which shows that the work has payed off. Production scrap is followed up on a daily basis, and since 2019, the production scrap is separated as organic waste and turned into bio gas.

Year	Production scrap
2020	1,7%
2019	2,2%
2018	2,7%
2017 (December)	4,0%



Picture showing our new vegan brownie and cookies

GRI Content Index

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GRI 102-1	Name of the organization	1	
GRI 102-2	Primary brands, products and/or services	7, 8	
GRI 102-3	Location of organization's headquarters	7	Drottninggatan 29, 111 51 Stockholm, Sweden
GRI 102-4	Country where the organization operates	7	Sweden, Norway, Denmark, Finland, Germany
GRI 102-5	Nature of ownership and legal form	8	
GRI 102-6	Markets served	7, 8	Sweden, Norway, Denmark, Finland, Germany
GRI 102-7	Scale of the organization	7, 8	
GRI 102-8	Total workforce	7, 8, 20	
GRI 102-9	Organization's supply chain description	48, 49, 50, 51	
GRI 102-10	Significant changes to the organization and its supply chain	7	
GRI 102-11	Precautionary Principle or approach	11, 33	
GRI 102-12	List external initiatives	17, 29, 30, 38, 51, 52	
GRI 102-13	List membership of associations		Sweden: Visita Norway: Virke Denmark: Horesta Finland: MaRa Germany: Dehoga Hamburg Johan & Nyström: Visita, LI
GRI 102-14	Statement from senior decision-maker	5, 6	John Nylén, CEO EH Group
GRI 102-15	Key impacts, risks and opportunities	13	
GRI 102-16	Values, principles, standards and norms of behavior	9, 21	Brand Pillars, Mission Statement & People values
GRI 102-18	Governance structure	8	

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GRI 102-42	Identifying and selecting stakeholders	12	
GRI 102-43	Approach to stakeholder engagement	12, 22, 23, 49	
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GRI 102-45	Entities included in the consolidated financial statements	3, 8	
GRI 102-46	Defining report content and topic Boundaries	12	
GRI 102-47	List of material topics	12	
GRI 102-48	Restatements of information		No restatements
GRI 102-49	Changes in reporting		No changes
GRI 102-50	Reporting period		Calendar year
GRI 102-51	Date of most recent report	3	March 31, 2020
GRI 102-52	Reporting cycle		Annual
GRI 102-53	Contact point for questions regarding the report		Eva Alm, Sustainability Manager Espresso House Group eva.alm@espressohouse.se
GRI 102-54	Claims of reporting in accordance of GRI Standards	3	This report has been prepared in accordance with GRI Standards: Core level
GRI 102-55	GRI Content Index	58-60	
GRI 102-56	External Assurance		Not externally assured

Topic-specific disclosures	Name of disclosure	Page	Omissions or comments
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GRI 205: Anti-Corruption			
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GRI 205-3	Confirmed incidents of corruption and action taken	22	
300 ENVIRONMENT			
GRI 301: Materials			
GRI 103 1, 2, 3	Management approach	36	
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GRI 306: Effluents and waste			
GRI 103 1, 2, 3	Management approach	34, 35	
EH disclosure	Reduced food waste and Food waste management	34, 35	
GRI 308: Supplier environmental assessment			
GRI 103 1, 2, 3	Management approach	49, 50, 51	
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Topic-specific disclosures	Name of disclosure	Page	Omissions or comments
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GRI 404: Education & Training			
GRI 103 1, 2, 3	Management approach	25, 26	
GRI 404-1	Average hours of training per year per employee	25	J&N not included
GRI 404-2	Programs for upgrading employee skills and transition assistance programs	25, 26	J&N not included
GRI 405: Diversity & equal opportunity			
GRI 103 1, 2, 3	Management approach	20, 23	
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GRI 103 1, 2, 3	Management approach	46, 48, 54, 55	
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