

JOY TO GO

FOR
GENERATIONS
TO COME

Preface

JOY TO GO, FOR GENERATIONS TO COME

As Europe's Food Tech leader, Selecta is a company driven by its purpose: making people feel great millions of times a day by serving them delicious food and drinks at any time, in the workplace and on the go. Sustainability is critical to making people feel great – it is at the core of what we do, it is embedded in our purpose, in our business processes, and in our Culture Principles.

The COVID-19 crisis turned businesses and our personal lives upside down. It was a stark reminder that our well-being depends on the health of the planet and made us re-evaluate what is important. The 2021 UN Climate Change Conference (COP26) and the recent IPCC report could not have been clearer about the urgent need to address climate change. We need to accelerate our efforts. Against this backdrop, Selecta's clients have sustainability top-of-mind, and they are looking for partners who demonstrate tangible results.

2021 was an important year for our sustainability journey. With the appointment of Marissa Célette as Chief Strategy & Sustainability Officer, we have made sustainability a C-level responsibility. Along with our global sustainability team, we put the right focus on driving our sustainability approach forward, setting global sustainability targets whilst accelerating our efforts.

I am happy to report that we have made progress under each of our strategic pillars. We have calculated our CO₂ baseline for Scope 1 and 2 emissions following the Greenhouse Gas Protocol, launched our Green Car Policy at group level and further rolled out telemetry to optimize our routes and reduce unnecessary mileage.

By implementing and tracking Nutri-Score labeling of the products across our assortment, we are strengthening our commitment to providing healthy food and drinks to our clients and consumers. We are also combating food waste in our operations, for example by adjusting the filling rate and planograms of our Smart Fridges or by launching awareness campaigns to encourage our clients to reduce food waste.

I am also proud of the achievements we have made with regard to our own Pelican Rouge coffee brand. By 2023, 100% of Pelican Rouge coffee will be certified as sustainable. Through the Selecta Coffee Fund and our projects in Burundi and Rwanda, we are working to improve the lives of coffee farmers, their families, and the communities we source our coffee from. In collaboration with our suppliers and partners, our work expands well beyond our coffee supply chain.

At group level, we developed a new suppliers code of conduct that is in line with the Ten Principles of the United Nations Global Compact, the Universal Declaration of Human Rights, and anti-corruption laws.

Our associates are key in achieving our goal of providing millions of moments of joy every day. That is why we're committed to offering support, learning and development opportunities to all our Selecta associates. In 2021 we developed the Selecta code of conduct, and designed our SpeakUp Program to ensure all voices are heard. Diversity and inclusion are business priorities at Selecta. It is part of our Culture Principles to deliver a work environment in which our people thrive, have a purpose, and feel valued and secure regardless of background and gender. In 2022 we will launch our Diversity & Inclusion Program across the group.

I look forward to continuing to collaborate with our clients, partners, associates, and other stakeholders in 2022 to enhance our impact and ensure joy to go – not only for today, but also for generations to come.

Christian Schmitz
Chief Executive Officer,
Selecta Group



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About us

THE SELECTA GROUP

As the Food Tech leader in Europe, Selecta is the partner to fuel your success with innovative solutions, with world-class brands and with a level of service that goes beyond what is expected. We are the market leader in most of the 16 European countries we serve. Every day we bring joy: one coffee, one bite, one smile at a time.

OUR PURPOSE

Making people feel great millions of times a day by bringing them delicious food and drinks at any time, in the workplace and on the go.

OUR VISION

Selecta is the world-class distributor for world-class brands.

Our business

Headquartered in Switzerland since 1957, Selecta Group is a Food Tech company with a leading route-based, self-service distribution network in Europe. We offer innovative convenience food services and world-class quality coffee brands in the workplace and public spaces across Europe. We owe our success to our 7,000 highly skilled, dedicated, and passionate associates who deliver millions of moments of joy for our clients and their consumers every day.

In 2021, Selecta transitioned to a 'ONE Selecta' approach across our markets. Integral to working toward the ONE Selecta approach is our 'glocal' focus, combining the benefits of a group-level strategy with local supply chains. This means that we develop a global strategy and approach at the group level, and drive implementation in each of our 16 markets. Our glocal approach has driven the expansion and acceleration of our telemetry roll-out, group-wide training platforms, and long-term relationships with our suppliers and partners. However, specific local approaches remain important too. In our Foodies solutions, for example, we aim to source as much fresh food as possible from local suppliers to keep our supply chains short.

Client solutions

As a Food Tech business, we are constantly developing new innovations and client solutions. When it comes to food and drink solutions that make people smile, Selecta always has a solution to fit the needs of our clients, whether full-site catering, wholesale delivery, fresh food to stay or to go, or quality coffee moments.

Foodies is our flexible and innovative solution that offers a huge range of fresh and nutritious, vegan and plant-based dishes. Our Foodies food market is a modular concept, and its size and features can be tailored to each client's needs. It provides attendant-free food and drink services 24/7 in an inviting, modern space that serves as a room for thought, joy, and collaboration. Our Foodies Grab & Go solution provides fresh drinks and healthy snacks in smart fridges. The Foodies coffee corner

ONE SELECTA Belief System

SELECTA PEOPLE - PASSIONATE AND PURPOSEFUL

Complete joy needs
analysis identifying client
& consumers needs

Identify solutions products
& services creating joyful
experiences and moments



Retain 100% of clients,
grow existing clients,
and win new clients

Deliver industry leading
service acting on all inquiries
in 24 hours & providing
solutions in 48 hours

About us: The Selecta group

provides a unique coffee experience, while our innovative hot steam food solution offers healthy, fresh, hot meals in less than a minute.

We provide a wide range of coffee solutions that keep everyone happy and energized. Our coffee solutions are tailored to the needs of our clients, at the workplace or on the go. Our range includes tabletop coffee machines for small office spaces, bean-to-cup machines for coffeehouse moments, and floor-standing machines for large offices. For commercial use, we offer barista-style machines for a vibrant coffee experience. Our classic vending solutions provide tasty snacks and drinks from trusted brands. To address diverse needs across sectors and industries, we offer a wide range of refreshment solutions including vending machines for coffee, snacks, cold drinks, healthy food, and smart vending machines. Besides that, we also offer chilled water solutions that provide fresh and filtered water. All our solutions come with our world-class service.



Our brands

Our products and materials are sourced from well-known A-brand partners, including global and local suppliers. They provide us with hot and cold drinks, snacks, fresh food, disposables, and other products. We provide high-quality coffee across our markets through our own brands and coffee partnerships. Our own brands – Pelican Rouge and miofino – are produced by our Pelican Rouge Coffee Roasters roasting facility, based in the Netherlands. Pelican Rouge sets itself apart with its premium sustainable coffees and expertise from bean to barista: from sourcing and roasting, to blending and serving.



Additionally, we engage in partnerships with the leading global coffee brands of Starbucks, Lavazza, Nescafé, and Zoégas. Through our 'We Proudly Serve Starbucks® Coffee' program we provide an automated self-service option for a wide selection of Starbucks beverages at the office or on the go. Through the Nescafé social hubs, we create a rich coffee experience for the workplace. Our partnership with Lavazza makes a broad range of Lavazza coffee solutions available for clients of all sizes, including the 'Lavazza Everyday' concept for locations with large audiences. Certified sustainable options are available for all coffee brands we serve, including Fairtrade, Rainforest Alliance, and UTZ. Our goal is to increase the share of certified coffees, and to work to make our Pelican Rouge brand 100% certified by 2023.

Our clients

The needs of our clients are central, and we work in close collaboration with them to develop tailor-made solutions that bring joy to our consumers through our food and drink solutions. We serve a large and varied client base – including a mix of small and medium-sized enterprises and large companies – in diverse sectors such as healthcare, education, retail, public transport, petrol, hotels & leisure, restaurants & cafés, office spaces, manufacturing, and logistics.

Our governance

The Selecta Group is a private limited company. Our governance consists of a Board, an Operating Committee (OpCo), and group-wide Leadership Forums that are critical for the execution of our strategy. The OpCo consists of the group-level functional leaders reporting into our CEO and Chairman, who are responsible for ensuring the execution of our Selecta strategy and purpose. Our further leadership groups consist of functional leaders and regional leadership teams who are critical for our success.

Sustainability topics are discussed across these layers. Decisions about sustainability are made at the executive level, supported by the Chief Strategy & Sustainability Officer, and the Sustainability Director, along with the wider sustainability network responsible for executing the initiatives across all our entities. Selecta is unique in that 170 associates have an ownership stake in the company. Individuals who are driving the ONE Selecta transformation and demonstrating hard work and leadership have the opportunity to be recognized and become a co-owner of the company.



KEY FACTS & FIGURES

7,000+
passionate associates
& owner-associates

410,000
machines

16
countries
across Europe

€ 1.2 BILLION
revenue

**MILLIONS OF MOMENTS
OF JOY DELIVERED EVERY DAY**

About us

OUR SUSTAINABILITY APPROACH

As Europe's leading food and drink solutions provider in the workplace and on the go, we bring millions of moments of joy to people every day. Sustainability is an integral part of the way we do business. We have developed a structured approach to work toward a sustainable future in collaboration with our associates, clients, and other key stakeholders⁽¹⁾. Together we have committed ourselves to four strategic pillars, targeting the key areas in which we can make a positive impact.

The four strategic pillars of our sustainability approach encompass the key topics that are of major importance to our business.

**RESPECTING
OUR
ENVIRONMENT**

**HEALTHY AND
SUSTAINABLE
PRODUCTS**

**SUSTAINABILITY
IN OUR
SUPPLY CHAIN**

**BEING AN
EMPLOYER
OF CHOICE**

As ONE Selecta we are committed not only to delivering high-class service, but also to doing so in a sustainable way – with respect for our environment, our consumers, our communities, and our associates. In 2021, we focused on strengthening our sustainability approach. We reviewed the structure of our sustainability pillars, identified vital signs for all key impact areas, and set clear targets. Furthermore, we continued implementing existing initiatives, and started working on new initiatives that will help us reach our targets. Figure 1: The four strategic pillars of our sustainability approach encompass the key topics that are of major importance to our business.

Respecting the environment

We focus on the reduction of CO₂ emissions across our value chain, from farm to cup. In line with the Paris Agreement⁽²⁾, we have developed carbon reduction targets to become a Net Zero company. This means that the emissions that occur in our company and supply chain do not contribute to climate change. For Scope 1 and 2 emissions we plan to be Net Zero by 2030, and for Scope 3 emissions

¹ The group-wide sustainability approach was developed in 2018 based on a materiality analysis for which internal and external stakeholders were consulted. The materiality matrix can be found in the Sustainability Report 2018.

² The goal of the Paris Agreement is to limit global warming to well below 2 degrees Celsius, and preferably to 1.5 degrees Celsius, compared to pre-industrial levels.

About us: our sustainability approach

by 2040. Our key initiatives to reduce our Scope 1 and 2 emissions are route optimization through telemetry, the transition to a fully electric fleet, and further shifting to renewable energy in our buildings. For Scope 3 emissions the initial focus lies on reducing emissions in our coffee supply chain, particularly at the farm level which is where most emissions occur.

Healthy and sustainable products

We integrate circularity in our client solutions, from packaging to waste reduction and recycling. To reduce the footprint of our packaging materials we are working toward 100% use of recyclable packaging at the Pelican Rouge roasting facility by 2025, and 50% use of recyclable packaging for our total assortment by 2030. We aim to reduce the amount of food waste to a maximum of 5% of our sales by 2025, and we are continuing to expand our successful in-house program to recycle and refurbish our machines, thus ensuring the sustainability of our machine park.

Through our Food Tech solutions we offer a wide range of certified-sustainable coffee and other products, including a growing range of healthier and diet-specific choices. We aim to further expand the share of healthier choices in our assortment. In this context, our goal is that 60% of our fresh food assortment and 30% of our snack market assortment should have a Nutri-Score A or B by 2025.

Sustainability in our supply chain

We are committed to sourcing our raw materials and products responsibly and to having a positive impact on the countries and communities we source from. Our ambition is that 100% of Pelican Rouge coffee from our roasting facility should be certified sustainable by 2023. Besides that, all suppliers should comply with the principles of the Selecta Supplier Code of Conduct by 2025.

Through the Selecta Coffee Fund we invest in farm-level programs in the coffee communities we source from, and we collaborate with our supply chain partners to build long-term relations and support farmer livelihoods, social equity, and thriving ecosystems. Our goal is to directly reach at least 2,500 farmer families through the Selecta Coffee Fund by 2025.

Employer of choice

Bringing moments of joy begins with a joyful workplace. Our associates are at the center of our success, and we are committed to offering long-term career prospects, supported by learning and development programs with the highest ethical standards. We prioritize health and safety of our associates, and work toward zero preventable accidents in our workplace. We focus on diversity and inclusion in the way we work and the way we make recruitment and promotion-related decisions. Equal opportunities for women is one part of this. Therefore, we have set the goal that 40% of all Selecta positions and 40% of first-level leadership positions should be held by women by 2024.

Our sustainability goals and results

In 2021, we continued to implement our sustainability approach across the Selecta Group. The roll-out of our sustainability initiatives, the monitoring of progress, and the development of new projects and sustainable client solutions is guided by our leadership team. The targets we set support us in reaching our sustainability goals and in tracking progress. Our sustainability goals as well as key results and activities of 2021 are summarized in the table on the next two pages. This report further highlights the activities and results achieved in 2021.

**“WITH OUR
SCALE AND
INFLUENCE,
WE HAVE THE
OPPORTUNITY
TO DRIVE
POSITIVE
CHANGE
ACROSS OUR
INDUSTRY.”**

We're focusing on four areas for action: respecting our environment, healthy and sustainable products, sustainability in our supply chain and being an employer of choice.”

Marissa Célette
Chief Strategy & Sustainability Officer,
Selecta



Our sustainability approach

OUR SUSTAINABILITY GOALS AND RESULTS

TOPICS	TARGETS	INITIATIVES	PROGRESS IN 2021	GOALS FOR 2022
RESPECTING THE ENVIRONMENT				
CARBON FOOTPRINT REDUCTION	<ul style="list-style-type: none"> Net zero emissions in Scope 1 and 2 by 2030. 5% annual emission reduction for Scope 1 and 2. 100% of the new benefit cars are electric by 2025. 100% of the new operations cars are electric by 2030. 	<ul style="list-style-type: none"> Electrification of our fleet. Route optimization and telemetry. Renewable energy in owned warehouses and offices 	<ul style="list-style-type: none"> Calculated the CO₂ baseline (2019) for Scope 1 and 2 following the GHG protocol. Expanded telemetry to 37% operated coverage across the group and further roll-out of pre-kitting. Launched the Green Car Policy at group level and implementation started. 	<ul style="list-style-type: none"> Reduce our Scope 1&2 emissions by 5%. Install telemetry at 26,000 additional points of joy and upscale pre-kitting. Fine-tune our Green Car Policy and start lighthouse projects in Oslo and Amsterdam.
	<ul style="list-style-type: none"> Net zero emissions in Scope 3 by 2040. 100% of the CO₂ Pelican Rouge coffee brand is compensated or reduced by 2025. 	<ul style="list-style-type: none"> CO₂ baseline for Scope 3 emissions. Reduction of CO₂ emissions in our coffee supply chain. Client solutions with lower CO₂ footprint 	<ul style="list-style-type: none"> Prepared for baseline of the coffee supply chain at Pelican Rouge. 	<ul style="list-style-type: none"> Calculate the CO₂ baseline for Scope 3 emissions. Develop interventions to reduce CO₂ emissions in our coffee supply chain.
WASTE	<ul style="list-style-type: none"> 30% reduction of waste to landfill by 2030. 	<ul style="list-style-type: none"> Waste programs at our owned warehouses and offices. 	<ul style="list-style-type: none"> Implemented a pilot at the Pelican Rouge roasting facility to turn plastic waste into vibratory silent blocks. 	<ul style="list-style-type: none"> Develop waste reduction and recycling programs for the Pelican Rouge roasting facility, and Selecta's warehouses and offices.
HEALTHY AND SUSTAINABLE PRODUCTS				
CIRCULARITY	<ul style="list-style-type: none"> 100% use of recyclable packaging at Pelican Rouge by 2025. 50% use of recyclable packaging for the total assortment by 2030. 	<ul style="list-style-type: none"> Sustainable alternatives for packaging. Recycling of cups, coffee bags, and coffee grounds. Refurbishment of our machines. 	<ul style="list-style-type: none"> Recycled 477,500 cups in the Netherlands and Belgium through the Cup it Simple concept. Launched pilots to upcycle spent coffee grounds in the Netherlands & Italy as ingredients for new products. 	<ul style="list-style-type: none"> Test and roll-out of mono-material coffee bags. Identify new opportunities for recycling/upcycling packaging and spent coffee grounds across the group. Further expand our refurbishment progra.
FOOD WASTE	<ul style="list-style-type: none"> Reduce food waste to max. 5% of sales by 2025. 	<ul style="list-style-type: none"> Food waste solutions such as improving planograms and consumer awareness. Set up partnerships with food suppliers. 	<ul style="list-style-type: none"> Adjusted the filling rate and planograms of Smart Fridges to prevent food waste. Discounted and free giveaways of products that have passed the Best Before Date (BBE). 	<ul style="list-style-type: none"> Tailor the assortment based on sales forecasts to continue minimizing waste. Set up local partnerships with 'fight food waste' companies or innovators.
HEALTHY CHOICES	<ul style="list-style-type: none"> 60% of fresh food assortment and 30% of snack market assortment have a Nutri-Score rating of A or B by 2025. 	<ul style="list-style-type: none"> Nutri-Score labeling on all pre-packed foods. Increase consumer awareness. 	<ul style="list-style-type: none"> Initiated Nutri-Score labeling. On average, 48% of Foodies Micromarkets assortment has a Nutri-Score rating of A or B. 	<ul style="list-style-type: none"> Increase the share of Nutri-Score A and B in Foodies Micromarkets, and other solutions. Expand the implementation of Nutri-Score and overall assortment at group level.

Our sustainability approach

OUR SUSTAINABILITY GOALS AND RESULTS

TOPICS	TARGETS	INITIATIVES	PROGRESS IN 2021	GOALS FOR 2022
SUSTAINABILITY IN OUR SUPPLY CHAIN				
RESPONSIBLE SOURCING	<ul style="list-style-type: none"> 100% of Pelican Rouge coffee from our roasting facility is certified sustainable by 2023. 	<ul style="list-style-type: none"> Rainforest Alliance (RA) and Fairtrade (FT) certification of coffee. 	<ul style="list-style-type: none"> 58% of the coffee sold by Pelican Rouge was RA/FT certified. 25% of all coffee sold by Selecta was RA/FT certified. 	<ul style="list-style-type: none"> Source certified coffee for 100% of Pelican Rouge branded coffee.
	<ul style="list-style-type: none"> >2,500 farmer families directly supported through the Selecta Coffee fund by 2025. 	<ul style="list-style-type: none"> Selecta Coffee Fund – partnerships in coffee-producing communities. 	<ul style="list-style-type: none"> Directly supported >750 farmers in Burundi and Rwanda through the Selecta Coffee Fund (see projects in this report). 	<ul style="list-style-type: none"> Develop new partnerships in our coffee producing origins to expand the impact of the Selecta Coffee Fund. Expand our Selecta Coffee Fund to all Selecta markets.
	<ul style="list-style-type: none"> All suppliers comply with the principles of the Selecta Supplier Code of Conduct by 2025. 	<ul style="list-style-type: none"> Selecta Supplier Code of Conduct. 	<ul style="list-style-type: none"> Introduced a new Supplier Code of Conduct and asked all our suppliers to sign it. 	<ul style="list-style-type: none"> Roll out our Supplier Code of Conduct and Supplier Sustainability Assessments across Selecta markets.
EMPLOYER OF CHOICE				
HEALTH & SAFETY	<ul style="list-style-type: none"> Zero preventable accidents in our workplace. 	<ul style="list-style-type: none"> Selecta Associates Health & Safety Program. 	<ul style="list-style-type: none"> Launched a drivers training program across all markets to reduce accidents and keep our associates safe on the road. 	<ul style="list-style-type: none"> Create a Group-wide Health & Safety initiative including a Group Health & Safety Policy . Launch trainings for our associates on key health and safety topics.
DIVERSITY & INCLUSION	<ul style="list-style-type: none"> 40% of all Selecta positions and 40% of first-level leadership positions are held by women by 2024. 	<ul style="list-style-type: none"> Selecta Diversity & Inclusion Program. 	<ul style="list-style-type: none"> Developed a Selecta Diversity & Inclusion Program and policies around fairness in recruitment, promotion and compensation. Established the baseline for gender diversity across the group. 	<ul style="list-style-type: none"> Launch the Selecta Diversity & Inclusion Program across the group. Launch a diversity & inclusion training program for our associates.

OUR VALUE CHAIN

Connecting our products to our clients and consumers.

RESPONSIBLE SOURCING

We source our products and ingredients responsible; locally and globally.

FARMERS



SUPPLIERS



ROASTING AND PRE-KITTING

We roast and blend our own coffee and we do pre-kitting of food and snacks in our warehouses.

PELICAN ROUGE COFFEE ROASTERS



WAREHOUSES



PRE-KITTING

DISTRIBUTION & SERVICE

We use smart technology and route optimization to provide a best in class service to our clients.

TELEMETRY



ROUTE OPTIMIZATION



CLIENT SERVICE

PRODUCTS & SOLUTIONS

We offer innovative solutions and world class brands.

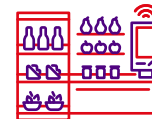
COFFEE & HOT BEVERAGES



VENDING MACHINES



FOODIES MICROMARKETS



DELIVERING
MILLIONS OF
MOMENTS OF
JOY
EVERYDAY!



RESPECTING OUR ENVIRONMENT

As a Food Tech leader responsible for sourcing and distributing Food Tech solutions, we aim to reduce the CO₂ impact across our value chain, from farm to cup. In our operations this is done through technology-driven route optimization, transitioning our fleet toward electric vehicles, and increasing the use of renewable energy in our buildings. In our coffee supply chain, we focus on reducing the CO₂ impact through farm-level programs.



Respecting our environment

TOWARDS NET ZERO

Selecta aims to be Net Zero, from farm to cup. This means that emissions caused by our activities, both directly in our supply chain and through the indirect impact of our operations, do not contribute to climate change.⁽³⁾ For Scope 1 and 2 emissions our goal is to become climate neutral by 2030. For Scope 3 emissions, which occur beyond the operations of our organization in our wider supply chain, we aim to be climate neutral by 2040.

EXPLANATION OF SCOPE 1, 2 AND 3 EMISSIONS

- Scope 1**
Direct emissions from sources that are owned or controlled by the organization.
- Scope 2**
Indirect emissions from the generation of purchased energy.
- Scope 3**
Other indirect emissions that are a result of the organization's operations but are not owned or controlled by the company.



Scope 1 and 2 emissions

In 2021, we established the baseline for our organization's Scope 1 and 2 emissions and consequently committed to reduction targets. To become Net Zero in 2030, we need to reduce our Scope 1 and 2 emissions by 5% annually. To calculate the baseline, we used the global standardized framework of the Greenhouse Gas Protocol (GHG). The year 2019 was selected as the reference year, since it provides the most reliable pre-COVID-19 data.

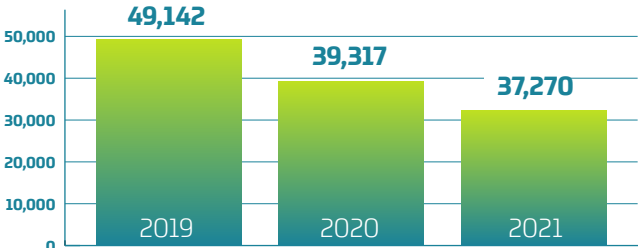
In 2019 our footprint equaled 49,142 metric tons of CO₂ equivalents. This data serves as our baseline for goal-setting and tracking progress toward our reduction targets. The baseline shows that 88% of our emissions are caused by our fleet, and 12% by our buildings. Of the latter, a substantial proportion of emissions (64%) are related to our Pelican Rouge coffee roasting facility. The remainder of those emissions come from our office buildings, depots, and warehouses across Europe. In buildings, we are focusing on renewable energy. In terms of reducing the footprint of our fleet, key initiatives are route optimization, a focus on productive visits via telemetry, and the transition to a fully electric fleet.

In 2021 the overall footprint was reduced by 24% to 37,270 metric tons of CO₂ equivalents. This reduction can be partly explained by the adjusted size of our organization, including due to the impact related to COVID-19, and partly by the impact of our interventions including the reduced size of our fleet and travel distances. The distribution of the emissions in 2021 is comparable to 2019; the share of emissions caused by fleet declined slightly to 86%, while the percentage caused by buildings increased to 14% (Figure 3).
Figure 3: Scope 1 & 2 emissions at Selecta Group in 2021

3 All greenhouse gasses are in scope and expressed as CO₂ equivalents (eq).

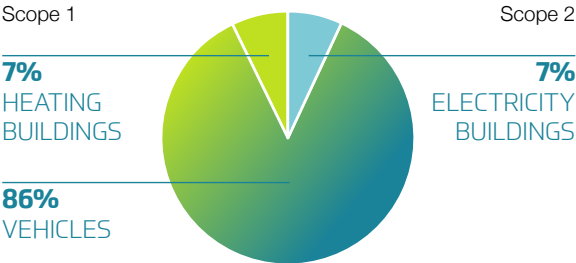
SCOPE 1 & 2 EMISSIONS AT SELECTA GROUP

In metric tons of CO₂-eq



BREAKDOWN OF SCOPE 1 & 2 EMISSIONS

At Selecta Group in 2021

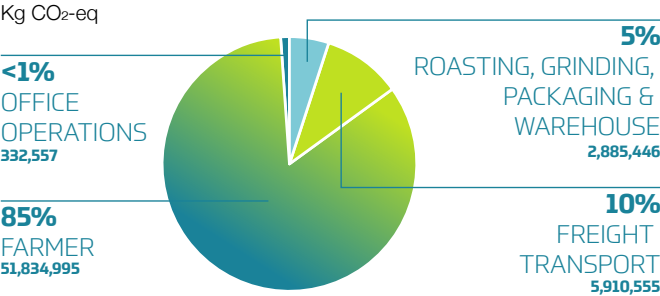


Respecting our environment: Toward Net Zero

Scope 3 emissions

At the end of 2021, we calculated the baseline for the Scope 3 emissions of the coffee supply chain of Pelican Rouge Coffee Roasters. The results show that most of these emissions (85%) occur at the level of the coffee farmers. Freight transport accounts for 10%, and processing at the roasting facility accounts for 5% of Scope 3 emissions (Figure 4). We are using these results to develop interventions that will decrease our environmental footprint so that we can work toward becoming Net Zero from the farm to our roasting facility. We aim to reduce the emissions that occur during farming through farm-level projects. We will also map the other relevant Scope 3 emissions that occur in our value chain and develop action plans to reduce our footprint. We are continuing these efforts in 2022.

SCOPE 3 EMISSIONS
OF THE PELICAN ROUGE COFFEE VALUE CHAIN



“CLIMATE
CHANGE
REQUIRES
URGENT
ACTION.

Selecta has set ambitious targets to make our own operations net zero by 2030, and we have accelerated our efforts through climate positive initiatives across our value chain.”

Gijsbert Appels
Group Sustainability Director, Selecta



Respecting our environment

TOWARDS AN ELECTRIC FLEET AND ROUTE OPTIMIZATION

Our joy ambassadors are on the road every day delivering millions of moments of joy to our clients. They serve nearly 410,000 points of sale across Europe. Telemetry and pre-kitting go hand in hand to optimize our routes and reduce our carbon footprint.

Route optimization

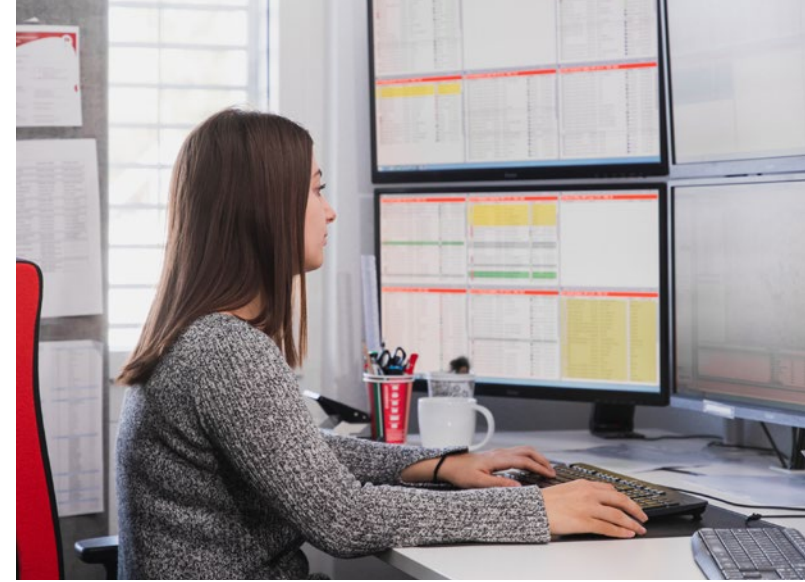
Route optimization means that we can service more machines more efficiently. This reduces our mileage and the number of vehicles that we need on the road, and hence our carbon footprint. In line with our ambition, we reduced our fleet from 7,000 to 5,000 vehicles in 2021. This was partly driven by right-sizing our fleet and partly by efficient routing.

Telemetry and pre-kitting

Key drivers for route optimization are telemetry and pre-kitting. Telemetry enables us to monitor the inventory and status of vending machines remotely and in real time. This supports dynamic route planning, so that we only stock or service a machine when it is required. Besides reducing out of stock scenarios and providing a best-in-class service telemetry has multiple benefits: for our carbon footprint, for our associates, and for our business. Meanwhile, pre-kitting at the warehouse gives us full control over waste management. All products are unpacked at our warehouses where waste is sorted and disposed of properly. Real-time tracking also results in less waste of expired or slow-moving products, both in the vending machines and at our warehouses.



In terms of achievements in 2021, Selecta Switzerland received a Swisscom IoT Climate Award in early 2022. Furthermore, our route optimization program supported by telemetry and pre-kitting prevented the release of approximately 206 metric tons of CO₂ into the atmosphere. Selecta Austria, Belgium, France, Germany, Italy, Switzerland, the Netherlands, the United Kingdom, Spain and Sweden are all currently using this technology. By the end of 2021, the operated coverage of telemetry was 37%. In 2022, we continue to roll out telemetry across our markets and aim to install telemetry boxes at 26,000 additional vending machines. Besides that, we are constantly improving the telemetry technology. We will launch updated software across our markets that allows us to attend to technical incident alerts more quickly and efficiently, and to change pricing remotely.



Towards an electric fleet

A shift to electric vehicles will significantly contribute to a reduction of our carbon footprint. Therefore, we will transition to a fully electric fleet. Our fleet consists of 5,000 vehicles, of which the majority (85%) are used in operations, and most (90%) of the fleet is leased. To start the transition, we launched our Green Car Policy across the group in 2021. In line with this policy, a fully electric car is now always the first choice for our benefit cars; hybrid and conventional cars are only allowed in exceptional cases. As of 2022, conventional cars are no longer an option, and hybrid cars are only available to drivers with high mileages. Operations vehicles are also being added to the policy's scope in 2022. In areas with extended service ranges, hybrid cars are still necessary. And while

Respecting our environment: towards an electric fleet and route optimization

electric alternatives are available for our larger vans and refrigerated trucks, they do not yet offer the range and load that is needed.

The implementation of the policy is ongoing in all Selecta countries, with Austria and the Netherlands as the frontrunners. By the end of 2021, only about 1.5% of our fleet was either fully electric or hybrid so it is clearly a gradual transition. However, we have made the commitment that all new orders for replacements of end-of-lease benefit cars and orders for new benefit cars will have to be for fully electric vehicles by the end of 2025. In the case of our operations vehicles, all new orders for replacements of end-of-lease vehicles and orders for new operations vehicles will have to be for fully electric vehicles by the end of 2030.

To showcase our ambition internally and externally, in 2022 we are starting two lighthouse projects in Oslo and Amsterdam. In those two locations, we will replace our vehicles with electric or hybrid alternatives at an even faster pace. In Oslo, 21 vehicles will be replaced by full-electric models representing 75% of the fleet, and in Amsterdam 21 cars will be replaced by full electric or hybrid alternatives, representing 100% of the fleet. Only the larger vans and the refrigerated trucks will not yet be transitioned to electric. Besides this, we are also stimulating all markets to accelerate the transition with our electric-first policy. Through these efforts, we aim to increase the overall share of fully electric or hybrid cars to 5% by the end of 2022.

Telematics

In our operations vehicles, we use telematics to gain insight into the performance of our vehicles. Data is collected about driving behavior, fuel consumption and mileage. For data protection reasons, this data is collected for groups of cars and cannot be traced back to individual drivers. We have implemented telematics not only to improve the safety of our drivers and reduce the number of accidents, but also to further improve the sustainability of our fleet by reducing carbon emissions

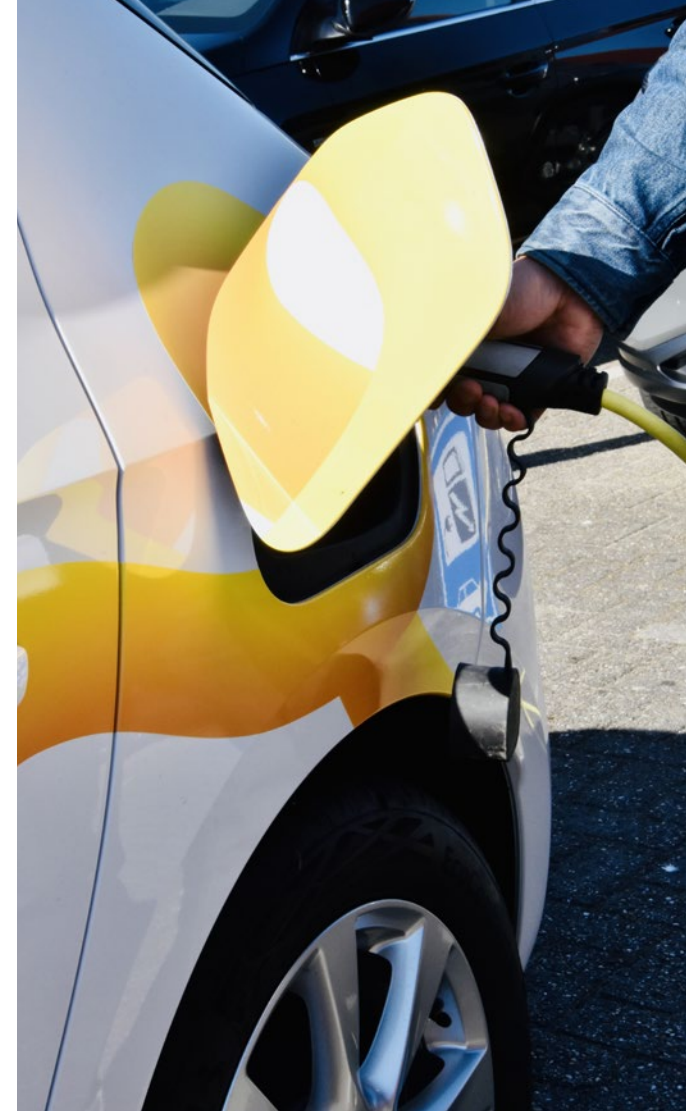


“FROM 2021 ONWARDS, SELECTA HAS IMPLEMENTED A NEW FLEET CAR POLICY WHEREBY ELECTRIC CARS ARE THE FIRST OPTION FOR ALL BENEFIT CARS. THIS IS AN IMPORTANT FIRST STEP”

Eddy Scheerlinck
Group Fleet Manager, Selecta

through ‘best driving practices’. Maintaining a consistent speed, avoiding abrupt braking and sticking to speed limits are all measures that reduce fuel consumption. Better driving practices also extend the vehicle’s useful life and reduce the amount of maintenance required (e.g. replacement tires), which improves the overall management of our lease contracts. Additionally, telematics ensures that vehicles with hybrid capabilities maximize their use of electricity versus driving on fossil fuel.

In 2021 we rolled out our telematics program at group level to have a consistent approach in all countries. This enables us to have insight into our entire fleet and to manage this at the group level. We will equip all our operations vehicles with telematics and provide our associates with training on safe driving. We have kicked off the implementation in Spain and Switzerland, and other countries will follow. The first results of the implementation of telematics are positive and show marked improvements in driving behavior.



Respecting our environment

RENEWABLE SOURCES OF ENERGY FOR OUR BUILDINGS

Renewable energy in buildings

Selecta operates offices, distribution centers, and warehouses in all our 16 countries across Europe. Approximately 97% of our locations are leased, while the other 3% consist of owned properties. Approximately 20% of our leased space is occupied by offices and about 80% by distribution centers and warehouses. The energy use in our offices is slightly higher than in our warehouses. In general, running a warehouse requires less energy than an office, because less heating is required. To reduce our carbon footprint, we are switching to green electricity contracts in our owned buildings. In 2021, 56% of the electricity we consumed was generated from renewable sources: wind (30%), solar (8%), hydro (3%), and mixed (15%) (see Figure 5). In 2022, we aim to further increase the share of renewable energy in our buildings. At our offices, we are installing energy-efficient lighting and heating, and charging points for electric cars.

Our own coffee roasting facility, Pelican Rouge Coffee Roasters, is located in Dordrecht, the Netherlands. Pelican Rouge has been sourcing, blending, and roasting high-quality coffees since 1863. It roasts approximately 15,000 metric tons of coffee annually. This roasting facility is responsible for the largest share (64%) of the emissions linked to heating our buildings. In 2021, these emissions at the roasting facility decreased by 22% compared to 2019.

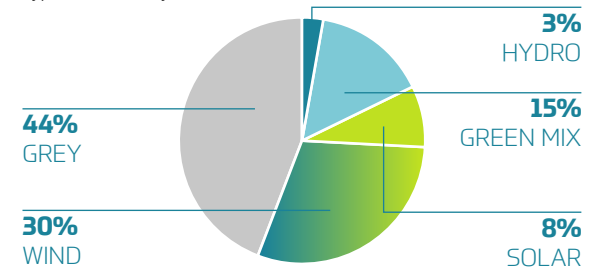


This reduction partly resulted from the installation of solar panels in 2021 to generate renewable energy for the building. In total, 2,487 solar panels were installed with a capacity of 1,151.1 kWp. These are expected to generate about 661 MWh annually, about 23% of our energy consumption. This equals the energy consumption of roughly 220 Dutch households and will result in CO₂ savings of approximately 429 metric tons.

Our further electricity needs are sourced entirely from green electricity from the Netherlands (30%) and Europe (70%). Our ambition is to source 100% of the renewable energy locally from 2025 onwards. In 2021, all the lights in the factory and also the lights outside of the building were replaced by LED lighting to reduce the environmental impact.

ELECTRICITY SOURCES AT SELECTA GROUP

Type of electricity 2019-2021



Respecting our environment: carbon compensation and waste management

Compensation

In addition to our carbon reduction strategy, we engage in carbon emission compensation in special projects or when requested by clients. For example, Selecta Switzerland has set up a partnership with ClimatePartner to compensate for the emissions of almost 119 million cups. In 2021, we also compensated 1,147 metric tons of CO₂ equivalents through a project in Qori Q'oncha in Peru, in which households gain access to improved cooking stoves that are more efficient and require less firewood. In the Netherlands, Pelican Rouge works together with the Fair Climate Fund on two improved cooking stove projects in Ethiopia and India. Through another partnership, with Groenbalans, Pelican Rouge supports a project to preserve the Kariba forest in Zimbabwe. In 2021, the total carbon offset through these initiatives was 1,789 metric tons of CO₂ equivalents. Going forward, we are working to connect compensation for carbon emissions directly to our coffee supply chain.



Road vibratory silent blocks made from coffee plastic bags.

Waste management

Our goal is to reduce the waste going to landfill from our own buildings and our roasting facility by 30% by 2030. This includes residual waste from offices and canteens, paper and cardboard, biobags, foil and organic waste. In 2021 we established a baseline at the Pelican Rouge coffee roasting facility to gain insight into the types of waste produced and the disposal methods. Most of the organic waste from the roasting facility is collected on a weekly basis and processed into green electricity and heat in a biomass fermentation plant. Additional waste streams, such as plastic, are collected separately. In 2021, we set up a pilot to produce vibratory silent blocks out of the plastic waste. These blocks are developed to minimize the noise from pavements without losing their roadside functionality for drivers. This solution means that our plastic waste is upcycled into a new product rather than being incinerated. Our goal is to ultimately find circular solutions for all our waste streams.

Sustainability ambitions and awards

In line with the European Green Deal, Pelican Rouge Coffee Roasters drew up ambitious plans to pave the way to becoming Net Zero by 2030. Most of its emissions are caused by the electricity and gas consumed in the production processes and packaging lines.

For two consecutive years, Pelican Rouge Coffee Roasters and Selecta Netherlands have achieved Level 3 on the CO₂ Performance Ladder. This is a well-known European sustainability management system that helps organizations to demonstrably reduce their CO₂ emissions. We are aiming to achieve Level 5. To do so, we will also need to understand and influence the CO₂ emissions of our suppliers and clients in order to achieve reductions throughout our value chain. In 2021, Pelican Rouge received the Ecovadis Gold Certification for the fourth time. This result puts our roasting facility in the top five out of the 60,000 companies that are benchmarked by Ecovadis. We also renewed our ISO14001 environmental management certification. Additionally, Pelican Rouge Coffee Roasters and Selecta Netherlands received the Groene Pluim award in 2021 in recognition of their efforts in the field of sustainable entrepreneurship.



KEY FACTS & FIGURES

**BASELINE FOR
SCOPE 1 AND
2 EMISSIONS
ESTABLISHED**

37%
operational
telemetry coverage

**GREEN CAR POLICY
LAUNCHED AND
IMPLEMENTED**

2,487
SOLAR PANELS
installed at Pelican
Rouge Coffee Roasters

HEALTHY AND SUSTAINABLE PRODUCTS

We bring joy to people through Food Tech solutions. We offer a wide range of certified coffee and other products along with an expanding range of healthier and diet-specific choices (e.g., vegan, gluten-free) in our food and snack markets and our hot and cold drinks assortment. We have a successful in-house program to recycle and refurbish equipment, and we integrate circularity in our client solutions, from packaging to waste reduction and recycling.

Healthy and sustainable products

RESPONSIBLE CHOICES THROUGH INNOVATIVE CONCEPTS

Foodies

Foodies is our flexible and innovative solution that's redefining food for the workplace and beyond. Food isn't just about eating. It's also an opportunity to meet, connect, and share ideas. That's why Foodies offers an inviting, modern space. A room for thought, joy and collaboration. A social hub, which breathes the culture of the organization. Foodies responds to our clients' needs for more flexible food solutions and more conscious food choices, as well as promoting a positive impact on the environment. Foodies does this by offering a wide range of fresh and healthy products, including vegan and local food options.

Conscious choices

In order to support our clients and consumers in making healthier food choices, we have started to implement Nutri-Score on our products. On average 29% of the products in Foodies Micromarkets and Grab & Go have Nutri-Score A and 19% have Nutri-Score B. Nutri-Score enables consumers to see at a glance which products within a product group have a healthier composition. This independent food choice logo translates the nutritional value of products into a clear code based on letters and colors. A dark green 'A' indicates products that have the healthiest composition within a product group. A red 'E' is displayed on products with the least healthy composition in the same product group. In 2022, we want to increase the share of products with Nutri-Score A and B in Foodies Micromarkets, and within other solutions across the group. Our goal is that 60% of Selecta's



fresh food assortment and 30% of our snack market assortment should have a Nutri-Score A or B rating by 2025. In addition, we aim to promote conscious food choices through instore activities, events and promotions.

Food waste

We continuously review our operational processes to reduce food waste, for example by adjusting the filling rate and planograms of our smart fridges. We also work in partnership with suppliers to implement rotation, seasonality, and promotional events. In addition, we develop



KEY FACTS & FIGURES

Up to **90%**
of a vending machine
CAN BE RECYCLED

48%
of products with
**NUTRI-SCORE
A OR B RATING**

Pilot at Pelican Rouge with
**MONO-MATERIAL
(RECYCLABLE) PACKAGING**

75% of our paper cups are
PEFC OR FSC CERTIFIED

**SPENT COFFEE GROUNDS
ARE COLLECTED AND REUSED**
to make ink, soap, trays, and bins

Healthy and sustainable products



**“SUSTAINABILITY IS A KEY TOPIC
IN ALL OUR DISCUSSIONS WITH CLIENTS.
WE ARE CONSTANTLY WORKING
TO BRING SOLUTIONS TO THE MARKET
THAT ADDRESS THE SUSTAINABILITY CONCERNS
OUR CLIENTS CARE ABOUT.”**

Jan Marck Vrijlandt
Chief Commercial Officer, Selecta



awareness campaigns to reduce food waste, for example offering discounted and free giveaways of products that have passed their best-before date. In 2022, we want to tailor the assortment based on sales forecasts to continue minimizing waste and build local partnerships with ‘fight food waste’ companies or innovators. Our goal is to reduce food waste to a maximum of 5% of sales by 2025.

Plant-based alternatives for office spaces

In line with our ambition to offer a wide variety of healthy and sustainable products, Selecta has successfully launched plant-based topping alternatives in 2021. A plant-based diet has a significant positive impact on the environment and human health since, according to the IFCN Dairy Research Network, dairy production accounted for 2.2% of the total greenhouse gas (GHG) global emissions in 2019.

Plant-based alternatives also offer healthy choices for individuals who are lactose intolerant or who choose plant-based alternatives as part of a healthy diet. As a result of these trends, the Research & Development Team at Pelican Rouge Coffee Roasters developed a range of plant-based powders suitable for creating tasty and foamy cappuccinos and lattes in Selecta coffee machines. Our pilots in 2021 illustrated that 30% of end-consumers preferred our plant-based alternatives, which achieved high scores on taste satisfaction. Today, these plant-based hot beverages are available to both health-conscious and flavor-focused customers under the PLNT brand. Our goal in 2022 is to expand these plant-based alternatives.

“SUSTAINABILITY IS AN INTEGRAL PART OF THE SOLUTIONS WE PROVIDE

To all our clients and consumers. By making fresh, healthy, and delicious drinks and snacks available 24/7 we want to make healthier eating a common place whilst at the same time combatting food waste.”

Marco Retel
Group Director Premium Solutions,
Selecta



Healthy and sustainable products

CIRCULARITY

Sustainable packaging

Packaging is fundamental to our ability to provide millions of moments of joy to our clients and their consumers every day, but we recognize that this may not be at the expense of the environment. That's why we are working hard to eliminate unnecessary packaging, and innovating so that the packaging we do need is designed to be reused, recycled, or composted. Our goal for our own Pelican Rouge brand in 2022 is to use 100% mono-material coffee bags since these can be recycled, whereas traditional coffee bags that consist of different materials cannot. We also intend to offer collection solutions to clients to encourage recycling. For our total assortment, our goal is to ensure that 50% of our packaging is recyclable by 2025.

Cup reuse and recycling

In line with the EU's Single-Use Plastics Directive, we remain committed to phasing out plastic cups and transitioning to recyclable paper cups. In 2021, the share of paper cups across the group further increased to 75%, compared to 67% in 2020. All our paper cups are either PEFC or FSC certified. To further reduce the environmental impact, we developed the 'Use me again' campaign to encourage consumers to reuse their paper cup as many as three times or more. This campaign raises awareness through visuals in the workspace and stickers on the cups to impact consumers' behavior. We are also working to minimize our environmental footprint and to meet our clients' expectations by recycling, reusing, and upcycling waste as part of Selecta's service offering.

Cup it Simple concept

In 2021 we tested a circular client solution through the 'Cup it Simple' concept, in collaboration with the Dutch government. The installation of cup collection bins resulted in approximately 477,500 cups being

deposited for recycling in the Netherlands alone. The cups were collected by our Selecta Joy Ambassadors during planned restocking and maintenance visits to clients, thereby avoiding unnecessary mileage. The cups were dispatched to a processing plant and turned into toilet paper. We are planning to scale up the Cup it Simple concept as a permanent client solution in 2022. We will also look into upcycling possibilities.

CIRCUP – collaboration to improve paper cup recyclability

To further improve the collection and recycling of coffee cups, in 2021 Selecta joined forces with McDonald's, NS Stations and the Knowledge Institute for Sustainable Packaging (KIDV) in the Netherlands to launch the CIRCUP platform for the circular collection and recycling of paper cups and other paper laminate packaging. CIRCUP is an open-source platform that welcomes other companies who sell large quantities of paper cups to participate and explore possible recycling opportunities and applications through research, testing, and pilots. Even though paper cups are 100% recyclable, in practice the large majority of them are incinerated as waste. The more businesses that join CIRCUP, the more cups can be recycled. Key focus areas include the quality of the cups offered to recycling companies, the homogeneity in the applied fiber types, the collection and sorting of cups, and the different options for recycling. Stay tuned for our progress in 2022!



Healthy and sustainable products: Circularity

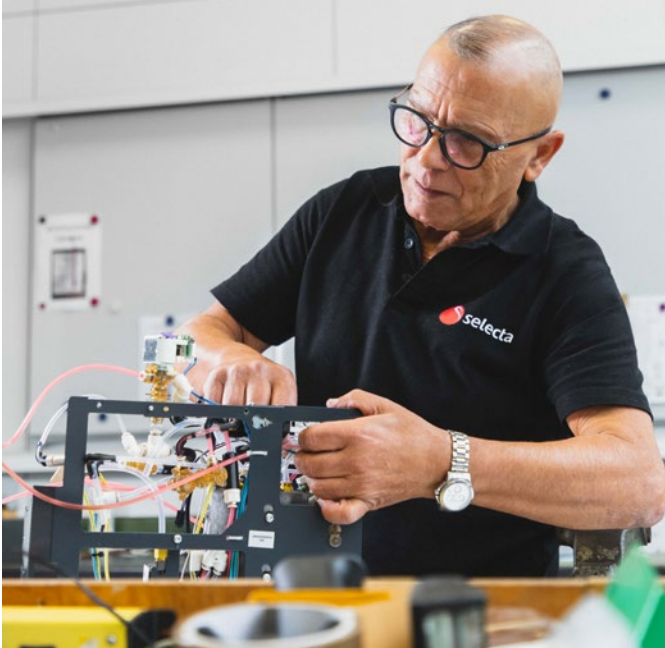
Upcycling coffee waste streams

We participate in various initiatives to upcycle spent coffee grounds. In the Netherlands, for instance, in partnership with Cirkellab, we collect spent coffee grounds from our clients and deliver them to the Kwekersgilde urban farm where they are used as soil for the cultivation of oyster mushrooms. In 2021, as a client solution, we launched a pilot with Circular Design to manufacture coffee trays and bins from bioplastics made from coffee waste and recycled PET bottle caps. This resulted in 1,000 coffee trays and 253 bins. Meanwhile, in Italy, Selecta collaborates with several partners to produce biogas from spent coffee grounds. Whenever possible, the coffee grounds are collected by our Selecta Joy Ambassadors – who in 2021 collected more than 580 metric tons of spent coffee grounds from our clients in Italy alone. Alternatively, the grounds are collected in big bags and transported to the biogas plant by an external partner.

Extending the lifetime of vending machines

By refurbishing our vending machines, we significantly reduce our environmental footprint and prevent waste. This makes our refurbished machines attractive for clients with their own sustainability goals. We refurbish our machines to the highest standards and based on the latest technology, ensuring they equal the performance of brand-new machines. Our ambition is to further improve the recyclability and refurbishment of our vending machines across the group.

On average, a vending machine has a minimum lifetime of seven years and a maximum lifetime of 10 years. At Selecta we extend the lifetime of our vending machines to a maximum of 20 years through frequent maintenance and refurbishment. At the end of a client cycle, we assess whether the vending machine should be refurbished. Not all vending machines are suitable for refurbishment, however, and those that are unsuitable are sold to other markets, where they are used either as entire machines or for spare parts. This enables us to minimize scrap.



We ensure that the quality of the refurbishment is well aligned with our clients' needs and that the vending machine still delivers world-class performance. We have established in-house refurbishment programs in most Selecta countries. Overall, the number of refurbished machines is increasing. In Switzerland, for example, refurbished machines now account for 51% of our machines in the field, up from 33% in 2019.

Energy consumption of vending machines

Selecta's energy efficiency efforts are ongoing in both new and refurbished vending solutions for clients. Most machines have energy-saving modes and standby features. We identify the best solution for each client according to the number of cups needed. By offering them the right device and avoiding underuse of vending solutions, we can help our clients to save energy.

"OUR COFFEE MACHINES ARE DESIGNED FOR CIRCULARITY"

They have a long lifetime of more than 10 years and are made from high-quality materials, allowing refurbishment of all components. The preventative maintenance kit ensures the longevity of the machine using a minimum number of components. Quality, sustainability, and circularity are key drivers in our partnership with Selecta."

Matteo Trachsel
Head of Sustainability,
Thermoplan



SUSTAINABILITY IN OUR SUPPLY CHAIN

We are committed to sourcing our raw materials and products responsibly while having a positive impact on the countries and communities we source from. Through the Selecta Coffee Fund, we invest in farm-level programs in the coffee-growing communities we purchase from, and we collaborate with our supply chain partners to build long-term relations and support farmer livelihoods, social equity, and thriving ecosystems.

Sustainability in our supply chain

RESPONSIBLE SOURCING

Selecta Code of Conduct

At Selecta we aim to conduct our business with honesty and integrity, and in accordance with the highest standards of ethics, equity, and fair dealing. Our Supplier Code of Conduct (SCOC) details what stakeholders can expect from Selecta, and what we expect from our business partners. To ensure responsible procurement throughout our supply chain, we require all of our suppliers to comply with this code. The requirements in our SCOC are based on the 10 principles of the UN Global Compact (UNGC) and align with the Universal Declaration of Human Rights as well as with anti-corruption laws.

Out of all our markets, Selecta Sweden is the most advanced in terms of the implementation of the SCOC. Here, we have introduced a Supplier Assessment Tool to assess risks related to governance, environment, social aspects, and anti-corruption, plus we monitor compliance and potential risks through on-site audits. When we identify potential sustainability risks in our supply chain, we develop an improvement plan together with our suppliers. This helps us to ensure that we only work with trusted suppliers and we collaborate to achieve improvement. The dialogue and cooperation with our suppliers and business partners is essential in this approach. In 2022, we will further roll out this approach to other Selecta countries.

Responsible coffee sourcing

At Pelican Rouge Coffee Roasters, we roast about 15,000 metric tons of coffee annually. An increasing amount of the coffee we source is certified by sustainability schemes. In 2021, 58% of the coffee roasted by Pelican Rouge was certified by the Fairtrade or UTZ/Rainforest Alliance sustainability schemes. This is a small increase compared to 2020 (57%). In 2022, our goal is to source only certified coffee (100%) for Pelican Rouge-branded coffee.

At group level – which covers all the coffee we serve, including the premium coffee brands we collaborate with (Lavazza, Starbucks, and Nescafé) – the share of certified sustainable coffee is 49%. It is our goal to further increase the share of certified coffee in our assortment. Certification is an important basis for addressing sustainability issues in coffee-producing countries. However, we want to take a step beyond certification to address the root causes of socioeconomic and environmental issues. That's why we engage in supply chain programs with our partners through the Selecta Coffee Fund.



Sustainability in our supply chain

SELECTA COFFEE FUND

The Selecta Coffee Fund (SCF) contributes to sustainability initiatives throughout our value chain, with a focus on supporting the development of coffee farmers, their families and their communities in coffee growing areas around the world. Through the Selecta Coffee Fund, we aim to improve the livelihoods of coffee farmers, foster social equity, and maintain thriving ecosystems. We do this by investing in farm-level programs in regions where we source our coffee. Our approach is driven by direct collaboration in the coffee supply chain. This creates a direct link between the coffee farmers, their families and their communities, and the coffee we source and produce. We collaborate with local agronomists, governments, civil society organizations, and other local and international experts to build on the available knowledge and expertise and to maximize our impact. We have set ourselves the target of directly supporting at least 2,500 farmer families in our key coffee sourcing regions by 2025 by investing in farm-level programs. This means that we are directly involved in the extensive training of these farmers. Based on a 'train-the-trainer' approach, we will support these farmers to train another group of farmers.

The key impact areas in our programs are farmer prosperity, healthy communities and social equity, protect and recover thriving ecosystems, carbon reduction and climate resilience. These topics are highly interlinked. The scope of each of our farm-level programs is carefully tailored to the local context and challenges. We build long-term partnerships in the coffee supply chain and aim to source increasing volumes of coffee from our program areas to produce our Pelican Rouge coffee. The investment model of the Selecta Coffee Fund builds



upon collaboration and long-term partnerships with our suppliers and clients. In 2021, we raised funds in the Netherlands, Denmark, Finland, Norway, and Sweden through the sales of coffee from our Pelican Rouge roasting facility. In 2022 we will further expand the scope of the Selecta Coffee Fund to all Selecta markets and Pelican Rouge coffee brands to increase our impact. For every cup of Pelican Rouge coffee sold, a donation will be made to the Selecta Coffee Fund.

We currently invest in two farm-level projects, one in Burundi and one in Rwanda. We will further expand the scope of the Selecta Coffee Fund by setting up partnerships in key sourcing areas to increase our impact and source additional volumes of coffee.

"IN 2021 WE CONTINUED OUR COLLABORATION WITH SELECTA

with the goal to improve the livelihoods of 10,500 smallholder coffee farmers in Burundi – on top of the Rainforest Alliance certification."

Xavier Andrillon
Lead of Farm and Supply Chain
Economics, Rainforest Alliance



Selecta Coffee Fund

BURUNDI

Coffee is the primary export product of Burundi – a relatively small country located in the eastern-central part of the African continent. The climate conditions are favorable, and the country is well known for its excellent coffee quality. However, coffee smallholders face challenges including low production, old coffee trees, and fluctuating yields.

Taking the next step

Through the Selecta Coffee Fund, we partner with Supremo, the Rainforest Alliance, Schuttelaar & Partners, and SUCCAM – a local green coffee exporter – in the Mumirwa region of Burundi. The Burundi project builds upon a network of certified farmers and takes the next step – beyond certification – to improve the livelihoods of coffee farmers. Our program targets more than 11,000 farmers that are centered around 11 coffee washing stations in the Mumirwa region. The program aims to support farmers in moving toward a living income, to support gender equality and to improve access to clean water for communities.

In 2021, we started implementing the local project activities: establishing plant nurseries, providing Good Agricultural Practices (GAP) training for farmers, empowering women and improving access to water. By the end of the year, four nurseries had been constructed which will produce seedlings of coffee trees, shade trees, fruits, and vegetables. These seedlings will be distributed to the farmers to rejuvenate and diversify their plots, helping them to significantly improve their coffee production and become more climate resilient. In 2022, we plan to complete a further seven nurseries. In the GAP program, 434 lead farmers have received training: 381 men and 43 women. Based on a

train-the-trainer (ToT) approach, these lead farmers are being supported to pass on their knowledge to the next cycle of farmers in the region.

We set up a partnership with the international relief and recovery organization called ZOA to empower women and improve access to clean water. In 2021, ZOA prepared a gender assessment in the project region to gain more insight into gender issues and to develop an implementation plan building on existing women's groups in the region. The first activities will take place in the course of 2022. ZOA is also involved in the rehabilitation of water sources to improve access to safe water for communities. Initially, two washing stations are being targeted because of limited access to safe drinking water. In an access to water field study, ZOA identified 20 water sources to include in a rehabilitation program. The rehabilitation will take place in 2022 and will give a total of 1,175 households (almost 6,000 direct beneficiaries) access to safer and cleaner drinking water.

Moving toward a living income

Furthermore in 2021, CERRE Burundi conducted a detailed income assessment to gain more insight into the current income level of coffee farmers. This was supported by Schuttelaar & Partners and the Rainforest Alliance. The results confirmed that there is a significant income gap. In 2022, we will work together with our partners to further develop the business case for a living income.

In terms of production, in 2021 the coffee harvest was extremely low, achieving only 30% of the 2020 harvest. Low yields were expected because 2021 was an 'off cycle' year. However, the actual yields were even lower than expected due to unfavorable weather conditions. The estimates for 2022 are much better, with yields expected to be in line with the benchmark of 2018 (420 kg per hectare).

KEY FACTS & FIGURES
BURUNDIFOUR NURSERIES
ESTABLISHEDGAP TRAINING FOR
434 FARMERS
INCLUDING 93 WOMENACCESS TO WATER
FIELD STUDY BY ZOA

Selecta Coffee Fund

RWANDA

Rwanda is well known for its high-quality Arabica beans. Coffee is mainly produced by over 350,000 small-scale coffee farmers with an average farm size of less than half a hectare. Selecta has been active in the southern province of Rwanda since 2016. The goals of this program are to educate farmers on good coffee farming practices and farming business management, to help them increase their coffee yield by using cow manure as fertilizer, and to diversify the farmer's income to reduce their vulnerability to fluctuations in coffee yields and prices.

Training

In 2021 the geographical scope of the program was expanded to the Nyamagabe district. By the end of the year, at total of 319 farmers had received GAP training, of whom 96 were women. During the training, farmers learned more about land preparation, erosion control, organic fertilizer preparation and application, planting, shade tree management, mulching, pest and disease management, and pruning. The training sessions took place in the classroom and in the field. After the training sessions, there are monthly follow-up meetings and a central come-back session to provide guidance to farmers as they implement the acquired knowledge and skills.

In addition to the GAP training, farmers are also trained on business planning, bookkeeping and profitability analysis to help them to work more professionally and to manage natural resources efficiently to further improve the farm's profit. During 2021, we provided 17 training sessions. The farmers' feedback included the fact that the business management modules underlined the need to start recording the farm's financial data.

In terms of production, in 2021 the coffee farmers in Rwanda also struggled with extremely low coffee yields because of unfavorable weather conditions. The average yield among beneficiary farmers was only 0.5 kg of cherries per tree, which was 40% lower than the average yield in 2020. Yields are expected to return to the normal levels in 2022.

Besides that, we provided 330 farmers with a cow and trained them on cow husbandry. The availability of fertilizers in the local market is limited and costly. Therefore, having a cow on the farm as a source of organic fertilizer contributes to improving coffee yields and also the profitability of the farm. Furthermore, the milk that the cows produce serves as a valuable source of protein for the family's own consumption, or as an additional source of income when it is sold.

Monitoring progress and outcomes

Every year, we conduct surveys and interviews with farmers to monitor the progress and outcomes of our program and to identify areas to prioritize in order to further improve coffee farmers' livelihoods. The latest results show that, in 2021, the farmers' average income improved by 10%, despite a significant reduction in coffee yields and income.



KEY FACTS & FIGURES

RWANDA

330 BENEFICIARIES
of the heifer project

GAP TRAINING FOR
319 FARMERS
INCLUDING 96 WOMEN

BEING AN EMPLOYER OF CHOICE

Bringing 'joy to go' begins with a joyful workplace. Our associates are at the center of our success, and we are committed to offering long-term career prospects, supported by learning and development programs with the highest ethical standards. We prioritize the health, safety, and well-being of our associates as outlined by the Selecta Code of Conduct. We focus on equity, diversity, and inclusion in the way we work and the way we make recruitment and promotion-related decisions.

Being an employer of choice

ONE SELECTA CULTURE

In 2021, we focused on the implementation of the ONE Selecta approach. As a purpose-led company, our values are the foundation of our success and essential to achieving our ambition of making millions of people feel great every day. To deliver upon our vision, we have developed a set of Selecta Principles that form the foundation for our culture. These principles describe what we expect from our associates, and what they can expect from Selecta in return. They guide what we do and underpin all decisions and discussions. The principles were developed and made available for all our associates in 2021.

To ensure the principles come to life across our organization, we put a lot of effort into activation at all levels and in all countries. We organized town hall meetings and shared regular newsletters with our associates. In 2022, we will continue to expand on these efforts through live town hall meetings, one-to-one meetings, and regular in-person connections with our associates and clients. In 2021 we also launched Principles Day. This one-day event is aimed at getting to know different parts of the organization, as well as celebrating our Principles and how they enable us to bring joy to our clients in everything we do. This exciting event is held across all Selecta countries at the same time.

Besides laying the foundation for our culture, in 2021 we also accelerated initiatives that will support us in being an employer of choice. The elements included the launch of our Code of Conduct, our SpeakUp Program, reviving training and development, the development of a Diversity & Inclusion Program, and expressing the ambition to develop a group-



wide Health and Safety initiative. All these elements help us to build an organization where our associates are happy at work every day. These elements, our activities and plans are explained in more detail below.

Code of Conduct

We are committed to conducting business with integrity and fairness, with respect for the law, and in line with our Selecta Principles. This commitment is outlined in the Selecta Code of Conduct which was developed in 2021. The Code defines certain minimum standards of behavior for conducting business that everyone at Selecta, in every market and at every level, must adhere to. In 2022, we are launching training modules and live sessions to help associates understand the specific, real-life situations they might encounter, and to embody the Code of Conduct in their daily work. The Principles and the Code in combination define expected behaviors of our associates. While the Principles guide us in what we do and how we act at Selecta, our Code specifies what is expected of our associates with respect to key topics that can arise during business situations.

**“THE
OBJECTIVE
OF OUR
WELLNESS
INITIATIVE IS
TO PROVIDE
DAILY
MOMENTS
OF JOY**

And help promote healthy living to ensure our associates feel great, are well looked after and are supported.”

Andrew Slade
Health & Safety Partner, Selecta



Being an employer of choice

EXAMPLES OF THE SELECTA PRINCIPLES:

The ONE and ONLY purpose of our business is making people feel great

Sustainability is at our core

- To deliver on our purpose, we must deliver on sustainability.
- We work with our partners to bring solutions to the environmental and social issues important to our clients.
- We build sustainability into our operations with responsible sourcing and a focus on improving our environmental impact in each step of our value chain.

We foster diversity & inclusion

- We promote a diverse and inclusive culture at Selecta – one in which our people thrive, have a purpose, and feel valued and secure no matter what their background.
- We foster inclusion by encouraging the contribution of each and every individual at Selecta.
- Together, diversity and inclusion create a positive work environment and deliver improved outcomes for our people.

SpeakUp Program

Despite our commitment to a workplace based on integrity and high ethical standards, there is still a small chance that our associates may observe or experience misconduct that violates our Code and/or the underlying policies. If our associates observe or suspect inappropriate behavior, they are encouraged to speak up and report their concerns. The SpeakUp Program was designed in 2021 and relaunched in 2022 to reflect our commitment to operate ethically and to create a stronger culture of trust and transparency. A few years ago, Selecta contracted a third party to provide a hotline and incident management solution, including the option for users to report any concerns in their local language for the markets in which we operate, either online or by phone. If preferred, associates can report a concern directly to their manager or to the group/market representatives. Our SpeakUp Program offers confidential and anonymous reporting options, subject to local laws.

The motto of the SpeakUp Program – ‘If you see something, say something’ – supports our culture of transparency. The intention is to create and maintain a transparent and open environment, in which concerns can be raised without fear of retaliation or any other negative consequences. This also reinforces the message that everybody shares the responsibility for building a culture in which we all know we are expected to do the right thing.

Training & development

Professional development and training are key to delivering on our purpose of bringing joy to our clients and their consumers. In 2021, we deployed a ‘Needs-Based Solutions’ (NBS) training program as a mandatory program for our commercial and solutions associates across all Selecta markets. For example, 1,296 hours of NBS training were completed at Selecta Italy alone. The starting point for needs-based solutions is to put our clients’ needs at the core of everything we do. Listening to our clients’ needs enables us to propose the right solution, create maximum value and build a long-term relationship. In 2022, we are expanding our focus on development by launching an online program and offering practical training for our Joy Technicians in the field.

Diversity and inclusion

Selecta is committed to recruiting, developing, and retaining a diverse workforce and to fostering inclusion throughout the organization. Alongside diversity, inclusion is equally important to ensure that everyone has a seat at the table. Our philosophy is based on a strong work ethic and meritocracy as the key to success. We recruit, reward, and promote individuals based on their individual capability and performance, regardless of gender, age, and personal characteristics, while striving to eliminate unconscious biases from our talent processes. We approach diversity and inclusion as a business priority and embed this into our company’s culture – one in which our people thrive, have a purpose, and feel valued and secure, regardless of their personal background.

In 2021, we established a Diversity & Inclusion working group, embedded diversity and inclusion into our 12 Principles, and started initiatives at the local level. One example of how we pay attention to diversity and inclusion in our markets can be found in Spain, where Selecta employs approximately 40 Joy Ambassadors with hearing difficulties. These differently-abled associates maintain a high standard of client service, which is a key characteristic of our organization, and our clients value our efforts to be an inclusive Food Tech company. In another example, Pelican Rouge Coffee Roasters in the Netherlands welcomed six differently-abled associates into its operational team in 2021.

In 2022, we will further increase our initiatives and offer inclusion-conscious training. We will be launching a Diversity & Inclusion (D&I) Program to achieve our objectives. The primary goal of the D&I Program is to ensure inclusion of our associates and other stakeholders, irrespective of their gender, sexual orientation, race, ethnicity, age, disability, or other personal characteristics. As part of our efforts to increase diversity at Selecta, we select the most diverse candidate in situations when we have multiple equally qualified applicants for a position. We also consciously manage the recruitment process from a gender diversity perspective by setting a minimum for the representation of qualified women. In this context, we demand that headhunters present us with a balanced 50/50 (men/women) choice of candidates for leadership

Being an employer of choice

positions. We also leverage a diverse group of interviewers to ensure that various perspectives are represented in the interview process.

To establish clear and appropriate targets regarding the recruitment, retention, advancement, and representation of women across all Selecta markets, we focused our efforts on developing the 2021 Gender Baseline Assessment. We then paved the way to set achievable targets in 2022 through the Selecta Diversity & Inclusion (D&I) Program. The results of the 2021 Gender Baseline Assessment illustrate that 29% of our total workforce consists of women, and that female representation differs across markets. Additionally, women account for 24% in the first management level. Based on the Gender Baseline Assessment, we have set the ambitious but achievable target of increasing the representation of women in our total workforce and in the first management level to 40% by 2024. Besides that, we are committed to achieving 25% female representation at the country leadership level, compared with 22% in 2021.

Health, safety and well-being

Our associates' health, safety, and well-being always come first. In 2020, as the pandemic unfolded, we implemented rigorous procedures to safeguard the health of our associates. In 2021, we continued to actively monitor occupational and process safety – the safety of our people and our operations.

Across the group, we are working toward zero preventable accidents in the workplace. Our people are on the road every day and we want everyone to return home safely. Our Safe Home Program – a three-year initiative – provides drivers with online road safety and awareness training. Every driver completes 36 training modules of approximately 20 minutes to help them avoid accidents or incidents on the road. Additionally, there is a safety e-training comprising eight general safety modules for non-drivers. In 2022, we are creating a group-wide health and safety initiative including a Group Health and Safety Policy.

“DENS’ FOODBANK IS A FIVE-MINUTE WALK FROM OUR SELECTA OFFICES. SOMETIMES, THE WAREHOUSE MANAGER AT DENS GIVES US A CALL AND ASKS FOR HELP. MY COLLEAGUES ARE HAPPY TO HELP DURING LUNCH BREAKS TO COMPLETE THE FOOD PARCELS OF THE DAY FOR PEOPLE WHO ARE STRUGGLING IN OUR COMMUNITY.”

Katherine Salton
Program Manager, Selecta

We also support the health and well-being of our associates through in-country initiatives. For instance, in 2021, Selecta United Kingdom prepared the roll-out of a Wellness Initiative. This initiative provides free fruit each week at every depot and office, a Spotify mindfulness playlist for associates, a ‘cycle to work’ scheme, stress awareness and mental health first-aid training, as well as initiatives to raise awareness around alcohol, drugs, social media, and gambling abuse. It also comprises team get-togethers, off-site team-building activities, and paid volunteering days.

Community initiatives

We actively support the local communities in the countries where we operate through various community projects and initiatives. These range from charity projects to programs aimed at social inclusion.

For example, we partner with DENS’ Foodbank – a non-profit organization that serves as the first port of call for people in Dacorum, United Kingdom, facing homelessness, poverty, and social exclusion. Together with DENS, we tackle food waste by redistributing food that is close to the expiration date. Our Joy Ambassadors collect food that is expiring that day from our Foodies sites and smart fridges and drop it off at DENS on their way home. Additionally, some associates volunteer at the foodbank during their lunch breaks and help to pack the food parcels when DENS is short-staffed. In another example, Pelican Rouge donated approximately 1,149 kg of coffee to foodbanks and churches in 2021.



KEY FACTS & FIGURES

7,000
associates

29% WOMEN
in our workforce

**12 CULTURE
PRINCIPLES**

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JOY TO GO

