



Systembolaget's stores should inspire – but not inspire to buy!



Alcohol and the future – three clear trends

Systembolaget's conference – Agenda 2015 – showed that a great many alcohol-related challenges lie ahead. [➤](#)



Fairtrade – bringing water to Tilimuqui

La Rioja province in north-western Argentina is home to the cooperative that grows grapes for several of Systembolaget's wines. [➤](#)



Lighter bottles – lightly does it!

Systembolaget sells almost 198 million litres of wine per year. That's a lot of bottles and a massive climate impact from glass production. [➤](#)



Help us blow the whistle



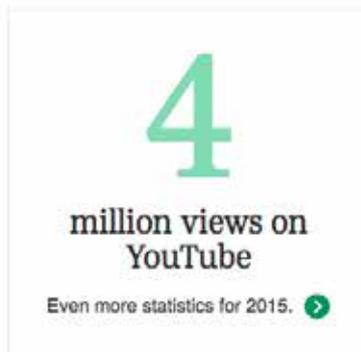
Are you anti-organic? Read on!

The organic trend is strong right now, and we're delighted to see it. Read on for our answers to some anti-organic questions. [➤](#)



“A good year for Systembolaget”

Our President, Magdalena Gerger, looks back on a good year and forward to the future. [➤](#)



4 million views on YouTube

Even more statistics for 2015. [➤](#)



Figures and tables

Our financial results. [➤](#)



President's Statement: Magdalena Gerger on the year gone by

2015 was a good year for Systembolaget. We've continued working to become a more sustainable company and to live up to the ambitious expectations of our customers, employees and owners. Our long-term efforts to be of greater benefit to society and to improve both our customer interactions and our product range are continuing to produce the desired results. There are many signs that things are moving in the right direction, for example in our Alcohol Index. Our Proof of Age Checks, Customer Satisfaction Index (CSI), and Opinion Index (OPI) are also continuing to perform strongly.

Systembolaget's social mandate is based on the realisation that alcohol is not like other products. Our high OPI figures show that this realisation is shared by our customers, and by continuing our development work and achieving good results, we are making progress towards our goal of a society in which alcoholic drinks are enjoyed with due regard to health considerations so that no one is harmed.

Our mandate also includes educating people about the risks associated with alcohol, and one of the ways in which we do this is by holding seminars nationwide on particular themes. In March, for example, we organised a well-attended seminar on women and alcohol that included the presentation of a survey by TNS Sifo showing that one in every five Swedish women is worried about her partner's alcohol consumption ¹⁰.

Providing a high quality service is vital if we are to help ensure positive societal development. Offering a high quality customer interaction that includes qualitative advice – on combining food and drink and on alcohol and health – helps us maintain our customers' confidence in us and in our monopoly. Which is why we were naturally delighted in April when Systembolaget, for the third year in succession, was declared "Best service provider in Sweden – all categories" in ServiceScore®. Just over 3,000 customers were asked about service as part of the survey, in which Systembolaget also won "Best retail company", again for the third year in succession ²².

By offering a forum for debate and dialogue on the latest findings of research in the field of alcohol, Systembolaget can help ensure that people are well-informed about the risks associated with alcohol. Our annual alcohol research conference, which takes place in May, brought together alcohol researchers from Sweden and other parts of the world. Our Alcohol Research Council has also, over the course of the year, awarded SEK 7 million in grants to 31 alcohol research projects. This was a more ambitious programme of grants than ever before and we have retained this ambition level for 2016.

In September, our Board of Directors and members of the Group management team visited Sicily. The aim of the trip was to further our knowledge of actual working conditions through study trips and dialogues with politicians, wine producers and other stakeholders. It also gave us the opportunity to talk about our social mandate, our goals, and our expectations of a sustainable supply chain, and to clarify what sustainability and Corporate Social Responsibility (CSR) work mean for us.

The autumn was busy with Systembolaget's 60th birthday celebrations, both in stores and in the form of employee gatherings across the country. In October, Systembolaget organised a major conference entitled *Agenda 2015 – a crossroads for sustainable health*, and which addressed contemporary global public health challenges. The autumn also saw us organise two well-attended seminars on alcohol and children and alcohol advertising, respectively.

Alcohol consumption – more common in everyday situations

Although the long-term trend does seem to have levelled off slightly, the Swedish trend towards a reduction in alcohol consumption is continuing. Young people are making their alcohol debut later than they were ⁹ and parents seem to have a less permissive attitude towards buying alcohol on behalf of their children. Alongside this, however, we are also seeing a change in alcohol norms, with attitudes towards alcohol consumption in everyday life becoming increasingly permissive. This is true, for example, with regard to alcohol consumption in the workplace. Our subsidiary company, IQ, presented a new Sifo survey in the autumn showing that almost 7 out of every 10 people say that they have attended work-related events where people drank too much alcohol ²¹.

According to the most recent survey by the Swedish Council for Information on Alcohol and Other Drugs (CAN), which applied to 2014, alcohol consumption fell by 4 per cent to 9.39 litres of alcohol per head of population aged 15 or above ¹⁹. This means that consumption has stabilised.

The Alcohol Index, which is commissioned annually by our subsidiary company, IQ, and produced by Novus, is a combined measurement of people's attitudes towards alcohol in various situations ²⁰. The Alcohol Index is one of Systembolaget's strategic key ratios and has also, since 2014, been one of our Sustainability goals. The Alcohol Index for 2015 remained at 65, which is below our target figure of 66.

Satisfied customers and continued strong popular support

Systembolaget is the company in which Swedes have the greatest confidence ²⁴. The OPI, where TNS Sifo measures public support for Systembolaget's monopoly on retail sales of beer, wine and spirits, has never been higher since measurements began in the early part of the millennium. The OPI in 2015 was 77 per cent, rising from 74 in 2014.

Our CSI, which is produced by CFI, achieved a record high level of 84 for the year, rising from the 2014 level of 83, which was also our target figure for 2015. The fact that we received the ServiceScore® ²² awards in the categories of Best Service Company and Best Retail Company in Sweden for the third year in succession is proof that our employees' hard work and commitment are appreciated.

Sales

Sales by volume remained stable during the year, totalling 470.7 million litres, and revenues increased to SEK 27.6 billion. Demand for alcohol-free and organic products continued to increase – 43.9 (26.2) million litres of organic products were sold during the year, corresponding to a year-on-year increase of 68 per cent. The majority of the organic sales volumes come from wines, but the rate of increase is now greater for organic beers. Organic products accounted for 9.3 per cent (5.6) of total sales volumes during the year – not far from our strategic goal of 10% of our sales by 2020, showing that our customers share our far-reaching ambitions in this area.

Sick leave and inclusiveness work

Ensuring the health of our 5,000 or so employees is an important and obvious part of our role as managers, so I am very concerned by the increase in sick leave rates, both within Systembolaget and in society as a whole. Getting to grips with this trend is a top priority for us and one that we will be addressing throughout the organisation.

Expanding our recruitment base so that we can employ more people with different skillsets and from different backgrounds is another priority area for our HR work. Success in this respect will ensure that our workforce more closely mirrors Sweden's population, which is important if we are to continue to be able to interact professionally with our customers in a way that lives up to their expectations. It is also important, in terms of our future talent pool, that we are able to attract, recruit and develop people with different backgrounds and types of life experience.

Sustainability continues to be a high priority

As a major player, with substantial influence and a unique position in the market, Systembolaget has real potential for influencing developmental trends, which is why we view our efforts to promote the development of the global drinks industry towards sustainability as a natural and vital part of what we do. And which is why we take responsibility for working conditions, human rights, environmental issues and anti-corruption, both within our own operations and throughout our value chain.

In 2015, we continued to prioritise our efforts to boost sustainability throughout the value chain. Sustainability work must, in the long-term, be a fully integrated part of our day-to-day work, and we have taken a number of steps in the right direction in this respect during the year. This is absolutely in line with our purpose as a company – a company that exists to reduce harm must naturally work in a way that minimises harm and which is sustainable in every respect.

Our sustainability work is based on the ten principles of the UN's Global Compact with regard to human rights, labour, the environment, and anti-corruption, and to which Systembolaget has been a signatory since 2013 ²⁵. We already reported in accordance with the Global Reporting Initiative (GRI) and in 2015, we reported for the second time in accordance with the new GRI guidelines, G4.

Reducing our climate impact is one of Systembolaget's strategic sustainability goals and our climate goal for 2020 will entail a reduction in emissions of 14,000 tonnes of CO₂ equivalents from the base year figure in 2014. Our own operations only account for 2% of our total climate impact and if we are to become a more sustainable business, we must involve our suppliers and producers in our work. We are seeing a real sense of commitment to this work across the industry and in 2015, we have engaged in a dialogue on the subject of more eco-friendly packaging. We intend to continue our work with climate-smarter packaging in 2016, because glass manufacturing generates substantial CO₂ emissions.

Expectations are always rising

Our customers are demanding more and more of us in terms both of our range and our customer interaction. Digital accessibility, transparency, a sustainable offering, and a clear premiumisation trend – if our customers are to remain satisfied, we must never stop developing. Our employees are our primary resource and it is through training and the desire to learn that we can continue to deliver a world-class customer interaction. Generating the preconditions for this development poses a challenge, both in our everyday operations and in terms of our long-term strategic development work, as do achieving a reduction in sick leave rates and increasing our company's diversity. But perhaps the biggest challenge we face is the worrying trend towards a more permissive attitude to alcohol in everyday situations. This trend is being reinforced by increasingly aggressive and expensive alcohol marketing, not least in social media, and this is an area in which clearer regulations are a must if this advertising is not to lead to an increased shift in norms. This normalisation trend is completely contrary to our vision – a vision of a society where alcoholic drinks are enjoyed with due regard to health considerations so that no one is harmed.

I look forward to the future with every confidence. It is by continuing to develop our offering that Systembolaget will continue to be a relevant and modern company – and a cornerstone of Sweden's cohesive and unified alcohol policy.

Systembolaget in brief

- 5,360 employees
- 436 stores and approximately 500 agents
- 650 active drinks suppliers
- Approximately 16,000 items – 2,400 in the fixed range and 13,600 in the available for order range
- Approximately 121 million customer visits to our stores
- 37 million visits via digital channels
- 30 million visits to systembolaget.se
- The Search & Find app was used 7.5 million times
- The Promillekoll app was downloaded 152,000 times (a total of 1.1 million times since its launch)
- Customer services answered 41,000 emails, 79,000 phone calls, and provided 2,000 responses on Chat (new Q4 channel)
- Net sales: SEK 27.6 billion
- Net profit for the year: SEK 198 million
- Return on shareholders' equity: 11.6%
- Equity/assets ratio: 28.3%

Our responsibility for sustainable development

Systembolaget's social mandate means selling responsibly, providing a high standard of service, and providing information on the harmful effects of alcohol. All of this means accepting a responsibility that stretches far beyond our stores. We use information and dialogue to help promote a smarter approach to alcohol that is expressed in our vision: a society in which alcoholic drinks are enjoyed with due regard to health considerations so that no one is harmed. We are a long way from achieving that goal, but we have made progress towards it: we are moving from a culture of intoxication to a new view of alcohol.

Systembolaget's operations are based on the following cornerstones:

- **Responsible selling:** Thorough proof of age checks for which goals are set and which are quantified. We do not sell to people who are noticeably intoxicated, or to people who will, we suspect, illicitly resell the alcohol they buy. We never try to persuade our customers to buy more than they had intended and we never attempt to maximise our profits or our sales. We must be cost-conscious and business-minded, without attempting to maximise our profits, which means that we do not operate in the same way as other companies. Restrictions on the number of stores and on opening hours are part of our efforts to limit alcohol consumption.
- **Good service:** An ongoing focus on improving our customer experience, provided it occurs within the framework of responsible selling. We help make customers aware and informed by helping them reflect on a healthy drinking culture.
- **Wide range:** High quality, whatever the price band and type of drink. The range shall be accessible nationwide.
- **Brand neutrality:** No supplier or brand may be either favoured or discriminated against in terms either of purchasing or of in-store display of the drinks.
- **Efficiency:** Our operations shall be run efficiently.

Systembolaget is, however, a major player with substantial influence and a unique position in the market, which is why we regard it as natural and vital that we work to promote the sustainable development of the global alcoholic drinks industry. We take responsibility for working conditions, human rights, environmental issues and anti-corruption measures, both within our own operations and throughout the entire drinks supply chain. And we want to make it easier for our customers to make informed choices that involve a reduced environmental impact and better working conditions throughout the supply chain.

Our responsibility for sustainable development involves both maximising the social benefits we provide and minimising our negative impact on sustainability.

We have identified 7 significant sustainability areas and this Responsibility Report is structured to reflect this. The areas are:

- Limit the harmful effects of alcohol – impact on local communities
- Good working conditions in the supply chain
- Environmental improvements in the supply chain
- Climate impact
- Ethics and anti-corruption
- Skills
- Inclusiveness

These are the goals for our sustainability work, broken down by area.

Significant sustainability area	Aspect boundary – where in the supply chain the area is significant	Company-specific key ratio	Result 2015	Goal 2015	Goal 2016	GRI indicator
Limit the harmful effects of alcohol	The entire local community (everyone in Sweden).	Customer Satisfaction Index (CSI)	84	83	84.5	
		CSI social component	81	78	–	SO1
		Proof of age checks, %	96	96	96	PR5
		Alcohol index	65	66	66	
		Opinion Index, OPI, %	77	75	77	
Good working conditions in the supply chain	Significant at both producer and cultivation level but also in evaluating how the suppliers (agents) take responsibility for these issues.	Percentage of suppliers who have confirmed the Code of Conduct electronically, %	99.5	100	100	HR11 LA15
Environmental improvements in the supply chain	Significant at both producer and cultivation level but also in evaluating how the suppliers (agents) take responsibility for these issues.	Organic sales percentage, %	9.3	6.0	9.0	EN27 (See also Climate)
Climate impact	Packaging is the part of the value chain with the biggest climate impact, followed by transportation. The scope of the direct climate impact of our own operations is insignificant but is important in terms of the signal it sends.	CO ₂ emissions from electricity, business travel, packaging, tonnes	+2,081	-1,000	-3,000	EN15 EN16
Ethics and anti-corruption	The area is significant, both within our own organisation and within the supply chain.	No	–	–	–	SO3 SO5
Skills	The full range of Systembolaget's operations.	Performance culture	77.1	78.0	78.0	LA10
		Total sick leave, %	5.1	4.0	4.6	LA11

Inclusiveness	Our view of diversity is based on the belief that we are here for everyone in Sweden. The area is also significant in terms of our own talent pool.	No, covered by LA12	-	-	-	LA12
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Stakeholder involvement

We are engaged in ongoing dialogues with the following stakeholder groups: owners, customers, employees, suppliers, and society as a whole. We conduct questionnaire-based surveys at least once a year and also hold roundtable discussions and carry out surveys based on need and specific subject areas. The results of our questionnaire-based surveys and dialogues are used in, amongst other things, Systembolaget's strategic work, and form the basis for our strategic key ratios. We have worked with the following areas in 2015.

Stakeholder group	Important key issues	Examples of activities and dialogues to address these key issues
Society		
	Ensure that alcohol is not sold to minors	Proof of age checks
	Information on the harmful effects of alcohol	Information on alcohol and health at systembolaget.se Opinion Index (OPI) Research The work of the IQ-initiativet Alcohol Index
	Brand monitoring	A representative sample of men and women aged between 18 and 74 are asked for their views on Systembolaget four times a year. The questions we ask include their views of the impact of alcohol on society as a whole. The questionnaire takes the form of a web panel, and 4,000 interviews were conducted during the year.
Stakeholder group	Important key issues	Examples of activities and dialogues to address these key issues
Customers		
	Range & offering	Focus on more climate-friendly packaging and on a more extensive range of organically and ethically labelled products
	Good service	Customer Satisfaction Index (CSI)
	Customer interaction	We want to ensure that we live up to our customers' expectations of good service and a responsible interaction every time they interact with Systembolaget. This is why we conduct annual measurements of the customer experience in physical stores (CSI), the digital store (ordering service), from our agents, at systembolaget.se, in our Search & Find app, at our drinks auctions, and from our Customer Services (via phone, email, Facebook or online chat service)
	Knowledgeable & proactive staff	Internal focus on the customer interaction, proactivity, and offering the right service for every customer
	Informed alcohol consumption	Customer insight surveys of alcohol and health
Stakeholder group	Important key issues	Examples of activities and dialogues to address these key issues
Owner		
	Alcohol policy mandate	Owner dialogue and AGM. We have an ongoing dialogue with our owners to ensure that we live up to their expectations and requirements
	Strategic goals	Owner dialogue, AGM
	Sustainability, this year primarily focusing on diversity, climate and human rights	Owner dialogue, AGM, seminars
Stakeholder group	Important key issues	Examples of activities and dialogues to address these key issues

Employees

Skills & development	Ongoing dialogues with employees
Performance terms	Work with Good Leadership (DGL) and employee questionnaire-based surveys
Authority & confidence	Ethics dialogues
Work environment issues	Work Environment Committee and collaboration agreements. Systembolaget has a Work Environment Committee that meets four times a year at which time employer and personnel representatives (from different trade unions) get together to address strategic work environment issues. Both parties are responsible for highlighting important issues. Systembolaget is careful to keep the trade unions informed of ongoing developments in the work environment sphere and the contribution of the unions is, in turn, important in terms of the end results. It is equally important that the unions provide information and sound the alarm if something is not working, in order to enable the company to act
Stakeholder group	Important key issues
	Examples of activities and dialogues to address these key issues

Suppliers

Sustainability work, for example with regard to lightweight glass bottles	Systembolaget provides ongoing information on lightweight glass bottles via the Supplier Portal, at supplier meetings, and as part of the ongoing dialogue with the suppliers' industry organisations. Systembolaget has also received letters and questions from international industry organisations and held meetings with them to engage in a dialogue and provide details of Systembolaget's climate work. Systembolaget has postponed the introduction of its requirement for lightweight glass bottles for 75cl bottles of still wine as part of these discussions in order not to get ahead of events in this area. Systembolaget's ambition is, however, to implement lightweight glass bottles and to reduce the climate impact of its packaging in order to achieve its climate goals by 2020
Code of Conduct	Reference group comprising representatives of the Swedish Spirits & Wine Suppliers Association (SVL) and the Brewers of Sweden Association, and representatives of independent suppliers
Industry development issues	Structuring regulations for the transition to lightweight glass bottles
Range & quality	Field trips to producing countries

Materiality analysis

In 2014, Systembolaget conducted an in-depth analysis during which material sustainability issues for the Group were identified ahead of the transition to the new G4 GRI guidelines. The starting point for the analysis were fifty or so aspects that could reasonably have an impact on sustainable development. The majority of these areas were standardised sustainability aspects in the GRI guidelines, but we also added a number of Systembolaget-specific sustainability areas, and the analysis work ended with the identification of 16 material sustainability areas.

This year's sustainability analysis

We decided, ahead of this year's report, simply to update the previous year's materiality analysis, and in order to ensure that the sustainability areas identified correspond to our stakeholders' expectations and understand our perceived position amongst stakeholders, we carried out a stakeholder survey.

The stakeholder groups to whom the questionnaire-based survey was addressed were:

- Our customers – everyone in Sweden (a nationally representative selection of people aged 15+)
- Systembolaget's managers – departmental managers, unit managers, sales managers, area managers, and store managers (approximately 500 employees)
- A small number of specially selected suppliers

We also conducted a dialogue with our owners, but on a more general level that did not take every individual aspect into account.

The results showed that the areas identified in 2014 continue to be seen as important or very important, not only by external stakeholders, but by our owners and by Systembolaget's managers. At the top of the list were the issues associated with Systembolaget's purpose – limiting the harmful effects of alcohol – followed by social responsibility in the supply chain, with the environmental aspects of the supply chain, such as transportation and packaging, coming a close third. Organic products are rated as slightly less critical, but as still being important. The area regarded as least important by customers and managers alike, relatively speaking, was diversity.

Our questionnaire-based survey also looked at awareness of Systembolaget's sustainability work. The results showed a relatively low level of awareness, with the exception of issues related to the harmful effects of alcohol and the organic products range.

From 16 to 7 material sustainability aspects

One thing that we realised during the year was that the previous breakdown into 16 material sustainability areas was unnecessarily complicated in that several of the areas were a mixture of goals and means. In an in-depth dialogue with both area managers and the company management, we decided to restructure the areas into 7 general areas and we have, for example, combined the activities and measures ultimately designed to limit the harmful effects of alcohol in a single, overall sustainability area. Another change saw sales of organically and ethically labelled products now being part of the Environmental improvements and Good working conditions in the supply chain areas.

See below for a comparison between the 2014 and 2015 material sustainability areas. The numbering in the lists is designed to show that 16 material sustainability areas have been transformed into 7, so as not to suggest any internal prioritisation. Limiting the harmful effects of alcohol will always be our top priority, based on our clear social mandate, but the other sustainability areas are not ranked in the Responsibility Report.

Previous breakdown into 16 material sustainability aspects (2014):

1. Information on the harmful effects of alcohol
2. Ensure that alcohol is not sold to minors
3. Change society's attitudes towards alcohol consumption
4. Support research into the effects of alcohol
5. Make it easier for customers to make informed, healthy choices
6. Monitoring customer satisfaction
7. Our impact on local society
8. Indirect economic impact
9. Make it easier for customers to make informed choices of organic or ethically labelled products
10. Assessment of working conditions and human rights in the supply chain
11. Projects and initiatives in social areas in the supply chain
12. Evaluation of the supply chain's environmental consideration
13. Projects and initiatives in the environmental area in the supply chain
14. Ethics and anti-corruption
15. Know-how, responsibility and awareness
16. Non-discrimination

New breakdown into 7 material sustainability aspects (2015):

1. Limit the harmful effects of alcohol – impact on the local community
2. Good working conditions in the supply chain
3. Environmental improvements in the supply chain
4. Climate impact
5. Ethics and anti-corruption
6. Skills
7. Inclusiveness (formerly Non-discrimination)

The results of the materiality analysis have been used as the basis for Systembolaget's Responsibility Report.

Our seven most important areas of responsibility

Systembolaget exists to limit the harmful effects of alcohol. Our entire business is structured for optimum success in this respect, but there are other areas of responsibility in our day to day work. See below to find out why they are important to us (they are not ranked in any particular order), how we address them, and the results of our work. Our hope is that this will give you a better insight into our day-to-day operations.

Our areas of responsibility



Limit the harmful effects of alcohol

Alcohol is not like other products. It can cause harm to individuals, to their nearest and dearest, and to society at large. Which is why Systembolaget is not like other companies.



Good working conditions in the supply chain

The products on Systembolaget's shelves come from every corner of the world, and we have numerous suppliers whose supply chains mean that we have links worldwide.



Environmental improvements in the supply chain

A responsible business must show concern for the environment, and Systembolaget is no exception. Our aim is, in fact, to be to the forefront in this respect and to inspire other companies to do more for the environment.



Climate impact

Reducing our direct and indirect climate impact is an important goal for Systembolaget and reducing our carbon dioxide emissions is one of our strategic goals.



Ethics and anti-corruption

Systembolaget has zero tolerance for corruption. Equal treatment of suppliers and good business ethics are core components of our operations. Here you can find out more about how we work with ethics and anti-corruption.



Skills

Our employees' and managers' skills are the key to continuing to impress our customers. Personal and professional development and helping each other succeed are the keys to making Systembolaget a better, more successful company.



Inclusiveness

Ensuring that our employees closely reflect society's composition and its diversity is one of the important factors in the success of Systembolaget. Systembolaget is there for everyone, and our customers and employees should feel that this is the case. Here you can find out more about our inclusiveness work.

Limit the harmful effects of alcohol

How we're working to limit the harmful effects of alcohol

Alcohol is not like other products. It can cause harm to individuals, to their nearest and dearest, and to society at large. Which is why Systembolaget is not like other companies. We exist to limit the harmful effects of alcohol. Read on to find out more about how we do this.

1. Why is this important to us?

The more alcohol people drink in a society, the greater the problems in the form of accidents, violence and disease ¹. The social problems in society affect not just those who drink but everyone else as well – such as all of the children who grow up in families where one or both parents drink to excess ². The goal of the Swedish alcohol policy is, therefore, to reduce alcohol consumption across society in order to minimise both the medical and the social harm caused by alcohol.

Research has shown that the optimum way to achieve this is by limiting the availability of alcohol, for example through taxes on alcohol and eliminating the profit interest from alcohol retail ³. If alcohol were to be sold in ordinary food shops, for example, we would drink more and the harm caused would increase dramatically – researchers have calculated that there would be approximately 20,000 more cases of violence reported to the police every year ¹. 2015 saw an international group of researchers launch a new study examining the effect of Systembolaget on public health.

This is the background to Systembolaget's clear social mandate: we must sell alcoholic beverages responsibly, offer a top quality service, and provide information on the harmful effects of alcohol. We must be cost conscious and commercial without attempting to maximise our profits. All of which means that we are not like other companies. We do not advertise like other companies and we do not run BOGOF campaigns. We do not attempt to persuade people to buy more than they had initially intended. Our responsibility to provide a high quality service is realised by means of, amongst other things, knowledgeable personnel, the advice we provide, and the way we are improving purchasing opportunities. Our information provision mandate is primarily fulfilled by the information campaigns conducted by Systembolaget and our subsidiary company, IQ, and our involvement in and commitment to alcohol research.

2. Working on being better

Our social mandate is governed by the Swedish Alcohol Act, Systembolaget's agreement with the State, our Owner's Directive, and the EU's legislative regulations. The Owner's Directive states that the monopoly on retail sales of spirituous drinks, wines and strong beer has a socio-political objective and limits the availability of alcohol. The Swedish Alcohol Act and our agreement with the State not only give us control over the number of stores we operate and their opening hours, they also mandate that alcoholic drinks are not sold to anyone under the age of 20, who is visibly intoxicated, or who we suspect will resell the products. The requirements of the EU Directive mean that we may neither favour nor discriminate against any supplier or brand. These requirements and expectations act as strict guidelines in governing the way in which we operate and how our operations are followed up.

Research and information

Research findings are a crucial cornerstone in providing knowledge of the harmful effects of alcohol. We keep up to date with the latest research findings, finance an independent research council, and organise our own know-how seminars in a range of relevant areas, such as [Agenda 2015](#).

2015 saw the launch of a research project commissioned by Systembolaget with the aim of updating and refining earlier research into Systembolaget's effect on public health and safety in Sweden. The project, which was called for by the fact that almost 10 years have passed since the last study ¹ in the field, is being conducted by a research team made up of independent researchers from academic institutions in Sweden and other countries, and is headed by Professor Tim Stockwell of the University of Victoria in Canada. The results are scheduled for presentation in 2017.

IQ, for smarter alcohol habits

IQ is a subsidiary of Systembolaget and is tasked with working to promote smarter attitudes to alcohol. IQ spreads information and carries out campaigns. Its network brings together and inspires groups and individuals across society to promote progress towards smarter alcohol habits by generating and spreading knowledge of topical alcohol issues. Young adults (aged 18-35) and parents of teenagers are two of the priority target groups for IQ's information campaigns.

Selling rules and proof of age checks

Confidence in Systembolaget is largely based on our compliance with the selling rules of the Swedish Alcohol Act. We do not sell to anyone under the age of 20, to anyone who is noticeably intoxicated, or to anyone who will, we suspect, illicitly resell the alcohol they buy ⁴. Assessing people's age is difficult, which is why we have an internal safety rule that requires all sales personnel to ask for proof of age when they think that a customer is under the age of 25 and to refuse to sell to a customer who is unable to prove their age.

How do we monitor proof of age checks?

We use an independent company that tasks young people, aged between 20 and 24, with attempting to purchase alcohol in our stores. The test purchases are carried out monthly and the last year saw approximately 5,700 test purchases made in stores and a further 600 or so from our agents. Customers must always produce ID in conjunction with home purchases, irrespective of their age, and here too, we monitor compliance through test purchases. The test purchases in all of our retail channels – stores, agents and home deliveries – must be as credible and as similar to a normal customer interaction and purchase as possible.

How do we counter illicit resupply?

A young, growing body is not only more vulnerable to the harmful effects of alcohol than that of an adult, a young person is more likely to expose themselves to risks and hazardous situations. It has also been scientifically proven that a young alcohol debut often results in alcohol-related problems later in life ⁹.

May Day Eve, Midsummer and the end of the school term are examples of high days and holidays when many young people make their alcohol debut ⁹. At the same time, we know that 64 per cent of those teenagers who drink would refrain from trying to get hold of alcohol if they didn't get it via a close relative or friend ⁷, which is why we are particularly focused on providing information on illicit resupply at these times, in order to increase awareness of the risks to which you expose young people by buying alcohol on their behalf.

In 2015, we began targeting not only parents of teenagers, but the most common source of illicit resupply – young adults, such as older siblings or friends ⁸. As usual, our systembolaget.se website also offered arguments, facts, and advice for all adults in their role as boundary-setters.

The Teenage Phrasebook

The longer people wait before starting to drink, the smaller the risk that they will develop problems with alcohol later in life ⁹. Which is why Systembolaget's subsidiary company, IQ, publishes The Teenage Phrasebook – a book designed to make it easier for parents to talk to their teenagers about alcohol. The book's aim is to provide facts, advice and tips that support parents in setting boundaries that result in a postponement of young people's alcohol debut ⁹.

The book was sent to the home address of 98,000 parents with children born in 2001, just in time for the May Day Eve weekend. For everyone else, the entire book – both text and audio versions – is available at Tonårsparlören.

Alcohol content and alcohol-free – informed choices

We have the opportunity to inspire our customers to make more informed choices from our lower alcohol content and alcohol-free ranges in every interaction we have with them, and to thereby reduce the harmful effects of alcohol. We now stock a high quality alcohol-free range and are working continuously to develop our range of alcohol-free drinks suitable for all occasions. We shall also offer our customers a range that includes products with a lower alcohol content wherever possible. Our interaction with our customers, our range, and our communication, are the tools we use to increase our customers' knowledge of their options, based at all times on the customer's terms and requirements. Find out more at systembolaget.se.

Key ratios for governance

Collectively, the [Opinion Index](#), the [Customer Satisfaction Index](#) and the [Alcohol Index](#) give an indication of how well we have succeeded in terms of our mandate to sell alcoholic drinks responsibly, to provide a top quality service, and to inform people about the harmful effects of alcohol. The next section contains the results for these key ratios.

3. Here are the results!

We monitor and set targets for the [Opinion Index](#), the [Customer Satisfaction Index](#) and the [Alcohol Index](#) but are, at the same time, aware that we are just one of many factors that influence the results of these three indices. Collectively, however, they provide an indication of how well we have succeeded in terms of our mandate to sell alcoholic drinks responsibly, to provide a top quality service, and to inform people about the harmful effects of alcohol.

Opinion Index – OPI

The Opinion Index measures the percentage of the Swedish population who wish to retain Systembolaget and the monopoly on retail sales of strong beer, wines and spirits. The survey base is asked to respond to the following question:

Do you think that Systembolaget and the monopoly on the sale of strong beer, wines and spirits should be retained, or would you prefer strong beer, wines and spirits to be sold in other stores?

Systembolaget engages TNS Sifo to conduct the survey. A total of 750 randomly selected individuals aged between 15 and 74 are interviewed every month, with the exception of July (no interviews) and August (1,500 interviews). The Opinion Index is reported quarterly.

The Opinion Index for 2015 was 77 per cent, which not only exceeds the target figure of 75 per cent, but is also the highest result since measurements began in the early part of the new millennium. Support for the monopoly is, as before, stronger amongst women than men, particularly in the younger age groups.

Opinion Index (OPI)	2015	2014	2013
%	77	74	72

Monitor survey

The Government commissions the Swedish Council for Information on Alcohol and Other Drugs (CAN) to conduct annual measurements designed to estimate the total volume of alcohol consumed in Sweden. This is done by complementing registered sales in Sweden with other unregistered acquisition sources. The measurements are conducted on a rolling basis throughout the year through interviews with just over 18,000 people.

The results for 2014 show that consumption fell by 4 per cent in comparison with 2013, and that consumption in 2014 totalled 9.4 litres, calculated as litres of pure alcohol per individual aged 15+. After a slight fall in 2012 and a rise in 2013, consumption has now returned to the levels seen between 2009 and 2011. Systembolaget's share of the total alcohol consumption was just over 61 per cent, which is the highest for several years ¹⁹. The compiled Monitor Survey for trends in 2015 is scheduled for publication in May 2016.

Customer Satisfaction Index – CSI

The way in which you, the customer are treated, has a massive influence on your perception of Systembolaget. We carry out our Customer Satisfaction Index survey in all stores, four times a year, in order to measure customer satisfaction levels. A total of 48,000 interviews are carried out every year by an independent company and tell us what is important to our customers and how well we are living up to their expectations. The stores receive the results at store level and continue their work within relevant areas for improvement.

Customer Satisfaction Index (CSI)	2015	2014	2013
	84	83	82

We use three questions in the Customer Satisfaction Index survey to follow up on the results of our information work on the harmful effects of alcohol – how well the information is getting out there:

- *How satisfied or dissatisfied are you with the Systembolaget store, overall?*
- *How well does the Systembolaget store live up to your expectations?*
- *How close to or far from ideal do you think that the Systembolaget store is?*

The customers' answers, which are given on a scale from 1 to 10, are converted to a figure between 10 and 100. The target figure for 2015 was 83 and the result was 84, which is the highest figure ever for customer satisfaction with Systembolaget. The result is affected by the positive development in the three quality areas (personnel, social responsibility and product range) that have the biggest impact on our customers' satisfaction. The result for CSI Society, which combines the subsidiary questions that relate to Systembolaget representing good values and for Systembolaget playing an important role in society, was 81, which exceeds the target figure for 2015 of 78. The customers' responses generate a value for our social responsibility.

Alcohol Index

The Alcohol Index is a combined measurement of people's attitudes to alcohol in different situations, with the emphasis on drinking to intoxication. The higher the index value on a scale from 0-100, the more moderate the attitude to alcohol. The Alcohol Index is generated from responses to nine questions asking what people see as right or wrong when it comes to alcohol. The questions are posed on a yearly basis to 2,000 people aged 16+. Our subsidiary company, IQ, commissions Novus to collect the data.

With an Alcohol Index of 65 for 2015, we did not quite manage to reach our target figure for the year of 66, but we can see a pleasing trend towards increased moderation between 2010 and 2015 – the index value overall has increased by 3.5 percentage points amongst both men and women, and it is young people who are driving the trend.

Alcohol Index	2015	2014	2013	2012	2011	2010
	65	65	66	62	62	62

Proof of age checks

The proof of age checks measure how often proof of age was requested as a percentage of the total number of control purchases. The control purchases are carried out by people aged between 20 and 24. In 2015, a total of around 5,700 control purchases were carried out in stores, with around 600 carried out from agents. Proof of age checks are conducted on a daily basis and reported monthly. The result for the year of 96per cent approved test purchases was in line with the target figure for 2015 and the result for last year of 97 per cent.

Proof of age checks	2015	2014	2013
%	96	97	96

Alcohol content and alcohol-free – informed choices

We have set the limit for inclusion in Systembolaget's alcohol-free range at a maximum alcohol content of 0.5 per cent. The reason why we do not set an across the board limit of 0.0 per cent is that alcohol is a flavour carrier and that even a very small amount of alcohol intensifies the flavour. Systembolaget's alcohol-free drinks are, in other words, drinks with an alcohol content of between 0.0 and 0.5 per cent. Our lower alcohol content range now also includes, by our definition, beer with a maximum alcohol content of 4.5 per cent and wine with a maximum alcohol content of 9.5 per cent.

Alcohol-free range	2015	2014	2013
Number of items	53	51	48

By "range", we are referring to items in the fixed range.

Alcohol-free sales	2015	2014	2013
Volume in litres	3,088,960	2,760,486	2,424,619



Alcohol and the future – three clear trends

On 15 October, Systembolaget held Agenda 2015 – A crossroads for sustainable health, a conference on Swedish and global health issues. Alcohol was, of course, one of the focal areas and Agenda 2015 showed that we will need to handle a number of different alcohol-related challenges in the years ahead. Here are three of them.

1. Alcohol as a public health hazard

Alcohol poses a growing risk to public health and Europeans drink more than anyone else in the world. A survey published in the British medical journal, *The Lancet* ¹¹, showed that alcohol had entered the top ten list of mortality risk factors worldwide – and that Europeans drink more than anyone else in the world. Sweden is currently one of the country's with the lowest rates of alcohol consumption, but that doesn't mean that we don't face challenges. Sweden has made considerable progress, both in relation to how things used to be and in comparison with other countries, but alcohol is still ranked seventh in mortality risk factors ¹¹.

A World Health Organisation (WHO) report from 2014 ⁴³ stated that general measures, such as high alcohol taxes and restricted availability, are the most effective tools for limiting alcohol consumption and alcohol-related harm. At Agenda 2015, alcohol researcher, Professor Robin Room, discussed the ways in which public attitudes towards alcohol are unrealistic in terms of the associated health risks. He proposed that we need a convention on alcohol control in precisely the same way as we have for tobacco.

2. Increased consumption by senior citizens

Today's 75-year olds are travelling, thirsting to learn something new, and eager media consumers. Ingmar Skoog, Professor of Psychiatry and Director of the Centre for Ageing and Health at the University of Gothenburg stated, during the Agenda 2015 event, that 70 is, in many ways, the new 20 and that older women are drinking more alcohol than ever before ¹².

In 1976-77, only 1 per cent of 75-year old women were consuming alcohol at risky levels, that is the equivalent of 9 glasses of wine or more per week. 30 years later, this percentage had risen to 10 per cent. Drinking by older men has, admittedly, not risen at the same rate during this period, but the percentage whose consumption levels are risky is even higher, at 15 per cent ¹². And because older people are far more at risk of harm from alcohol than younger ones in a variety of ways, this is a trend that could have a substantial impact on public health.

3. Swedes' attitudes to alcohol

Sören Holmberg, Senior Professor at the SOM (Society, Opinion, Media) Institute at the University of Gothenburg, was another speaker at the conference. He, together with his colleagues, David Karlsson and Lennart Weibull, have studied what perceptions of alcohol as a social problem mean in terms of the way in which alcohol policy measures are viewed. The SOM Institute's research shows that the support for some liberalisation of alcohol policy noted in the early part of this century has reversed, and there is now a clear decline in this support ¹³. Whilst we now drink alcohol on more occasions than before, we are drinking the same total amount as before, according to the Monitor survey ¹⁹. The majority of Swedes believe that the primary consequences of alcohol consumption are positive or neutral for them – but negative for society ¹³.

New research prize created

The creation by Systembolaget, in conjunction with its 60th anniversary, of Kunskapspriset (the Knowledge Award) for eminent alcohol research was also announced at Agenda 2015.

Limit the harmful effects of alcohol

Alcohol is not like other products. It can cause harm to individuals, to their nearest and dearest, and to society at large. Which is why Systembolaget is not like other companies. We exist to limit the harmful effects of alcohol. Read on to find out more about how we do this.



Systembolaget's stores should inspire – but not inspire to buy!

Systembolaget's stores are being given a new look and to make sure we've met our goal we opened a trial store in the Gränby centrum mall in Uppsala. Since October 2015, this new store has been used to trial everything, from décor and communication to the way we display our products. Our goal? To create a store where the customer feels welcome – without buying more. Welcome!

Our trial store allows us to try out all of our ideas to see what our customers think about them – and to see how their purchasing patterns are affected. We want to create a store concept that feels knowledgeable, inspirational, and considerate, but the last thing we want is to boost our sales. It's not an easy combination to achieve, but nothing is impossible!

The idea is to focus on products and expertise, which is why the store environment is subdued, with a neutral palate. What we do instead is to highlight flavours and food and drink combinations in a variety of ways, using pictures and informational signs. Our "Beer Tree Map", which shows how different types of beer are related in terms of flavour, is one example of this approach.

So how do you provide more know-how and inspiration – without tempting people to buy more? Here are four approaches we've trialled in Gränby.

1. "Hand it back" trolleys

Systembolaget never has catchpennies or loss leaders at its checkouts. And in Gränby, we're going one step further, offering a trolley where customers can hand back items. By putting up a sign saying "Psst! Changed your mind? Hand back drinks you don't want to buy here", we make sure that customers don't miss out on the chance to buy less.

2. Facts and tips

Alongside the products, we display useful information in relation to food and quantities, so that a customer can, for example, work out how much drink they might need for a party. Which means they don't have to buy more than they need, "for safety's sake".

3. Smaller packagings

Sometimes, our customers don't actually need a full bottle of wine, but might not be aware that they have other options. Which is why, at Gränby, half bottles are displayed alongside full bottles of the same label.

4. Ethical and organic

The design language used in the signs for our organic products has been clarified at Gränby, and explains the difference that customers make when they buy ethical and organic labelled products.

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How we're taking responsibility online

Systembolaget celebrated its 60th anniversary in 2015. For six decades now, our aim has been to limit the harmful effects of alcohol – and as the world has changed, we have changed the ways in which we try to do this. See below for five examples of how this 60-year old takes responsibility today.

1. The Promillekoll app – now with a calorie counter!

Our [Promillekoll](#) app makes it easy for people to keep track of their blood alcohol levels. All a user has to do is to enter what they've drunk and their blood alcohol level will be displayed in real time. And a new function allows people to find out how many calories they've consumed through the alcohol they've drunk too – all in order to help people drink in as informed a way as possible.

2. Test your alcohol habits at Alkoholprofilense

We believe it's important to develop a perspective on our drinking, which is why Systembolaget's subsidiary company, IQ, launched the [Alkoholprofilen.se](#). The site offers an easily accessible opportunity to gain an overview of your alcohol habits and any risks associated with how you drink.

3. The Teenage Phrasebook for mums and dads

Should you offer your teenagers alcohol at home? What do you do if your teenager doesn't stick to the rules? What do teenagers think about drinking? IQ publishes a book entitled "The Teenage Phrasebook" to make the teens a little easier (for parents). The Teenage Phrasebook is sent out every year to approximately 100,000 parents whose children have reached the age of 14. The book is full of tips, arguments, and facts and figures about young people and alcohol – and a lot else that affects teenagers too.

[Tonårsparlören](#) is, of course, also available on line.

4. Four million views on YouTube

Did you know that the videos on Systembolaget's own YouTube channel have been viewed over four million times?

Here is one of our most recent films about [antilångningsfilmer](#) from the spring of 2015. By October last year, it had already been viewed 1.1 million times.

Our film, "[The Expert](#)" has been viewed just over 1.1 million times. We're particularly fond of this one, because it explains how we think at Systembolaget.

5. Boost your alcohol smarts on our website

Does alcohol make you fat? And how does drinking affect your sleep? Many of our customers have questions about how alcohol relates to exercise, stress and sleep, for example, which is why we've created a special section on our website that is all about alcohol and health. [Visit it here](#) to find the answers to your questions!

Limit the harmful effects of alcohol

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Systembolaget in your pocket

In 2015, Systembolaget launched a new, mobile-friendly website. Our new website highlights important issues in relation to alcohol, exercise, alcohol-free alternatives, organic and ethical labelling, and much more besides. The aim of our website is to help our customers make informed choices – wherever they may be

The number of visitors to Systembolaget's website has risen sharply in recent years and that makes completely new demands on Systembolaget's digital presence – not least when it comes to mobile usage.

"In simple terms, we've started seeing the website for what it truly is – our biggest information channel and our most frequently visited store. It's essential that we maintain an online presence for our customers and stakeholders, and nowadays, they're more and more likely to be accessing it via a mobile device. Which is why our new website is designed to be mobile-friendly and is much more stable," says Ola Andersson, who is responsible for external digital channels at Systembolaget.

Systembolaget.se is, however, a different display window for a different store. Because our website is not designed to make people buy more: it's designed to lay the foundations for more informed choices.

"The new website allows us to spread the sort of knowledge that our customers have told us they're looking for. We've analysed what our site's visitors look for and, apart from opening hours and addresses, they're curious about alcohol and health. So we've highlighted that sort of content on the new site and it will, I believe, help create more informed consumers."

Informed choices

Working to promote informed choices means, for us, offering products with a lower alcohol content and in smaller packagings, and offering products that take into account environmental considerations and working conditions in the supply chain.

Limit the harmful effects of alcohol

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Good working conditions in the supply chain

How we're trying to improve working conditions in the supply chain

The products on Systembolaget's shelves come from every corner of the world, and we have numerous suppliers whose supply chains mean that we have links worldwide. Basically, what this means is that there are a great many people working to produce and deliver the drinks we sell, and we want them all to have good working conditions.

1. Why is this important to us?

Systembolaget's operations shall support and respect international declarations of human rights. We also have a responsibility to ensure that human rights, including the rights of the child, are respected within the supply chain, so it is vital that we work systematically to influence and monitor developments in this area. We make demands on our suppliers through a special Code of Conduct. Compliance with this Code is mandatory throughout the supply chain.

Systembolaget's operations are global and our supply chain is complex. The majority of our 650 active drinks suppliers have subcontractors and they, in turn, often have subcontractors of their own. All of which means that there are a great many people working to produce and deliver the drinks we stock on our shelves. Our efforts to ensure good working conditions throughout the supply chain are not only an important element of our own responsibility, they are a way of making the most of our opportunity to make a real difference.

2. Working on being better

External Code of Conduct

Systembolaget has a Code of Conduct which has formed part of the general purchasing agreements between Systembolaget and every single one of our suppliers since 2012. The terms of these agreements oblige our suppliers to comply with the Code's requirements, and we use a combination of audits, field trips, dialogues and collaboration in an attempt to ensure compliance with these requirements throughout the supply chain. Systembolaget's Code of Conduct is based on, amongst other things, the following international agreements on working conditions and human rights:

- The UN's Universal Declaration of Human Rights;
- The UN's Conventions on the Rights of the Child and on the abolition of all types of discrimination against women;
- The ILO's (International Labour Organization) conventions on Fundamental Principles and Rights at Work;
- The UN's Global Compact.
- The OECD's guidelines for multinational companies.

Requirements throughout the chain

The Code of Conduct and the associated monitoring system were developed by BSCI (the Business Social Compliance Initiative). In 2014, BSCI produced an updated Code of Conduct with stricter requirements ¹⁶. One significant difference between the old Code and the updated one involves the clarification and development of the supplier's responsibility for ensuring compliance with the Code back up the supply chain, that is by their subcontractors. This is a big step and takes us closer to the people at the far end of our supply chain – the people who often have the greatest need for fair working conditions. Systembolaget changed over to compliance with this version of the Code of Conduct in 2015 and has communicated both the updated version and what the changes mean to our suppliers. Under the updated Code, we are obliged to carry out additional audits and to base our selection of suppliers to audit on risk and not just on volume.

We require our drinks suppliers to acknowledge the Code electronically. By acknowledging it, they confirm that they are familiar with the Code and will comply with the new regulations.

Monitoring compliance

So how do we ensure compliance with the rules laid down in our Code of Conduct? Since 2013, we have been conducting follow-up audits of a number of our drinks suppliers and, hence, of their producers. We are still in the transition phase to the new Code of Conduct, so in 2015, we only conducted 7 new audits for 4 products. We also, however, carried out 11 follow-up audits for 7 products in accordance with the old Code. By 2016, we will have changed over completely to the updated Code of Conduct and are planning to carry out around 100 audits during the year.

When a producer fails one of our audits, we hold a follow-up meeting with the supplier, who ensures that the producer draws up an action plan. A re-audit is then carried out, usually one year later, and we continue to work actively with the supplier and their producers until they all comply with the requirements of the Code of Conduct. Those producers who fail to show sufficient improvements over time risk exclusion from Systembolaget's supply chain.

Nordic work

By working together with the other Nordic retail monopolies, we enhance our potential for influencing conditions in the supply chain, which is why we have drawn up a joint strategy for a sustainable supply chain and why we apply the same Code of conduct. Together with Norway, Finland, Iceland and the Faeroes, we carry out annual sustainability visits to our producing countries, where we organise roundtable discussions and sustainability seminars with producers and other stakeholders. We reach out to trade unions and other local groups to inform workers of their rights and to help ensure a positive developmental trend. Together, we can raise the standards across the entire industry.

It's easy to buy ethically

Another way of improving working conditions within the supply chain is to work towards increasing the number of ethically labelled products in our range. Systembolaget can now offer wine from two different ethical certification programmes – Fairtrade and Fair for Life Social & Fair Trade. The common denominator for these certification systems is that they help ensure fair trade and guarantee a premium that provides both economic and social security for the people who work in the cultivation links in the chain. The reason why we have chosen to work with both of these programmes is that, amongst other things, Fair for Life Social & Fair Trade are able to offer certification in countries other than those covered by Fairtrade.

We want to make it simple for our customers to choose products that help ensure better working conditions, which is why we are working actively to expand our ethically labelled range. In 2015, we developed our partnership with our suppliers through dialogues and through an increase in the number of requests for tender. Our goal for 2016 is to increase the number of ethically labelled items in the range to at least 40, and the goal for 2018 is for this number to exceed 50.

3. Here are the results!

We measure the results of our work in a number of different ways. See below to find out how we did during the year.

Electronic confirmation from suppliers

One of this year's goals was to collect electronic confirmations from all of our active drinks suppliers that they had familiarised themselves with and supported the updated Code of Conduct. By the end of the year, 647 of the 650 suppliers had provided this confirmation, which means that 99.5 per cent of our active drinks suppliers had confirmed the Code since we sent it out in early May 2015. A process involving our legal team is in progress for the remaining suppliers.

Drinks suppliers who have confirmed the Code	2015
Percentage, %	99.5

Audit results

11 audits based on the older version of the Code of Conduct (BSCI 1.0) were carried out in 2015, along with 7 audits based on the updated Code (BSCI 2.0). The results of these 18 audits are shown below.

Based on the BSCI 1.0 Code of Conduct	2015	2014
Number of suppliers subject to impact assessment for labor practices and subject to human rights impact assessments	11	14
Number of suppliers identified as having significant actual and potential negative human rights impacts	0	1
Number of suppliers with a less critical negative impact on human rights	2	9
Number of significant actual and potential negative human rights impacts identified in the supply chain	0	1
Number of less critical negative deviations from human rights identified in the supply chain	3	12
Number of suppliers identified as having significant actual and potential negative impacts for labor practices	6	9
Number of suppliers with a less critical negative impact on working conditions	6	13
Number of significant actual and potential negative impacts for labor practices identified in the supply chain	21	31
Number of less critical negative deviations identified with regard to working conditions in the supply chain	50	64

Based on the BSCI 2.0 Code of Conduct	2015
Number of suppliers subject to impact assessments for labor practices and subject to human rights impact assessments	7
Number of suppliers identified as having significant actual and potential negative human rights impacts	5
Number of suppliers with a less critical negative impact on human rights	6
Number of significant actual and potential negative human rights impacts identified in the supply chain	5
Number of less critical negative deviations from human rights identified in the supply chain	17
Number of suppliers identified as having significant actual and potential negative impacts for labor practices	3
Number of suppliers with a less critical negative impact on working conditions	6
Number of significant actual and potential negative impacts for labor practices identified in the supply chain	9
Number of less critical negative deviations identified with regard to working conditions in the supply chain	42

The majority of significant deviations in human rights noted in the audits carried out involved discrimination, with the majority of the significant deviations with regard to working conditions involved working hours.

All of the audits carried out in 2015 in accordance with BSCI 2.0 were initial audits, while those carried out in accordance with BSCI 1.0 during the year were second re-audits (which means that the initial audit took place in 2013 with a re-audit in 2014 and a further re-audit in 2015). This, coupled with the more stringent requirements of BSCI 2.0, explains the results in the above table. The increase in the number of some of the deviations was also due to the fact that the initial audits in accordance with BSCI 2.0 in 2015 were conducted in different regions (Italy, Mexico) than the previous audits.

The percentage of deviations per audit carried out in 2015 is, therefore, adjudged to be normal, bearing in mind that they involved first audits of new producers. We focus our initial audit on the critical issues and place the greatest emphasis on the producer rectifying these issues. The critical issues that we identified in our supply chain in 2015 during audits in accordance with BSCI 2.0 included discrimination (for example the lack of policies and routines to ensure the absence of discrimination against the workforce) pay issues (for example inadequate payrolls that make it impossible to verify whether minimum wages are, at least, being paid and whether any illegal salary deductions are being made), working hours (for example inadequate payrolls that make it impossible to verify whether the workforce have at least one day off per week and are given contractual rest periods), and OHS (Occupational Health and Safety) issues (such as insufficiently installed firefighting equipment).

All of the producers whose audits have shown significant or less critical deviations from the Code of Conduct have been cooperative and actively worked on measures to rectify the deviations noted and Systembolaget has, therefore, not needed to terminate any agreements or implement temporary sanctions, to date. We comply with the regulations drawn up by BSCI and it is important that a termination of the partnership is the absolute last resort in that it does not actually result in any improvement in the workers' conditions. When significant deviations are noted, we, as members of BSCI, are expected to take greater active responsibility and to ensure that they are rectified.

Ethical range

The table below shows how our ethical range has developed over the past few years. The result for 2015 of 29 ethically labelled items in our fixed range is fractionally below our goal for the year and in order to achieve our goal for 2016 of at least 40 ethically labelled items, we are developing our range to increase both its breadth and its depth.

Ethical range	2015	2014	2013
Number of items	29	33	32

By "range of items", we mean items in the fixed range.



Case: Fairtrade bringing water to Tilimuqui

LaRioja province in north-western Argentina is home to the cooperative that grows grapes for several of Systembolaget's wines. The cooperative has been Fairtrade certified since 2006 and the little village of Tilimuqui has blossomed! For us, Tilimuqui is proof of the value of investing in ethically labelled drinks.

The province of La Rioja is one of Argentina's most exciting wine districts with sandy and alluvial soils and vineyards at altitudes stretching from 900 to 1,400 m above sea level. La Rioja is known for its high quality wines – and for the wine cooperative.

The cooperative was founded in 1940 by a group of Italian immigrants. Today, it has 422 members and an annual production of over 40 million litres of wine. So despite most of the members having less than 3 hectares of land per family, it is one of the biggest cooperatives in Argentina.

In 2006, the cooperative took another step forward in its collaborative work, becoming Fairtrade certified. The certification means, amongst other things, that the cooperative receives a so-called Fairtrade premium per kilo of grapes sold and co-determination when it comes to investing this premium in the local community. And it is here that the little village of Tilimuqui enters the Picture.

Tilimuqui lies just over 10 kms from the main vineyard and is home to many of the cooperative's workers and their families. Since La Riojana was Fairtrade certified, its Fairtrade premiums have been used to finance and partially finance two major social projects in Tilimuqui:

- The water supply in Tilimuqui has been unreliable for many years and this has had a significant impact on the residents' health, not least during the summer season when temperatures can reach 45°C. In 2008, the village inaugurated a new drinking water plant, financed in part by the cooperative's Fairtrade premium. A well, an electric pump, and two water tanks now ensure that the people who live there have access to clean water.
- Education was also previously in short supply in Tilimuqui. The village's isolated location meant that its children were previously only offered schooling up to the age of 14. So in October 2008, another social project was launched – building an upper secondary school specialising in agricultural studies. The school opened its doors in 2010 and has become incredibly popular, with the number of students increasing dramatically in just a few years from 33 in 2010 to over 300 in 2014.

For the people of Tilimuqui, the Fairtrade certification has made a major and important difference. This is how a spokesperson of the cooperative put it during the inauguration of the new drinking water plant:

"There are a lot of forgotten people in forgotten places in Argentina. Tilimuqui is one such place. We have proven to ourselves that we, by doing something that seems small, can genuinely change people's lives."

The Fairtrade certified members of the cooperative also receive:

- A guaranteed minimum price for their grapes.
- A guaranteed market for their harvest every year.
- Access to loans and credit
- Free technical support and advice.
- Insurance in the event of falls in production.

Good working conditions in the supply chain

The products on Systembolaget's shelves come from every corner of the world, and we have numerous suppliers whose supply chains mean that we have links worldwide. Basically, what this means is that there are a great many people working to produce and deliver the drinks we sell, and we want them all to have good working conditions.



Sustainability trip to Argentina

In March 2015, Systembolaget made a sustainability trip to Argentina, together with representatives of the other Nordic alcohol retail monopolies. The aim of the trip was to learn more about Argentina's wine production and to discuss issues such as corruption and poor working conditions. For Tommy Nykvist, Systembolaget's Sustainability Manager in the Purchasing Department, it was an important trip.

Why Argentina, specifically?

"Systembolaget has been making sustainability trips to what we classify as "at risk" countries, such as South Africa, Chile and Argentina, for a number of years now. The aim is to show our commitment within the supply chain and to expand our opportunities for making a difference. Sweden's Ambassador to Argentina had also contacted us because she was interested in bringing together stakeholders from the Argentinian wine industry and discussing challenges and solutions – which fitted in perfectly with our agenda."

Why do you classify Argentina as an "at risk" country?

"We visited both large and small wine producers in Mendoza, met with trade unions, and held meetings with Fair Wine Trade and other non-profits. Towards the end of the trip, we organised roundtable discussions with important parties from the Argentinian wine industry and also held a sustainability seminar."

What did you do on the sustainability trip?

"We visited both large and small wine producers in Mendoza, met with trade unions, and held meetings with Fair Wine Trade and other non-profits. Towards the end of the trip, we organised roundtable discussions with important parties from the Argentinian wine industry and also held a sustainability seminar."

Which part of the trip was most important to you, personally?

"It was probably the roundtable discussions that gave us the opportunity to highlight the challenges directly for the industry's key players. No disrespect to the producer audits, but some problems don't show up in audit reports but are the sort of things we can bring to the fore in these sorts of forums."

Wine in Argentina

1551: The first vine stocks are planted.

1850-1880: Railways are built, enabling wine to be exported.

1853: The establishment of the General Irrigation Department and the passing of the Water Act lead to the rapid development of the wine industry.

1970-1991: Domestic consumption falls from the record level of 90 litres per capita to 55 litres per capita.

1995 and thereafter: The wine industry recovers. The USA becomes an important trading partner.

Good working conditions in the supply chain

The products on Systembolaget's shelves come from every corner of the world, and we have numerous suppliers whose supply chains mean that we have links worldwide. Basically, what this means is that there are a great many people working to produce and deliver the drinks we sell, and we want them all to have good working conditions.



How buying ethically makes a difference

Did you know that in 2014, more ethically labelled wine was sold per capita in Sweden than in any other country? And that's not all: Systembolaget bought up 27 per cent of all Fairtrade-labelled wine in the world. ¹⁴

Systembolaget wants to make it easy for our customers to choose products that help create better working conditions, which is why we're actively working to expand our ethically labelled range, and why, over the past few years, we have seen sales of these products go through the roof.

But what does an ethical label actually mean? Our ethically labelled range is made up of products that have been certified by an independent third party as having been ethically produced. Systembolaget currently offers wines from two different ethical certification programmes – Fairtrade and Fair for Life..

Fairtrade is an independent product labelling system that helps improve working and living conditions for growers and employees in countries with widespread poverty. The organisation's criteria help work, amongst other things, to counter child labour and discrimination and, at the same time, to help ensure that employees receive contractual wages and are allowed to form or join trade unions.

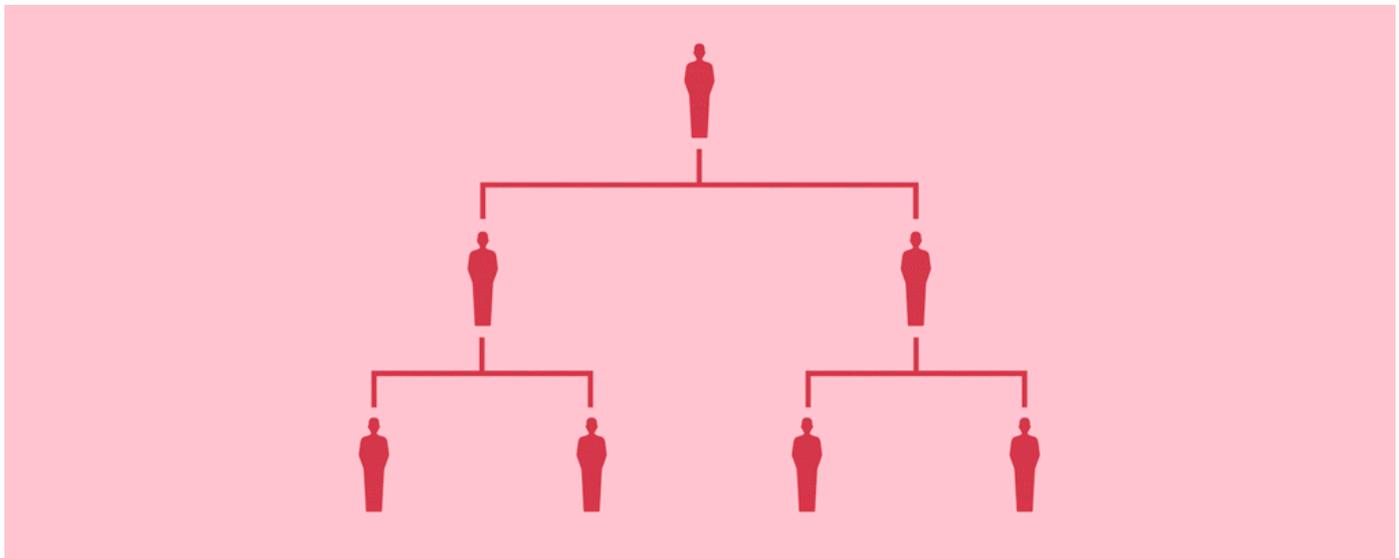
Fair for Life is another independent product labelling organisation that uses fair trade to support vulnerable and marginalised workers throughout the world.

The common denominator for these labelling organisations is that they help ensure fair trade and that they guarantee a premium that provides increased economic and social security for the people working on the land.

Simply put, a lot of hard work goes into creating the ethical labelling seen on more and more dinner tables across the land. If you'd like an example of the sort of good that this work produces, you can read about the [Fairtrade-certified wine cooperative in Argentina](#) which grows grapes for several of Systembolaget's wine.

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How we're fighting for decent working conditions

Talking about decent working conditions is easy. But how do you go about creating them? Tommy Nykvist, Sustainability Manager of Systembolaget's Purchasing Department, talks about the new sustainability programme we launched in 2015.

How are you working to promote good working conditions in the supply chain?

"Our agreements with all of our suppliers include Systembolaget's Code of Conduct, which is based on international agreements, such as the UN's Universal Declaration of Human Rights. Our general purchasing terms and conditions also oblige our suppliers to comply with these requirements with regard to working conditions and human rights."

In 2015, you launched a new sustainability programme. What will this mean in the way of changes?

"The new sustainability programme gives us a better overall view of our work aimed at promoting decent working conditions. We focus on the areas where we have the greatest impact, that is on all of the products from "at risk" countries in our fixed range. We shine a spotlight on these products, revealing every detail of the process, and check the sustainability maturity of the producer in question. More clearly defined follow-up work also ensures that our suppliers are signed up to our updated Code and also stress the responsibility that our suppliers have for their subcontractors. We are very aware that this is a time-consuming and long-term programme, but we have every hope that our new sustainability programme will result in improvements where they are most needed."

Saying that suppliers must live up to your strict requirements is one thing. But how do you ensure that they genuinely do?

"We carry out audits with the help of an independent third party – and the new sustainability programme will mean a substantial increase in the number of these audits carried out. We used to base the audits on sales volumes, but under the new programme, they will be based on risk. What this means is that in 2016, we see the need for around 100 audits, which is far more than in previous years."

What is the biggest challenge you face in promoting decent working conditions?

"Without doubt it's the complexity of our supply chain. We have 650 active drinks suppliers who, in turn, have numerous subcontractors and partners. This affects traceability and sometimes makes it hard to know where the grapes come from and who picked them."

Want to see just how complex our supply chain is? Click [here!](#)

In the autumn of 2015, the research organisation, Swedwatch, published a report ¹⁵ in which they said that you had made progress in your sustainability work, but that there were still challenges that needed to be addressed. Can you tell us more about this?

"We welcome this review. The Swedwatch report contains four recommendations for Systembolaget. We were already aware of these areas for improvement and action plans have already been drawn up for several of the points made. In short, 2015, was a transitional year for us. We'd put a great deal of effort into mapping our producers, improving our "at risk" country analyses, and collating electronic acceptances of the new Code and its rules from all of our suppliers. By the beginning of 2016, the transition had been completed and I believe that we will now see far greater effects from all the groundwork we have done."

Why are reports like this so important?

"It's important that professional and knowledgeable operators like Swedwatch examine the ways in which Swedish companies work with sustainability issues. Overall, this sort of review strengthens Systembolaget's activities in and commitment to this area – it confirms that we are on the right track. Swedwatch's work highlights the challenges that we face within the wine industry, adds to our knowledge and encourages us in our efforts to become even better at what we do in the sustainability field."

Decent conditions – the Nordic alcohol retail monopolies’ shared goals

Systembolaget has been making progress towards a sustainable supply chain since 2008 in partnership with the Nordic region’s other alcohol retail monopolies. We make annual sustainability trips with our Norwegian, Finnish, Icelandic and Faeroese counterparts to our producing countries, where we hold round table discussions and sustainability seminars with producers and other stakeholders. We reach out to trade unions and other local groups to inform workers of their rights and help bring about positive development. This is a long-term programme of work and we are just one operator amongst many, but we know what we want – decent conditions for workers worldwide – and we are working in a structured way with our Nordic neighbours to give our demands teeth. Together, we can raise standards across the entire industry.

[“Find out about our sustainability trip to Argentina here“](#)

Good working conditions in the supply chain

The products on Systembolaget’s shelves come from every corner of the world, and we have numerous suppliers whose supply chains mean that we have links worldwide. Basically, what this means is that there are a great many people working to produce and deliver the drinks we sell, and we want them all to have good working conditions.



Our complex supply chain

Some of Systembolaget's supply chains are simple: a farmer grows grapes and sells them to a wine producer who, in turn, sells the wine to our suppliers. But in other cases, well, it's a lot more complex than that ...

Have you taken a look at our film clip above? That's what a Systembolaget supply chain can look like. It includes everything from farming cooperatives to wine tapping plants. And when it's that complex, there's a huge amount to keep track of in our efforts to ensure good working conditions throughout the supply chain. But at the same time, it's precisely that – the fact that our purchases affect so many people worldwide – that makes our work so very important.

Did you know that:

- In 2015, Systembolaget's products came from 650 active drinks suppliers.
- Wine producers seldom exclusively use grapes they, themselves, have grown. What they do instead is buy grapes from a larger or smaller number of growers and then vinify them.
- Producers also often buy finished wines from other producers to use as components in different blends. Which means your favourite wine might actually comprise several different wines!
- The biggest 100 suppliers by sales account for over 98 per cent of our sales. And, with the odd exception of fast-growing, successful new suppliers, our supplier base is a stable one. And in the majority of cases, both when a producer of an existing article decides to change supplier and when we buy in new products for our fixed range, the listing/launch is taken over by an existing, major supplier.
- Every year, Systembolaget draws up a so-called launch plan that determines which types of drinks we will be looking for. We then issue requests for tender to our drinks suppliers for every launch, specifying the drinks we are looking for. Interested suppliers will then respond to these requests for tender and we will, on the basis of their tenders, collect sample products that undergo blind tasting by a tasting panel. The blind tasting ensures that the products we buy in are the "best in test" from numerous other similar products.

If you'd like to know more about how we select and buy in our drinks, click [here!](#)

Good working conditions in the supply chain

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Environmental improvements in the supply chain

How we're reducing our supply chain's environmental impact

A responsible business must show concern for the environment, and Systembolaget is no exception. Our aim is, in fact, to be to the forefront in this respect and to inspire other companies to do more for the environment. Our owners have stated clearly that they expect us to conduct our operations in a sustainable way, and we are working in a number of ways to reduce our environmental impact within the supply chain. Our work in this area includes mapping environmental problems, working to promote a transition to more climate-friendly packaging, and efforts to meet our customers' substantial demand for organic products. See below to find out more about our environmental work.

1. Why is this important to us?

Systembolaget's operations are global and our supply chain is complex. The majority of our 650 active drinks suppliers have subcontractors and they, in turn, often have subcontractors of their own. Our indirect environmental impact is, therefore, substantial at both global, regional and local level. Climate impact, water consumption and the impact on biological diversity are particularly important areas, and we are working very hard to promote environmental improvements in the supply chain. We are keen to exploit our potential to make a real difference.

2. Working on being better

External Code of Conduct

Systembolaget has a Code of Conduct that has formed part of the general purchasing terms and conditions agreements between Systembolaget and all of our suppliers since 2012. The supplier is obliged, by the purchasing terms, to comply with the requirements of the Code. Systembolaget's Code of Conduct and the associated monitoring and follow-up system has been developed by BSCI (the Business Social Compliance Initiative) and focus primarily on human rights and working conditions. In 2014, BSCI produced an updated Code of Conduct with even stricter requirements ¹⁶, and with environmental requirements that are somewhat more clearly defined than in the previous version. Systembolaget is of the opinion, however, that the Code does not focus enough on environmental issues and is consequently working to determine any complementary requirements that may need to be imposed in this area.

Lighter glass bottles

Systembolaget continued its efforts to reduce the weight of single-use glass bottles in our range – and hence our climate impact – in 2015, with the aim of encouraging our suppliers to switch to lighter glass bottles. Approximately 20 per cent of our still wines are already sold in bottles that weigh less than the upper weight limits we have proposed.

The reason why we are focusing so hard on single-use glass bottles is that they are responsible for by far the biggest share of our climate impact ¹⁸, and according to our calculations, the switch to lighter bottles will result in substantial reductions in emissions in the production stage and will also reduce emissions at the transport stage. We estimate that if the switch to lighter glass bottles is implemented in full for all single-use bottles, the climate impact from our packaging will, at current sales volumes, fall by over 10,000 tonnes of carbon dioxide equivalents (CO₂e).

The switch to lighter glass bottles will, therefore, be an important part of our activities designed to enable us to achieve our climate goal for 2020 of bringing annual CO₂ emissions down to 14,000 tonnes below emission levels in 2014.

Organic range

Our efforts to reduce Systembolaget's environmental impact in the supply chain also include our work on meeting the massive customer demand for organic products, and five years ago, we set a goal that 10 per cent of sales by volume would be comprised of organic items by 2020. We make it easier for our customers to find our organic products by displaying an additional "Organic" label on the shelf edge in store and in the range on the systembolaget.se website.

In 2015, we continued to develop our partnerships with suppliers through dialogues, and as a result of the massive customer demand, increased the number of requests for tender for organic products, with a special focus on beers. We also carried out a wide-ranging information campaign on the organic items we carry in store.

3. Here are the results!

Read on to see how our efforts to reduce the climate impact of our packaging and how our organic products work went in 2015.

Carbon dioxide emissions from packagings

We have already seen a successive shift to lighter glass bottles on the part of our suppliers, but we have been unable, for technical reasons, to calculate the precise reduction in carbon dioxide that resulted from this shift. In 2014, we developed a method that gave us starting point values and will enable us to report changes in our climate impact, as of 2015.

CO ₂ emissions from packaging, total tonnes	2015	2014
Packaging	162,083	160,179
Decrease/increase in tonnes of CO ₂ e	+1,904	

Emissions as a result of the packaging we sold in 2015 totalled 162,083 tonnes of carbon dioxide equivalents, corresponding to an increase of 1,904 tonnes since 2014. The increase was primarily due to increased sales of wine in single-use 75cl bottles in 2015. Single-use glass bottles are responsible for far and away the biggest climate impact and this is why we are so keen to see a shift to lighter bottles. Approximately 20 per cent of all the still wine we sell already comes in lighter bottles, but the increase in sales, specifically, of 75cl glass bottles in 2015, has resulted in an increase in overall carbon dioxide emissions.

In the spring of 2016, we will start telling our customers about the climate impact of different types of packaging and will start making it clear which types of packaging have the smallest climate impact.

Our organic products work

Organic items accounted for approximately 9 per cent of total sales by volume during the year, which is not far off the strategic goal of 10 per cent of sales that we have set ourselves for 2020. The majority of the sales by volume come from organic wines, but sales of organic beers are now increasing.

Organic products' percentage of sales	2015	2014	2013
Volume as a % of total sales	9.3	5.6	3.1

Organic range	2015	2014	2013
Number of items	289	202	134

By "range", we are referring to items in the fixed range.



Are you anti-organic? Read on!

The organic trend is a strong one at the moment, and we are delighted to see it! As a State-owned company with substantial responsibilities, however, it is important that we are critical and analytical, and that applies equally to organic labelling. Which is why we drew up some anti-organic questions and put them to Lena Rogeman, who heads the Sustainable Supply Chain unit at Systembolaget.

Are pesticides and artificial fertilizers really hazardous?

“They can be for the people working on the land, yes. For these people, organic cultivation means a marked improvement in both their working and living environments. And organic cultivation is equally important for the environment – pesticides and artificial fertilisers affect biological diversity in the cultivation areas and can result in over-fertilization.”

But surely there isn't any pesticide residue in the finished drinks?

“No, that's true: the levels of pesticide in the finished drinks are very low, even from conventional cultivation. And it should be remembered that the actual alcohol is far more harmful than any pesticide residues.”

Doesn't organic cultivation use more land? So doesn't that mean there's less land on which to grow food?

“That's a good question, and a difficult one, and it's being discussed in many quarters. It's important that we increase the productivity of organic cultivation. But organic cultivation is a way of ensuring that you don't introduce artificial chemicals into agriculture – chemicals that can disrupt the eco-cycle in which every cultivation operates.”

Aren't there some farmers who cultivate organically but who can't afford to reorganise their production so that it meets the requirements for certification? How do you feel about that?

“It's true that there are farmers who always, or mostly, cultivate their crops organically. But as a consumer, you want to know that a statement is accurate and third party-checked certification is required as a guarantee of that. For us, it's a question of credibility.”

Find out more!

Find out more about Systembolaget's organic products work and about what is required for a wine or beer to be organically labelled [here](#).

Environmental improvements in the supply chain

A responsible business must show concern for the environment, and Systembolaget is no exception. Our aim is, in fact, to be to the forefront in this respect and to inspire other companies to do more for the environment. Our owners have stated clearly that they expect us to conduct our operations in a sustainable way, and we are working in a number of ways to reduce our environmental impact within the supply chain. Our work in this area includes mapping environmental problems, working to promote a transition to more climate-friendly packaging, and efforts to meet our customers' substantial demand for organic products. See below to find out more about our environmental work.

Climate impact

How we're reducing our climate impact

Reducing our direct and indirect climate impact is an important goal for Systembolaget and reducing our carbon dioxide emissions is one of our strategic goals. The biggest difference we can make is in the area of packaging, but our internal environmental work is important too, not least in order to set a good example. Read on to find out more about how we are working with climate issues.

1. Why is this important to us?

Every modern organisation must work actively to reduce its climate impact. Systembolaget is no exception to this, and our global supply chain makes it even more important that we examine how we can help ensure sustainable development.

We are keen to reduce emissions from the areas over which we have total control, such as our own operations and our travel, but our ambition is also to reduce the indirect emissions that occur along the length of the value chain. Systembolaget's 2011 environmental survey showed that packaging accounts for the biggest single share of our total climate impact, along the entire value chain, with approximately one third of our climate impact derived from packaging ¹⁷. This is also an area in which we know that we can exert influence in a positive and quantifiable way.

2. Working on being better

Working to reduce our climate impact is an area which, in many cases, demands the ability to see the big picture and to think along new and innovative lines, and the climate question has, therefore, been highlighted in 2015 as a key issue within the framework of our new leadership and management programme. Programme activities included a major focus during a managerial meeting in November, with lectures and function-based dialogues. The aim was to identify the aspects of the functions' operations that have the biggest climate impact and the insights this understanding gives ahead of impending strategic choices, thereby enabling our managers to integrate the climate perspective even more clearly into their operations. We regard this as an important programme in increasing our focus on climate issues in the future.

Lighter glass bottles

Systembolaget continued its efforts to reduce the weight of single-use glass bottles in our range – and hence our climate impact – in 2015, with the aim of encouraging our suppliers to switch to lighter glass bottles. Approximately 20 per cent of our still wines are already sold in bottles that weigh less than the upper weight limits we have proposed. It is our hope that the switch will continue apace.

The reason why we are focusing so hard on single-use glass bottles is that they are responsible for by far the biggest share of our climate impact ¹⁸, and according to our calculations, the switch to lighter bottles will result in substantial reductions in emissions in the production stage and will also reduce emissions at the transport stage. We estimate that if the switch to lighter glass bottles is implemented in full for all single-use bottles, the climate impact from our packaging will, at current sales volumes, fall by over 10,000 tonnes of carbon dioxide equivalents (CO₂e).

Climate impact from our own operations

Systembolaget is attempting to reduce the climate impact from its business travel and we have, for example, set maximum limits for CO₂ emissions from our company cars, and guidelines for internal trips. We also climate offset all of our travel. The climate offsetting is calculated as the number of units of tonnes of carbon dioxide equivalents (estimated total for 2015: approximately 1,650 units) and takes the form of the purchase of reduction units from the Amayo Wind Power Project in Nicaragua. The project is certified in accordance with CDM (the UN's Clean Development Mechanism) and Gold Standard (a global standard and benchmark for, amongst other things, climate offsetting). The project not only generates climate benefits, it also yields additional social benefits in the form of local job opportunities and a reduced energy deficit.

Our programme of switching all in-store shelf lighting to LEDs is continuing and by the end of 2015, 231 of our stores had LED shelf lighting. We will complete the switchover to LED shelf lighting in all of our stores in 2016 and 2017.

Transportation

Some mapping work remains to be done when it comes to the climate impact of transportation before we can start setting concrete goals. This applies both to the potential for further reducing the climate impact of our own logistics and the opportunities for reducing the climate impact of the distribution carried out by our suppliers. We plan to conduct a general study of this area in 2016.

3. Here are the results!

Our climate goals for 2020 entail a reduction in emissions by 14,000 tonnes of carbon dioxide equivalents (CO₂e) from levels in the base year of 2014, with the reduction occurring in the areas that we can measure and influence. The starting value is 165,144 tonnes ¹ and the goal is thus a reduction to approximately 151,000 tonnes per year. Right now, we can measure and track the direct emissions from our company cars, the indirect emissions from other business travel, the indirect emissions from electricity consumption and, based on a lifecycle analysis, emissions from drinks packaging.

¹ The 2014 Responsibility Report quoted a higher starting value of 171,090 tonnes of CO₂ equivalents. This value was, however, incorrect because we miscalculated the current packaging weight of aluminium cans. The emissions from our travel and our electricity consumption have also been re-evaluated based on the Green House Gas Protocol, and this starting value has consequently also been corrected.

Carbon dioxide emissions from packaging, electricity and internal travel

CO ₂ emissions per activity	2015	2014
Packaging	162,083	160,179
Electricity consumption	3,496	3,376
Business travel	1,646	1,589
Total CO ₂ e, tonnes	167,225	165,144
Decrease/increase in tonnes of CO ₂ e	+2,081	

The emissions included in our climate goal increased by a total of 2,081 tonnes of CO₂ equivalents in 2015, 1,904 tonnes of which was due to an increase in emissions from our drinks packagings. This increase was primarily due to increased sales of wine in 75cl single-use glass bottles in 2015. Single-use glass bottles have by far the biggest climate impact ¹⁸, which is why we are working towards a switch to lighter bottles. Approximately 20 per cent of our still wines are already sold in lighter bottles, but the increase in sales, specifically, of 75cl glass bottles in 2015 has resulted in an increase in total CO₂ emissions.

In the spring of 2016, we will start telling our customers about the climate impact of different types of packaging and will start making it clear which types of packaging have the smallest climate impact.

Emissions from the operations' electricity consumption increased in 2015 by 120 tonnes of CO₂ equivalents. One of the reasons for the increase was that the total floor area of the stores has increased. If we look at kilowatt hours (kWh) per square metre, we have achieved some reductions in average energy consumption in 2015 in comparison with 2014. Emissions from our travel also increased slightly during the year, and in 2016, we will be revising our guidelines, frameworks and routines and reviewing the partnership with the travel agency in order to increase the efficiency of the way we handle business travel and achieve greater cost effectiveness and sustainability.

Carbon dioxide emissions reported in accordance with the GHG Protocol

In 2015, Systembolaget began monitoring its emissions more clearly on the basis of the Green House Gas Protocol. The 2015 Sustainability Report consequently introduces two new GRI indicators, EN15 and EN16, in order to report our climate impact in accordance with the GHG Protocol. The EN15 indicator applies to the area referred to within the GHG Protocol as Scope 1, while EN16 applies to the area known as Scope 2. Scope 1 shows estimated direct CO₂ emissions from the operations, for example from the company's leased cars. Scope 2 applies to estimated indirect CO₂ emissions from the operations' electricity and heat consumption. Scope 3 comprises all other indirect emissions and, under the GHG Protocol, reporting of these other indirect emissions is voluntary. The main areas that Systembolaget is currently able to measure within Scope 3 are indirect emissions from drinks packagings and emissions from business travel. Systembolaget applies the calculation procedure referred to within the GHG Protocol as "operational control". The calculations use the global warming potential (GWP) of Kyoto gases, based on the Intergovernmental Panel on Climate Change, IPCC's Fourth Assessment Report, from 2007.

2014 is the base year for our climate goal. In order to be able to use 2014 as a base year for the GHG/GRI indicators as well, 2014's CO₂ emissions have also been analysed on the basis of the GHG Protocol in conjunction with the 2015 reporting.

Calculation of CO ₂ emissions, based on the GHG Protocol	2015	2014
Scope 1 Own cars and heating of the Learning Centre	302	320
Scope 2 ¹ Electricity consumption, own operations	7,574	7,672
Scope 3 Other, incl. packagings	163,444	161,466
Total, tonnes of CO₂e	171,320	169,458

¹ If our electricity consumption for 2015 were to be calculated in accordance with the method referred to in the GHG Protocol as "location based", based on IEA (2015), the CO₂ emissions from electricity consumption would, instead total 636 tonnes of CO₂ equivalents.

2015's greenhouse gas emissions	GWP	tonnes, greenhouse gases/yr	tonnes CO ₂ e/yr
Carbon dioxide, CO ₂	1	4,694	4,694
Methane, CH ₄	25	0.0203	0.507
Nitrous oxide, N ₂ O	298	0.0399	11.9
Carbon dioxide equivalents, CO ₂ e	1	166,614	166,614
Total			171,320

2014's greenhouse gas emissions	GWP	tonnes, greenhouse gases/yr	tonnes CO ₂ e/yr
Carbon dioxide, CO ₂	1	4,523	4,523
Methane, CH ₄	25	0.0207	0.517
Nitrous oxide, N ₂ O	298	0.0381	11.4
Carbon dioxide equivalents, CO ₂ e	1	164,923	164,923
Total			169,458



Lighter, more eco-friendly packaging

Systembolaget sells 197.5 million litres of wine every year. That's a lot of wine and a lot of bottles, which means a massive amount of glass production and a substantial climate impact. This is why we, in partnership with our suppliers, are switching to lighter glass bottles.

Packaging accounts for one third of Systembolaget's climate impact ¹⁷. Heavy, single-use glass bottles have the biggest impact, which is why we want to reduce the amount of glass in our bottles.

Systembolaget's environmental work includes everything from increased recycling to more resource-efficient lighting in our stores. But our own operations only account for 2 per cent of our total climate impact, and the investigation commissioned by Systembolaget shows that one third of our indirect global climate impact comes from packaging ¹⁷.

We have also seen the increasing importance of environmental issues for more and more people – our customers and the general public want and expect us to develop our operations sustainably. This expectation is shared by our owners. By reducing our climate impact, Systembolaget can help create a more sustainable society. Lighter glass bottles, recyclable glass bottles, aluminium cans, cardboard packaging, and PET bottles are more eco-friendly than single-use glass bottles ¹⁷.

Our ambition is for our suppliers to switch to lighter glass bottles. For the drinks industry as a whole, the changeover will mean we are helping to ensure lower CO₂ emissions and a more sustainable societal development. The climate benefits that could be achieved if all of the still wine sold by Systembolaget switched to lighter bottles could, theoretically speaking, mean a reduction in CO₂ emissions of approximately 10,000 tonnes.

Systembolaget's climate goals

By 2020, Systembolaget's annual emissions of carbon dioxide shall have decreased by 14,000 tonnes in comparison with our emissions in 2014. We will achieve this by reducing emissions from the things over which we have full control, such as our own operations and our travel, but if we are to achieve the goal, we must also reduce the indirect emissions that occur along the full length of the value chain. The changeover to lighter glass bottles is important in terms of achieving the goal, but we have several other indirect emission sources that we must reduce if we are to reach our overall climate goal.

Climate impact

Reducing our direct and indirect climate impact is an important goal for Systembolaget and reducing our carbon dioxide emissions is one of our strategic goals. The biggest difference we can make is in the area of packaging, but our internal environmental work is important too, not least in order to set a good example. Read on to find out more about how we are working with climate issues.

Ethics and anti-corruption

How we're working with ethics and anti-corruption

Systembolaget har nolltolerans mot korrupktion. Likabehandling av leverantörer och god affärsetik är centrala delar i vår verksamhet. Här kan du läsa mer om hur vi arbetar med etik och antikorrupktion.

1. Why is this important to us?

Over and above the obvious reasons for working to counter corruption, Systembolaget is a state-owned company with a responsibility to maintain high ethical standards in our work. Systembolaget consequently conducts a systematic and long-term programme of work designed to counter corruption, both within our own operations and throughout our supply chain. We have established risk assessment procedures to support this work. We have zero tolerance for bribery and other forms of corruption. We do not accept any form of direct or indirect attempts to exert an improper influence on our employees, either by suppliers or partners, nor may any employee request, promise or offer any form of improper remuneration or other benefit. Our retail monopoly and the fact that we sell alcohol make our work to counter corruption even more important.

2. Working on being better

Clear control functions

Every Systembolaget manager is responsible, within their own area, for the risks taken or arising within the operations and for the way in which they are managed, including the risk of corruption and other improprieties. Systembolaget also has an in-house control function which ensures that risks are identified, analysed, evaluated, monitored, followed up, and reported to the company management and Board of Directors. In 2015, Systembolaget strengthened its control organisation by employing a Compliance Manager Counsel. Systembolaget has also, for many years now, procured the services of an internal audit function that is an independent function within the company and is responsible for reviewing such issues as the efficiency of the company's risk management.

The risk of Systembolaget being exposed to corruption is identified in our annual, company-wide risk analysis, and our internal audits monitor the field continuously.

Ethics advisors and *whistleblowing*

Systembolaget has two ethics advisors in the form of vastly experienced store managers. Employees can turn to these advisors to discuss ethical issues and dilemmas, with a guarantee of anonymity. We also have routines and system-level support for reporting incidents when we observe or suspect improprieties and Systembolaget also has an external system for *whistleblowing* in order to ensure the early detection and management of any improprieties. This system functions as a channel via which both employees and external parties, such as suppliers, can report serious improprieties anonymously.

Systembolaget used other channels to pick up on this sort of incident before the whistleblowing system was implemented, namely the internal Service Portal (where employees can input different types of incident, including suspected corruption), the ethics advisors, and HR Partner.

External and internal Code of Conduct

Systembolaget has an external Code of Conduct drawn up by the BSCI organisation (Business Social Compliance Initiative) that is incorporated into our purchasing agreements. Our suppliers undertake to ensure that the Code of Conduct is also applied by their subcontractors.

We produced an internal Code of Conduct for our 5,360 employees in 2015 as part of our anti-corruption work. The Code of Conduct unites the 18 internal rules and 11 policies that we apply in a single, easily accessible document.

Our Communications Policy includes rules governing sponsorship/the awarding of grants and states that we may only sponsor or award grants for objectives that are in line with our purpose and mandate, that is to draw attention to or reduce the harmful effects of alcohol. We do this primarily by means of our independent alcohol research council and by financing our subsidiary company, IQ.

Challenges and areas for improvement

Discussions and dialogues on the subject of anti-corruption must, in general terms, be held regularly and be topical. We work continuously to achieve a high standard of ethical awareness, even though this cannot, in itself, eliminate all risk of improprieties. Our values work must, therefore, always be complemented with routines and preventative measures. During holidays and peak periods, we need to take on extra personnel, so we invest considerable resources in ensuring that all new employees are trained and receive the same information.

Here are some examples of how we are working to prevent corruption:

We have a centralised and transparent purchasing and evaluation process. We apply the same terms to all of our drinks suppliers, for example, and we do not negotiate the structuring of the purchasing Terms and Conditions with individual suppliers.

- We have centrally approved display and placement rules adhered to by all stores.
- We have routines and system-level support for reporting incidents when we experience or suspect improprieties.
- We have internal steering documents that address:
 - Our work to counter corruption and improprieties.
 - Internal rules governing external contacts, including rules governing tastings, trade fairs, and field trips to producers.
 - Internal rules governing internal entertainment.
 - Internal rules governing the employment of associated parties.
- All employees must, upon taking up employment with Systembolaget, sign a document attesting that they are familiar with our internal Code of Conduct.
- All managers shall, as part of the annual performance review, sign a certificate stating that they are familiar with our internal Code of Conduct.
- As part of the performance reviews, the manager ensures that the employee is familiar with the rules arising from our internal Code of Conduct. The employee is also given the opportunity to discuss any ethical dilemmas with which they may have been faced.
- Ethics dialogues with the Systembolaget employees are held twice yearly. The dialogues generate the scope and potential for open and honest discussions of issues relating specifically to ethics and management.
- The majority of employees have completed an online training course in sustainability during the year. Systembolaget's work with ethics & anti-corruption is an important element of this course.

3. Here are the results!

We measure the results of our work using two different key performance indicators. Read on to find out how we did in 2015.

Confirmed incidents of corruption

This key performance indicator includes incidents where we have discovered breaches by employees of the preventative routines that we have put in place to counter corruption.

Percentage and number of commercial units analysed for risk and corruption

The risk of in-store corruption was reviewed in detail in 2015 by Systembolaget's external internal audit team.

Corruption

Accepting, accepting a promise of, or requesting an improper benefit, either for oneself or for another person, in connection with one's position of employment/engagement is deemed to constitute the taking of a bribe. A benefit, irrespective of its composition or nature, is punishable if it is deemed to be improper.

This is the case irrespective of whether:

- the action occurred before the recipient began their employment/engagement or after ceasing their employment/engagement;
- an actual benefit was conveyed or transmitted. It is sufficient for the benefit to have been promised and the promise accepted;
- the benefit/promise of a benefit has actually affected the recipient's exercise of their duties (for example by resulting in a counter-performance).

Providing, promising or offering an improper benefit is adjudged to constitute bribery. When grounds exist for suspecting bribery, Systembolaget will report the matter to the police. Occupational law-related measures may also be taken.

The term "conflict of interest" means that an employee may benefit personally from a task with which they are employed. It is important that no one is given grounds to suspect that personal interests may affect Systembolaget's decisions and actions, and conflicts of interest are hence not permitted for anyone working with or involved in a decision on a particular matter.

Percentage and number of commercial units analysed for risk and corruption

The annual risk analysis was conducted in April 2015. The risk analysis is Group-wide and hence covers the whole of Systembolaget, including subsidiaries. Systembolaget's core operations are organised into two operational areas (commercial units), namely Offering and Sales. Reviews of the store establishment process were conducted by Systembolaget's external internal audit team in 2015. The Sales Operations area is responsible for Systembolaget's store establishment process. The review resulted in a few suggestions for improvement, but no observations of any serious deficiencies were made.

- Percentage of commercial units analysed for risk and corruption: 50 per cent
- Number of commercial units analysed for risk: 1 commercial unit

Confirmed incidents of corruption ¹ where measures were taken

This key performance indicator includes incidents where we have discovered breaches by employees of the *preventative routines* that we have put in place to counter corruption. No incident was sufficiently serious that bribery was suspected. No reports were made to the police and the sanction comprised, instead, of disciplinary measures by Systembolaget in its role as employer – a written reminder.

The corruption-related incidents in 2015 comprised: registrations of customer enquiries without any actual customer enquiry, the purchase of items from the available for order range to the store without central approval, and the display of items from the available for order range in store. The increase in the number of incidents in 2014 in comparison with 2013 was due to Systembolaget's new range model that was introduced in September 2013. A number of new controls were introduced in September 2013. The number of incidents fell slightly, year on year, in 2015.

Reported incidents of corruption ¹	2015	2014	2013
Total number of confirmed incidents of corruption ¹	7	10	3
Total number of confirmed incidents where employees were subjected to occupational law-related disciplinary measures due to corruption	7	10	3
Total number of corruption incidents that resulted in the termination of commercial agreements due to breach of contract	0	0	0
Number of legal proceedings resolved in a public court of law or administrative court due to incidents of corruption	0	0	0

¹ This key performance indicator measures incidents where we have discovered breaches by employees of the *preventative routines* that we have put in place to counter corruption. No incident was sufficiently serious that bribery was suspected. No reports were made to the police and the sanction comprised, instead, of disciplinary measures by Systembolaget in its role as employer – a written reminder.



Anti-corruption on the agenda

Systembolaget works to counter corruption in a variety of different ways. We have, for example, two internal ethics advisors to whom employees can turn if they have ethical issues or face ethical dilemmas. And in the autumn of 2015, we combined our central rules and policies in a guideline internal Code of Conduct for all our employees.

In 2015, we drew up a new internal Code of Conduct for our 5,360 employees as part of our anti-corruption work. The Code of Conduct unifies the central, internal regulations and policies that we work to in a single, easily accessible document.

“Our Code of Conduct is designed to provide support and guidance on the sort of issues that our employees encounter, both at work and in their free time. It will help us conduct ourselves in a sustainable and professional way and guide us when it comes to how we can avoid being improperly influenced,” says Anna Wassgren, who is Systembolaget’s Compliance Director.

The bar for Systembolaget’s anti-corruption and impropriety work – and that of other public sector operators – is being set ever higher, and that is the way it should be.

“We’re also keen to go beyond what the regulations require, which is why the Code of Conduct is so important. It will enhance all of our employees’ knowledge of these issues,” says Anna Wassgren.

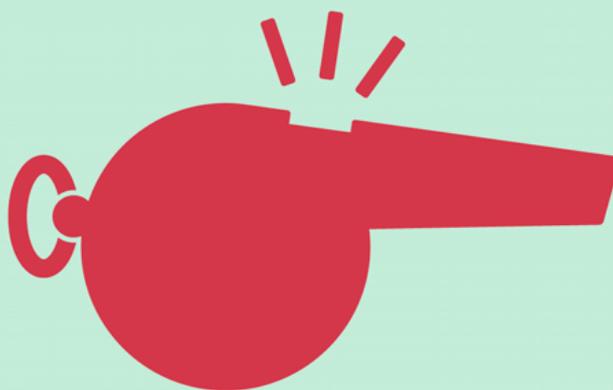
The new Code of Conduct was handed out to and signed by all Systembolaget employees in 2015, and was also the theme of the so-called ethics dialogues organised in the autumn.

“The ethics dialogues are an important forum for these sorts of issues. They are held in smaller groups made up of managers and employees and are a more intimate type of forum in which important issues can be raised. This past autumn, we addressed specific issues that are of relevance to our anti-corruption work, such as the right approach to issues relating to suppliers and staff activities,” says Anna Wassgren.

Systembolaget also has two Ethics Advisors in the form of vastly experienced store managers. Employees can turn to these advisors to discuss ethical issues and dilemmas, with a guarantee of anonymity.

Ethics and anti-corruption

Systembolaget has zero tolerance for corruption. Equal treatment of suppliers and good business ethics are core components of our operations. Here you can find out more about how we work with ethics and anti-corruption.



Help us blow the whistle

Systembolaget has zero tolerance of corruption. We also have zero tolerance for any form of discrimination, harassment, crime or environmental breaches, which is why, in 2015, we set up a system designed to promote whistleblowing.

Systembolaget's retail monopoly indicates a confidence in us that we may not and will not abuse. We are incredibly careful to ensure that any improprieties in any area from environmental offences to corruption are discovered at an early stage, and as part of this work, we set up a system in 2015 that makes it possible for anyone at all to report their suspicions to us.

Our new whistleblowing system allows you to report irregularities or individuals at Systembolaget whom you suspect of committing serious improprieties. This might include:

- Economic offences.
- Corruption.
- Major safety deficiencies in the workplace.
- Serious environmental offences.
- Serious forms of discrimination and harassment.

We have set up this system in collaboration with an external organisation, Whistleblowing Centre, to ensure that anyone submitting a report feels secure in doing so. Anyone submitting a report can do so completely anonymously – no one at Systembolaget will find out who you are.

No corruption-related reports had been submitted to Whistleblowing Centre in relation to Systembolaget by the end of 2015. That obviously sounds great, but could also be an indication that we need to work even harder to spread the message that the opportunity to submit reports exists.

Leave an anonymous report here

If you suspect any improprieties in Systembolaget's operations, we would ask you to help us get to grips with them. You can submit a report to Whistleblowing Centre [here](#). Thank you for your help!

Ethics and anti-corruption

Systembolaget has zero tolerance for corruption. Equal treatment of suppliers and good business ethics are core components of our operations. Here you can find out more about how we work with ethics and anti-corruption.

Skills

How we're developing, personally and professionally

Våra medarbetares och ledares kompetens är nyckeln till fortsatt imponerade kunder. Genom att utveckla oss själva och göra varandra framgångsrika gör vi Systembolaget bättre och mer framgångsrikt. Dessutom skapar det imponerade kunder vilket på lång sikt är en förutsättning för att vi ska kunna utföra vårt uppdrag. Här kan du läsa mer om hur vi arbetar med att utveckla oss själva och vår kompetens.

1. Why is this important to us?

Our ability to fulfil our mandate is reliant on Swedes supporting Systembolaget's retail monopoly. We aim to impress our customers, and if we are to do so, continuous personal and professional development is a must. For us, "Skills" is all about our employees' ability to carry out a task or handle a situation in a way that enables us to take responsibility for the entire value chain in which we operate. Systembolaget's mandate tasks us with reducing instances of alcohol-related harm in society and with helping our customers make more informed and healthy choices. But it is also about taking responsibility for the environment, human rights, good working conditions, anti-corruption, and equal opportunities and diversity.

2. Working on being better

Management – the key to building a framework

At Systembolaget, management is a profession. It is through our managers that we develop our employees and our operations, with the aim of impressing our customers. Managers have a huge responsibility: they build the framework in which our employees' learning and development can take place. Their leadership builds on the core belief that every individual shall be encouraged to maximise their potential to enable them, in turn, to help others maximise their potential.

A manager's most important channel to their employees is personal interaction – it is there that the dialogue is created which, in tandem with reflection and feedback, helps employees, managers and the operations progress. 450 dialogue reviews between management and managers across Sweden take place every year, over and above the ongoing interaction in the course of everyday work.

We are continuing to develop our managers' skills with the same intensity as before, with updated learning activities and coaching in the context of everyday operations. Considerable focus is placed on strengthening the team ethos across the entire operation.

Performance culture

Here at Systembolaget, we talk about good performance environments. For us, a good performance culture means that our employees feel that the right preconditions exist for them to do a really good job – to perform well. Which is why, since 2014, we have been measuring our employees' perceptions of whether their job offers them the preconditions to perform as well as having their basic needs met.

Lifelong healthy & secure employees

We want people to be able to continue working for us until they retire, and to want to do so, not least because it helps build a broad range of skills within the organisation, but for this to be possible, it is vital that we focus on work environment and health issues. We have a comprehensive, systemic programme of work environment activities that include many measures designed both to promote health and to prevent ill health. We also work actively with the rehabilitation of employees who fall ill or suffer injuries. Not only is it important to us that we protect and promote our employees' health, but healthy employees are also vital if we are to continue achieving our goal of impressing our customers. To this end, Systembolaget decided to implement a strategic focus on sick leave in 2015, concentrating on clarifying our rehabilitation process, with the main message to our managers being that they must intervene as soon as an employee falls ill and that they should accept more support from our partners.

Examples of the activities on which we have placed particular focus during the year included fitness for work assessments of all employees who have been on sick leave for more than 28 days and who do not already have a clearly established plan for return to work. We have also used our company health provider to provide objective support for assessment at an early stage in the illness (around day 14) where the focus on the case is unclear. Managers and employees have met with the company health providers to talk through the situation. They have discussed alternative approaches and their advantages and disadvantages, and this has, in turn, generated a clearer focus for the rehabilitation process. Health dialogues, again, with the company health providers, were a third example of a priority activity, with the aim of supporting the employee in situations that have a negative effect on their ability to work.

The biggest work environment risks faced by our employees in several stores sadly takes the form of threats and violence, and in 2014, we decided we wanted to do more, as employers, to rectify this situation. So in 2015, we trialled two different measures – training and guidance – in four of the at risk stores. The measures will be evaluated in 2016.

Performance reviews

All Systembolaget employees shall have annual performance reviews during which we follow up on and assess our shared skills and individual goals. We follow up on goals, goal fulfilment, and skills, and draw up individual development plans for all employees on the basis of the reviews' findings. We have chosen to hold performance reviews annually, with quarterly follow-ups that emphasise goals and development plans.

Everyday learning

Systembolaget has a structured and well-established method of working with skill development. All employees shall be covered by a common methodology, from recruitment until the time when they leave the company. We have identified the skills that are key to us achieving our vision and ensure, on the basis thereof, that our employees are offered the individual skill development that they need – carrying out their day-to-day duties and within the framework of their position.

We place considerable emphasis on developing our managers and, at Systembolaget, management is a profession. It is through our managers that we develop our employees, the corporate group, and our operations. We consequently have a number of tools that we train our managers to use and which we use in the course of our day-to-day operations. This ensures that we have the right skills in the right place at the right time. These tools include:

- Role profiles for all employees.
- Skill-based interview questions linked to the role for use in conjunction with recruitment interviews.
- A skills library that describes the skills individual employees should possess, and
- Training activities (internal and external) linked to development.

In cases where employees are given notice of termination due to lack of work, they are covered by the transition agreement and are hence entitled to support from the Swedish Employment Security Council. The Swedish Employment Security Council works with what is known as transition assistance, which entails the provision of advice, support and guidance in conjunction with termination of employment due to lack of work. Those whose employment has been terminated due to lack of work can, in some cases, receive income protection in the form of severance pay (AGE). There are no special programmes for planning, assistance and support in conjunction with retirement.

Work Environment Days

Systembolaget holds Work Environment Days across the country every year for all managers and Occupational Health & Safety Representatives. The focus of the 2015 Work Environment Days was on two areas of health, namely factors that promote physical health and our internal work with risky use and abuse of alcohol and drugs.

3. Here are the results!

We measure the results of our work using a number of different key performance indicators. Read on to find out how we did in 2015.

Percentage of employees receiving regular performance and career development reviews and follow-ups

This measures the percentage of employees who stated that they had completed a performance review (FOCUS review) in the preceding 12 months.

FOCUS review in 2015*	Yes (number)	%	No (number)	%	Total no. responses ¹
Head office personnel	351	90	39	10	390
Store managers ²	**	**	**	**	**
Store personnel ³	2,935	75	978	25	3,913
Total %					
Total	3,270	76	1,033	24	4,303

¹ A total of 4,303 employees responded.

² Not reported separately.

³ Store managers and Area Managers are also included for 2015.

Boundary: it is not possible to break the figures down by gender within each category that has completed a FOCUS review.

*The figure for the number of FOCUS/performance reviews is based on Systembolaget's Agerus survey. The employees personally answered a question about whether they had completed a FOCUS/performance review with their manager during the year.

FOCUS review in 2014*	Yes (number)	%	No (number)	%	Total no. responses ¹
Head office personnel	331	84	64	16	395
Store managers ²	**	**	**	**	**
Store personnel ³	2,914	77	890	23	3,804
Total %					
Total	3,246	77	953	23	4,199

¹ A total of 4,199 employees responded.

² Not reported separately.

³ Store managers and Area Managers are also included for 2014.

Boundary: it is not possible to break the figures down by gender within each category that has completed a FOCUS review.

*The figure for the number of FOCUS/performance reviews is based on Systembolaget's Agerus survey. The employees personally answered a question about whether they had completed a FOCUS/performance review with their manager during the year.

FOCUS review in 2013*	Yes (number)	%	No (number)	%	Total no. responses ¹
Head office personnel	301	89	38	11	339
Store managers ²	**	**	**	**	**
Store personnel ³	3,002	81	722	19	3,724
Total %					
Total	3,303	81	760	19	4,063

¹ A total of 4,063 employees responded.

² Not reported separately.

³ Store managers and Area Managers are also included for 2013.

Boundary: it is not possible to break the figures down by gender within each category that has completed a FOCUS review.

*The figure for the number of FOCUS/performance reviews is based on Systembolaget's Agerus survey. The employees personally answered a question about whether they had completed a FOCUS/performance review with their manager during the year.

Performance culture

This key performance indicator measures the extent to which employees feel that their job provides the conditions that enable them to perform, together with the individual's perception of the way in which their basic requirements are met. The key performance indicator, which was introduced in 2014, is defined as the percentage of employees who perceive a performance culture value of 75 or above.

The questionnaire-based survey carried out in 2015 had a very high response frequency of 97 per cent, and the values in the survey are relatively high. A general slight increase is apparent between 2014 and 2015 from what were already high values. The goal for 2015 was a value of 78 and the result achieved was 77. Our biggest challenge lies in persuading our in-store employees to perceive greater freedom of action. We see considerable potential for further improvements to the performance culture in this respect that will enable us to achieve our goals in the future. A more in-depth analysis shows a clear pattern when we compare the 10 per cent of our stores that reported the highest and lowest values in the Agerus survey – whereby those with the best results had better results across the board in a number of key areas (including sick leave and staff turnover).

Performance culture	2015	2014
	77	77

Sick leave percentage

The total sick leave level is measured using the Swedish National Financial Management Authority (ESV) definition, which measures hours of sick leave relative to the total number of available hours during the same period.

Our sick leave trend is, unfortunately, heading in completely the wrong direction and we did not manage to achieve our target level for 2015, despite extra efforts in this area. Systembolaget is following the same trend as that seen in society as a whole, with the biggest increase seen amongst women aged from 30 to 49. Long-term sick leave is increasing in this group with diagnoses of psychological illnesses responsible for the increase. As employers, we are keen to reverse this trend so we will be continuing to focus more strongly than ever on turning the sick leave trend around in 2016.

Sick leave, 2015	Number of employees	Sick leave, %
Sales personnel	4,419	5.2
Store managers	468	5.3
Janitors	22	5.4
HQ personnel	451	3.0
Total	5,360	5.1

Sick leave, 2014	Number of employees	Sick leave, %
Sales personnel	4,343	5.1
Store managers	460	3.8
Janitors	26	5.1
HQ personnel	405	2.9
Total	5,234	4.7

Sick leave, 2013	Number of employees	Sick leave, %
Sales personnel	4,237	4.9
Store managers	442	3.5
Janitors	29	8.9
HQ personnel	379	2.7
Total	5,087	4.5



Working at Systembolaget – inside the head of a store manager

Stina Behrman has an unusual job – she's a store manager at Systembolaget. And just like other store managers, she has to provide a high quality service, motivate her employees to do the same and, ultimately, create an impressive customer interaction. The difference is that she doesn't have to boost sales to do a good job.

Stina has been a Systembolaget store manager for 10 years now, prior to which she worked in the restaurant industry for 14 years. Both jobs are a good fit with her passion for food, drink and people, but she knows precisely why she chose to work for Systembolaget.

"Our mandate – to limit the harmful effects of alcohol and, at the same time, ensure our customers are truly satisfied, is a good match for my fundamental values. In simple terms, this feels like an important job – one where I can exert an influence and make a difference."

The fact that the focus is not on selling as much as possible as part of her job is something that Stina appreciates. When the customer asks for help with a drink, she'd rather give them a recipe for a good sugar syrup, mixed with delicious berries, than recommend a type of vodka along with the liqueur they came in for.

"Here at Systembolaget, our job is to make the customers happy without tempting them to buy more than they'd initially intended. We fulfil our mandate through our customer promise nowadays, and that's very different from simply doing what the Alcohol Act says we have to do."

Communicating the importance of Systembolaget's mandate and vision to her colleagues is an important part of Stina's job as a store manager. And it's particularly challenging during the summer, when the sales at the Systembolaget store in Torp, outside Uddevalla, increase and Stina has to take on seasonal staff.

"With all the new colleagues we gain in the run up to peak seasons, it's vital that we introduce them in the best possible way so that everyone understands and can work in line with our special mandate. We talk about our mandate every day here at the store, and about how we can fulfil this mandate by showing consideration, being knowledgeable, and being an inspiration. It's not enough for me to believe this – the reasons why we exist have to run through everything we do. My job, as a store manager, is to show the way, to follow up, and to inspire."

Stina didn't talk so much about values when she first started as a store manager – being proud of Systembolaget seemed only natural to her. But she soon realised just how important that extra motivation and working from where we stand now towards a clearly defined future objective actually is.

"Our work makes a difference, every single day! It's important that we can answer questions and talk about why Systembolaget exists."

"When sales aren't what counts, other things suddenly become important. Things like when an unannounced [proof of age check](#) is carried out – a job that involves every single member of the working group – and we get really good results. That's truly something to celebrate, something to be proud of."

Would you like to work with us?

Systembolaget is tasked with working to reduce the harmful effects of alcohol and to helping ensure that our customers make more informed and healthy choices. It is our employees and managers who are the key to achieving success in these areas.

And that's why personalised management is important to us. Every single one of our employees is an important part of the big picture at Systembolaget and we work actively to ensure that everyone who works here understands just how much they mean.

If you'd like to work with us, here at Systembolaget, click [here!](#)

Skills

Our employees' and managers' skills are the key to continuing to impress our customers. Personal and professional development and helping each other succeed are the keys to making Systembolaget a better, more successful company. They also help create impressed customers – something that is, in the long term, vital in terms of our ability to fulfil our mandate. Read on to find out more about how we're developing, personally and professionally.



Healthier, securer employees

Systembolaget's employees are the key to success when it comes to fulfilling our mandate. And because our employees are our most important resource, we never stop trying to create an even better work environment at Systembolaget. Read on to find out about two of the projects we carried out during the past year.

Project 1: Creating securer stores

The biggest work environment risks faced by our employees in several stores sadly take the form of threats and violence. So in 2014, we decided we wanted to do more, as employers, to rectify this situation. In 2015, we trialled two different measures – training and guidance – in four of the at risk stores.

In the first phase of the project, we brought in an external advisor who worked with the store's employees. The advisor went through the incidents that had occurred and discussed with the employees what they had learned from these incidents and what they could do if the same situation arose again.

The second phase involved a training course during which the store employees learned how people react when exposed to threats, how one can be proactive in potentially dangerous situations – and how they can support one another as a working group when threatening situations arise.

The measures will be evaluated in 2016 to see which of them created the greatest security for our employees – or if both worked equally well. The idea is that we will be able to offer equivalent measures in the future for any and all stores that might need them.

Project 2: Reducing sick leave

Sick leave rates are rising in Sweden, not least when it comes to psychological ill health. Systembolaget's sick leave rates have also risen slightly in recent years and we are keen to do something about this. Research shows that the earlier one intervenes when an employee falls ill, the greater the chance of them returning to work. So this past year, we sharpened up our rehabilitation process that describes how and when we should act when an employee falls ill (you can find out more about our governance [here](#)). One of the things we did was to set clear chronological boundaries to determine when different steps should be taken during the process as a whole.

Sick leave rates continued to increase in 2015, but we will continue to do everything we can in this area to ensure that the return to work for employees who have been ill is both straightforward and smooth.

Skills

Our employees' and managers' skills are the key to continuing to impress our customers. Personal and professional development and helping each other succeed are the keys to making Systembolaget a better, more successful company. They also help create impressed customers – something that is, in the long term, vital in terms of our ability to fulfil our mandate. Read on to find out more about how we're developing, personally and professionally.

Inclusiveness

How we're becoming more inclusive

Ensuring that our employees closely reflect society's composition and its diversity is one of the important factors in the success of Systembolaget. Systembolaget is there for everyone, and our customers and employees should feel that this is the case. Here you can find out more about our inclusiveness work.

1. Why is this important to us?

Addressing inclusiveness is one area that our owners have highlighted as of importance for the state-owned companies. Our responsibilities in this area are considerable as a result both of our ownership structure and our unique position. Being at the forefront of inclusiveness and acting as role models is something we both want to do and must do. Our owners expect a great deal of us, not only in terms of how we address these issues internally, but also how we reach out to our customer base – which is everyone in Sweden. This, in turn, imposes demands on the way we develop our products, our services and our communication.

Our goal is for Systembolaget to have a workforce with a wide variety of expertise, experience and skills – and a working climate characterised by respect, understanding and know-how when it comes to people with different backgrounds and life experiences.

When there is a lack of recognition – when our employees fail to reflect society – it reduces our ability to get across our message as to why we exist. And this, in the longer term, makes it harder for us to fulfil our mandate. Diversity in terms of skills and experience is also important in enabling us to continue interacting professionally with our customers in terms both of the service we provide and of our offering. It is also important, when it comes to our future talent pool, that we can attract, recruit and develop people with different backgrounds and experiences.

We are also, of course, subject to the provisions of the Swedish Discrimination Act which defines discrimination as conduct that violates the employee's integrity and which is associated with their gender, gender identity, ethnicity, sexual orientation, disability, religion or other belief, or age [44](#).

2. Working on being better

New inclusiveness plan

In 2014, we decided that we needed to get better at inclusiveness. So in 2015, we carried out an in-depth analysis of our current position and of where we want to be by 2018 – and it was this analysis that formed the basis for Systembolaget's new inclusiveness plan. The analysis showed that we have come a long way with regard to gender equality – and that we have a systematic methodology for ongoing development in this area. It also showed that there are other areas where we need to do more if we are to achieve our goals.

The aim of the plan is to bring about greater diversity in our workforce and to review how we can be even better at mirroring the diversity that our customers represent.

Recruitment diversity

In 2015, we worked to incorporate the inclusiveness perspective more clearly throughout our recruitment process. This included a programme of reviewing and changing the way we advertise. Over the course of the year, we produced a completely new image package, with both photographs and illustrations, which is more inclusive than our old one.

Towards the end of the year, we launched a partnership with the Swedish Public Employment Service where our focus is on bringing on board more employees with disabilities and more recent arrivals in the country. We have also begun working to train our managers so that they can reap the benefits of the diversity we are aiming to achieve – with the primary focus being on an open working climate in terms of attitudes and prejudices. This work will continue in 2016 so that it includes all Systembolaget employees.

Employee diversity

We monitor a number of variables linked to foreign backgrounds on an annual basis (with the help of Statistics Sweden and the Institute of Human Resource Indicators), in order to see how well our workforce reflects society as a whole. Our goal is to increase the number of employees with foreign backgrounds so that they represent the same percentage of our workforce as they do the population makeup of Sweden. The results below show that we have some way to go in this respect.

In 2015, our efforts to map gender and age breakdowns in our workforce in greater detail included the production of a situation report on gender and age breakdowns amongst managers and employees, and in the stores' management groups. The results show that we are close to the definition of an equal opportunities company (60/40) ⁴⁴, with 65 per cent of the workforce comprising women and 35 per cent, men. We also produced a situation report based on types and grades of employment. Our mapping work in 2015 has enabled us to define the areas in which we need to improve. We shall, for example, work towards a more even gender breakdown at management level, where we currently have too many men in comparison with the gender breakdown in the company as a whole.

Accessibility

The requirements for accessibility for people with disabilities became stricter in early 2015 and our new inclusiveness plan identified the need to chart what this means for us. In 2016, we will be taking steps to improve accessibility in both our stores and head office and in our digital channels.

3. Here are the results!

The diversity indicators that Systembolaget currently uses for internal monitoring are gender, age, foreign/Swedish background/origins.

Percentage of employees with respective backgrounds

The definition of "foreign background" is that the person themselves was born in another country or that both of their parents were born in another country (Nordic region, Europe, outside Europe). If the parents were born in different areas, for example one within the Nordic region and one outside Europe, the classification is based on where the employee was born.

The results for 2015 show that we can do more to reflect Sweden's population makeup. Approximately 23.4 per cent of the population has a foreign background, while approximately 9.8 per cent of Systembolaget's employees have a foreign background.

We will be developing additional metrics in 2016 to describe how well we are doing in terms of achieving our inclusiveness goals.

Percentage of employees with respective backgrounds, %	2015	2014	2013
Sweden	90.2	89.8	89.8
Nordic region	2.6	2.8	3.0
Europe	3.3	3.2	3.2
Outside Europe	3.9	4.1	4.0

Boundary: we do not map diversity indicators for contract personnel as it is difficult to be anonymous in this role. This is also true of data regarding the foreign background of Members of the Board and the company management.

Work on equal opportunities for those born in other countries has begun and a new inclusiveness plan was drawn up in 2015, but it is not currently possible to determine any results, which may explain why the figures for 2015 do not differ substantially from those for previous years.

Breakdown of employees by gender and age group

The results for 2015, with 65 per cent women and 35 per cent men, are close to the definition of an equal opportunities company (60/40) ⁴⁴. The Board of Directors, including the four employee representatives, and the company management (included in the category of HQ employees) comprised 11 women and 9 men in 2015. No members of the Board of Directors or company management are in the <30 age group, 4 are aged between 30 and 50, and 16 are >50 years old.

Breakdown, 2015	No. employees	Women, %	Men, %	<30 yrs old, %	30-50 yrs old, %	>50 yrs old, %
Sales personnel	4,419	66	34	42	42	16
Store managers	468	56	44	8	76	16
Janitors	22	91	9	9	27	64
HQ personnel	451	60	40	8	70	22
Total	5,360	65	35	36	47	17

Boundary: we do not map diversity indicators for contract personnel as it is difficult to be anonymous in this role.

Breakdown, 2014	No. employees	Women, %	Men, %	<30 yrs old, %	30-50 yrs old, %	>50 yrs old, %
Sales personnel	4,343	66	34	41	41	18
Store managers	460	56	44	7	75	18
Janitors	26	85	15	4	27	69
HQ personnel	405	60	40	6	69	25
Total	5,234	65	35	35	46	19

Boundary: we do not map diversity indicators for contract personnel as it is difficult to be anonymous in this role.

Breakdown, 2013	No. employees	Women, %	Men, %	<30 yrs old, %	30-50 yrs old, %	>50 yrs old, %
Sales personnel	4,237	68	32	42	40	18
Store managers	442	56	44	5	77	18
Janitors	29	86	14	0	31	69
HQ personnel	379	60	40	5	72	23
Total	5,087	66	34	35	46	19

Boundary: we do not map diversity indicators for contract personnel as it is difficult to be anonymous in this role.



Systembolaget wants to reflect society – but we have a way to go

Systembolaget exists for the whole of Sweden – irrespective of where you come from or what your abilities are. It is vital that our workforce reflects society's composition to ensure that we can interact correctly with all of our stakeholders. And we won't quit until we're there!

At Systembolaget, we want our employees to reflect society's composition in such areas as age, ethnicity, gender and functional ability. This is one way in which we can make Systembolaget even better. When we reflect society, we can interact with our customers in a more professional way and develop our operations.

"Diversity is a powerful skills tool that makes Systembolaget more creative. In simple terms, it makes it easier to approach challenges from a variety of perspectives and to identify solutions to topical issues," says Arnold Bergman, who works with HR issues at Systembolaget.

Diversity is an important issue, both in the stores and at the head office, and with regard to both major issues and minor ones.

"Our store personnel must be able to refer to different contexts in connection with food and drink, not least in conjunction with different cultural festivals. It's about customer service, about everyone feeling welcome at Systembolaget," continues Arnold Bergman.

But inclusiveness isn't just about customer satisfaction. Research into workplace diversity shows that an inclusive approach offers a number of other benefits too. For employees, for example, it means a more exciting workplace, not least because there is a great deal to be learned by talking to colleagues from a different background or whose lifestyle differs from one's own.

"If differences are handled well, work will feel more enjoyable, your job will be more exciting, and working as part of a diverse team will enhance your personal development."

Inclusiveness is an absolutely core issue for us at Systembolaget, but we have not reached our goals as yet. 23 per cent of Sweden's population has a foreign background, for example, while that is true for only just under 10 per cent of Systembolaget's workforce.

"The challenges involve not only creating good preconditions for everyone who wants to work here, but also being an attractive alternative as an employer. And we have invested substantial resources in identifying different stakeholders and target groups, and in learning more about them in recent years. This ensures we can meet these challenges effectively."

And it is knowledge that is at the heart of the ability to build an inclusive organisation. Which is why inclusiveness work entails – and must entail – taking a long-term approach, according to Arnold Bergman.

"Our goal is to be able to offer everyone in Sweden a customer interaction that is impressive from their particular perspective. We are aware that we have not, as yet, reached the finishing line with this work, but we are working very hard to do so."

Inclusiveness

Ensuring that our employees closely reflect society's composition and its diversity is one of the important factors in the success of Systembolaget. Systembolaget is there for everyone, and our customers and employees should feel that this is the case. Here you can find out more about our inclusiveness work.