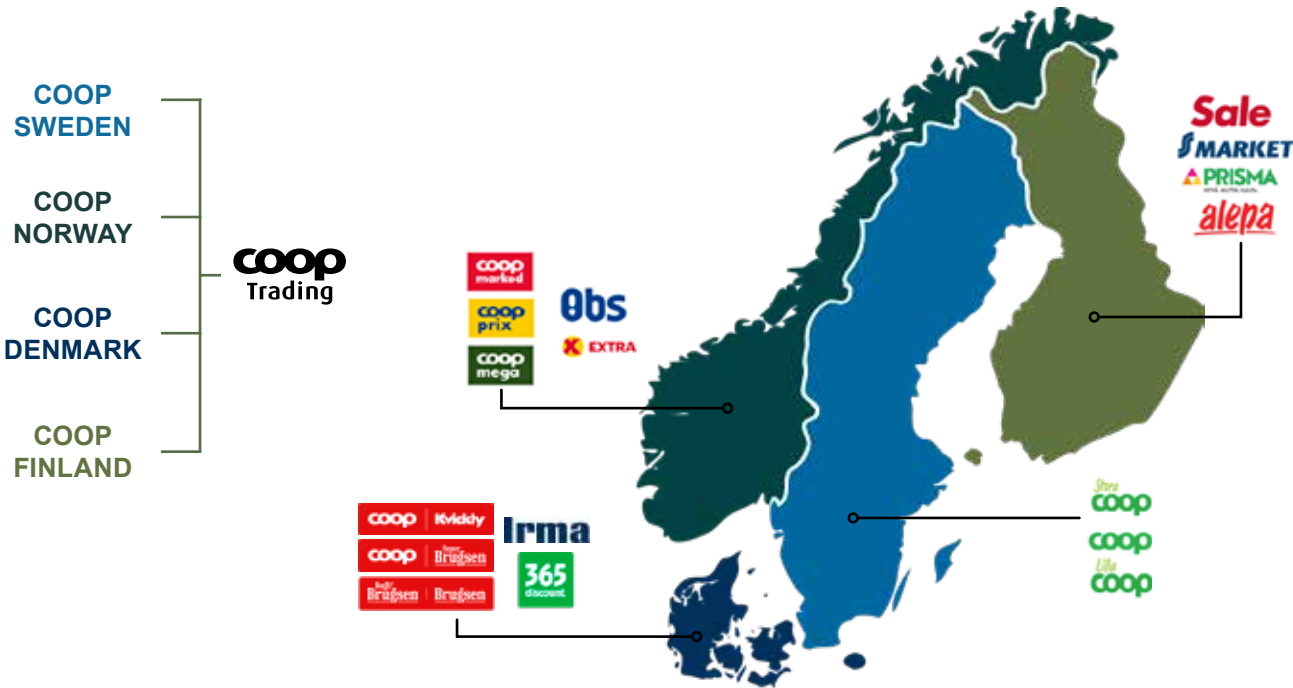


Business & Sustainability Report 2023

coop Trading



We are on every third dinner table in the Nordic homes



- The entrance to 4,500 stores in the Nordics.
- 6,000 products to the Nordic consumers.
- Full supply chain service – from joint purchasing, quality assurance, and design of private brand and Fruit & Vegetables.
- Sourcing and negotiations of Indirect Spend and Branded Business frame agreements.

“Coop Trading is the largest private brand purchasing organization in the Nordics”

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Coop Trading's role

Creating value for our four partners by increasing their local competitiveness



Making a better everyday for 27 million Nordic consumers by sourcing food and non-food products at the right quality and price ratio

Being a Nordic competence center for sourcing, knowledge and cooperation



Our company

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CEO message

BY MICHAEL LA COUR, CEO



One Nordic range for our 27 million consumers. Developing private brand strategies for our private brands. Ensuring the same high-quality products from Coop, Änglamark, and Xtra. Working intensively with growth, service level, and price. In Coop Trading, we look back at 2023 as a defining and important year with strong results – but also a year of both learning and developing.

Our strategy 2024-2026 is based on our purpose of making a better everyday through leading Nordic private brands for our 27 million Nordic consumers. Although the strategy starts with the new year, it has been developed in 2023 – and in the process, it has motivated and inspired us in such an extent, that it is already guiding us in our ways of working, thinking, and day-to-day communication.

For consumers, by consumers

The new strategy, purpose, and personality have already been the foundation for many strategic business decisions. We have worked intensively with defining the brand architecture and brand strategies to guide us in how to work with different products in each category including plans to position and/or revitalize our private brands to make them market leaders. These strategic pillars – or principles – are developed from a consumer perspective and helps us choose and do right in both buying and negotiations, in design and packaging, and in development and innovation. The brand strategy gives us a foundation to work with a much more brand and consumer driven mindset. End 2023, Änglamark and Coop was named the first and third most popular brands in Denmark proving that the consumers loves our products. We need to keep that leading market position in all the Nordics markets.

One Coop: Harmonizing a Nordic range of quality products at the right price

To do this, we have set – and met – the ambitious targets for harmonization of a Nordic range – in design, size, labels, quality – to achieve the benefits in growth and value: Better purchase price on existing products. Quick access to a new (but existing) private brand product innovation. An even stronger focus on quality. Harmonization is one of the most important operative result in 2023 and prioritized over the next couple of years, where we will both evaluate to learn from the first steps in 2023 as well as continue harmonizing even more Nordic products. The goal is to create a strong Nordic range with the perfect price

Working strategically with service, suppliers, and sustainability

In 2023, we focused on operational excellence in our ways of working. We have introduced the Pricing Excellence Program with a new and more streamlined negotiation process to highly support the need to keep prices down and service level up. We have worked strategically with developing our categories. And we have increased our focus on sustainability and corporate responsibility – where we demand the same sustainable attention and responsibility from our suppliers. Working more strategically with our suppliers also means identifying our top 10% partner suppliers and together developing growth plans and committing to climate action engagement. We dedicate our attention to doing as much possible in our business – both in strategies as well as concrete initiatives and activities, working with packaging and by entering in concrete projects. And we continuously look for ways to do better and improve the existing.

“Our strategy 2024-2026 is based on our purpose of making a better everyday through leading Nordic private brands for our 27 million Nordic consumers”

and quality ratio that underlines the purpose of what we do in making a better everyday for the Nordic consumer – being as common as possible, as different as needed. Coop Trading has worked intensively with this agenda in 2023, and our vision was fueled even further by Finland replacing the strong Rainbow brand with the strong Coop brand in the end of the year, which means having one Coop brand in all Nordic countries is the first time in 125 years of our cooperative sourcing history.

Be your brand – and be the consumer

Harmonization, a clear brand identity, and a 100% consumer driven perspective also means working even more with our quality. Price can drive people to a buy, but quality builds loyalty. To be a leading Nordic quality private brand requires working professionally, proactive, and with the consumer experience in focus – to not only to match the consumers' needs, but to exceed them. We are proud when the consumers love our products, as much as we do by e.g., awarding them as best in tests and with our four awards in PLMA 2023. This is positioning us, our four Nordic cooperative partners, and our suppliers. We have with great success implemented our 'Love your products' concept where we work with categories and quality from a brand-driven and consumer-driven perspective and set the same standards and expectations for our suppliers.

Taking NEW to NOW

All the initiatives during the last 12-18 months have been actions and initiatives to build a stronger Coop Trading taking an active role in defining and finding the winning solutions across the four Nordic countries. Our results – and maybe most important; our learnings – is thanks to our colleagues, our partners, our stakeholders, and our consumers. Our work and development could not have been done without our most important resource: Our people. Our people power our purpose, which is why we in 2023 also defined a new Coop Trading personality of being an ambitious, responsible, and passionate game-changer, who challenges the status quo through knowledge and cooperation. To support both our new purpose and personality we have also updated our internal values to better match the strategy 2024-2026. Coop Trading is built on a strong cooperative history of working together to make quality products at fair prices available to the Nordic consumer. Our colleagues in Coop Trading are dedicated to working – together with our colleagues in each partner country and our partner suppliers sharing the same purpose and mission – for a better everyday for the Nordic consumer. And I want to thank everyone for each important contribution in 2023.

Highlights 2023

New strategy and purpose: Better everyday through leading Nordic private brands

Coop Trading implemented a new strategy 2024-2026 based on our new purpose of making a better everyday through leading Nordic private brands for our 27 million Nordic consumers. The new strategy and purpose is well received with both our Coop Trading and national Nordic colleagues referring to it in their ways of working, thinking, and day-to-day communication.

One Coop: Harmonizing a Nordic Coop brand

In 2022, Coop Trading identified a potential in harmonizing a Nordic range – in design, size, label, quality – with several benefits for growth, value, and quality. Coop Trading handles around 6,000 products, and we focus on harmonizing strongly in the coming years. In 2023, we set – and met – our ambitious targets of harmonizing a Nordic range with a clean design concept for several hundreds sales units.

Operational excellence

In 2023, we have focused on operational excellence in our ways of working. We have introduced the Pricing Excellence Program with a new and more streamlined negotiation process to highly support the need to keep prices down.

Operational excellence also means that we have developed category strategies to work strategically with our categories. We have with great success implemented a new mindset introducing a 'Love your products' concept where we work with categories and quality from a brand-driven and consumer-driven perspective and set the same standards and expectations for our suppliers.



Brand architecture and strategy

The new strategy, purpose, and personality have already been the foundation for many strategic business decisions. We have worked intensively with defining the brand architecture and brand strategies to guide us in how to work with different products in each category including plans to position and/or revitalize our private brands to make them market leaders.

Towards a more sustainable world

An important part of our development in 2023 has been a stronger focus on sustainability and our corporate responsibility both in our business, strategies as well as concrete initiatives and activities – and demanding the same sustainable attention and responsibility from our suppliers.

Working strategically with our suppliers

Working more strategically with our suppliers has been a focus in 2023 identifying our top 10% partner supplier base and together developed shared growth plans and strategies. In 2023, we also hosted the first Partner Supplier Event Day. Coop Trading believes in partnerships with our partner suppliers as key. Our suppliers are fundamental for innovation and successful categories and creating an excellent value for money perception. Coop Trading need suppliers that support our purpose, our growth mindset, and challenge our ways of working and thinking to make us better.

People and culture

Our people power our purpose, which is why we in 2023 also defined a new Coop Trading personality of being an ambitious, responsible, and passionate game-changer, who challenges the status quo through knowledge and cooperation. To support both our new purpose and personality we have also updated our internal values to better match the strategy 2024-2026.

Board of Directors



PER THAU

Chairman



NICHLAS OLOFSSON

SVP Category & Purchasing
Coop Sweden



ARTTU LAINE

COO & Executive Vice President
SOK



BENT AAMOTSMO

CCO
Coop Norway



CHARLOTTE NILSSON

Category Director
Grocery
Coop Denmark



INGRID AMUNDSEN

Senior Director,
Customer & Market
Coop Norway



JEFF SALTER

COO & Executive Vice President
Coop Denmark



JARI SIMOLIN

SVP Category
Management & Procurement
SOK

Letter from the board

BY PER THAU, CHAIRMAN

2023 has been a historic year with large price increases on one side and a strong alignment of One Coop across the four Nordic markets on the other side.

High inflation tackled by price excellence programs

Our business has been facing tough competition, increasing prices, and hard pressure on the margins – challenges, where Coop Trading through top negotiations and pricing excellence programs has been fighting hard to keep prices down. We have not seen the last development on the ‘price war’, which will continue to be a high priority during 2024.

One Coop: Harmonizing a Nordic product range

During 2023 we set a new strategy in Coop Trading with the ambition of creating leading Nordic private brands. An important step toward that that ambition is the decision on one common Nordic design of our Coop brand. Our 27 million Nordic consumers value great products with top quality at a low price. Price is important, but the consumers also look at quality and innovation. By harmonizing buying, design, and development for all four Nordic partners, we can focus on being stronger in quality, price, and driving innovation. And the more harmonized, the more benefits. Harmonizing our Nordic product range delivers value to our consumers, thus contributing to creating world class private brands.

A strong cooperative mindset

Our new strategy requires that we do it together as One Coop across the four Nordic markets. It is of course important that each partner win in their country, so we have a saying that we should “be as Nordic as possible and as different as needed”. During 2023 we have moved even closer together to create winning Nordic solutions and looking at solutions from a bigger and Nordic perspective. It is not about compromising, but about looking at commonalities to innovate the best products that can win on a Nordic level.

During 2023 Coop Trading has taken a more active role in defining and finding the winning solutions across the four countries. We see support from our partners and a belief in the cooperation. We see our partners rising above own national needs and wishes and working together to benefit from a Nordic range. Again, not to compromise, but to create even stronger Nordic winning solutions for the benefit of all markets. We see a Coop Trading taking a more proactive responsibility and using our resources as a Nordic competence center to find the best solution on behalf of all our partners.

2024 is about growth

For 2024 we have set new high ambitions that shall create growth for our partners in alle four markets. We will develop our brands further. We will fight to get the purchase prices down again. We will increase the service levels from suppliers to warehouses. We will lift quality level and innovation rate on our products to an even higher level. We will drive more harmonization. Everything done for our valued customers and on behalf of all four partners.

“Our new strategy requires that we do it together as One Coop across the four Nordic markets. It is not about compromising, but about looking at commonalities to innovate the best products to win on a Nordic level – as Nordic as possible and as local as needed”

Better everyday through leading Nordic private brands

Our purpose

Our purpose combines the stronger focus on private brands, the need for Nordic cooperation, the importance of being consumer-oriented first, and the ambition of leading rather than following or matching.

With this purpose, we are setting standards for who we are, how we organize, and how we work – with a clear line to the strong cooperative history. With a market share of 33%, we are present in every third Nordic home and a part of our 27 million potential Nordic consumers homes and everyday. With this purpose, we take responsibility for making their everyday BETTER through our private brands.

There is a potential for our private brands to be leading – the number one choice for any consumer in the Nordics in any category. We need to work strategically with our brands and

work with the products under each brand – and with a shared mindset across the Nordics, as the Nordic consumer has more similarities than differences being 'as common as possible, as different as needed'.

Our private brands are among the strongest brands in the Nordics and hold great stories, history, and heritage giving a strong potential for development from a business perspective. It is the key for driving growth and building loyalty as our private brand quality products is only to be found in our Nordic cooperation stores.



THE COOP TRADING STORY:

Better everyday for a century

Although Coop Trading is formed in 2008, the tradition of joint Nordic purchasing is a century-old tradition.

NAF, the Nordic Cooperative Association (Nordisk Andelsforbund), was established in 1918 in a joint venture by the Nordic consumer-owned cooperative grocery chains (FDB in Denmark, KF in Sweden, NKL in Norway and 10 years later, SOK in Finland) to make quality products at fair prices available to the Nordic consumer.

This is mainly done through better negotiations and cooperative agreements with large international suppliers to investigate new markets and increase focus on quality on behalf of our four partners; Coop Sweden, Coop Denmark, Coop Norway, and SOK in Finland.

This is – a century later – still the main driver for Coop Trading, as we continue the work to make a better everyday for the Nordic consumer through quality private brand products.



THE COOP TRADING STORY:

Better everyday through leading Nordic private brands

Coop Trading's purpose – better everyday through leading Nordic private brands – is based on a pride of our products being a part of the everyday for every third Nordic family; on the family breakfast table, assisting with the household duties, and bringing fruits and sweets for the snack hour.

The brand Xtra with quality at an affordable price.

The Coop master brand providing quality, great taste, trust and value at a fair price.

And the caring and responsible Ånglamark brand pioneering with organic, environmentally and allergy-friendly products.

Our leading Nordic private brands

ÄNGLAMARK

The choice of the future

Änglamark is a caring and responsible choice – giving you one worry less. Our pioneer brand within organic, environmentally and allergy friendly products.



coop

Our clever choice

Master brand, provides quality, great taste, trust, and value, at a fair price.



Discount with our principles

Price fighter position, which holds strategically selected volume products with focus on low prices and qualities benchmarking the discount sector.



Defining our private brand architecture and strategic pillars

Our purpose is based on a pride of our products being a part of the everyday for every third Nordic family; on the family breakfast table, assisting with the household duties, and bringing fruits and sweets for the snack hour. The brand Xtra with quality at an affordable price. The Coop master brand providing quality, great taste, trust, and value at a fair price. And the caring and responsible Änglamark brand pioneering with organic, environmentally, and allergy-friendly products.

Despite being Nordic brands and present in all four markets, they are often executed and understood in different ways. To maintain and grow these brands, we need to have a centralized Nordic approach and framework that allows for local adoption, but with an overall DNA and backbone of these brands that serves as the guideline for our product development and communication.

“Our private brands are of the strongest in the Nordics and hold great stories, history, and heritage giving a strong potential for development from a business perspective”

Understanding our brands

The work with the brand architecture and strategic pillars for our private brands has taken another step in 2023 – making Xtra, Coop, and Änglamark come to life. We have worked intensively with defining the brand architecture including plan to position and/or revitalize our private brands to make them market leaders. We need to understand how to work with brands and how to work with products under each brand – and with a shared mindset across the Nordics, as our 27 million Nordic consumers has more similarities than differences being 'as common as possible, as different as needed'.

Brand driven from a consumer perspective

These strategic pillars are the basis for delivering leading private brand products with a consumer-centric mindset, as we take the private brand strategies to category strategies. This important step will take the brand strategic pillars to actual strategies for the products in each category. Fueled by our private brand strategies we will develop Nordic category strategies that set direction for years to come on commercial opportunities driven by a strong consumer understanding. As the focal point for joint Nordic purchasing, Coop Trading can facilitate our brands coming to life and leading through brand architecture and strategies. Coop Trading has a competitive advantage being built and dedicated to growth through procurement, design, brand, etc. Coop Trading is not just sourcing; it is range development and handling, brand development, long term income streams, and reducing complexity to increase and add value.

From four national products to ONE Nordic Coop product



One Coop: Harmonization explained

The 27 million Nordic consumers have much more in common than differences. Our role in Coop Trading is to be the Nordic change driver when co-operating with our four partners on a Nordic range. There are several ways to lift our harmonization degree: The recipe (e.g. different % of sugar in two almost similar products) or introducing products in one country already found in another country. For other products, it is a matter of harmonizing the packaging size and/or label (design) across partners. Coop Trading view our products in three main groups: ‘Not harmonized’, ‘partly harmonized’ and ‘harmonized’.

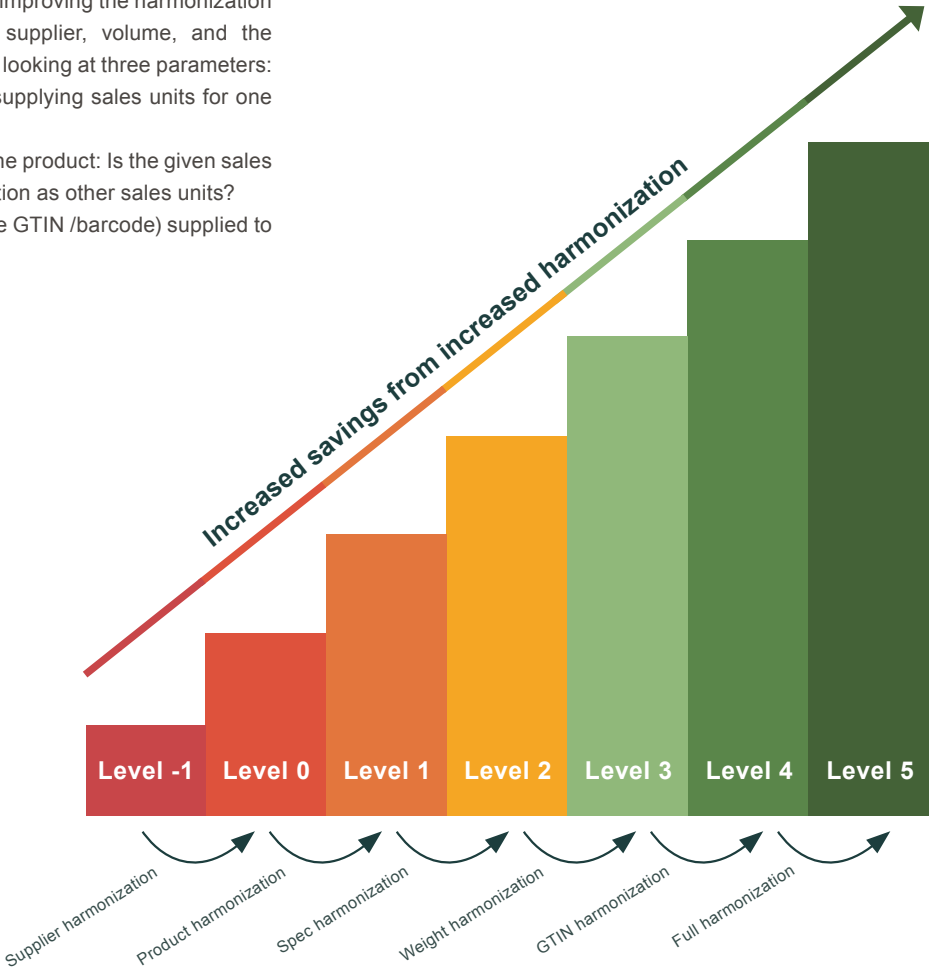
Within each group, there are nuances of “how harmonized” a product is – and with each step in improving the harmonization level, we need to look at the supplier, volume, and the purchasing prices. We analyze by looking at three parameters:

- 1) Supplier: Is the supplier only supplying sales units for one partner?
- 2) Specification – ingredients of the product: Is the given sales units using the same specification as other sales units?
- 3) Product: Is the sales unit (same GTIN /barcode) supplied to more than one partner?

Not harmonized (level -1 to 1): Products that are only supplied for one partner. Mainly due to only one partner currently having the product – but in some cases due to different recipes e.g. different meat content between two partners.

Partly harmonized (level 2 to 3): Products where due to either difference in weight, packaging, or design, the same content in the product is being produced as different sales units.

Harmonized (level 4 to 5): Products where the same GTIN (barcode) is supplied for two or more partners.



**PO
SITI
VITY**

**Our
values
guide us**

**INVOLVE
INVOLVE
INVOLVE
INVOLVE**

**LO
VE**

**OWNER
SHIP**

**COURAGE
COURAGE
COURAGE
COURAGE
COURAGE**

**Our people
power
our purpose**

20 Our values guide us

22 Our people

24 Our workplace

Our most important ressource is our people



130+ colleagues in the Nordics and nine based in Valencia

Our colleagues ensure that we every year reach the ambitious targets expected by ourselves, our board, and our partners. They are the reason we can create leading Nordic private brands. They make us the Nordic competence center with their knowledge and passion. And they take great pride in making a positive difference in 27 million Nordic consumers' everyday.

For us, a "purpose-driven workplace" is more than just words; it is our guiding principle. We have embedded our purpose at the core of our corporate culture. It's not merely about delivering products and services; it's about creating meaningful experiences for our consumers, partners, and employees. At Coop Trading we believe in creating a purpose-driven workplace where our employees feel connected to our purpose of being better everyday through leading Nordic private brands.

Our personality – an ambitious, responsible, and passionate game-changer who challenges the status quo through knowledge and cooperation – sets the tone for our organization. It underlines our commitment to advancing our purpose. It encapsulates the essence of who we are and who we strive to be. This personality serves as our guiding star, shaping our actions and interactions e.g. with our partners.



OUR PERSONALITY:

An ambitious, responsible, and passionate game-changer who challenges the status quo through knowledge and cooperation

Recruiting new talents driven by our purpose and personality

In our journey to cultivate a purpose and personality-driven workplace, it is essential to be very clear on both concepts in our recruitment process. Our recruitment practices are not just about finding candidates with the right qualifications. We are convinced our purpose and personality must resonate and motivate our future colleagues to match both ways. This is specifically reflected in our interaction with potential candidates, where we focus on understanding the candidate's perspective of interpreting our purpose and personality. We recognize and appreciate that a purpose-driven workforce is not homogenous; it is a tapestry of diverse Nordic (or international) individuals, each bringing a unique perspective,

competencies, and set of values. Our recruitment aims to embrace this diversity, fostering an inclusive approach that welcomes candidates from all backgrounds, beliefs, and experiences – which will also internally add more perspectives to our work and cooperation. In 2023, we started a more matrix-oriented recruitment, where we involve and benefit from the perspectives of inviting managers from other teams to join the recruitment process. We value the different ways in which individuals interpret and contribute to our purpose and personality recognizing that this diversity enriches our workplace culture and fosters innovation.

“We are committed to creating a workplace that prioritizes not only financial growth but also personal growth focusing on the individual’s strengths and areas for development,”



We prioritize people and culture!

In 2023, Coop Trading HR (Human Resources) changed name to People & Culture. With this shift, we want to signal that we are working with more than ‘personnel transactions’ – we are motivated by a desire to convey a more human-centric, inclusive, and forward-thinking approach to managing and engaging with employees within the organization.

The new department name reflects our focus on:

- Recognizing our employees for their unique qualities, talents, and contributions instead of ‘just’ as mere resources to be managed.
- A more inclusive approach, encompassing the diverse backgrounds, experiences, and perspectives of individuals within the organization.
- A broader scope that encompasses talent development, employee engagement, and organizational culture rather than ‘just’ administrative tasks. This is especially important as we in 2023 put our new purpose and personality into words.



Flexibility and trust as our foundation

Coop Trading focus on being an exceptional workplace by developing shared values for good internal cooperation, offering flexibility and adaptability, and prioritizing a social culture.

In our ever-evolving business landscape, it is crucial to invest in people and culture. We invest in taking responsibility for our self improvement, contribute to a colleague's development, and proactively commit to our purpose and personality.

We take pride in being a workplace characterized by open communication, flexibility, and positivity. We strive to make our team members feel comfortable expressing their ideas,

concerns, and feedback – which is why we work actively to learn how to give and receive constructive encouraging feedback. In a busy everyday life, it is important to prioritize a good, positive, and respectful tone in dialogue.

In Coop Trading, we believe that flexibility is essential in a modern work life. A strong sense of flexibility and adaptability is allowing employees to navigate their work life with a reasonable degree of autonomy and freedom. We give – and expect – flexibility so our employees feel empowered to take ownership of their work with responsibility and accountability.



The year in review

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FRESH, FROZEN & INDULGENCE:

Prices back to old levels and quality to a higher level



By Michael Bjunes

Nordic Sourcing Group Manager
Fresh, Frozen & Indulgence



Overall business result has been challenging during the year because of the continuously high pressure on prices coming into 2023, but in February we saw first signs of easing in the market, where especially milk started to decrease heavily having a positive effect on the prices of all milk-based products. However, this did not affect all categories, as the year is ending out with large increases on e.g., orange juices after a failed harvest in the US. We have had good results in getting prices back to old levels, but just as important: We have achieved keeping or increasing the quality of our private brand products with a sustainability mindset of reducing packaging.

Positive results from harmonizing the dairy and frozen categories

In the beginning of 2023, Coop Trading took over the dairy category from Coop Denmark having a positive effect on the rest of the Nordic markets, as it gives us a stronger Nordic foundation. On butter and butter blends we have now also harmonized so Denmark, Sweden, and Finland have the same recipes (Norway are not part of it due to customs).

Our strong focus and efforts in harmonization has reduced all our frozen vegetables, potatoes, and berries with 40% making it possible to focus on price reductions in the category.

A test winning year for Indulgence

2023 stands out as a test winning year for Indulgence with Coop Baluxe biscuit and Coop hickory smoked nut winning the PLMA excellence award within packaging and taste. And we also made the Norwegian mouths water as our legendary SPRØ chips surpassed branded products in sold units. A clear example of how to create brands, that have since inspired Coop Trading to work differently with launch excellence from an even stronger consumer focus.

Indulgence team have also been busy in conducting category days in the beginning of the year. For our nut and candy categories, we have defined clear strategies with action points for driving consumer loyalty and growth, and many actions has already been implemented giving yearly savings. One important action was also to look at the products from a consumer perspective and replacing the lowest selling products with a popular products from other Nordic partners e.g., Doffie, Crispies, and our new Xtra candy bags.



GROCERY:

A year of new opportunities, innovation, and improvements



By Josephine Myrwick

Appointed Nordic Sourcing Group Manager
Grocery

The overall business result has been challenging during the year due to continued high pressure on our prices caused by several different circumstances such as the geopolitical situation where the Russian invasion in 2022 still affected the prices in the beginning of the year. Furthermore, the climate impacts led to a scarce supply situation on several raw materials such as olives and olive oils. Coop Trading is working close with our partner suppliers to identify new opportunities and address the challenges for this category. We have however luckily also seen trends of change since spring 2023 with improved prices on several categories such as vegetable oils, wheat flour, and pasta. This trend continued in the fall where we obtained price reductions on our breakfast cereals, tortilla wraps, and our Asia assortment with effect from the end of the year and beginning of 2024.

Existing products changing design and introducing new innovation

The implementation of the One Coop design has also played a big role in our department during 2023. We have developed a Nordic artwork for around 400 products, with the first (tex mex, pasta, canned vegetables) launched this year and the rest in the beginning of 2024 – where we have also planned further developments for 2024.

During the year we have also hosted six Nordic Category Days leading to joined Nordic plans for launching more than 100 new products and utilizing our current assortment more across our markets. The launches will take place during 2023 and 2024.



Improved packaging

In 2023, we improved the packaging and quality on a wide range of products making them more attractive and more sustainable by reducing the amount of packaging used and/or changing packaging type. One example is replacing the glass jar to combi block on our pasta sauces which not only gives us a more environmentally friendly packaging, but furthermore a decent saving.

NEARFOOD:

Results above targets despite a challenging year



By Jens Bloch

Nordic Sourcing Group Manager
Nearfood, IGS & Branded Business

As for everybody else, 2023 has been a year full of challenges also for the Nearfood, Indirect Goods & Services and Branded Business team. With immense increases in raw materials such as plastic, fluff, electricity and pulp, prices have inevitably increased by up to 70% on certain categories. Intense negotiations during second half of 2023 have led to solid price reductions – in particular on tissue, cleaning, and detergents.

Great results from a 'new' team

The Indirect Goods & Services team has delivered a stunning result in 2023 by exceeding our target – mainly due to significant savings on plastic carrier bags and refrigerating cabinets and of course all due to a team of dedicated and responsible colleagues. The Branded Business team has been challenged by a few suppliers wanting to re-negotiate

the Nordic agreements requiring further services from the partnering countries. Not only did the commercial side of the business in the Nearfood team undergo big changes during 2023; also a number of new colleagues joined the team in 2023 and it is great to see the many great results already achieved.

One Coop was another great achievement in 2023 with the harmonization of many products in the Nearfood team. Finally, the Nearfood team and the Indirect Goods & Services team have signed eleven growth plans with selected suppliers to secure long-term partnerships working together to make Coop Trading leading within Nordic private brands.



FRUIT & VEGETABLES:

Climate changes challenges us to be better



By Anders Lind
Nordic Sourcing Group Manager
Fruit & Vegetables (based in Valencia)



In 2023, climate changes worldwide showed us the complexity of agriculture – again – the importance of being directly and well connected with our suppliers. Prices went up and sales down by a bit.

Large consequences from virus, hail, and high temperatures

Draught, wind, El Niño, heavy rains, and very hot days in different countries in the southern Europe like Italy, Spain, Greece, Morocco made us face various difficulties in the supply. The Almeria area in Spain suffered high temperatures autumn 2022, resulting in plantations stopped producing capsicum (bell peppers) in spring 2023 causing prices to go sky high on the few products available. Virus in tomato, cucumber, egg plant, and courgette plantations killed plants in various production areas reducing the availability in market considerable. Hail in the Murcia region destroyed 20% of the melon production for July and August. In autumn we struggled with 30% lower production of oranges due to the very hot summer temperatures in Greece, Spain, and Morocco – and the same temperatures reduced pear production in Italy with 80% making prices go to an extreme high level. El Niño (the

above-average sea-surface temperatures that periodically develop across the east-central equatorial Pacific) affected production in south America specially in Chile, Ecuador, and Peru on the productions and quality of grapes, mango, avocado, and bananas. All this caused costs to increase in many production areas, also because it is more complicated to get labour and in some areas water.

Climate changes our way of working with the full supply chain

In 2023, we have dedicated much energy in understanding the importance on how climate changes impact the full supply chain. We have looked at seeds and plants resistant to virus and climate change, and we recognize the importance and necessity of diversifying production areas. We look at always working with having more solutions and having backup plans is now a prioritize. Strong relationship between supermarkets and growers helps for making long term plans will benefit for all in supply chain. Our focus in 2024 is to increase margins to be cost efficient, sustainable, and bring innovations to 27 million of consumers.

THE FRUIT & VEGETABLES BRAND PERSPECTIVE / DNA

Our clever choice
INSPIRATION
& TASTE

The choice of the future
SUSTAINABILITY
& BIODIVERSITY

Discount with our Principles
FRESHNESS
& AFFORDABILITY

SUPPLY CHAIN:

A year of optimizing



By Thea Geltzer
Nordic Supply Chain Manager
Nordic Supply Chain

Coop Trading has focused a lot on looking at the full supply chain to find ways of optimizing – both at the value chain on behalf of our partners as well as how to get a better mix of products in order to secure better availability in the stores for our 27 million potential Nordic consumers.

How to minimize air on a pallet and reduce transport cost

During the summer, we invited the top management of some of our strategic suppliers to discuss Total Cost of Ownership and how we can optimize the value chain by e.g., improving the pallet utilization. Through concrete examples of showing the products on a pallet surface, we discussed how to increase the pallet utilization, thus removing 'air' from the pallet. Furthermore, many standard shop units are developed for a US-pallet/Sea-container and do not fit a Euro-pallet. So, by designing the shop units to fit a Euro-pallet, we can add more goods to the pallet and even make the depalletizing process easier for the fully automated warehouse.

Automation-friendly products

We have also looked at securing good shelf ready packaging that fulfill the needs in the stores and at the same time work in an optimal way in the warehouses – e.g., the possibilities to create a shop unit size that will work in different automated warehouses. We initiated a test project with Coop Sweden and one of our tissue suppliers to check the possibilities of packing the shop units in a different way that fits within the requirements to automatically be depalletized and put on a tray in the warehouses. We had positive results from the first tests and are planning for additional tests as well as include consumer unit sizes in future product developments to get optimal solutions in the full value chain.

Did you know:

By moving the common height limit for dry goods from 120 cm to 125 cm, we can now add more layers per pallet on some products, thus increasing the filling rate in transport and reduce the need for pallets automated /storage locations in the warehouses. For some markets we expect to increase the filling rate in transport by 17% compared to the previous solution.

Minimum order quantity & lead time

We continuously look into logistic parameters such as minimum order quantity per product per order and ordering lead times to optimize the order process. Our mindset for optimizing these parameters is very consumer driven, as the ability to get a better mix of products in the orders will lead to better availability for our Nordic consumers and enable us to both speed up rotation of the products, thus always having the best quality available and keep the right items in stock in a better way.



The 7P-guide on launch excellence of new products



New product developments in 2023

The price is often the most important driver when buying a novelty for the first time. Price AND quality are the reason why we buy it again. We are proud to continue delivering new innovations to our loyal consumers. Coop Trading has a strong focus on both continuously improving our quality and developing a constant better and more appealing Nordic range. The next pages will show just some of those new product developments.

coop	ÄNGLAMARK	Xtra
146	23	19



Bringing Asia to the Nordic consumer

All the way from Asia to the Nordic dinner table: Please welcome the latest addition to our Asian assortment:

- Three different wok sauces: Chow mein, Sweet & sour, and Phad Thai
- Two new noodles: Ramen and Rice vermicelli
- Tahin
- Roasted sesame seeds

The new products are all introduced with the neutral Coop logo in the existing Coop design concept, ready to meet the national stores in both Sweden, Denmark, Norway, and Finland in the beginning of 2024.



In March 2023, Coop Trading invited our Nordic partners for an Asian dinner with our own sourced products. This Category Day showed our partners the potential of introducing products from our existing assortment in Nordic markets, where they were not already available to our Nordic consumers – as well as inspired us to develop new products.

After the Asian Coop Trading Dinner, we could:

- Increase the volume of the category with 18%
- Launch 25 new product developments – e.g., a full coconut milk series in 250 ml tetra and unconventional products, such as Kimchi and Ramen noodles
- Launch eight existing products in a new country



Ready to eat in all Nordic countries



Six different instant cups and three fusilli meals are the first products to be finalized in the fresh and inspiring One Coop design. This year, we have launched seven new product developments inspired after our last Nordic Category Day – and three of the products is available in all four Nordic country. And in 2024, we will also launch dry and wet sauces (bearnaise, hollandaise, pepper, and brown sauce), lasagne/lasagnette meal kits, and many different variants of dry and liquid soups.



Building muscle or just snacking?

Try our new protein bars

Coop Protein bars are the perfect choice whether you're hitting the gym, going for a run, or simply need a quick and filling snack to get through your day. In 2023, we have upgraded our protein bars to a higher quality in a new elegant design, as well as introduced two new flavours making five delicious variants available to our consumers in Finland and Denmark: Red berries, choco mint, salt caramel and nuts – and now choco and choco mint.

And our consumers love them:
77% annual volume growth.



Waking up our consumers with an improved Nordic muesli range

With the new One Coop design, we have worked on separating the products in our breakfast range, that were too alike in terms of naming and design. We wanted the design to emphasize what the consumers can expect from the product through three very different expressions but still with a link throughout the range (The 'Good morning breakfast' element.)

- **Mueslis** are the products based on raw cereals. It is simplified products, and we can claim high in fiber for the content.
- **Crunchy Granolas** are the baked cereals typically with a higher amount of sugar. This extra sweetness is claimed in the add-on-claim.
- **Granolas** are a healthier line of baked cereals. Here you can find claims High in fibre, Low in sugar, wholegrain % etc.

All three kind of breakfast cereals can be found in many variations with added fruit, nuts, seeds, chocolate, etc. The Granola can be found in Sweden, Denmark and Finland. Crunchy Granola and Muesli can be found in all four countries.



Introducing plantbased alternative to canned tuna

Our Finnish consumers asked for a plant based alternative to canned tuna: Introducing two new products of soy and wheat protein with great taste of either lemon and pepper or spicy Sriracha sauce in an inspiring design.





Exploring our new baking universe

By introducing 28 new product developments in a harmonized design, the bake off aisle was in 2023 tempting our 27 million Nordic consumers with colours beyond every fondant fancy and mixes for the speedy starving. Let the baking begin!



FOAMtastic barista oat drink

We see a growing demand for plantbased options, and many consumers already use plantbased alternatives in the milk category. But traditional milk substitutes often pose difficulties when it comes to foaming making it challenging to make a satisfying Cappuccino or Caff  Latte. The solution: Our new  nglamark oat drink – specially designed for coffee. This organic oat drink foams easier, making it ideal for Latte Art and the perfect creamy texture



Meet – even more of – our new products in 2023



Category Days 2023



During 2023 Coop Trading hosted 12 category days:

- Dairy
- Nuts
- Candy
- Juice
- Frozen Fish
- Hard breads
- Breakfast cereal
- Condiments
- Baking items
- International food Asia
- Tex Mex
- Tissue Paper

In 2024, we will also work with a new concept: Nordic Light Category Days – with a smaller focus giving more time to go in depth with the category strategy, and future routes for the category in question. A Nordic Light Category Day is more focused in both time and agenda by e.g. only addressing harmonization within the specific category. We currently have 18 category days planned in 2024 of which eight are full Nordic Category Days and ten Nordic Light Category Days.

The 12 category days were very successful in terms of growth – with 150 new product developments, where several can be found across our Nordic stores giving an even better harmonized Nordic range.

“Our category days are an important tool supporting us in delivering growth and value – and is thus also an important focus for our strategy 2024-2026, where we will continue to host these events and track the results”



Love your products

In Coop Trading, we are not only working with our products – we are living with them. You find the caring Ånglamark, the clever Coop choice, and the pricefighting Xtra products in our everyday, and we are proud consumers.

In 2023, we have worked extensively with that concept: Being our Nordic consumers. Delivering the best quality to our Nordic consumers is only possible by using our consumer mindset internally in Coop Trading, and we use this personal insight in our innovation, improvements, tests, and evaluations.

THE NORDIC CONSUMER:

As common as possible, as different as needed

The food on the plates are the same whether sitting down for breakfast, lunch, or dinner. The meals are served at the same time whether looking at the clock in Sweden, Norway, Denmark, or Finland. And the shopping cart has the same products whether cruising the stores in Coop Sweden, Coop Norway, Coop Denmark, or SOK in Finland. The Nordic consumers have much more in common than they are different.

This is the results of a meta perspective on the Nordic consumer made by Coop Trading and the insights agency Ipsos in 2023.

Difference in generations, not countries

Cultural differences exists, but Nordic countries are in the overall picture fundamentally the same. It is much more difficult finding differences between consumers across the four Nordic countries, than it is across generation. The Gen Z's in Sweden in general have more in common with the Gen Z's in Denmark than they do with the Swedish Baby Boomers – and this is the same result across the Nordics countries.

Growth opportunity for private brands

One of the key take aways from the perspective was that when painting a portrait of the Nordic consumers, we need to look at the painting from a generation perspective rather than a country perspective to work with brand positioning more actionable. In all Nordic countries we can see private brands are playing an important and increasing role and we see a high tendency towards consumers prioritizing 'value for money' brands. This is a tremendous growth opportunity for Coop Trading's private brands, which we have already seen happen in 2023. According to the perspective from Ipsos, 35% of Nordic consumers say they are likely to choose more value for money grocery brands than they were in 2022. This result is similar to the rest of European consumers, with 36% saying they want to buy more private brands than in 2022.

“Coop Trading works to be more consumer led and actively use consumer insights”

Thinking like our consumers

A key objective for being consumer-led is to use consumer and market centric reporting and insights to guide us in purchasing and innovation. Coop Trading aims to be more consumer led and actively use consumer insights when possible. Drive the business on thinking as a Nordic consumer and in challenging our partners which the mindset as Nordic as possible, as different as needed. Our Business Insights team is working

to enable our partners to leverage the Coop Trading portfolio with a data driven approach to drive growth and develop consumer insights competences. This is done by combining data generated by market insights, (external and AI-powered) consumer insights reports, and insights from our suppliers and our partners and translating that knowledge as a Nordic competence center.



COOP TRADING'S NEW NORTH CAFÉ:

Testing our products as consumers

Our New North Café is not just any café, but a place where the Coop Trading colleagues are ambassadors for our 27 million Nordic consumers testing our own quality and innovation. We present our new developments to each other to test and give feedback. Our mission is to create a platform that spotlights the finest in quality, functionality, taste, design, and price.

New North Café was introduced last year in December with a special Christmas edition showing a lot of seasonal products. Since then we have had four cafés presenting more than 100

products to our colleagues – from the quality specialist and design expert to the financial specialist and strategic buyer and representing our consumers in age, gender, nationality and much more. We learn, inspire, and test to make sure we always provide the best quality and total experience for our partners and consumers.

As a new thing in our café, we have introduced a “Test Winners Corner” in 2023 presenting all the latest test winners across our Nordic stores.



Best in test

Price can drive people to a buy, but quality builds loyalty. A requirement to achieve superior quality is to be extremely consumer-oriented in everything we do. This is why we are proud when our 27 million Nordic consumers LOVE OUR PRODUCTS as much as we do – and award them with the consumer quality stamp: Best in test!

TEST WINNER

“Best vanilla ice cream full of chocolate pieces and rich chocolate sauce”



TEST WINNER

“Crisp biscuits with oil, sweetness, and salt in PERFECT balance”



5/5

TEST WINNER

Änglamark Applesauce – organic favourite

Best in Test, Ica-kuriren oktober 2023



5/5

“Great and fresh apple taste”

Änglamark sun products win in both Denmark and Norway

Änglamark Sun Lotion SPF 15 is named the best sunscreen by the Danish Consumer Council, TÆNK – recognized for its high-quality, reliability in protection, and affordable price.

Änglamark SPF 30 lotion and CPF 30 spray are among the winners of the Norwegian Consumer Council 2023 test of sun lotions.

As part of our Änglamark brand identity, our sunscreen is of course formulated with less problematic ingredients, making it a better choice for those with allergies. It is also free of fragrances, ensuring a pleasant and unscented experience.



Four winners of the PLMA's international excellence award

Each year, PLMA's International Salute to Excellence Award honors retailers for their innovation in private label across a wide variety of categories. The products are evaluated on Product Concept, Taste & Appearance, Packaging & Presentation and Value for Money.

In 2023, Coop Trading won with four candidates competing with more than 500 products entered from 64 retailers from 20 different countries. A great result of working together with our partners to create winning leading private brands focusing on innovation and on ensuring great taste and quality in our products for our Nordic consumers.

One of the winners was our Änglamark refill window-cleaning spray winning the Non-Food (Household) category. By introducing the window trigger spray and refill concentrate, we save plastic and cardboard as well as reduce the transportation of unnecessary material (water). At the same time, we were the first to introduce a Nordic Swan labelled refill product; both the refill and the ready-to-use container are made from recycled plastic.

How to use it?
When the 500ml spray bottle is empty, reuse the bottle – mix water in the 50 ml refill concentrate in bottle.



FOOD SAFETY & QUALITY MANAGEMENT:

Coop Trading is heading for an ISO 22000 certification



Coop Trading is striving to deliver leading Nordic private brands and to become the Nordic competence center for its partners. A key element in fulfilling this purpose is to deliver operational excellence through ambitious goals. Therefore, Coop Trading has set itself the goal to obtain a certified food safety and quality management system for private brand food products according to the ISO 22000 standard. In 2023, we started to establish foundational elements of the food safety and quality management system, providing oversight of crucial internal processes affecting product quality and safety.

One aspect of operating under a certified food safety and quality management system is to ensure continuous improvement highlighting the importance of learning from past mistakes in a structured manner. Coop Trading has implemented a new internal follow-up procedure and will in 2024 commence internal audits amplifying the focus on ensuring good internal practices.

“Safe food products with a consistent high level of quality are of highest priority in a market where consumer opinion and trust are our operational license”



Data and data quality are important in our daily work

Our IT systems are essential for our work with quality. Coop Trading's Framework Purchasing Agreement (FPA) and product Price list (PPL) are outlining the principles behind our sourcing commitments whereas Supplier Administration (TSA) will ensure compliance to our principles as corporate Social Responsibility and our product and quality requirements. The data is supporting our Quality department with important information in ensuring that we fulfil the requirements set both by our partners as well as authorities.

The digital product is just as important as the physical product, and our digital products are represented by the Master Data we share with our partners. If the Master Data is not correct and delivered in time, it will lead to errors and ultimately has a negative effect on our service level, customer satisfaction, and sales. The quality of master data is an essential part of our quality work and will also in 2024 be a key focus area.

Fast access to detailed information about our products continuously shows the power of knowledge and being data driven. Keeping track of certified ingredients like palm oil, Fairtrade or Rainforest Alliance certified ingredients, being able to quickly find products with a specific additive, or establishing a fast plan for evaluation of products with Russian raw materials support the commercial business to take high risk decisions with great impact on our consumer's trust.

The already well-founded improvement mindset has been strengthened by the process of implementing ISO 22000. A throughout risk assessment will focus the spotlight on possible improvements which will complement those already done in 2023.

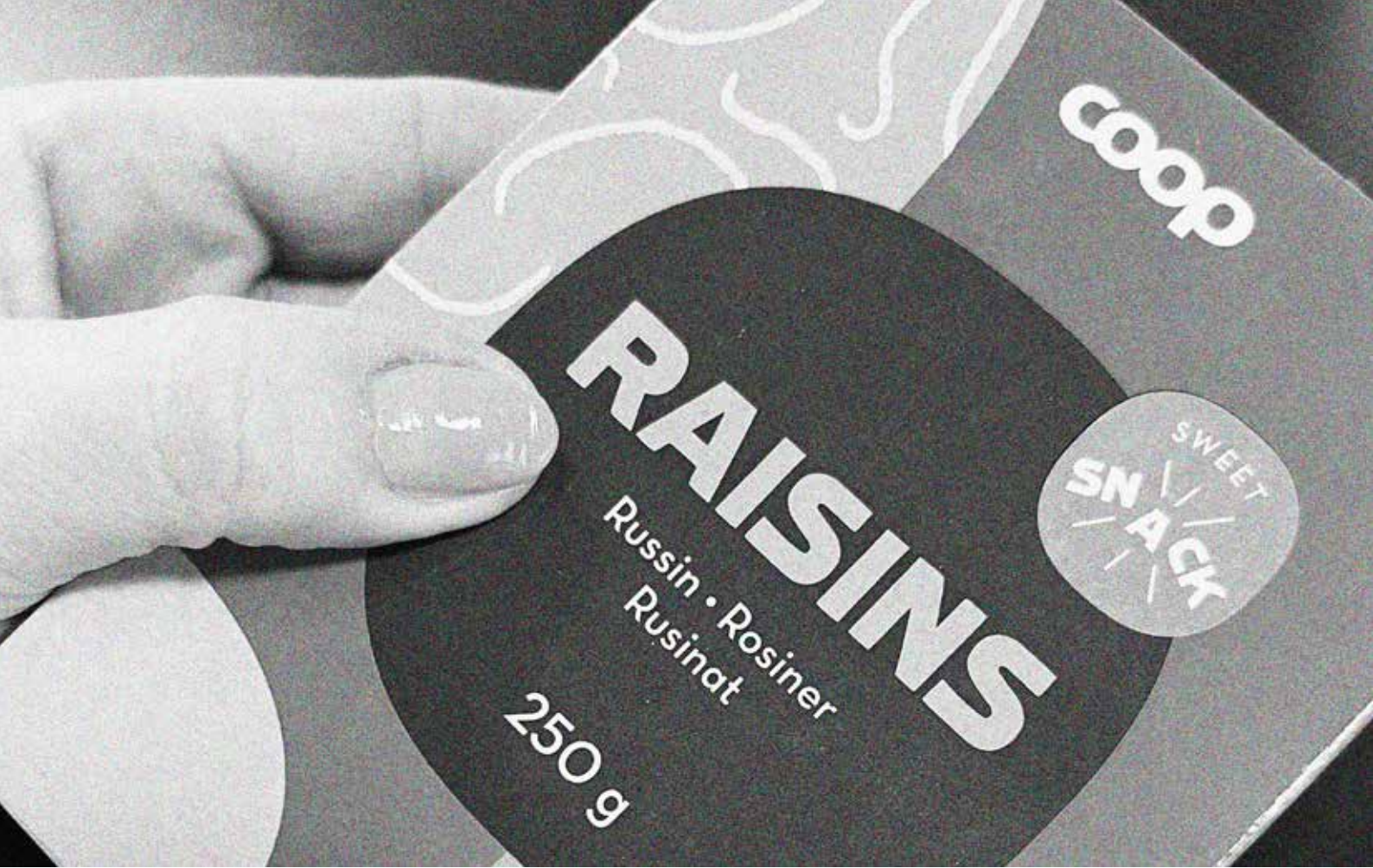
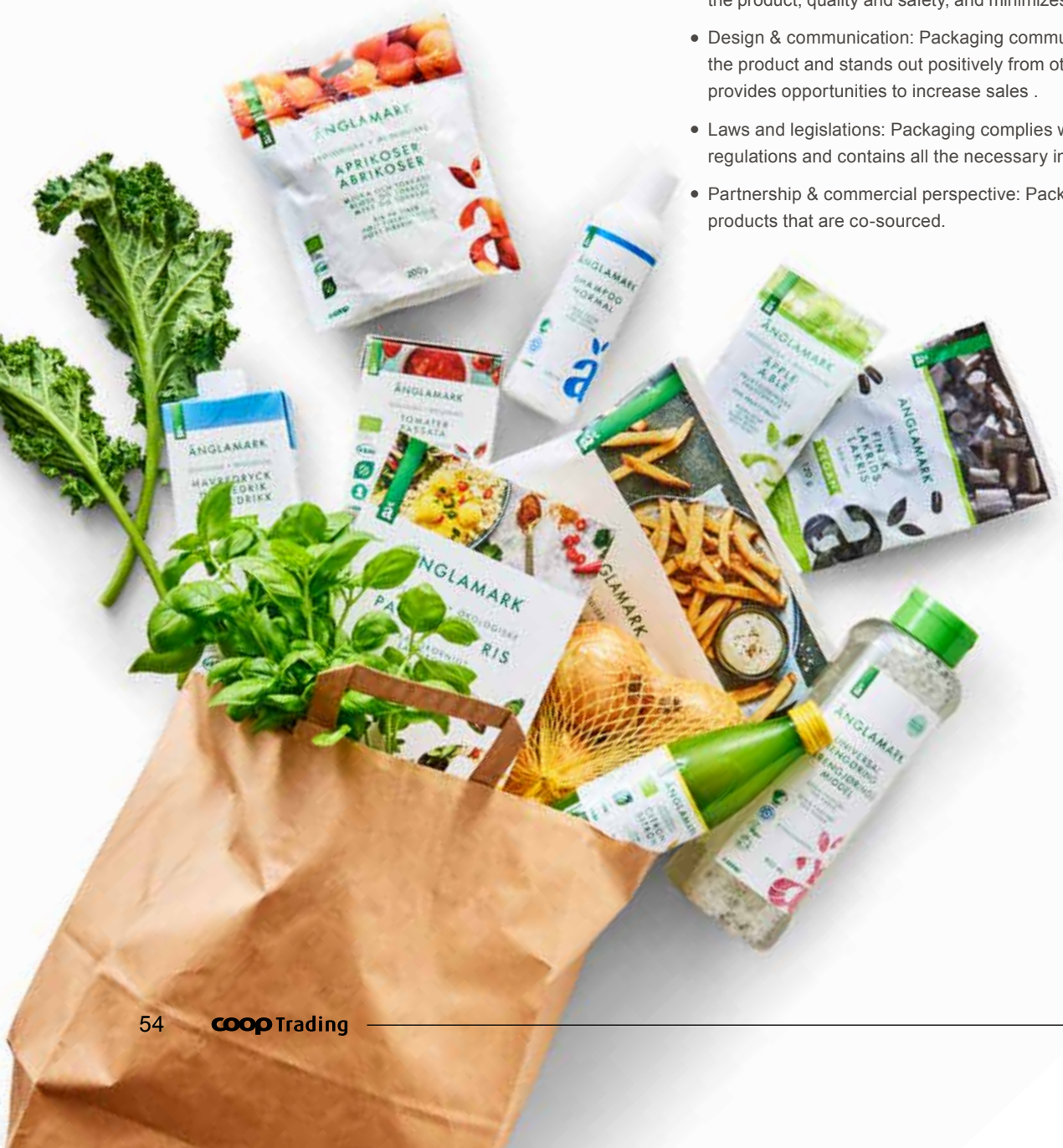


Quality is also packaging

Coop Trading have always worked professionally with packaging and with improving functionality, and to be a leading Nordic private brand requires working with quality from a proactive mindset and focus on the full consumer experience – also including the packaging.

All packaging must always meet the most essential functions and criteria for packaging, regardless of the materials. These include:

- Logistics: Packaging functions in logistics and automated warehouses (including in packaging lines, transport, storage, store, home). Filling rate is optimized through the whole value chain, and the amount of unnecessary air transported is reduced.
- Quality, safety & minimized food waste: Packaging protects the product, quality and safety, and minimizes product waste.
- Design & communication: Packaging communicates about the product and stands out positively from others, and provides opportunities to increase sales .
- Laws and legislations: Packaging complies with laws and regulations and contains all the necessary information.
- Partnership & commercial perspective: Packaging used in products that are co-sourced.



How to perfect your packaging?

Packaging is a great way to increase sustainability. As almost all our products are sold in packaging, by reducing the amount of material used or optimizing to more sustainable materials, we can lower our environmental impact and footprint.

In 2023 the Nordic Packaging Group finalized the packaging strategy for Coop Trading. One of the elements in the strategy is to deliver products to our Nordic consumers in the most sustainable packaging possible. Working with four different countries, with each of their own legislation and internal needs and opinions in relation to packaging and ‘good’ vs. ‘bad’ materials, it was important for us to develop a Nordic harmonized and fully aligned tool to optimize packaging choices and improvements. To help guide towards choosing the most sustainable materials, the group developed a model for perfecting our packaging.

“The first step to loving your products is to perfect your packaging,”

The tool is a way of considering and choosing packaging materials, based on the thought that we should always strive for the best possible choice of material (the lowest possible number in the tool). The tool are developed with a focus on and considerations for raw material extraction, existing recycling streams in Scandinavia, environmental footprint when recycled, and consumer insight.

As with any other tools, there is room for improvement, and when legislation changes, or new recyclability streams are developed, the ranking of materials might change – which is something we monitor close and take in to ongoing considerations and developments.

Labelling: Communicating quality to our consumers

Packaging with care

We know that sustainability and responsibility are important to many of our consumers. That is why we strive to communicate our initiatives in an easily decodable way.

Our packaging with care communication is part of the overall strategy that together we can make a difference and reduce the impact we leave.

“Labelling is more than just providing information – it is about ensuring safety, transparency, and consumer trust,”

The importance of food labelling cannot be overstated in today's complex and diverse food landscape. Labels serve as the primary means of communication between food producers, retailers, and consumers. They play a vital role in providing information that empowers consumers to make informed decisions about the product they purchase and consume. From a safety point of view, allergen information is critical for conveying safety information for individuals with food allergies whereas country of origin labelling is essential for consumers who have specific sourcing preferences as well as for those concerned about food safety or human rights standards in certain regions.

Our Nordic Quality and Control Forum has appointed a group of food labelling experts representing all four countries with Coop Trading leading the harmonization of labelling text and tackle a significant challenge: Optimizing product labelling to ensure unifying our brand identity across all countries to win the Nordic consumers loyalty. The mission was scoping labelling text to ensure success of one Coop brand. The One Coop Labelling Group's first and far most important goal is to ensure space for six languages and still ensure compliance with EU and National legal requirements.

The group work together to optimize processes and with collaborative mindset help each partner find solutions supporting our purpose of making a better everyday through private brands for the Nordic consumer. Simplifying the label text and minimizing the national dispensations from common labelling optimize the labelling process and reduces the risk of errors in labelling. The cooperative effort supports a label design reflecting a commitment to quality and consistency which resonate with the Nordic consumer needs but with a simplified approach.

Working with packaging in 2023



An apple a day: But we transport maaaany more

In 2023, we changed the packaging of our organic apples from 12 trays to 8 trays per EPS box – making it possible to use a smaller EPS box for transport. As the tray size now fits better in the EPS box, we are transporting less air – so despite the smaller box, we transport more apples and went from 576 trays per pallet to 640 trays per pallet.

This change, from 12 to 8 trays per EPS box, also gives us better “rotation” in the stores, as the smaller units requires the stores to order more frequently – thus always having the best apples for our Nordic consumers.



Sold by piece to reduce plastic

For many years, we have loaded all organic lemon and orange for Coop NO in plastic nets, but since April 2023, our new and plastic-free Ånglamark lemon and orange could be found in our shops across Norway – sold ‘loose’ and with a price per piece. With the help of the suppliers, we tested how different types of labels would stick onto the fruit and Coop Trading’s packaging specialist provided advice on recycling and sustainability of the materials.

From November, we have also started with Ånglamark 750g clementines in a carton punnet instead of a plastic net.

In total, these three initiatives will replace 820,000 plastic nets yearly – saving 2.6 tons of plastic for Coop Norway.



Saving material and money on Palermo pepper packaging



One of the top greenhouse vegetable products is the sweet pointed Palermo pepper, where we load 5-7 trucks every week for our Nordic consumers. By optimizing the packaging from our strategic supplier, we can now pack them without a tray – a change that is both optimizing logistics as well as offering great savings in material and costs.

This change will save approx. 68,000 kg carton.

First mover on a new packaging design



Improving our freezer bag segment by introducing a new packaging: Changing the carton box with a plastic packaging – saving 100 tons of carton boxes. And in an innovative and user-friendly design with an ‘open and pull’ function to create an opening for our Nordic consumers to pull the freezer bags from. With this change, we also harmonize the assortment going from 28 products to just nine across all four Nordic markets

Highlights from the harmonized new assortment on freezer bags:

- Functionality – first mover with easy opening
- 100 tons of cardboard removed in total
- Transporting less air means fewer trucks per year
- Up to 3x more freezer bags per shop unit
- Total Nordic harmonization on all freezer bags – and 28 products reduced to nine

Spice it up – square because we care

We have re-introduced our spices launching them in our new fresh One Coop design and in a more sustainable packaging format where we have changed from round to square plastic jars. By changing to a square format we reduce the number of pallets needed to transport the same volume of consumer units by approx. 30%.



Biscuits in better – and lighter – boxes

French butter biscuits: 30% weight reduction

The package of the Rainbow French butter biscuits with white chocolate has been updated – with now a 30% weight reduction. Previously packed in plastic trays with film wrapped around it and placed inside a cardboard box – to now being only in film inside the box with a weight reduction on 15.9% on the cardboard box and 14.44% on film.



Baluxe Biscuits: 80% lower weight

The Coop Baluxe biscuits used to be packed in plastic trays with foil wrapper around it, and then placed inside a cardboard box. With our focus on optimizing packaging we

looked at wrapping the plastic tray with only foil wrapped around it. Removing the cardbox results in a saving of 34.8 g per consumer unit and the foil wrapper is 2.4 g lighter than the previous. These changes lower the total weight from 46.2 g to 9 g – a saving of 37.2 g per unit, approx 80% – meaning annual savings of 4,176 kg carton and 288 kg plastic.

Award winning biscuits:

Our Coop Baluxe biscuits won a PLMA 2023 as the best in the Biscuits & Cookies category!



Nutty savings on snack nuts



Optimizing the packaging for some of our Coop and Rainbow snack nuts to more narrow bags mean 23-36% less plastic, and at the same time, we are changing to mono foil which is 100% recyclable. For some products, the narrower bags means that the outer carton size can be reduced so that less cardboard is used, and for other products it simply means more bags per outer carton. This optimization gives a better logistic solution as we now have lower transportation per consumer unit. And we also free up space on the shelves making room for other snack nut products to be launched.

The nutty savings are approx.:

- 5,500 kg plastic foil
- 33,000 kg cardboard

Squeeze the plastic out of our jam

We changed the composition of our squeeze jam plastic bottles, so they mainly contain R-pet instead of PET. The change also results in a lighter bottle as we use less plastic – annually saving approximately nine tons of plastic.



Improving our müsli packaging material

The packaging material for our Nordic Coop müsli's is changed to a mono material foil on our harmonized One Coop assortment. It will make the waste process more climate friendly using mono material.



The now Nordic green celery

For the winter season of lettuces and cabbages, we made several adjustments to our program to optimize costs, improve assortment in the shops, and ensure a steady supply throughout the season. One of our focuses has been on green celery – evaluating the supply chain and looking at including Nordic suppliers and negotiation on behalf of all partners resulting in large savings.

As a result, we have harmonized the size of the packaging format across the Nordic partners giving additional savings in the costs – and furthermore also in a more consumer friendly packaging size to also minimize potential food waste.



From non recycable box to ready to recycle plastic bag

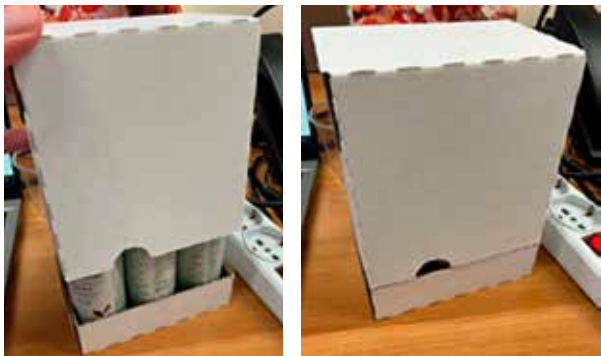
The carton box with our delicious raspberry cannot be waste sorted due to the food scraps on the inside – but by changing the packaging to plastic, it can be sorted as plastic despite scraps (if there are any left after licking the bag for the last great taste).

The project will not only help reduce CO₂ foot print, optimize logistics by putting more consumer units on each truck, save space in the shops and in the consumer's freezers, and be more economically sound.



Reducing plastic by improving shop units

By changing the shop unit on our vinegars from a tray with shrink-wrap to full carton, we reduce the use of plastic with approximately one ton per year. In addition, the change is implemented without a price increase even though the updated solution is more expensive.





Towards a more sustainable world

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Our corporate social responsibility

As a brand and as a company we commit to environmentally and socially sustainable business conduct throughout our supply chains, while of course remaining an efficient sourcing partner generating economically sound business.

In cooperation with our partners and suppliers, we strive for continuous improvement of responsible and sustainable sourcing that focus on:

Ethical trade

By sourcing responsibly and continuously striving to prevent and minimize negative economic, social, and environmental impact, we are offering our consumers transparent products that have been produced under ethically responsible conditions.

Climate and sustainable environment

We proactively mitigate climate change and promote sustainable development through our supply chains. We take precautions to protect natural resources and pay special attention to those natural commodities that are often related to high environmental and social risks.

Health and safety

We provide consumers with safe and healthy food and nearfood products by making it convenient for our consumers to choose a healthier lifestyle. We continuously work to prevent risks to human health and pay special attention to protection of children's health.

Animal welfare

We believe that animals are entitled to decent treatment and to have their basic needs met. This must be respected through minimum standards for animal welfare.

In 2024, our CR strategy will be revised to align with our purpose of making everyday life better for the Nordic consumer from an ambitious, responsible, and passionate game-changing mindset. The CR strategy shall build on the results and cooperation with our four Nordic partners and with our partner suppliers. The revised CR strategy will address our climate actions to reduce CO₂ emissions in our supply chains as a large focus area, as well as also focus on the other areas of our sustainable development commitment. Actions to ensure compliance with new and coming regulations shall be planned and executed.



“When it comes to caring for our planet we take our responsibility seriously. We not only comply with but also take our requirements further than the legislation”

Corporate sustainability due diligence

The EU Corporate Sustainability Due Diligence Directive (CSDDD) has been in the making for some years and is expected to be adopted by the EU Parliament and the EU Council. In Norway, the Transparency Act (Åpenhetsloven) has been in force since 2022. Both regulations require companies to conduct a risk assessment of their value chains regarding environmental sustainability and human rights. The focus areas of our due diligence are (a) the suppliers, (b) the types of raw materials, and (c) general issues.

For each supplier (a), we conduct Supplier Site Evaluation(s) as desktop evaluation of a qualification form, which is the supplier's responses to a series of questions generated based on the geography of a site and the type of product from the given site. In 2023 we implemented an updated and more thorough version of our Qualification form providing better data for later compliance evaluation.

For selected raw materials of known risk (b), a risk assessment of our supply chain(s) is conducted, and when risks are identified, mitigating actions are initiated. In 2023, a risk assessment of hazelnuts was made, and a risk assessment of rice was initiated. Previously, risk assessments of cashews, coconuts, frozen berries and fruit, juices, processed tomatoes, pulses, and vanilla have been made.

On general issues (c), the Nordic CR forum's CSDD working group has identified drought in Spain, occurring most likely due to climate changes, as an environmental risk that we shall mitigate – and thus we have engaged in a water management capacity building project, led by AWS (Alliance for Water Stewardship), with fresh fruit and vegetables suppliers in Spain.



Climate actions affect us all

Nordic consumers are well informed and aware of the impacts of their consumption patterns on the climate, and they expect retailers to provide sustainable and climate-friendly products. The Nordic Coop organizations adhere to the Science Based Target initiative (SBTi) which is becoming standard business practice for setting and achieving the goals of the Paris Agreement, i.e., limiting global warming to 1.5°C above pre-industrial levels.

In 2023 Coop Trading took an important new step within climate action and initiated our climate action plan: Work closely and dedicated with partner suppliers to become engaged in SBTi, thus supporting our owners with their climate action engagements and realizing their emission reduction targets, ultimately living our purpose: Better everyday life for the Nordic consumers through leading Nordic private brand products.



The Science Based Targets initiative (SBTi) drives ambitious climate action in the private sector by enabling organizations to set science-based emissions reduction targets.

Science-based targets provide companies with a clearly-defined path to reduce emissions in line with the Paris Agreement goals.

Our partners’ science-based Green House Gas (GHG) reduction targets and supplier engagement targets



- Scope 1 and 2:** 50% reduction of emissions by 2026 (base year 2019)
- Scope 3:** 24% reduction by 2026 (base year 2019)
- Engagement target:** 2/3 of all suppliers have set SBT by 2026



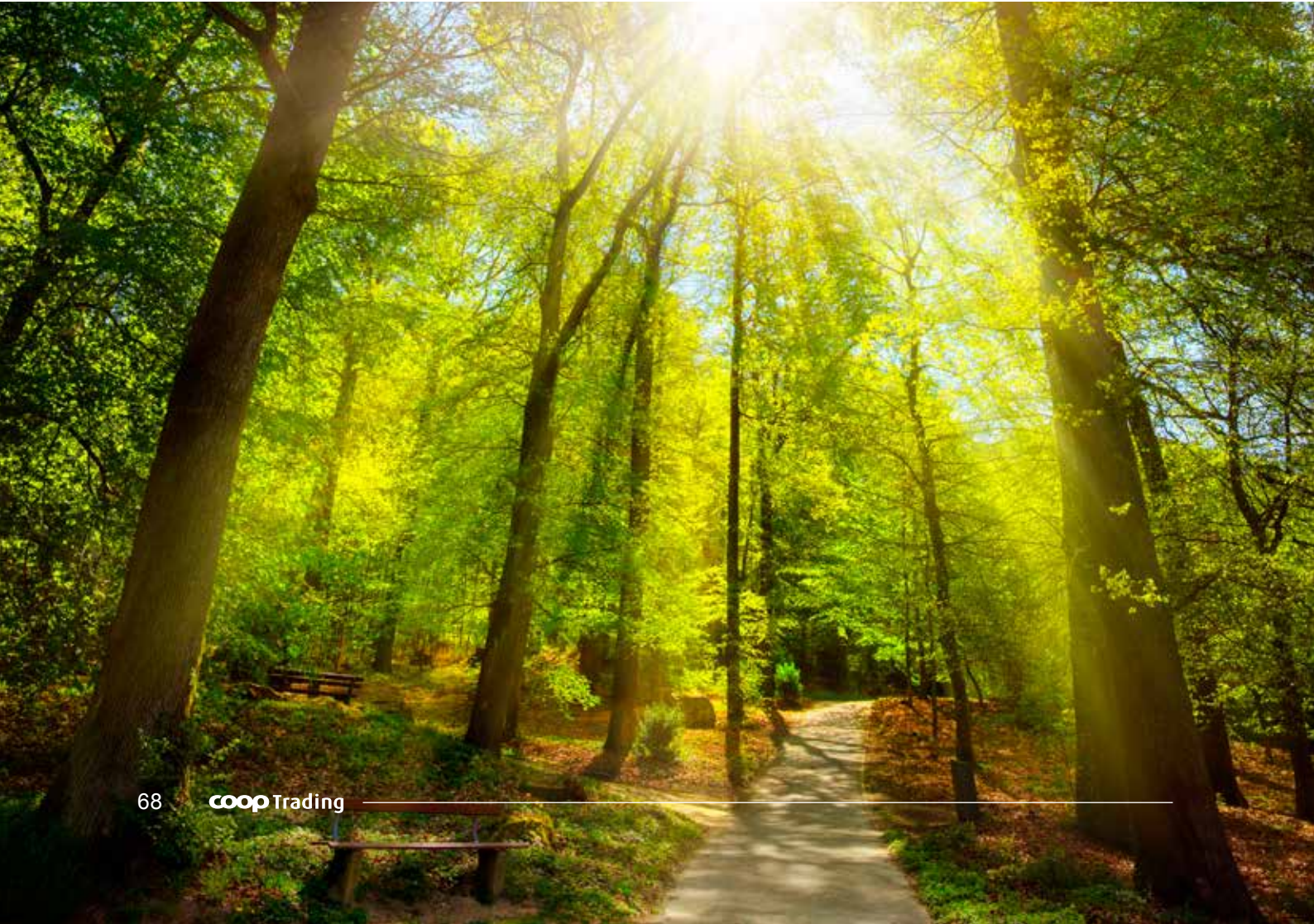
- Scope 1 and 2:** 75% reduction of emissions by 2025
- Scope 3:** 20% reduction in upstream supply chain by 2030
- Engagement target:** Large and SME suppliers must commit to SBTi by 2025



- Scope 1 and 2:** 40% reduction of emissions by 2025 (base year 2020)
- Scope 3:** No target set.
- Engagement target:** No target set.



- Scope 1 and 2:** 90% reduction of emissions by 2030 (base year 2015)
- Scope 3:** Reduce emissions by 1 million tons by 2030 (base year 2015) Committed to Net Zero emissions target for the entire value chain by 2050.
- Engagement target:** Suppliers with > €10 million must set SBT by 2025.

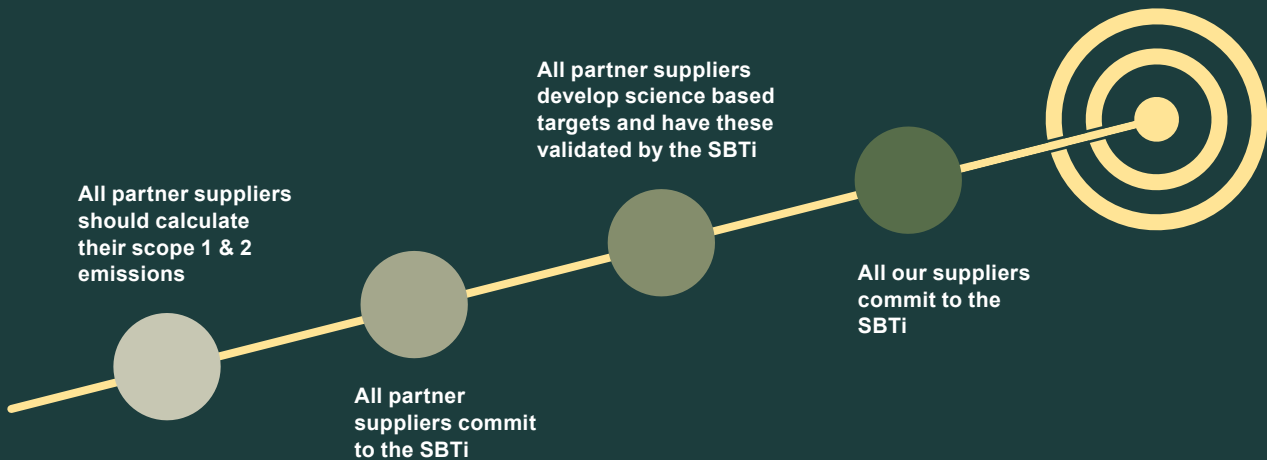


Working strategically with suppliers

As a continuation of our partner supplier engagement project, we started in January to engage in dialogue about partnerships and the benefit of mutual commitments with all our strategically important suppliers. Climate action and sustainability were important topics in this dialogue in which partner suppliers were asked for proof points of their climate actions. We reached out to all partner suppliers and expressed that we expect them to commit to the Science Based Target initiative (SBTi) as an important part of their engagement in our climate action plan.

Since then, we have entered further individual dialogue and negotiations to agree on individual growth plans with each partner supplier. Our attitude is that through partnerships and close cooperation, we can develop and create new and improved products better suited for the future consumer, and climate action is always addressed and included in these growth plans.

26% of our top partner suppliers commit to the SBTi – and 18% have already had their targets validated by SBTi.



Suppliers' compliance with sustainability requirements

Supplier sites, and thus each supplier, are desktop-evaluated before signing a contract with Coop Trading. All suppliers must sign our Code of Conduct (CoC) and Product and Quality Requirements (PQRs).

We monitor suppliers' compliance with our CoC requirement for supplier sites in risk countries (as defined by amfori BSCI 2023) to hold a 3rd party social audit. For 2023, the compliance was 80-90% for private brand suppliers and fruit and vegetable suppliers. Follow-up actions are in progress for the non-compliant suppliers.

We verify suppliers' compliance with selected PQRs on sustainable products/certified ingredients; soy, palm oil, coffee, tea, and cocoa. For 2023, the compliance levels were

70% for soy, 96% for palm oil, and 95% for coffee, tea, and cocoa. Follow-up actions are in progress for the non-compliant suppliers.

We verify suppliers' compliance with our PQR for Global Gap GRASP for processed tomatoes based on a traceability test per supplier and with our PQR for Global Gap GRASP for fresh fruit and vegetables based on a random sample of approximately 10% of the suppliers. For four of our five suppliers of processed tomatoes, the traceability test showed 100% compliance for all growers while for one supplier, 21 of 24 growers were compliant. All fruit and vegetable suppliers in the random sample were compliant. Follow-up actions are in progress for the non-compliant sub-suppliers of the one non-compliant supplier of processed tomatoes.

Coop Trading joins water project in Spain during record droughts

Food production is suffering from extreme weather phenomena such as floods and prolonged droughts, which have increased due to climate change. A new type of joint project by multiple companies is now seeking new solutions for sustainable water use. On behalf of all five Nordic partners, Coop Trading and S group (Finland), and four other European retail and trading groups are working with the Alliance for Water Stewardship (AWS) to participate in a pilot project on sustainable water use. The project, the AWS Impact Accelerator, will be carried out in the Huelva and Doñana regions of Spain, which are suffering from a critical water situation. Spain is one of the most important countries in European fruit and vegetable production, as well as an important sourcing country for our Nordic fruit and vegetables. With a focus on fruit and berry producers, the goal of the project is to increase cooperation between the food producers and food chain operators in the area, as well as to improve our understanding of actions that affect our shared water resources and find solutions for water challenges.



about the protection of the Doñana region and the agricultural activities that are putting pressure on the conservation of the National Park. In the press coverage of the agreement, the work of European retailers in encouraging more (environmental and social) sustainable farming practices in the red berry sector has been highlighted as one of the motivations for the agreement. This proves our work promoting sustainability is important and has a real impact.

The staff at Coop Trading's office in Valencia have deep insights into the global challenges the agricultural industry is suffering due to climate change. Coop Trading has for many years focused on selecting suppliers with a sustainable profile, working with suppliers on various initiatives to reduce water usage, and pesticides as well as the reduction of food waste through freshness of the products. In November, the Government of Spain and Andalucía reached an agreement

Borja berry farm uses an advanced irrigation system with solar-powered water pumps. 30% of the water is reused in a closed cycle. Frutas Borja is participating in the project together with Frutas Esther.

Read more: www.a4ws.org

AN EXAMPLE:

How we balance sustainability in choosing suppliers

When choosing suppliers, Coop Trading not only looks at price, quality, volume, and whether the supplier can deliver on time – we also look at the suppliers' status and development on sustainability regarding:

- Social 3rd party audit (certification)
- Use of sustainable packaging
- Climate action (SBTi engagement status)
- Due Diligence processes
- Other sustainability initiatives

In 2023, Coop Trading's CR department analyzed questionnaires from participants in the 2024-2025 banana tender. The department ranked the suppliers on the insights on the relevant sustainability topics and the buyer used the information in the tender process to select the best fit for contract.



Cutting half of the display saves money and CO₂

During 2023, Coop Trading worked with our partner supplier on Indirect Goods on several cost-saving and CO₂-saving initiatives. In scope were savings based on assortment modifications rather than just price reductions, and we looked at changing the current display solutions, reducing the material used and using recycled material, construction improvements, and logistic setup.

In cooperation, we developed a new display – going from a two piece display to a one piece.

Based on the reduction of material used as well as the use of recycled materials, the project means savings for all our partners as well as a calculated CO₂-reduction of 45 tons – and with an additional 45 tons, should a closed loop project materialize, where old material is returned and recycled.

Cost savings target and results:

Partner	CO ₂ reduction (tons)
Coop Sweden	4
Coop Norway	21
Coop Denmark	17
SOK Finland	2
TOTAL	45




Harmonizing a Nordic carrier bag – saving both millions and CO₂

In connection with harmonizing the plastic carrier bag across the four Nordic countries, a business case for Coop Denmark to change their current single-loop bag to a t-shirt bag was created. The T-shirt bag is already being used in SOK and Coop Sweden today. This suggestion will mean that Coop Denmark can obtain massive savings – as well as reducing the CO₂ emissions from the bags with slightly more than 1/1000 of Coop Denmark's total annual climate emissions (from scopes 1, 2, and 3). And Coop Denmark will also be the first to introduce this to the Danish market thus leading the plastic carrier bag market in Denmark.

Coop Denmark has now decided to change the bag from January 2024 and the biggest part of the savings are driven by the reduction of plastic. Additionally, the reduction of plastic contributes to Coop Denmark's Science Based Target and drives their total annual climate impact from scopes 1, 2, and 3.

This is one step closer to having one type of carrier bag in the Nordics, and in both SOK and Coop Sweden the bag has had a strong performance. Coop Norway is also in process of changing to the same bag by changing the stitching on the current bag.



Did you know? The reduction of 1/1000 CO₂ emissions from the bags equals the emissions from an ordinary family car driving 126 times around the world.



Swedish t-shirt bag

Single-loop carrier bag



Sustainable development commitment

Coop Trading is committed to sustainable development of our private brand product portfolio, including fresh fruit and vegetables, to enable a better everyday life for the 27 million consumers in the Nordics. With the 17 global sustainable development goals (the 17 SDGs) as a guide, the Nordic CR Forum has formulated the Sustainable Development Commitment for the Nordic private brand business with descriptions of how the commitment is integrated into our daily activities and supply chains. Coop Trading believes that what we put in our basket in the store, matters in impacting our planet, our health, and our future. Thus we are on behalf of our Nordic partners committed to contribute to sustainable development.

How we commit our suppliers

As part of the contract with the Nordic partners and as a foundation for the business cooperation, suppliers must sign and comply with our Product and Quality Requirements (PQRs)

The Nordic CR forum is the tactical Nordic forum for the alignment of decisions within the strategic frame for sustainable supply chains, e.g. revision of our supplier Code of Conduct, engagement in initiatives with NGOs or suppliers, etc.

and our Supplier Code of Conduct (CoC). The PQRs and CoC documents are revised every 2-3 years to ensure continuous improvement of sustainable development. The Sustainable Development Commitment shall also be revised as part of a new CR strategy (or ESG strategy) for 2024-2026.

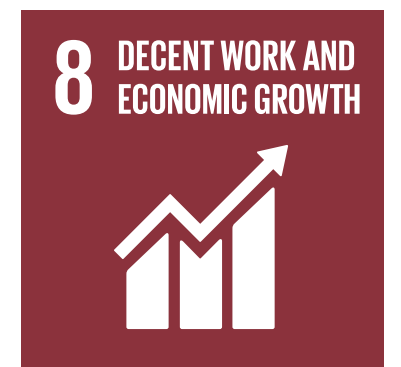
We are committed to providing consumers with healthy and safe product options (**SDG 3**). Through our PQRs, we define what we require in addition to legal requirements to avoid harmful substances in products, production, and the environment. For example, we ban the use of several substances suspected to be harmful, and with our pesticide strategy, we work with suppliers to minimize the use of pesticides and residues in food products.

We are committed to respecting and promoting human rights and ensuring decent employment (**SDG 8**) in our supply chains and all suppliers must sign and comply with our Supplier Code of Conduct which adheres to the amfori BSCI principles. We work closely with suppliers and other relevant business partners and organizations to identify issues and improve the conditions for people involved in the production of our products.

We are committed to responsible consumption and production (**SDG 12**) and guiding consumers in making conscious purchasing decisions by providing facts and credible claims through product labeling and other consumer communication. We work with suppliers and engage in actions to ensure responsible consumption of natural resources, for example, we work with suppliers of fresh fruit and vegetables in Spain on a community water management program with a competent third party. We are working towards more responsible animal production including animal welfare and limited use of antibiotics. Where relevant and possible, we work with environmental standards and certifications such as Rainforest Alliance, Fair Trade, SIZA (Sustainability of South Africa, FCS (Forest Stewardship Council), and many others. Through certification logos on product packaging, we help consumers make responsible buying decisions.

We are committed to climate action (**SDG 13**) and the reduction of greenhouse gas emissions in our supply chains. We engage suppliers in assessing their emissions, setting science-based reduction targets, and reporting via verifiable systems, e.g., the Science Based Targets initiative (SBTi). We expect our Partner suppliers to have committed to SBTi before the end of 2025.

We are committed to protecting and promoting biodiversity on land and in the oceans (**SDG 14 and 15**). We have imposed PQRs to prevent deforestation linked to the production of palm oil, soy, cane sugar, and wood-based materials. With our pesticide strategy, we actively work with suppliers to reduce the use of pesticides for the benefit of biodiversity. In the oceans, overfishing and by-catch are major threats to biodiversity. Through PQRs, we require that all fish and seafood come from sustainable fishing, and we support and collaborate with ISSF, International Seafood Sustainability Foundation, in its work to improve sustainability of global tuna fishery.



What's in store – for '24?

PERSPECTIVE BY MICHAEL LA COUR, CEO

One Step Ahead

“Growth and development are only possible when we offer our 27 million Nordic consumers the absolute best quality at the lowest price,”

Challenges calls for change. And the retail industry has been heavily challenged the last years. Pressure on our supply chains resulted in e.g. availability challenges in fruit and vegetables and other categories as well as high price pressure. In addition, the Nordic market holds many strong competitors that are all increasing their focus on private brands in order to win market shares.

One step ahead

A new year is a new beginning. Our strategy 2024-2026 is built on operational excellence. In 2024, we will focus on being an even stronger Coop Trading in two key areas – growth and development – where we can drive value. We have set ambitious targets, where an important factor for our success is to be one step ahead. Always having the products on the shelf. In the right design and best packaging. Continuously look at and improve quality. Using consumer insights to meet their wants and needs. And most important: Always at the right price.

Price is important, and we continue with our strong focus on our Pricing Excellence Program. But the consumers also look at quality and innovation. Price can drive consumers to a buy, but quality drives loyal consumers. And a consistent high level of quality are a priority in a market where consumer opinion and trust are our operational license. Being one step ahead is about being 100% consumer-driven. There is a potential for our private brands to be leading – the number one choice for our 27 million potential Nordic consumers – and Coop Trading plays a central role as we handle all product in our Nordic range.

An even stronger Nordic range

A continued focus on harmonizing a Nordic range will drive synergies and lift quality level and innovation rate on our products to an even higher standard. In 2024 Coop Trading has set even more ambitious targets for harmonizing more products in design, size, labels, quality, etc. to continue the work from 2023.

A further essential part of creating an attractive range for our consumers is to become increasingly consumer-led in our product development and in our category development leading us to growth.

Operational excellence is a journey, not a destination

Operational excellence will continue to motivate and guide us in 2024 building on the steps taken in the past year: Working strategically with brands, categories, optimizing the entire value chain, executing on the growth plans developed in cooperation with our partner suppliers in 2023, and an stronger focus on sustainability and corporate responsibility.

Purpose, people, and performance

We took important steps in 2023 when it comes to developing our purpose, personality, and values. Defining these has been the first steps in our change journey, and we look forward to taking the next steps in this development process. We need to consistently develop, learn, and follow – or expressed differently: Together lead. Being leading will materialize in the way we work with e.g., harmonization, quality, and innovation as well as in our category strategies and supplier strategies – and in working more strategically with events by e.g., introducing a new Growth Day, improving our Partner Supplier Events, and in hosting an impressing 17 Category Days to unleash the commercial potential at category and product level by making tactical decisions on e.g., assortment, innovation, and harmonization.

“Driving positive movement requires that we adapt and consistently add value and develop our portfolio,”

We now enter the first year of our strategy 2024-2026 and that is changing our ways of thinking and ways of working. It is a new mindset, and we look forward to building on that mindset in 2024 and to take the next steps. To see the first results. Operational excellence is key words for Coop Trading, and our new strategy, purpose, and personality is fueled by our passionate, talented, and positive colleagues and supported by our partners, suppliers, and loyal consumers. We set high standards and ambitions, and we have great things in store – for '24.

Better everyday through leading Nordic private brands



coop Trading

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