



Make the Day Work

For generations to come
Sustainability Report 2018

www.selecta.com



In this report

Foreword	3
The Selecta Group	4
Our sustainability approach	8
Respecting our environment	12
Our responsible products	16
Supporting our community	20
An enjoyable workplace	24

For generations to come



Selecta is the leading unattended self-service coffee and convenience food provider in Europe, and sustainability is integral to the way we do business. Our goal is to make the day work for people at work and on the go, but also for generations to come.

In providing top quality coffee brands and convenient concepts in food and beverages to millions of people across Europe every day, we have a broader responsibility to the communities we engage with to minimize our social and environmental impact.

“We believe that respecting our environment in our operations, using more ethical products in our offerings, supporting our communities and fostering an enjoyable workplace are essential ingredients for creating the sustainable outcomes we seek.”

In 2018, the growth of the business and the integration of strategic acquisitions have meant a sharper focus on sustainable practices and these are at the forefront of our agenda.

Going forward, we will set group-wide sustainability targets for the year to come which we will report on. Whilst trends across Europe on legislation and strong consumer interests shift towards more sustainable solutions and healthier choices, Selecta is taking responsibility to be part of the solution across the value chain.

David Flochel

Chief Executive Officer, Selecta Group

The Selecta Group

The Selecta Group is the leading unattended self-service coffee and convenience food provider in Europe. Every day we serve tasty beverages and snacks to more than 10 million people at over 450,000 points of sale across Europe.

Our business

We have over 60 years of coffee and vending expertise in Europe. Our annual turnover of EUR 1.5 billion in 2018 reflects the passion and dedication of more than 10,000 highly skilled Selecta employees, who offer top quality coffee brands and convenience concepts in food and beverages. As such we positively influence the life of our customers and consumers with our services and concepts.

The Selecta Group is a private limited company with the head office in Cham, Switzerland. We operate in 16 European countries: Italy, Finland, Switzerland, Spain, France, Belgium, Luxembourg, the Netherlands, the United Kingdom, Ireland, Germany, Austria, Denmark, Sweden, Norway and Liechtenstein. In the past years our focus was on strengthening our attractive core coffee and convenience concepts with substantial growth potential. We concentrated our investments and resources on our key markets in Western Europe.

In 2017 we acquired Pelican Rouge Group, our own coffee production facility. The year 2018 was marked by integrating the Selecta Group and the Pelican Rouge Group. Our roasting capacity is now used group-wide. This acquisition is an opportunity to blend the best from both companies and improve our offering to our customers. In 2018 we further expanded our business and strengthened our position on the European market with the acquisition of Vending Express in the United Kingdom and Gruppo Argenta in Italy.

Our products and markets

We provide vending services and solutions of coffee and convenience food for all kinds of public and private organisations. Our main business channels are Workplace and On-the-Go. There we have a large and diversified base of more than 200,000 customers, with some 72% of our vending machines installed at the workplace, and 28% at on-the-go locations.

Our mission:

Selecta Group is dedicated to providing top quality coffee brands and convenient concepts in food and beverages.



Workplace

In this business channel we generate long-term contracts for the placement of vending machines on our clients' premises. Through our vending concept we offer both office coffee services and snacks at the workplace. Workplace is the main pillar of our business, representing over 46% of our revenue. We service a broad range of sectors, from leisure and retail to manufacturing and logistics.



On-the-Go

On-the-Go represents about 31% of total revenue. Here we bid for concessions and we participate in public tenders to place vending machines on public locations, such as airports and other public transport hubs like train and subway stations. Our vending machines are also located at other on-the-go locations like hospitals, public schools, food service sites and petrol stations.



Trade

A small part of our company focuses on other activities such as the sales of machines and spare parts, the export of coffee and other ingredients, and technical service support. These activities generate about 23% of our revenue.



Our vision:

For the Selecta Group to be the European leader in unattended self-service coffee and convenience food, at the workplace and on-the-go.

Our product portfolio

Our product portfolio consists of coffee and beverage concepts, snacks and fresh food solutions. As a company we offer a full concept, whether it is a machine in combination with the perfect coffee blend, service or care.

Coffee is at the heart of our offering. We focus on creating the perfect coffee experience for our customers. Our own local blends Pelican Rouge and Miofino are produced at our roaster in Dordrecht, the Netherlands. We established strategic partnerships with global premium brands Lavazza and Starbucks to offer a full range of high-quality coffee blends. Certified options are available for all the coffee brands in our portfolio including Fairtrade, Rainforest Alliance and UTZ.

Excited to catch-up with consumer trends, we aim to continuously improve our services and develop new concepts. In an exclusive partnership with Starbucks we have launched Starbucks on-the-go, an innovative concept that gives our customers the opportunity to enjoy their favourite Starbucks coffee in the office, or on-the-go. In 2018 we developed the micro market concept FOODIE's to broaden our portfolio of healthier snacks and food. We are also committed to the environment and the communities we operate in. That's why we are integrating more sustainable practices into our business.

Our business model

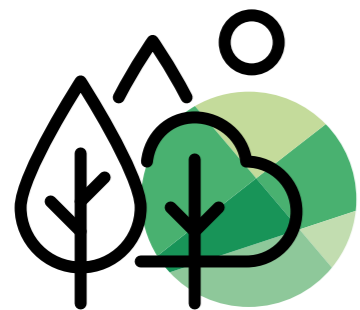
We source our products (e.g. snacks and salads) and raw materials (e.g. coffee beans) both globally and locally from a wide range of suppliers. These are producers of instant products, packaging materials and disposables, suppliers of confectionery, snacks and soft drinks, coffee traders and coffee roasters. We store our products and the coffee we roast in central warehouses across Europe. Subsequently we do the transport to local depots and finally to the customer's site.

We collaborate with service companies and logistic service providers for our fleet and distribution network. A large team of our dedicated service

merchandisers and mechanics ensure the vending and coffee machines are fully stocked and run smoothly. Next to buying new vending machines, we refurbish used machines as much as possible. After installation of the machines, we take care of service and technical maintenance. Our vending services are available 24/7.

Our sustainability approach

As the leading unattended self-service coffee and convenience food provider in Europe, sustainability is an integral aspect of the way we do business. Our goal is to make the day work, also for generations to come. Therefore we focus our sustainability approach on four strategic pillars that are material to our business.



Respecting our environment

We are committed to minimizing the environmental impact of our operations by reducing our carbon footprint and by contributing to a circular economy. We aim to make optimal use of our fleet, provide energy efficient vending solutions and optimize our waste streams, including plastics, disposables and coffee grounds.

Page 12 >



Our responsible products

We are committed to sourcing our raw materials and products sustainably, and to stimulating healthier choices through innovative concepts. We offer a wide range of certified sustainable products and a variety of healthy food and drinks.

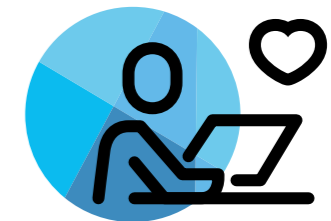
Page 16 >



Supporting our community

We are committed to positively impact the countries and communities in which we operate. We invest in supply chain initiatives in the countries where we source our raw materials and we engage in the European communities where we are active.

Page 20 >

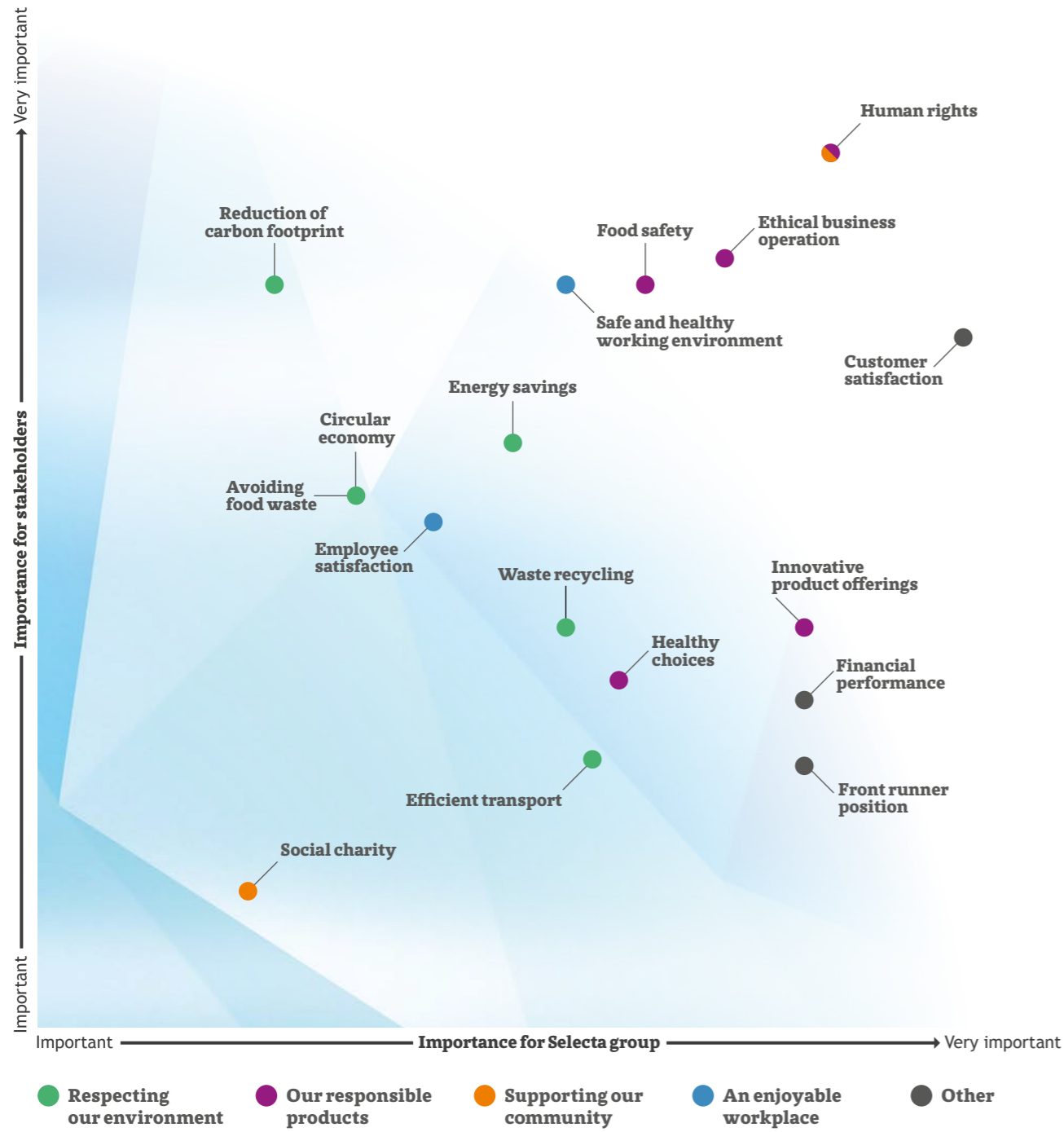


An enjoyable workplace

We are committed to providing a safe and enjoyable workplace to our employees. We believe in our people and their ability to grow, and we offer training and development opportunities to all our staff.

Page 24 >

What matters most to our business and our stakeholders?



Source: Schuttelaar & Partners (2018), Internal & external stakeholder consultation for the Selecta Group

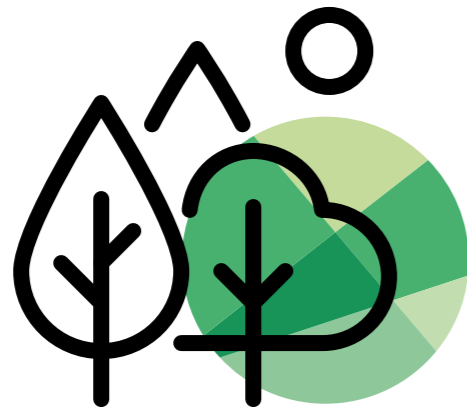


To lay the foundation for our sustainability approach, we conducted a materiality analysis. This process, started in 2018, aims to identify and prioritize the economic, environmental and social issues that matter most to our business and our stakeholders.

Materiality analysis

For this analysis internal and external stakeholders were interviewed, ranging from key members of staff both at our corporate headquarters and in the various European business units, to NGOs, customers, suppliers, business associations and certification schemes.

The analysis emphasizes customer satisfaction whilst also confirming the importance of the aspects of human rights, ethical business operation, responsible procurement, innovative product offerings and ensuring environmental stewardship. These are the principles which also underpin our sustainability approach.



Respecting our environment



We are committed to minimizing the environmental impact of our operations by reducing our carbon footprint and by contributing to a circular economy. We aim to make optimal use of our fleet, provide energy efficient vending solutions, and optimize our waste streams including plastics, disposables and coffee grounds.

Towards a circular economy

Recycling plastics & disposables

We are dedicated to finding environmentally friendly alternatives for plastic disposables and increasing the recycling rate of our cups, in collaboration with our suppliers and customers. There is a clear societal trend towards the reduction of plastic use and waste. Consumer awareness is increasing and European and national legislation is becoming stricter.

Every year we supply to our customers 1.3 billion cups, of which 50% are plastic cups and 50% paper cups. Today, all our cups are 100% recyclable and all paper cups are 100% PEFC certified. Still we continuously work to find better solutions. We are switching from plastic cups and stirrers to paper cups and wooden stirrers. We also stimulate the use of mugs to reduce the use of disposables.

Recycling is high on the agenda in all Selecta countries. Selecta France launched a 'Stop to waste' campaign to stimulate usage of mugs instead of disposables. In the UK all paper cups provided by Express Vending are recycled through partnerships with Simply Cups and Veolia. In Switzerland we offer climate neutral cups and stirrers. All carbon emissions created by these coffee cups and

stirrers, ranging from manufacturing to transport to the coffee machine and disposal, are compensated. We do this by supporting a carbon offset project in Peru, on climate friendly cook stoves, and in 2018 we received a certificate for the offset of 2,122 tonnes of CO₂ equivalents for the cups and stirrers in Switzerland.

Refurbishment of vending machines

We refurbish our vending machines to reuse otherwise discarded materials. Refurbishment substantially reduces waste and has a much lower environmental footprint than manufacturing new machines. The refurbished machines we provide, have similar specifications and performance indications as new machines.

Across Europe over 450,000 vending machines are installed. In 2018 we installed on average 23,000 machines per month, of which 10,000 are refurbished. This results in an average refurbishment rate of 44%. Across the group, Gruppo Argenta in Italy is a frontrunner with a refurbishment rate of up to 80%, installing about 1,000 refurbished vending machines every month.

Coffee waste streams

Waste streams from our roaster and customers are used by third parties. For example in the Netherlands, coffee grounds are used to grow mushrooms and circular serving trays are produced from coffee cuttings. In Italy processed coffee beans are collected from clients who use grinding machines. Every year 873 tonnes, or 72.5% of this total coffee bean waste, is used to generate green electricity. At the end of this process the coffee grounds are used as organic fertilizers.

“There is a clear trend to reduce the use of plastic and the demand for more sustainable cups increases.

Gregory Lacaze
Group Procurement Manager Hot Drinks



Respecting our environment

Reduction of carbon footprint

Efficient transport

An efficient transport network is key to reducing our carbon footprint. Every day over 6,000 vehicles service our customers and end consumers. We have invested in network and route optimization to make our distribution network more efficient and reduce the transport costs and number of kilometres travelled. We use Telemetry more and more to track our transport movements and improve the efficiency of the routings. In addition, Telemetry can be used to monitor driver behaviour. Network and route optimization is being implemented in France, Switzerland, the UK, Germany, Austria, Spain, Belgium, the Netherlands, Sweden and Italy. To date this reduced the travelled distances on average by 36%. In addition we have installed 45,000 smart vending machines.

By making use of Telemetry we gain insight into what products risk to be out of stock in our vending machines, and we can further optimize supply chain planning, streamline order fulfilment processes and reduce logistics and inventory costs. Pre-kitting of required products needed per each visit, optimizes the efficiency of daily routing and its frequency. This further reduces our carbon footprint while customer satisfaction increases.

“By optimizing our network and routing, we significantly reduced our transport costs and kilometres travelled. We now apply this in many countries across the group.”

Eddy Scheerlinck

Group Procurement Manager Fleet,
Logistics & Travel



Green mobility

Green mobility is another important aspect we focus on. We have a large fleet of over 6,000 vehicles, mainly consisting of vans. About 90% of our total fleet is leased. In 2018 first central leasing contracts were signed at the group level, creating opportunities to further optimize fleet management processes and performance. To date the availability of cost-effective electric and hybrid options is very limited. Hence less than 1% of our fleet consists of electric or hybrid vehicles. In 2019 we plan to kick-off a green mobility project to identify alternative options for further reduction of our carbon footprint.

Energy savings

Through innovations and use of state-of-the-art technology, we constantly aim to improve our vending solutions while reducing energy consumption. Energy labelling is done in line with the Energy Measurement Protocol (EMP) of the European Vending and Coffee Services Association (EVA). Our most efficient machines have A++ labels.

To date about 270,000 (60%) of our vending machines are equipped with energy saving options, such as a saving mode when the machine is not in use.

Some 135,000 machines (30%) are upgraded to LED which contributes to further energy reduction. We apply reduction of the energy demand of our vending machines in all our countries. For example in France where some vending machines in the Paris metro network and in SNCF railway stations are now equipped with LED lights.



“The scale of our operations combined with our sustainability initiatives, enable us to make a difference and leave a positive footprint.”

Ignas Janssens
Sustainability Officer,
Pelican Rouge Coffee Roasters



Our responsible products

We are committed to sourcing our raw materials and products sustainably and to stimulating healthier choices through innovative concepts. We offer a wide range of certified sustainable products and a variety of healthy food and drinks.

Responsible procurement and roasting of coffee

As you would expect from Europe’s leading unattended self-service coffee and convenience food provider, we are committed to offering a large variety of ethically sourced products to cater for everyone’s taste. By consciously selecting certified products, we ensure sustainability for our customers and for generations to come. Ethical business operations and respecting fundamental human rights are important to ourselves and our suppliers. On a group level we are updating and extending our supplier Code of Conduct to provide guidance on procurement.

We produce and source 20,000 tonnes of coffee annually. Up to 45% of our coffee is certified via internationally recognized standards such as Fairtrade, Rainforest Alliance or UTZ. Through our responsible procurement approach, we aim to drive change by using our scale. Strategic partnerships with global premium brands such as Starbucks and Lavazza consid-

rably contribute to this. Our own coffee brand Pelican Rouge is sourced and roasted by our own state-of-the-art factory in Dordrecht, the Netherlands. Here we roast approximately 75%, about 15,000 tonnes, of our coffee. Our roaster is certified according to global food safety standards such as BRC and IFS to ensure food safety and quality of our products.

Sustainability is embedded in all products and processes of Pelican Rouge Coffee Roasters. We are aware of the impact of our activities. That is why we are engaged in various sustainable initiatives: from water projects in Bamenda, Cameroon, to investing in education for farmers and their families in Guatemala. We know that the greatest challenges can be solved faster if we work together. That’s why Pelican Rouge Coffee Roasters is a proud partner in the Sustainable Coffee Challenge. We contribute to making coffee the world’s first fully sustainable agricultural product.



Our responsible products

Innovative product offerings

Micro markets

Through the concept of micro markets at the workplace of our clients, we have expanded our product portfolio with an extensive range of healthy food options. By adding a chilled supply chain, we offer a wider range of healthier products for coffee and lunch breaks. In our view this also creates an environment where employees feel valued, engaged and connected.

Across markets this innovative workplace refreshment corner is available under different brandings: FOODIE'S MicroMarket and Express Hub. In 2018 we operated a total of 60 of these micro markets across the group.

Sugar & salt content

It goes without saying that food quality and food safety are extremely important to us. Today healthier food plays a major role in society. Together with our suppliers and partners we select products that can contribute to a healthier lifestyle. Especially since we are active in the health care sector with several hospitals and other health providers in our client base. We also engage in the field of health and nutrition, so we are keen on being compliant with legislation.

Especially in the UK there are ongoing discussions about the sugar and salt content of food products. Within the healthcare sector we have worked with our National Health Service clients to reduce the consumption of sugar sweetened beverages. This has resulted in sugar sweetened beverages accounting for less than 10% of drinks, by volume, sold from our vending machines in this sector.

“In the UK we aim to be at the forefront of discussions about health and nutrition. This allows us to work with our clients to deliver healthier offers and also to navigate legislation they need to comply with, such as the sugar tax.”

Emily Stoten
Marketing Director, Selecta UK





Supporting our community

We are committed to positively impact the countries and communities in which we operate. We invest in supply chain initiatives in the countries where we source our raw materials, and we engage in the European communities where we are active.

The Selecta Coffee Fund

Next to our efforts on responsible sourcing we feel responsible for the global and local community that we are operating in. Through the Selecta Coffee Fund we are dedicated to support coffee farmers in adopting good agricultural practices and improving their livelihoods. The Selecta Coffee Fund was established in 2014 and is operated by Selecta in Sweden and Denmark. By working with local partners, we invest directly into community wide initiatives. Funds for these direct investments are raised through sales of the miofino and Pelican Rouge brands in the Nordics. For every kilogram of coffee sold, one Swedish Krona is donated to the fund.

Currently, our efforts focus on Rwanda that is well known for its good quality of Arabica beans. It is also one of the poorest countries in the world. We have been active in the Southern province of Rwanda since 2016. Together with Bufcoffee, a family-owned regional coffee exporter, we initiated two projects in 2017 aimed at improving household income and food security for coffee farmers and their families. In these projects, cows are provided as a source of nutrition and to generate additional income by selling the milk. The cow dung is also used as manure to improve soil health and potentially this can double the coffee harvest in about four years. We are also establishing a kindergarten to provide children with a safe place to stay and play, and where nutritious food is served when their parents are tending the coffee fields.

“Together with local communities, coffee farmers and our partner in Rwanda, we set priorities for the activities under the Selecta Coffee Fund. Our local work is much appreciated by our customers, and makes us different from our competitors.”

Ulf Gustafsson
Education and Sustainability Manager, Selecta Sweden

It is our aim to reach at least 500 farmers in the coming years. Additional plans are to invest in biogas plants for coffee farmers to decrease dependency on firewood for cooking and provide safer options for cooking. Our miofino Rwanda coffee blend, which is sold in the Nordics, contains 40% beans purchased by Bufcoffee from Rwandan coffee growers.





Supporting our community

Community initiatives

Throughout the Selecta Group we are supporting a wide range of community projects and initiatives. For example in Spain we support the Juegaterapia Foundation, which establishes attractive playgrounds for children in hospitals. We also donate products to solidarity initiatives of our customers, including solidarity runs, Environment Days, cultural events and healthy weeks. In the UK we are supporting the Jack O'Donnell Foundation, a charity that helps children and young people realising their potential in sport, and we participate in events like the London Marathon.

Through the Point Foundation we sponsor students in coffee growing regions in South-Africa and Rwanda through their education. We do this by providing donations for equipment, nutrition, and care for young people and people with disabilities. In Italy we run Argenta Active, a project that sponsors Italian youth sports associations. In addition we are a partner of Fondazione Marcegaglia, who we support to create social projects in Italy and around the world to give back something to the society. Furthermore, in many of our countries we donate nearly expired products to charities like homeless shelters.

Social inclusion

At Selecta we highly value diversity and social inclusion. We are a people's business and want to support the communities in which we are active. In different countries we run and support initiatives aimed at helping people to becoming better employable, especially if they face a distance to the labour market.

In Sweden, 'Vägen In' - the Road In - is a program in collaboration with the government for providing internships and job trainings to newcomers in society, such as refugees. After a four-month fulltime training on the job, the majority of the participants are offered a suitable job at Selecta. This program enables people to get a job and provide for an income, which is an important asset for a successful process



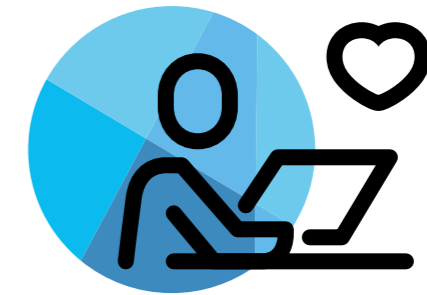
“The Vägen In program provides job trainings and jobs for refugees and immigrants, and creates a win-win situation for the participants, Selecta and society.”

Pia Wirén
Nordic Procurement Manager, Selecta Sweden

of integration in society. By working they learn the language faster, and it puts them in a better position to engage with the culture where they now work and live. In the Netherlands we employ people with a distance to the labour market at the municipality of Amsterdam. We do this by collaborating with Pantar, a working and learning company that helps people who, due to different reasons, are at a distance to the labour market.

Besides direct employment opportunities at our company, we work with third parties that focus integrating disabled people in working processes. For instance in Dordrecht, the

Netherlands, we collaborate with service companies that focus on social return and re-integration processes, such as Frisfacilitair, Drechtwerk Groen and WI-HW. In France we work with L'Atelier de la Villette, a company whose main mission is the integration of disabled people in the labour market. This social company manages all our customer reimbursements. All this reflects our belief that all people can work and add value to both society and their own lives. We are very pleased to be playing a role to support this.



An enjoyable workplace

We are committed to providing a safe and enjoyable workplace to our employees. We believe in our people and their ability to grow, and we offer training and development opportunities to all our staff.

Employee satisfaction

Every day and all over Europe, our products connect people and make them happier. With more than 10,000 employees in 16 countries, we at Selecta owe our success to the outstanding qualification and commitment of our employees. Providing an enjoyable workplace for our customers is part of our core business, and taking good care of our own employees is a priority for us as well.

We strive to offer a unique working environment that helps them to focus on personal development and mobility. Excellence in execution, integrity, teamwork, a winning attitude, and a customer focus are core values of our business. We attract talent and retain an organization that, in line with our core values, is well positioned for the growth and transformation of our company.

In 2018 our business has grown through external acquisitions. To date we have 10,434 employees across the group to deliver our services to our clients and end-consumers. About 30% of our total workforce are women. In Finland we have the highest percentage of female employees, 70%. At group level 90% of the employment contracts is permanent, while the remainder of our staff holds fixed-term contracts. In Austria, Norway, Belgium, Luxembourg, France, Liechtenstein, Switzerland, Ireland and the UK, more than 95% of the employees have permanent contracts. In Finland, Sweden and the Netherlands, these percentages are slightly below group average. Most of our staff, 92%, works fulltime. In a few cases we hire temporary workers through employment agencies. In 2018 this applied to a total of 139 people.



An enjoyable workplace

People are key to our business and their engagement is essential. One of our key activities in 2018 has been the updating of our company values, so all our employees have a good understanding about the organisation's culture and our mission and vision. We have a consistent communication strategy and digital communication channels at group level. This allows us to efficiently connect to all our staff, sharing information and keeping them updated. We have policies and adequate standards implemented across the group, ensuring that all people are treated fairly and equally. A good example is the performance management cycle TOP100 we implemented across the group. This ensures that performance management is done in a coherent way.

As we firmly believe in our people, we invest in them by offering training to all our staff members, depending on their needs and function groups. Development opportunities are available for those employees that have the ambition and the potential to grow in new positions with more responsibility. Our Selecta Sales Academy trains all 460 members of our salesforce. To gain insight in the impact of the training, we work with pre, post and on the job evaluations. Especially the latter evaluation, three months after classroom training, is useful to track the impact on our sales people. We are proud that via training we have been able to double the knowledge base of our salesforce. In 2019 we will even more focus on our people. We will extend the Academy with additional training programs for other function groups and make this accessible across the group.

Safety and health

We are committed to providing a safe and healthy environment for all our employees, customers, contractors and visitors. We understand that a successful health and safety culture can only be achieved by observing safe working practices and procedures. These are a result of effective risk assessments, good training and continuous improvement.

Working practices and procedures related to health and safety are currently being managed at the country level. Where necessary we implement new procedures and technology to ensure the safety of our employees. At group level we plan to have safety standards and a monitoring process in place. Our efforts are aimed at minimizing the number of accidents at the workplace towards zero.

“At Selecta we are committed to diversity and inclusion. We invest in personal and professional development because we believe that everyone should have the opportunity to grow.”

Barbara Bucher
HR Director Selecta Group





© 2018 Selecta

This report is published by the Selecta Group and covers the financial year 2018.

Publication date

December 2018

Text & Design

Schuttelaar & Partners
www.schuttelaar.nl

Contact person

Ursina Beerli
ursina.beerli@selecta.com

Selecta TMP AG

European Head Office

Hinterbergstrasse 20
6312 Steinhausen
Switzerland

Tel: +41 41 727 72 72

info@selecta.com

www.selecta.com