

Disclosure under the Transparency Act

Nova Beverage Group 2023



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Introduction

The Transparency Act came into effect on July 1, 2022. The law requires, among other things, that we conduct due diligence assessments in accordance with the OECD guidelines. Further, we must disclose our efforts related to due diligence assessments on human rights and decent working conditions, as well as respond to public information requests on the matter.

This disclosure is crafted to meet the requirements of the Transparency Act and ensure that Nova Beverage Group (Nova) works to prevent violations of decent working conditions and human rights in our business and supply chain.

Nova Beverage Group

Nova Beverage Group was established at the end of 2016. Since then, we have experienced significant growth and positioned ourselves among the largest suppliers to the Vinmonopolet. We are also a crucial supplier to hotels, restaurants, and grocery stores. Nova Beverage Group comprises of six different companies (Grape Company, Winery, Winemarket, Ideal Wines, Oslo Wine Agency, and Bevhouse), with a diverse portfolio of wine, beer, and cider from 17 different countries.

Approximately 80% of Grape Company's portfolio consists of wines from Portugal, totalling around 1.5 million litres. The company also imports wines from Italy, Australia, the USA, and New Zealand.

Winery: The Winery's portfolio primarily focuses on Spanish wines, importing around 1.5 million litres from Spain, representing roughly 80% of the total. Producers from Italy, France, South Africa, Germany, and Austria are also part of Winery's portfolio.

Winemarket: Selling just over 1 million litres of wine annually, Winemarket has a diverse portfolio of producers, including France (50%), Lebanon (19%), Italy (18%), Germany (9%), the UK (2%), as well as Morocco and Slovenia.

Ideal Wines: Importing around 915,000 litres of wine annually, with approximately 670,000 litres coming from France, accounting for about 73% of the total. The portfolio also includes producers from Italy, Australia, and Spain.

Bevhous: Procuring around 270,000 litres annually, Bevhous primarily purchases beer, cider, and flavoured wine from countries such as Germany, Sweden, Spain, Denmark, and Belgium.

Oslo Wine Agency has recently obtained an import license, and the portfolio is being developed.

As one of Vinmonopolet's major suppliers, Nova is committed to adhering to Vinmonopolet's Wholesale Agreement, which requires a systematic approach to promoting decent work conditions in the supply chain. Vinmonopolet's expectations for its wholesalers are updated with the new Transparency Act, compelling larger companies to conduct and publicly disclose their work with due diligence assessments. Based on the Wholesale Agreement, we see that Nova has a solid foundation to comply with the Transparency Act's requirements.

In Nova, we have formalized our efforts to prevent human rights violations through policies and guidelines for both employees and suppliers. These guidelines are rooted in both leadership and the organization, easily accessible to all employees.

Vinmonopolet's Wholesale Agreement and the Transparency Act contribute to an increased systematic approach to Nova's work on fundamental human rights and decent working conditions. Moreover, both agreements have heightened our awareness of human rights issues in the supply chain. Our due diligence assessments follow clear steps and align with the OECD guidelines, as illustrated in the model below:



Overview of Nova's work on corporate social responsibility

Nova has adopted a corporate social responsibility policy, affirming that our business practices respect and safeguard people, society, and the environment, both within our own operations and throughout the supply chain.

The corporate social responsibility policy includes our Code of Conduct (CoC), aligning with both the International Labour Organization (ILO) and Vinmonopolet's CoC (amfori BSCI Code of Conduct). We have initiated the process of communicating the CoC to our producers, prioritizing those with the highest sales volumes first.

Furthermore, we have implemented relevant measures established by the Vinmonopolet, such as requiring declarations on responsible recruitment of labour and decent working conditions from new Italian producers. A declaration of respect for trade union freedom and the implementation of Vinmonopolet's Code of Conduct in their supply chain is mandatory for new South African producers.

Nova's work with due diligence assessments

Nova's work with due diligence assessments aligns with the OECD guidelines for due diligence and is conducted in multiple steps based on risk.

Overall Analysis

The first step is a mapping and assessment of the risk of violations of our Code of Conduct (CoC) in the supply chain. This involves an overall analysis of our portfolio, where significance in terms of sales volume and country risk is emphasized. The analysis focuses on our key producers, hence our largest producers in terms of sales volume. Most of our suppliers are part of the agricultural sector, where violations of human rights and decent working conditions have been uncovered. Known issues from the geographical areas, general insights from the media, and reports from organizations such as Oxfam and Fairfood International constitute information we prioritize in our analysis. Vinmonopolet's and DFØ's country risk lists also constitute the basis of our analysis.

Furthermore, insight from the supplier is emphasized. Many of our largest producers have been working with us for an extended period and we have a good understanding of their operations through visits and regular contact. Through many years of close collaboration with producers across large parts of the world, we have generally gained unique insights into challenges related to human rights in the beverage industry.

In summary, the overall analysis is based on the following criteria:

- Significance (sales volume)
- Country risk
- Our knowledge of the producer
- Type of product (content)

Closer mapping and assessment

Based on the result of the overall analysis, we proceed with the manufacturers where we find there is the highest risk of violations of the Code of Conduct (CoC).

Further mapping involves obtaining more information from these manufacturers. This work includes mapping the manufacturers' subcontractors and the use of third-party suppliers related to staffing. Furthermore, it may be relevant to gather information about ethical certifications, the results of conducted audits related to eventual certifications, or those conducted by other customers of the manufacturer. Reports related to any other programs a manufacturer is associated with may also be relevant.

For manufacturers where it proves difficult to gather information, it may be appropriate to contact trade unions, various organizations, and local authorities to gain better insights.

The following criteria may be relevant in the further mapping and assessment (the list is not exhaustive):

- Complexity of the manufacturer's supply chain
- Manufacturer's insight and follow-up practices of their own supply chain
- Manufacturer's own assessment of the risk associated with breaches of ethical guidelines in their business
- Manufacturer's health, safety, and quality systems

Manufacturers who, after this work, are still considered to be associated with significant risk will be assessed for specific follow-up measures.

Prioritize risk

Based on the overall analysis and further mapping and assessment, we will define whether the identified risks are of high, medium, or low priority. This is done by assessing the potential consequences and the likelihood of an undesired event occurring.

Follow-up Plan

Further, we will formulate a plan for ongoing follow-up that is necessary to address eventual risks. The most critical risks will be addressed first.

The measures must align with the risks, as well as with our and the producer's resources. We strive to collaborate with our producers to find sensible and sustainable solutions. We are committed to assisting producers in this effort.

Possible measures may include conducting audits to gain better insight into the conditions and being better able to propose relevant changes. Other measures may involve skill development through courses in a specific risk area to increase awareness and competence of the producer.

If no solution is found or the current producer opposes developing the business, we will reassess the collaboration and terminate it if necessary.

Preliminary evaluation of our risk assessments

So far, no significant risk of negative impact on human rights or decent working conditions has been identified in our supply chain. However, we have not progressed far enough in our mapping to clarify the risks associated with subcontractors of our suppliers.

Further work

In the upcoming period, we will focus on continuing the detailed mapping and assessment of risks for the suppliers where the overall risk assessment indicates it to be necessary. We will further work on these aspects, including searches in public databases, sending customized surveys, and more. Measures will be considered for implementation if negative consequences for fundamental human rights and decent working conditions are identified.

Martin Tobiasson

Managing Director, Nova Beverage Group