



THE NORDIC ALCOHOL RETAIL MONOPOLIES

Statement Paper on Sourcing Rum Responsibly

As companies sharing the same international Code of Conduct, one of the sustainability objectives of the Nordic Alcohol Monopolies are to align our due diligence and monitoring of our supply chains with the UN Guiding Principles on Business and Human Rights. We therefore do our utmost to identify, mitigate and remediate risks.

Background on the Sugar Cane and Rum Supply Chain

The nature of sugar cane sourcing for producing rums can be incredibly complex.

Sugarcane as a raw material, can be sourced from multiple geographic locations, that ultimately become processed to large batches of sugar, molasses and/or ethanol, sold by international agents to rum producers. The beforementioned thus significantly reduce the credibility of any one producer being able to claim full traceability and /or claim to exclude risk from their supply chain.

Taking responsibility in the Supply chains and risks identified

To ensure decent working conditions, the sugar mills must demand that the plantations they source from have decent conditions and work towards improvements. Thus, addressing potential human rights and labor violations.

Like other agricultural supply chains, the risks of human rights violations are most likely to occur at agricultural level.

In dialogue with stakeholders in the supply chains of rums, the Nordic Monopolies identified risks of human rights violations which are specifically connected working conditions and heatstress.



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Lack of relevant amounts of drinking water and rest breaks for sugar cane cutters and burners could lead to heat stress on the body and eventually the fatal disease Chronic Kidney Disease of non-Traditional Causes (CKDnT). The disease has been reported in Central- and Southern Americas (among other parts of the world) The Nordic Alcohol Monopolies sources rum from around 30 different countries in the world and many products come from these regions.

Providing appropriate amounts of water, rest and shade in working conditions with high temperatures and humidity, can prevent heat stress and CKDnT.

Other supply chain risks have also been identified, such as child and forced labour, issues with occupational health and safety, poor working conditions, water pollution and deforestation.

Current situation

The Nordic Alcohol Monopolies have established different forms of co-operations to address the above-mentioned areas of concern.

- The Nordic Alcohol Monopolies are to co-operate at international level via amfori BSCI Membership for improvement of working conditions. There are eleven core principles within amfori BSCI Code of Conduct that our business partners must observe and one in particular, a Zero Tolerance issue, is about threat to worker's health, safety and/or lives. This is in direct correlation to the risks in the supply chain of rum and the raw materials sourced.
- The Nordic Alcohol Monopolies conducted a risk analysis and received a report created by Verisk Maplecroft in 2019 on the specific risks connected to the rum industry and its supply chain. Confirming our identified areas of concern.
- The Nordic Alcohol Monopolies arranged a joint stakeholder seminar in 2019 with the rum industry to try to identify risks and possible mitigation of the risks.



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Commitment from The Nordic Alcohol Monopolies

The above mentioned, have indicated that the rum category, due to its specific raw material, requires definite actions.

The Nordic Monopolies therefore commit to jointly collaborate on a broad approach to address the cause and the risks for human rights violations.

Whilst continuing to support amfori BSCI on their processes, the following approaches/actions may be rolled out within each Nordic Monopolies supply chain:

- Increased traceability requirements (as already applied for the other product categories) to allow identifying risks.
- Transparent stakeholder engagement with relevant actors in the industry will be promoted by all NAMS, so to assist in identifying, mitigating and remediate human rights violations.
- The Nordic Alcohol Monopolies aim to provide support to the produces in forms of tailored trainings to mitigate risks.
- Incorporating increased responsible sourcing practices to both mitigate risks but also motivate businesses to have more sustainable practices.

The commitments made in this statement paper will be reported individually by each of the Nordic Alcoholic Monopolies and will be communicated publicly annually to allow for transparency and continuous improvement.

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