



Sustainability Report

2022



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Alvar Pet

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2022 Key Figures

Emissions saved

1 707 508 kg CO₂e

+79%
(2021)

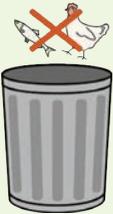


Emissions generated

280 254 kg CO₂e

Emissions compensated

276 000 kg CO₂e



Waste saved

98 239 kg

Food donated

8699 kg

16

+13 

62,5% Female

Team
Alvar

37,5% Male

Average emissions of different product categories



Kibble

1,04 kg

CO₂e / kg



Treats

1,02 kg

CO₂e / kg



Toppers

0,73 kg

CO₂e / kg



Oils

2,01 kg

CO₂e / l



Chews

0,56 kg

CO₂e / kg



Toys

0,31 kg

CO₂e / product

This is Alvar Pet

Alvar's mission is to minimise the carbon paw print by supporting a healthy and sustainable lifestyle of each conscious pup - with tailored nutritional solutions, supplies and services.

Our primary focus is to lead the way in sustainability and transparency in pet food & supplies. Alvar offers sustainable options that serve as an alternative to conventional products. We prioritise designing products with a minimal carbon footprint, and we monitor every aspect of our value chain to ensure that we perform well. Our offering not only provides low carbon alternatives but we also provide tailored nutritional plans, and tracking services to track the impact of each pup's journey.

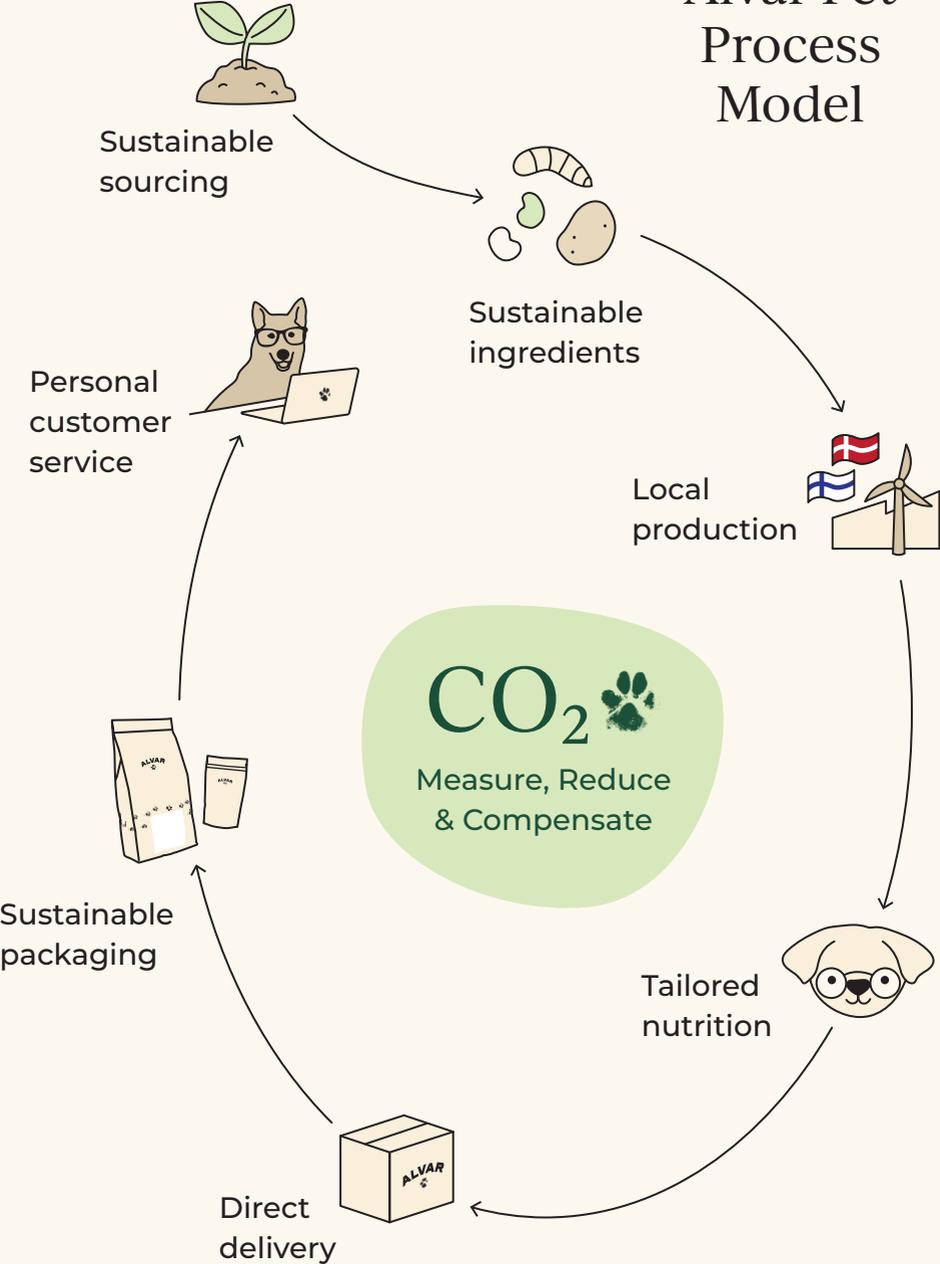
Our actions and decision making are driven by our values:

- 1 Change-seeking**
Things should change, and everything we do targets that.
- 2 Transparent**
Contrary to industry standards, we want to tell everything. Both when asked and unprompted.
- 3 Puts pack front and centre**
Belonging to Alvar's pack feels downright and meaningful.

Alvar is dedicated to achieving the UN sustainable development goals with the following being the most integral to our operations:



Alvar Pet Process Model



Editor's notes

In 2022, Alvar continued to make efforts towards our commitment to sustainability and reducing the carbon paw print of dogs. We were able to make progress in several areas including expanding to new markets, launching new sustainable products, and improving our tracking capabilities. We have taken the first steps towards expanding our product range beyond pet food and we are excited to see the potential impact it can make. Expanding to new markets allowed us to reach more conscious pup parents who are looking for sustainable solutions, and we are thrilled to see our message resonating with new customers internationally.

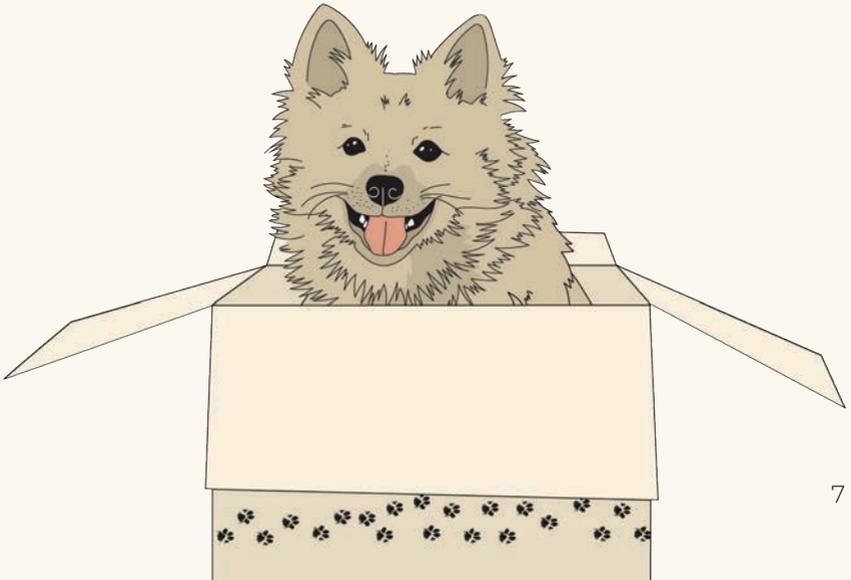
The year has also presented challenges and we have navigated through a difficult global situation that has impacted the pet food industry as well. The world situation has made it increasingly difficult to source sustainable ingredients and materials and has caused delays and cost inflation across the logistics chain. In light of current world events and challenges, we recognize the growing importance of sustainability and transparency. As such, we remain committed to our mission and are actively seeking new ways to reduce our impact by tracking our performance at every step of our value chain.

Overall, 2022 was a year of progress and growth for Alvar. We are excited to continue our journey towards sustainability and making a positive impact in the industry. Looking ahead to 2023, Alvar has set ambitious goals to further reduce our CO₂ emissions and increase CO₂ savings, while also improving transparency for consumers. Overall, our goals for the upcoming year reflect our commitment to sustainability, innovation and customer satisfaction. We believe that by working towards these goals we can make a meaningful contribution to the health and well-being of conscious pups and the planet.

Personally, this year has been a time of growth for me as well. Moving to the role of Sustainability Specialist has enabled us to dedicate more time and effort towards pursuing our sustainability goals and I hope that this report and our progress reflects that growth.

Thank you for being part of our journey and making this possible.

Sincerely,
Jenni



Highlights of 2022

Q1

New markets: Sweden & Denmark
New team members: Wilma, Bettina,
Julia, Nanna, Sara



Q2

Sustainability report 2021
New team members: Anssi
FI recipes pilot
GOTO pilot



Q3

Sauce launch
Bug treat launch
New team member: Marikki



Q4

Alvar @ Prisma
First toy: Crafty launch
Fish rolls launch
Black friday campaign
Alvar @ Oda
Alvar Wrapped



Alvar's impact

Alvar is committed to climate change mitigation, and we strive to ensure our business has a minimal impact. Our solutions can make a significant difference in reducing emissions with our products being even 84 % less in carbon paw print. Our aim is to provide calculations available for everyone allowing each pup to track their journey when using our products.

While we have previously focused on carbon footprint calculations, we have expanded our tracking to include other metrics for a better understanding of our impact. This report includes GHG emissions as well as values for food and textile waste. Developing more comprehensive metrics not only leads to more consistent reporting but also helps us define our targets and key performance indicators for the upcoming year.

In previous years, UseLess Company conducted our product calculations, which covers about $\frac{2}{3}$ of our products. Last year we took over the calculations and the new product calculations were completed by our own experts. The calculations follow the same standards and are based on external research and data. There have been recipe and material changes and taking over the calculations has allowed us to update the existing values using the most recent information.

Our overall carbon footprint includes emissions both from products and daily operations. The majority of our emissions (96,7 %) come from the products. Therefore the calculations include the full life cycle (cradle to grave) of the products.



The Carbon Paw print

The term “carbon paw print” helps dog owners assess emissions from their dog’s life. Studies also refer to ecological paw print (EPP) or the environmental paw print, and depending on the calculations, they refer to either greenhouse gas emissions, land and water use, or both.

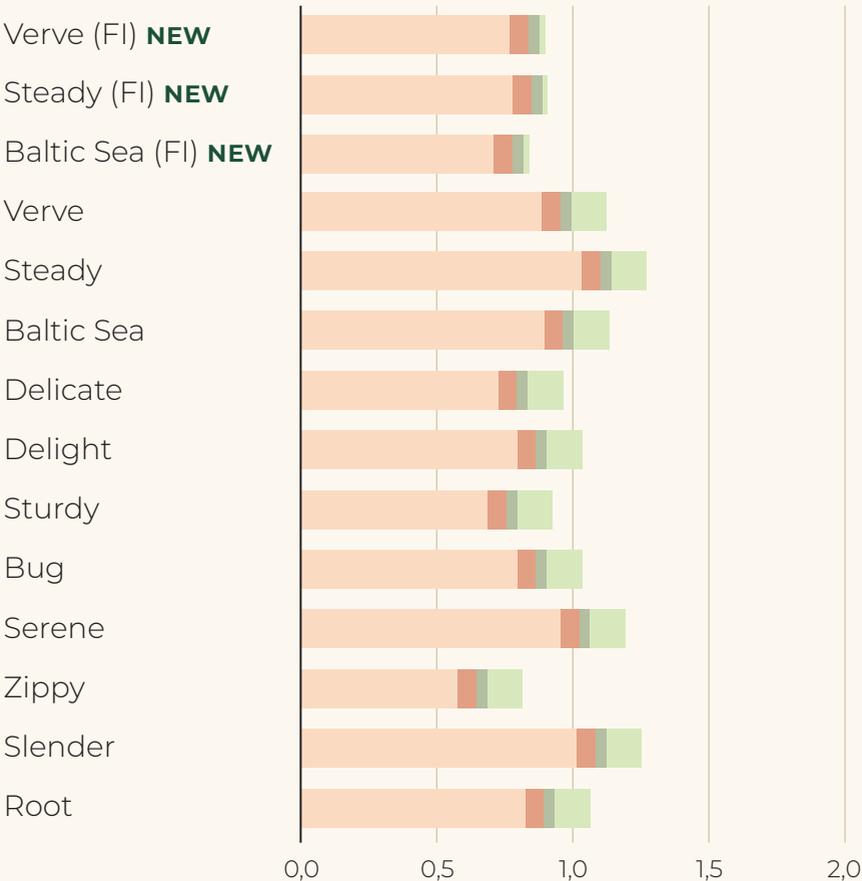
For us, carbon paw print means the greenhouse gas emissions your dog and its lifestyle produces.

The calculations follow the *ISO 14067:2018 Greenhouse gases — Carbon footprint of products — Requirements and guidelines for quantification* standard and the Product Environmental Footprint Category Rules (PEFCRs) Prepared Pet Food for Cats and Dogs.

Product carbon footprint

- Ingredients
- Packaging
- Production
- Transport

Dry food kg CO₂e/kg



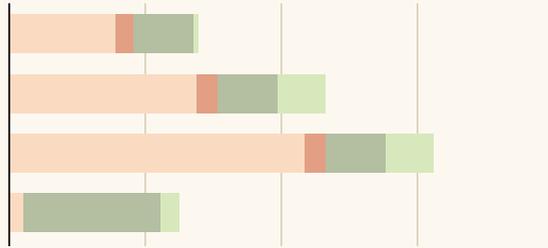
Treats kg CO₂e/kg

Bug **NEW**

Nugget

Fish & Chips

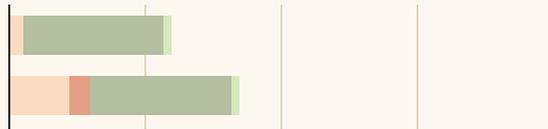
Dried fish



Toppers kg CO₂e/kg

Lake fish

Chicken



Chews kg CO₂e/kg

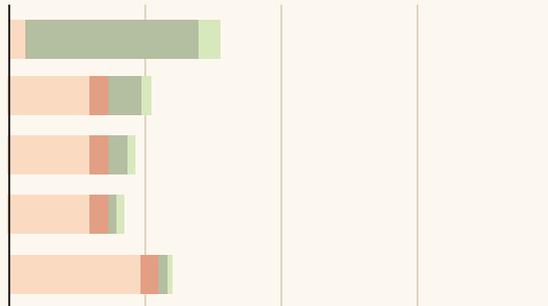
Fish rolls **NEW**

Elk chip

Elk roll

Elk roll (large)

Reindeer sticks



Supplements kg CO₂e/l

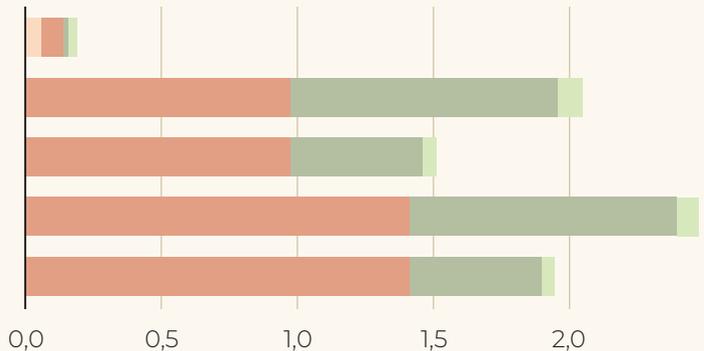
Sauce **NEW**

Hemp oil (100ml)

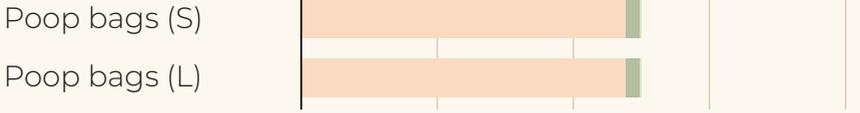
Hemp oil (300ml)

Fish oil (100ml)

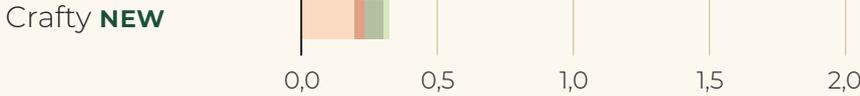
Fish oil (300ml)



Accessories kg CO₂e/kg



Upcycled Toys kg CO₂e/product

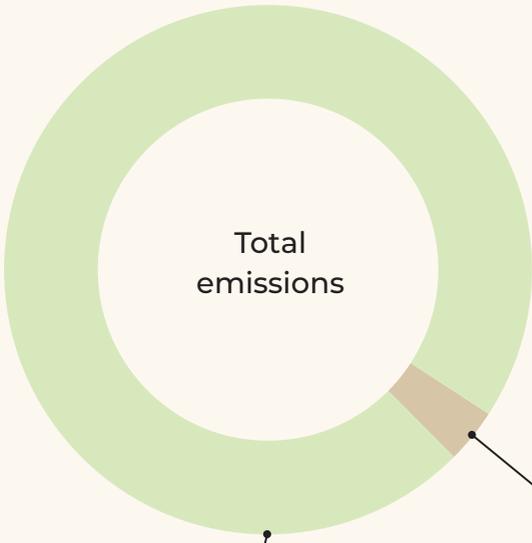


Company footprint

As our company continues to expand, it's natural that our overall emissions will increase. However, it's important to maintain low emissions per product and focus on increasing our CO₂-savings as we grow.

Alvar's overall impact in 2022 is **280 254 kg CO₂e** +64% (2021)

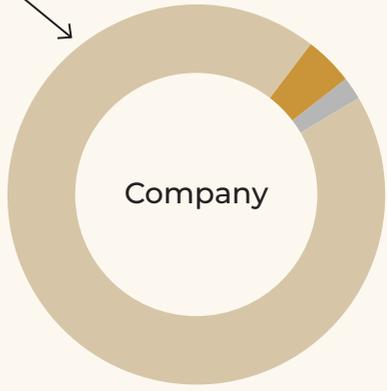
Alvar's aim is to minimise our emissions wherever possible and offset the rest. As shown in the following charts, our products are the primary source of emissions, thus it is critical for us to continue improving the sustainability of our products. Detailed calculations allow us to identify the sources of emissions and take appropriate reducing actions when needed.



- Products 96,7%
- Company 3,3%



- Ingredients 76,3%
- Transportation 10,9%
- Production 6,5%
- Packaging 6,3%



- Office 94,1%
- Travels & events 4,1%
- Commuting 1,8%

Compensation

We will continue offsetting the emissions remaining from our operations. For our compensation portfolio we have chosen only high-quality projects that reduce emissions and promote sustainable development. Our compensation projects are carried out by NGS Finland. You can find additional information about our compensation work on our website.



The value is based on our calculations as of the end of 2022. Since then we have updated some calculations so the value differs a bit from the overall emissions generated.

Emission savings



**last years value included only dry food, whereas this year's value includes whole portfolio, so it's not directly comparable.*

This value indicates the amount of emissions saved by using Alvar products compared to the industry average products.

We assist our customers to reduce their climate impact

At the end of 2022 we launched our version of 'wrapped' which allows customers to view their annual impact. The updated version of this feature is now available on the customer page, enabling each pup to track their impact throughout their journey with Alvar!

Waste

Starting from sourcing we aim to minimise waste in our production processes by utilising by-products whenever available. Our production facilities do not generate any waste since even 'waste' product mass is utilised for factories' other production processes.

While we take measures to properly pack our products during transport, we sometimes encounter damaged or otherwise unsellable items. These items may result from damaged packaging during production, packing or transport, close to or expired best before dates, misplaced or missing labels, among others. Nevertheless, we make every effort to avoid discarding consumable items, for example selling close-to best-before date items or donating unsaleable products. As part of our new metrics we track the amount of food and textile waste we generate and save.

Waste produced

162 l
expired
Hemp oil

These products exceeded their best-before date and we were unable to sell them in time due to our stock management still being in development. Since we could not ensure the oils' usability beyond their BBD, we decided

against donating and disposed of them for safety reasons.

450 l
unbottled
Wild fish oil

Problems with oil sediment during the production process prevented us from bottling the oils.

24 950 kg
expired German
products

Product waste is an unfortunate reality and it has affected us too. Although we strive to minimise waste in our operations as much as possible, the market situation and our yet developing stock management hasn't been to our favour. In Germany we unfortunately weren't able to sell or donate the items early enough before they became non-consumable.

3752 kg
mouldy Baltic
Sea

The high humidity experience last summer had an impact on our production processes causing mould to develop in one production batch. Following a thorough investigation, we made the decision to dispose of the entire batch to ensure that no harm would come to consumers from ingesting mould.

2023 GOALS

We aim at zero waste in 2023 - To tackle these issues and minimise product waste, we are committed to improving our stock management practices. We are also exploring ways to use products across markets to prevent excess inventory in any location.

In addition, we are committed to reducing product waste by continuing to sell products that are close to their BBD

at a reduced price, or by donating unsaleable items. By doing so, we can ensure that our products are put to good use instead of going to waste.

At Alvar we understand the importance of minimising waste for the benefit of both our business and the environment. Moving forward, we will continue to explore new ways to reduce waste and operate in a more sustainable manner.

8699 kg

**of pet food
donated**

73% less than the previous year. By donating unsellable items we can save perfectly edible food from being wasted.

Although we love to contribute to doing good, the decrease in donations means that we have achieved our goal of reducing the amount of unsaleable products. Thanks to our efforts in developing our packing processes in collaboration with our warehouses and logistics partners, we can ensure our products travel distances safely and securely.

Additionally, we continue to contribute to social good in various ways. For more information, please visit page 40.

Waste saved

98 222 kg

**of food by-
products**

Using by-products in our pet food allows us to save tons of high quality ingredients from going to waste. This not only reduces the environmental burden in the pet food production but also in human food production.

17 kg
of textile waste

Our new product category, toys, was launched only in December and already we have made a significant impact in reducing textile waste. We are excited to continue this trend and see how much more we can save in the future.

Biodiversity

The pet food industry as well as food industry has been known to have a significant impact on biodiversity due to the sourcing of ingredients for food. The production of ingredients often requires large amounts of land, water, and other resources leading to deforestation, habitat destruction and water depletion. Additionally, the use of synthetic fertilisers and pesticides in conventional farming practices can have a negative impact on soil health and contribute to the decline of pollinators.

At Alvar we understand the importance of addressing our biodiversity impact and are committed to finding ways to minimise it. While we have not yet conducted a full assessment of our impact on biodiversity, we aim to map our impact in the upcoming year. Through this mapping process, we hope to gain a better understanding of our impact and identify opportunities to reduce it.

Product safety, quality & transparency

Alvar's products are always designed



Quality and safety first



With the lowest environmental impact

Alvar prioritises quality and safety while minimising environmental impact in all product design. We highly value transparency and sustainable value chain which is why we carefully choose suppliers and partners who share our values.

Responsible sourcing

We ensure that the ingredients used in our recipes are of the highest quality and are sourced from known suppliers. Before ingredients are accepted for production, they undergo thorough analysis. Final products are also tested in laboratories to ensure palatability and that they meet our nutrient and quality standards.

In addition to sourcing from sustainable sources, we also work with our suppliers to ensure that they share our commitment to sustainability and responsible sourcing practices. We prioritise suppliers that are transparent about their sourcing and production practices, and that have a track record of minimising their environmental impact.



Fish is a common ingredient used in pet food due to its high protein and nutrient content. However, overfishing and unsustainable fishing practices have put many fish species at risk of depletion, making it important to pay attention to sourcing practices. We at Alvar are committed to using fish ingredients that have been sourced responsibly and sustainably. We prioritise using fish that has been certified by MSC (Marine Stewardship Council - a global non-profit organisation that sets standards for sustainable and responsible fishing practices). By doing this we can ensure that our products have a lower environmental impact and support the responsible management of our oceans and lakes.



We aim to source **poultry** products from ethical and sustainable sources as much as possible and we currently only use poultry by-products. However, our commitment to reducing our environmental impact means that we cannot always guarantee the use from ethical sources. We acknowledge the fact that low environmental impact does not necessarily equate to ethical production. Nonetheless, we continue to negotiate with our suppliers to better achieve transparency. In addition, we offer poultry-free options to provide more ethical options for our customers.



Soy sourcing can have a significant impact on the environment, therefore we are committed to sourcing sustainable soy from ProTerra certified suppliers.

ProTerra certification requires that soy is produced without GMOs (genetically modified organisms), that it is not grown in areas with high conservation value and that it's not produced using child or forced labour. In addition, ProTerra requires traceability and transparency throughout the supply chain, from the farm to the final product. By using certified soy in our pet food products, we are helping to support sustainable agriculture practices.

Overall, our goal is to provide high quality pet food products that meet the nutritional needs of pets while prioritising the reduction of our environmental and social impact. By using ingredients from sustainable sources like MSC or ProTerra certified sources, we can help protect our environment and people and ensure a healthy planet for future generations. We recognise that sustainability considerations are critical to ensuring the long-term sustainability of our business and we remain committed to finding alternative innovative ways to reduce our impact while still providing high-quality and nutritious products to our furry friends.

In the past year, we have focused on improving information availability for our customers. Our updated product pages now provide details on the carbon footprint results, production partners and countries, ingredients origins and packaging materials.

Production partners

| Production partner | Product | Production location |
|--------------------------------------|--|---------------------|
| Ab Salmonfarm Oy | Wild fish oil | Kasnäs, Finland |
| FoodFarm Oy | Hemp oil | Marttila, Finland |
| Globe Hope Oy NEW | Upcycled Toys | Loksa, Estonia |
| Järvi-Suomen Kalatuote Oy | Dried fish treats Fish Topper Fish rolls | Kissakoski, Finland |
| Kokkolan Nahka Oy | Elk chews Reindeer chews | Kokkola, Finland |
| Lemmikin Herkku | Chicken Topper | Uurainen, Finland |
| Nordic Petcare Group | Dry food Nugget treats Fish & chips treats | Ølgod, Denmark |
| Premium Pet Food Suomi Oy NEW | Dry food (FI) Bug treats | Lieto, Finland |
| Sooci Oy NEW | Zero-Waste Sauce | Ylämylly, Finland |
| Walki Group Oy | Poop bags | Ylöjärvi, Finland |

Ingredient origins

| Ingredient | Country | By-product |
|---|------------------|------------|
|  Barley | Denmark | |
|  Duck meal | Germany, EU | x |
|  Faba bean | Denmark | |
|  Faba bean starch | Finland | x |
|  Fish broth | EU | x |
|  Fish meal | Denmark, Finland | x |
| Fish oil | Unknown | |
| Lake fish | Finland | x |
| Salmon oil | Finland, Norway | x |
| Vendace | Finland | x |
| Wild fish oil | Finland | |
|  Dried elk skin | Finland | x |
| Reindeer skin | Finland | x |
| Reindeer powder | Finland | x |
|  Insect meal | Netherlands | |
|  Insect protein | Finland | |
|  Dehulled oat | Finland, Denmark | |
|  Oat | Denmark | |

| Ingredient | Country | By-product |
|--|--------------------|-------------------------|
|  | Peas | Finland, Unknown |
| | Pea fiber | Unknown |
| | Pea protein | Unknown |
| | Pea starch | Norway, EU |
|  | Potato starch | Finland, Denmark |
| | Potato protein | Finland, Denmark |
| | Potato (whole) | Finland, Denmark |
|  | Chicken | Finland x |
| | Chicken broth | EU, Argentina, Brazil x |
| | Chicken carcass | Finland x |
| | Chicken fat | Germany, Finland x |
| | Chicken liver meal | Germany x |
| | Chicken meal | Denmark, Finland x |
| | Egg | Finland |
| | Egg (dried whole) | France |
| | Egg white | Finland |
| | Poultry protein | Denmark, Netherlands x |
| | Turkey meal | Germany, EU x |
|  | Soy protein | Paraguay |
|  | Blackcurrant | Denmark, Poland |
| | Berries | EU / Non-EU x |
| | Cranberry | Poland |

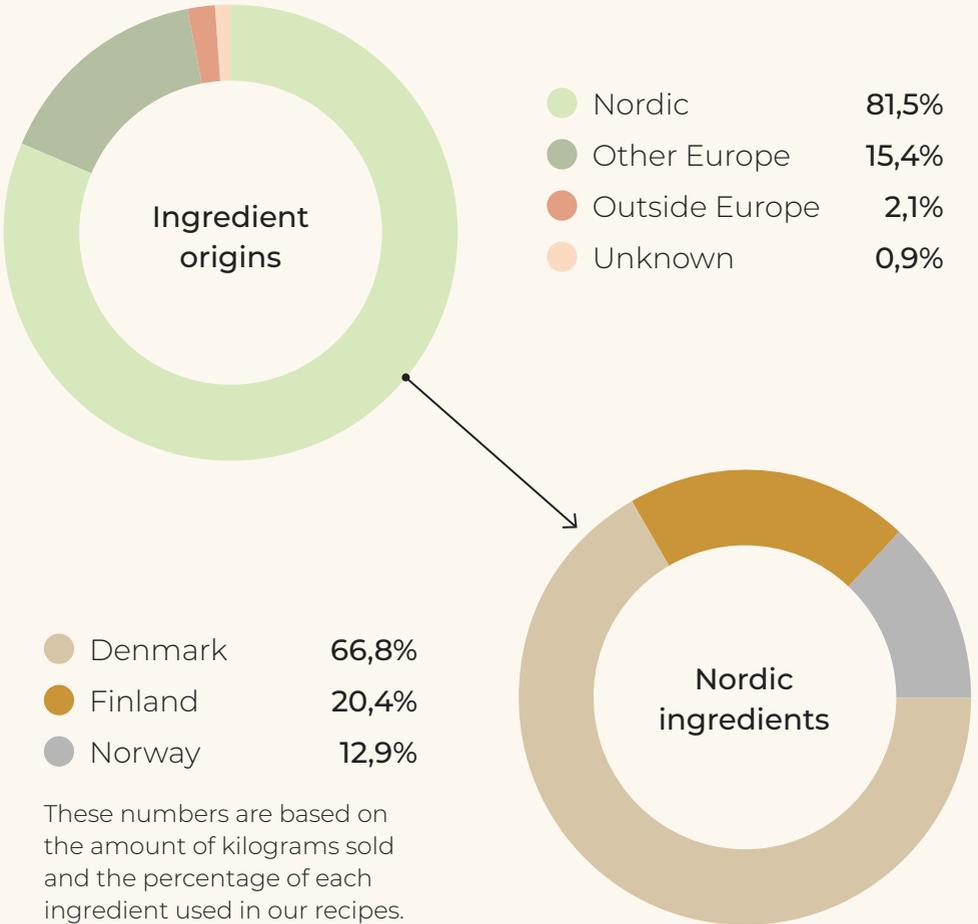
| Ingredient | Country | By-product |
|---|-----------------------|------------|
| Herbs | Germany | |
| Parsley | Finland | |
| Rosehip | East Europe, Bulgaria | |
| Thyme | Finland | |
|  Apple | EU | |
| Beet pulp | Denmark, Germany | x |
| Beet sugar | Denmark | |
| Carrot | Finland | |
| Champignon | Finland | |
| Chicory root | Belgium | |
| Flax | Finland, Sweden | |
| Hemp seed oil | Finland, Denmark | |
| Linseed | Eastern Europe/Russia | |
| Parsnip | Finland | |
| Psyllium husks | India | x |
| Rapeseed oil | Germany, Finland | |
| Seaweed | Denmark | |
| Spinach | Denmark | |
| Tomato | Spain | |
| Vegetable fiber | Germany, Unknown | |
|  Antioxidants | EU | |
| Brewer's yeast | Germany, Lithuania | |
| Chondroitin sulphate | Denmark, Unknown | |
| Dextrose | France, Italy | |
| FOS | France, Belgium | x |

| Ingredient | Country | By-product |
|------------------------|------------------|------------|
| Glucosamine | China, Unknown | |
| Glycerol | France, Unknown | |
| Hydrol. yeast & lupine | EU | |
| Lecithins | Germany | x |
| MOS | UK, Germany | x |
| Minerals | Denmark, Finland | |
| Potassium sorbate | Unknown | |
| Vegetable glycerol | EU | |
| Vitamins | Finland | |

To better understand our impact, we measure the quantity of the type of ingredient we use. This helps us to further develop our recipes using low impact ingredients.



In addition to knowing where our ingredients come from, understanding the quantity of each ingredient we consume is just as important. This information enables us to develop recipes that minimise sourcing distances.



Material origins

| Material | Country | Recycled |
|---|---------|----------|
|  Biodegradable plastic | Finland | |
|  Cut scraps from production | Finland | x |
|  Cotton ribbon | Unknown | |
|  Deadstock polyester webbing | Finland | x |
|  Denim from used jeans | Finland | x |
|  Upcycled climbing rope | Finland | x |

Challenges

The current world situation has brought many challenges to the sourcing of sustainable ingredients. Disrupted global supply chains have caused shortages and price increases while the demand for sustainable ingredients has increased, making it harder to develop existing and new products. As a result we have had to make compromises in our sourcing strategies. We will continue exploring new suppliers and working closely with our existing partners to find better solutions to minimise our impact.

Sustainable packaging and materials

Our packaging design aims at ensuring product safety with low carbon, renewable and recyclable materials. In the past year we have focused on improving our packaging materials and building long-term relationships with our suppliers.

New softies pouches

Our previous pouch material did not perform as well as expected, resulting in grease leaks and stains in the bag material which reduced the product appeal. To ensure the freshness and safety of our products, we have introduced new packaging solutions to softies. At the moment, due to sourcing challenges, we have had to resort to using packaging solution sourced from China. However, this packaging does not meet our standards and therefore, we will continue to look for a more sustainable solution in the upcoming year.

New delivery boxes

We switched to CreaPak as our delivery box supplier last year to improve the security of our stock during transportation. In the past, we faced issues with receiving new stock of our boxes in time which resulted in using standard boxes for deliveries. By using boxes designed specifically for our needs, we not only maintain our brand's aesthetic but also guarantee the safe transportation and arrival of our products to the customer. Our optimised box size ensures that items are secured inside and prevents any movement that could potentially cause damage.

Less additional leaflets

One of our targets for last year was to reduce the need for separate feeding cards and we have made progress by updating our label design to include the puppy feeding table. We have also transitioned to exclusively using electronic receipts for orders, eliminating the need for paper receipts.

Below you can find information about the materials used in our packaging and their origins. Please note that recycling instructions may vary depending on the country.

Packaging origins

| Product | Supplier | Production Country | Material |
|---------------------------|----------------|--------------------|-----------------------|
| Delivery boxes | Creapak | Lithuania | Cardboard |
| Kibble bags | Mondi Group | Italy | PE-coated Kraft Paper |
| Labels | Lito Press Ltd | Denmark | Paper |
| Softies pouches | PouchDirect | China | Kraft paper, PET/PE |
| Labels | Lito Press Ltd | Denmark | Paper |
| Dried fish bags | Napakka Oy | Unknown | Kraft paper |
| Labels | Unknown | Unknown | Paper |
| Oil bottle (100ml) | Jouco Oy | Netherlands | PET |
| Oil bottle (300ml) | Jouco Oy | Poland | PET |

| | | | |
|---------------------------|---------------------------|---------------------|------------------------|
| Bottle cap | Jouco Oy | UK | Aluminium |
| Labels | Karico Oy | Germany, Finland | PP |
| Chicken topper can | Silgan Metal Packaging | Germany | Metal |
| Labels | Origos Oy | Finland | Paper |
| Fish topper can | Multipak | Unknown | Metal |
| Labels | Variable | Unknown | Paper |
| Chew elastic | Napakka Oy | Thailand | Natural rubber |
| Labels | Origos Oy | Finland | Paper |
| Poop bag labels | Unknown | Unknown | Metal |
| Toy string | Unknown | Unknown | Cotton |
| Alvar labels | Origos Oy | Finland | Paper |
| Globe hope labels | Unknown | Unknown | Paper |
| Sauce Tetra-Pak | IPI | Italy | Carton |
| Labels | Unknown | Estonia | Unknown |
| Canvas bag | Dispak Oü | India | Recycled cotton, PE |
| Clothes Peg | Sinituote Oy | China | Wood, Metal |
| Leaflets | Origos Oy | Finland | Paper |

Partnerships

We believe that collaborations both within and across industries can lead to a greater impact and further drive sustainability efforts. In 2022, we actively sought to include other parties to join our cause, in order to amplify our mission and make our products available to an even wider audience.

Katapult program

In 2022, Alvar participated in the Katapult accelerator program, which provides a combination of workshops, networking opportunities and learning sessions to support startup companies. As part of the program, we received training on impact management and over a few months acquired tools and support to better define our missions and impact.

Alvar in retail

Since last year we have expanded our reach by making a part of our product selection available at Prisma, Kesko and Oda. Our goal is to make sustainable and conscious choices more accessible to everyone and bringing our products to everyday stores is a step towards achieving that. Additionally we have organised tasting events in selected Kesko stores where customers have had a chance to try our dry food samples.

Moving forward we will continue our collaboration with retailers in 2023 to strengthen our position and expand the product selection in stores.

Alvar goes events

We organise events to bring our current customers together and also connect with new potential customers. These events offer a great opportunity for us to get to know our customers and for them to try out our products.

-  Alvaristi events
-  Winter days in Nuuksio
-  Alvar puppy date
-  Alvar birthday party at Story restaurant

In addition, you've been able to spot us at various events throughout the year:

-  Alvar treat bar rolling in Helsinki
-  Spring fair Messukeskus
-  Housing fair in Naantali
-  Pet fair in Tampere
-  Dog fair in Stockholm

Campaigns

Black Friday campaign

Alvar took a stand against the Black Friday shopping by launching our own anti Black Friday campaign. The aim of the campaign was to encourage people to boycott overconsumption and instead focus on the joy and companionship their pets bring them. We invited our community to go on a walk with their dogs instead of shopping and share pictures from the walk on social media with

the hashtag #BoycottDogWalk. The campaign involved CozyCoats, Goto-SportWear, Koiruliini, LovePaws, Minnin, Oliver's Life & Style, Polar Barks and Think Today.

Additionally, we have collaborated with the following partners:

-  Freska
-  Hurtta
-  Juli Living
-  SATO
-  Design Kaverit
-  Frank for students
-  Various Hotels

We hope to continue to inspire people to make conscious choices and spark conversation about the need for more sustainable and responsible consumption.

Challenges

Wolt Market

In 2021, we joined Wolt and Wolt Market selections, but we made the decision to discontinue our operations with Wolt in 2022. While it's disappointing when new channels don't work out, we see it as an opportunity to learn and improve.

We will continue finding new partners to help expand our reach and bring our selection to an even wider audience.

Logistics chain

Alvar's products travel distances and working with multiple suppliers and production partners adds complexity to the supply chain. To overcome these challenges, we have carefully mapped out all the locations involved in the production and distribution processes. By minimising unnecessary stopovers and storages, Alvar keeps its transportation distances to minimum. Nonetheless, the expansion to new markets in Sweden and Denmark has added a few more stops to our logistic chain.

New markets

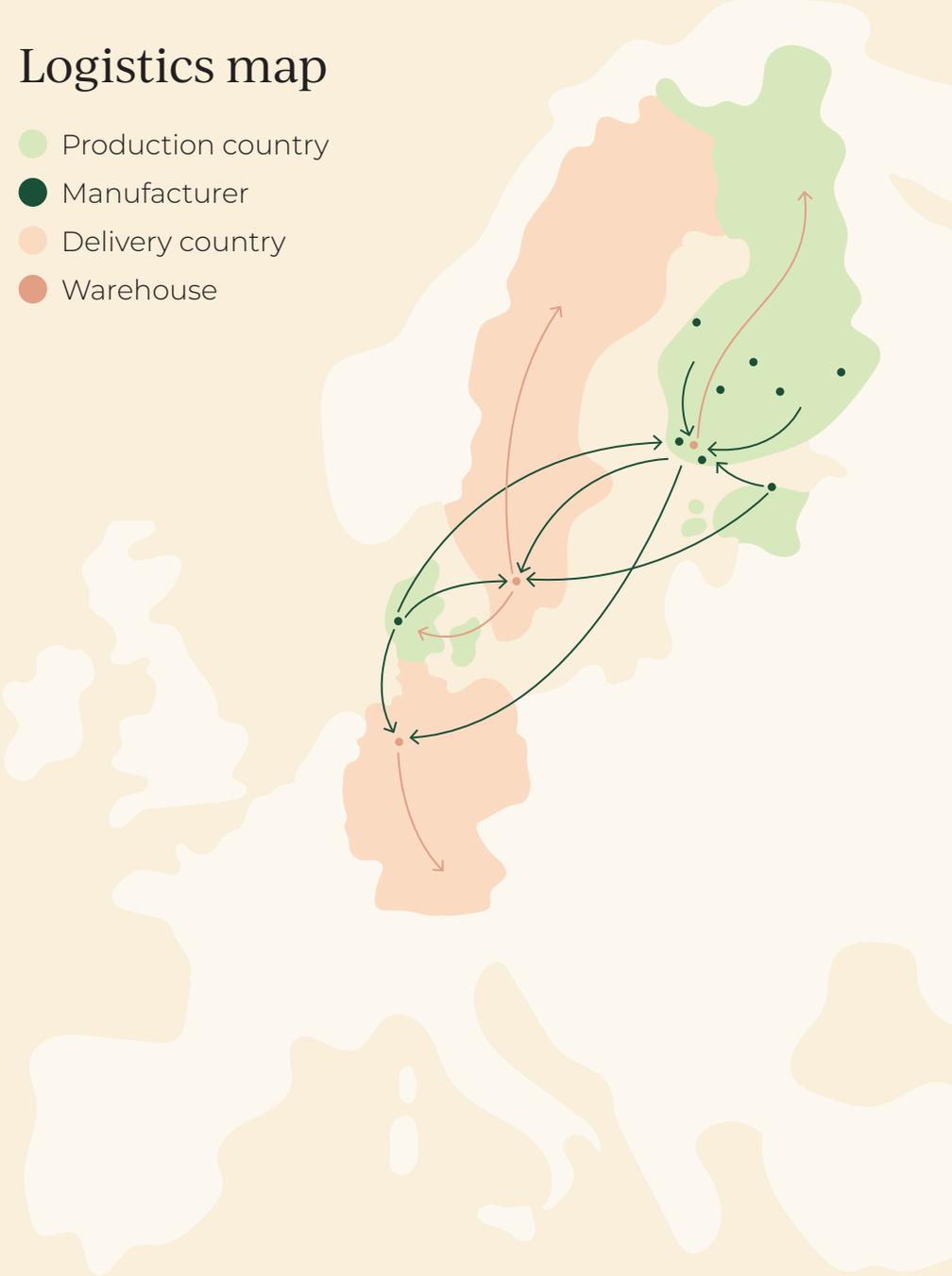
In 2022, we opened our deliveries to Sweden and Denmark starting with shipping from Finland and later on finding a partner in Sweden to support logistics. Our warehouse partner 1337 Logistics is located in Värnamo, Sweden.

New warehouse partner in Finland

We moved to a new warehousing location in Finland during 2022 and our new warehouse partner 3PLogistiikka is located in Kaarina, Finland.

Logistics map

- Production country
- Manufacturer
- Delivery country
- Warehouse



Delivery partners



Posti



DHL



Matkahuolto **NEW**

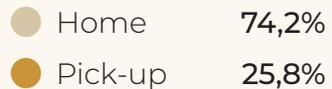
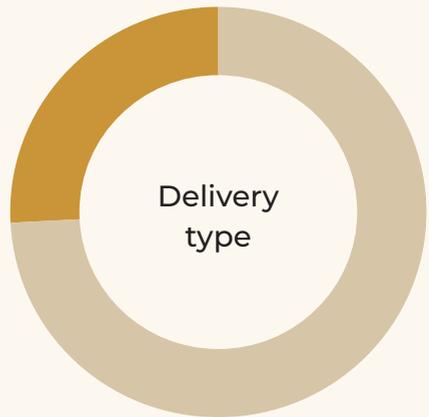
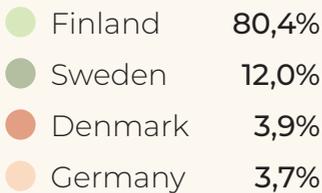


Budbee



Postnord

We have expanded our courier network and will keep exploring new potential partners in the upcoming year to ensure the availability and resilience of our services. By continuously improving our supply chain and logistic processes we can ensure that our products are delivered efficiently and sustainably to our consumers.



Challenges

Closing Germany

Despite our best efforts we were unable to achieve the growth we had hoped for in the German markets. Therefore we decided to close down our operations in Germany in the fall 2022. However, we remain optimistic about expanding our reach and we will continue to evaluate potential new markets, taking into account all the learnings from our experience in Germany. This has provided us with valuable insights that will help us make more informed decisions and succeed in future expansions.

Delays in supply chain

The global situation has also impacted our supply chains, resulting in shortages of raw materials, transportation delays and out-of-stock situations. To address these challenges, we have implemented regular stock management checks and procedures to inform our customers in advance, ensuring that no dog is left hungry.

Social sustainability

Employee wellbeing and development

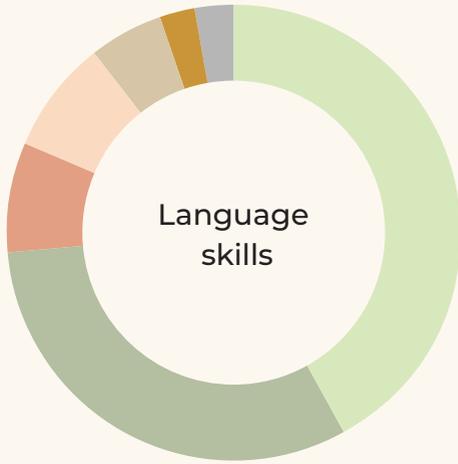
Alvar is committed to promoting an inclusive and respectful workplace where everyone feels safe to express themselves without fear of discrimination, harassment or any other unacceptable behaviour. Our people (and dogs) are at the heart of our success and we strive to support their continuous learning and personal development.

To achieve this we have improved our ways of working by improved information management through the Notion platform and defined ESG policy. Monthly one-on-one meetings between supervisor and employee are conducted to review progress and address any concerns team members may have. In addition, we hold monthly team meetings where team members can share their highlights, learnings and struggles as well as receive feedback. We have also continued our weekly “no-work-talk” chats throughout the year. In 2022, we also arranged activities outside work, for instance the Alvar team days and afterwork events.

Alvar supports the wellbeing of our employees by providing lunch and sports & culture benefits. Our working hours and locations are flexible to allow our team to better balance work and free time.

2023 GOALS

In 2023 we aim to further improve the wellbeing of our employees. We plan to launch an anonymous feedback channel to enable our team members to leave questions and thoughts more freely. We are also preparing an HR handbook to collect best practices and make it easier for onboarding new team members as our business continues to grow.



| | | | |
|---------|----|-----------|---|
| English | 16 | German | 2 |
| Finnish | 12 | Norwegian | 1 |
| Danish | 3 | Chinese | 1 |
| Swedish | 3 | | |

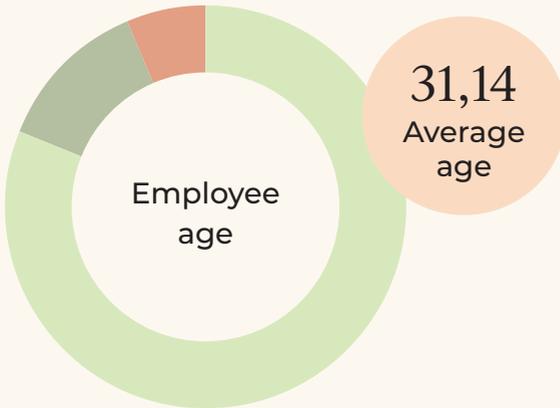
Team
16

7 new employees

Dogs
13



| | |
|--------|-------|
| Male | 37,5% |
| Female | 62,5% |



| | |
|-------|-------|
| 25-34 | 81,3% |
| > 35 | 12,5% |
| < 25 | 6,3% |



| | |
|--------|-------|
| Male | 66,7% |
| Female | 33,3% |

Living our values

Our workplace community is dedicated to reducing our environmental impact on both our workplace and in our lives. Our office is located in central Helsinki which allows the majority of our employees to commute by walking, cycling or using public transport. According to our internal survey, 83% of our employees favour climate friendly transportation methods. At our office, we prioritize sustainable practices. This includes recycling all waste and prioritizing the purchase of second-hand items whenever possible. We also strive to minimize our paper usage and work towards being a paperless office. For instance, we handle contracts, internal files, and communication electronically. At Alvar we encourage our team members to come up with new year's resolutions that they can implement in their daily lives to become more sustainable.

For 2023, the top 3 New Year's resolutions of the Alvar team are:

-  Eating more vegetarian food
-  Learning more about sustainable development
-  Making more sustainable investments

Customer inclusivity

We value connecting with our customers and ensuring equal access to our services for all. We strive to make every encounter with our customers genuine, easy and accessible, whether it's through virtual or physical interactions. To achieve this, we are constantly improving our systems and operations to make them more user-friendly therefore promoting equal opportunities to access for all our customers. We have already made improvements

to our features to better interact with screen readers and will continue the process to make digital accessibility easier. In 2023 we continue to improve the digital accessibility of our websites, applications and other digital content. We aim to reach the minimum WCAG compliance level of AA.

Our customer service team assists customers in Finnish, English, Swedish and Danish through various platforms. We regularly collect feedback from customers to understand their needs and expectations better, and this feedback is used as the foundation of our service and product development.

Trustpilot

In addition to our own surveys, we use a third-party platform, Trustpilot, to host reviews from customers. Having a third-party platform not only helps consumers make informed decisions but also gives us valuable insight on how we can further improve our services.

TrustScore 4,7

Customer service satisfaction

Our customer service satisfaction survey is sent to each customer after their case has been handled.

Overall customer service satisfaction score 4,4 / 5

In 2023, we plan to implement customer happiness measurement to gain even more insight into our customer's needs enabling us to provide more inclusive services.

We measure customer support performance with service level agreements (SLAs), setting response time targets within 6-24 business hours, depending on the channel.

Overall SLA achievement rate 97,7%

Giving back

Alvar is committed to promoting social sustainability and well-being beyond our company operations. In 2022, we donated 8699 kg of dog food to local charities and prioritised building long-term relationships with these organisations. Choosing local partners minimises transportation distances and enables us to provide regular support and smoother deliveries.

List of charity organisations

- | | |
|---|---|
|  Maarian seurakunta |  HESY / Eläimille apua Ukrainaan |
|  Operaatio ruokakassi |  Hundepfoten-Steinfurt shelter |
|  AKV |  Dog Rescue in Spain |

In 2022, we sponsored 59 dog activity events with product prizes to support smaller organisations in organising activity events. We believe that dogs and their owners deserve opportunities to enjoy these activities. In total, we sponsored events with 1204 goodie bags “hukkakassi” and 162 kibble bags.

Baltic Sea donation

As part of our Christmas campaign, we launched a product bundle called ‘Save the Sea’ that included a Baltic Sea donation to support the work of protecting its heritage. Together, we raised €200 that was donated to WWF Baltic Sea protection project.



Alvar's goals for 2023



Increase our carbon emissions savings to 3 000 000 kg CO₂e

We aim to achieve this by expanding our product portfolio and reaching a broader audience to join our journey.

Enhance accessibility of our services

As we expand our business to new markets, we are committed to making our services more inclusive and user-friendly for a wider range of customers. We will continue to develop and improve our digital accessibility features, as well as provide multilingual customer support.

Increase transparency for consumers

Transparency is a core value at Alvar and we aim to be even more transparent with our customers in the upcoming year. We will provide detailed information about our products, their

environmental impact and our sustainability initiatives, to help our customers make informed purchasing decisions.

Explore alternative ingredients for product development

We are constantly seeking out new and sustainable ingredients for our products. In the upcoming year we will continue to research and develop innovative ingredients to improve the sustainability of our product portfolio.



Establish a frequent reporting cycle

We believe in transparency and accountability in our sustainability efforts. To ensure that we are meeting our goals and making progress towards our sustainability targets, we will establish a frequent reporting cycle to track and share our performance with our stakeholders.

