



This is our **Communication on Progress**  
in implementing the principles of the  
**United Nations Global Compact.**

We welcome feedback on its contents.

# STATEMENT OF CONTINUED SUPPORT

Midsona is a leading player in the health and well-being business in the Nordic countries and our Code of Conduct clearly states that Midsona shall be a responsible company. In practice, this means that our business partners, customers, consumers and owners can rely on us and our products. It also means that all matters relating to environment, working environment and human rights shall be handled in a responsible manner and that we always shall practice ethical business methods.

Midsona joined UN Global Compact in April 2011 and this is our fifth Communication. Through this report we express our continued support and we will continue to enact the ten principles of the UN Global Compact initiative in 2016/2017. This commitment also implies that we shall continuously evaluate the ten principles with regard to our conduct and performance in all parts of our businesses.

We recognize that a key requirement for participation in the Global Compact initiative is the annual submissions of a Communication in Progress. We support public accountability and transparency and therefore commit to report on progress annually according to the Global Compact COP policy.

Malmö, Sweden, 29 February 2016

MIDSONA AB (publ)



Peter Åsberg  
CEO

## **DESCRIPTION OF MIDSONA**

Midsona is a Swedish public company noted on Nasdaq Stockholm since 1999.

The company is developing and marketing products within the area of health and wellbeing.

Our home market is the Nordic countries and we have business in Sweden, Denmark, Finland and Norway. The number of employees as of 31 December 2015 was 294. The higher number of employees compared to 2014, is mainly related to an acquisition in July 2015.

Net sales in 2015 amounted to MSEK 1,174.

Midsona's vision is to become the Nordic leader in health and well-being and our mission is to make it easier for everyone to be able to contribute to a healthier daily life.

CEO is Peter Åsberg.

Chairman of the Board is Åke Modig.

Largest owners per 31 January 2016 are Stena Adactum AB, Handelsbanken Fonder and Nordea Investment Fonder.

## **MIDSONA'S CORPORATE RESPONSIBILITY WORK**

Midsona's communicated vision to make it easier for everyone to be able to contribute to a healthier life is the foundation for the Groups corporate responsibility work.

The basis of Midsona's work on corporate responsibility issues is the Group Code of Conduct. In addition, a number of Group policies have been adopted within the following areas:

- Authorization and investments
- Cell phones
- Communication
- Company cars
- Competence Development
- Diversity
- Environment
- Health policy
- Insider/Logbook policy
- IT
- Performance appraisal
- Personnel (HR)
- Product quality
- Rehabilitation
- Risk
- Road safety
- Salary policy
- Social Media policy
- Sponsorship policy
- Trademarks
- Travel
- Treasury
- Work carried out by lone employees
- Working environment

## 2015 IN BRIEF

Midsona has acquired a new company: Urtekram International A/S, Scandinavia's largest organic wholesaler with products sold in more than 36 countries - in Scandinavia, all of EU and Russia, the Middle East, Asia and North America.



Midsona has during the year – through the acquisition of Urtekram and through several other activities – taken a major step in its focus on organic food and hygiene products, and thus also towards the vision to make it easier to everyone to make their own contribution to a healthier everyday life.

Midsona continued its cooperation with SOS Children's Villages to sponsor a village in Central African Republic during 2015 and we raised money through contributions from employees.



In Finland, Midsona supports the new Children's hospital in Helsinki for seriously ill children from across the country, which – according to schedule – will be completed in 2017.

The health magazine MåBra put two of our products – Friggs' organic gluten free corn cake and Naturdiet's cottage cheese smoothie – on their list of ten products considered the best products within health foods 2015.



## COMMUNICATION ON PROGRESS

HUMAN RIGHTS	
<b>Principle 1</b>	<i>Businesses should support and respect the protection of internationally proclaimed human rights</i>
<b>Principle 2</b>	<i>Businesses should make sure that they are not complicit in human rights abuses</i>
<p>Midsona supports and respects the international conventions regarding human rights and it is important for us to ensure that we in no way violate any human right. The areas covered by the principles of the UN Global Compact are included in Midsona's Code of Conduct of 2009.</p>	
<p><b>Implementation</b></p> <p>Midsona's <b>Code of Conduct</b> is available to all employees on Midsona's intranet. The contents of the Code of Conduct are included in introductions for new employees. It is also clearly stated that each manager has an obligation to ensure that the employees are informed about the contents of the Code of Conduct.</p> <p>Midsona's <b>Diversity policy</b> clearly states that the Group appreciates a dynamic diversity and the new ideas, perspectives, different behaviors and ways of working that are created through diversity. The policy also establishes that Midsona shall work actively to be an equal and open company by influencing the attitudes and values.</p> <p>Employee surveys as well as follow-up surveys, including questions regarding discrimination and human rights issues, are conducted on regular basis. Next survey will be conducted around August 2016.</p>	
<p><b>Outcome</b></p> <p>No incidents of human right abuse within the Midsona Group have been reported and nothing have been found in the employee surveys that suggests that Midsona violate any rules in this field.</p> <p>Midsona continued its cooperation with SOS Children's Villages during 2015 and provided a yearly financial support to a village in Bouar in Central African Republic.</p>	
<p><b>Future</b></p> <p>The agreement with SOS Children's Villages was terminated as per 1 January 2016. Midsona's focus will instead be to work with our cooperation with small suppliers in third world countries, through different activities within the existing channels of Midsona's subsidiary Urtekram.</p>	

Midsona will continue as one of the sponsors of the new children's hospital in Helsinki, Finland. The hospital will treat seriously ill children from all over Finland.

## LABOUR

<b>Principle 3</b>	<i>Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining</i>
<b>Principle 4</b>	<i>Businesses should uphold the elimination of all forms of forced and compulsory labor</i>
<b>Principle 5</b>	<i>Businesses should uphold the effective abolition of child labor</i>
<b>Principle 6</b>	<i>Businesses should uphold the elimination of discrimination in respect of employment and occupation</i>

Midsona supports and respects labor laws in the respective country where we have operations (Sweden, Denmark, Finland and Norway). We do not accept any discrimination in employment opportunities or work or any kind of involuntary work.

In all questions concerning employment, which include recruitment, promotion, relocation, lay-off, disciplinary action, remuneration and benefits, the related decisions shall only be based on the qualifications and proficiencies required for the work concerned.

Midsona value a healthy staff and encourage physical activity through a number of activities in all four countries. Health and safety at work matters are given attention in order to preserve and strengthen our employee's ability and opportunity to work throughout their lives.

## Implementation

Midsona's **Code of Conduct** confirms the employees' rights to be represented by unions and their right to take part in collective agreements.

Midsona has adopted policies within the labor area:

The **Working environment policy** clearly states that Midsona always shall treat health and safety issues with openness and that every employee shall be given the opportunity to influence their own working environment.

Midsona's **Rehabilitation policy** contains routines and tools for managing rehabilitation cases in the best way to help sick employees to recover the best possible capacity and conditions for a normal working life.

Midsona has adopted a **Performance appraisal policy** which is a control instrument for the development of business skills and thus a successful development also for the employee.

Midsona has adopted a **Competence development policy** stating that the employee's needs and desires of professional development shall if possible be met when these coincide with the company's requirements and needs.

A **Health policy** has been adopted stating that Midsona shall be a health promoting company and indicating how Midsona shall work with health issues.

A **Salary policy** stating that Midsona strive for a just and equal wage policy and shall not have any wage differences related to gender or other discriminatory factors. No employee shall be discriminated because of their membership or not membership of a trade union.

All employees within the Midsona Group are linked to a health care system and are entitled to a monetary contribution to physical activities.

Employee surveys including questions regarding stress, the physical working environment, how conflicts are handled and how the cooperation with colleagues and managers is experienced, are conducted on a regular basis.

**A large number of Midsona's products are manufactured in Europe.** We have an established certification regarding social responsibility (SA8000). The certification focuses on the employees, their working conditions at the company and its suppliers and is based on the International Labour Organization's Standards, the UN Declaration of Human Rights and the UN Children's Rights Convention.

### **Outcome**

No case of breach of any labor legislation has been reported. No case of harassment or discrimination has been reported. Nothing was found in the employee survey that suggests that Midsona violate any rules in this field.

Wage surveys are conducted on a regular basis and nothing has been found that suggests that Midsona wages are in any way unfair or unequal.

Absence due to illness is still at a low level – 4.3 (4.4) % of the working hours during 2015.



## Future

Midsona will continue the cooperation with Benify, a system that allows our employees to enjoy advantages in various areas, such as training, health care, nutrition counseling, insurance and household services.

Midsona will continue to work to keep the absence due to illness on a low level.

In August 2016, Midsona will conduct a follow-up employee survey.

## ENVIRONMENT

<b>Principle 7</b>	<i>Businesses should support a precautionary approach to environmental challenges</i>
<b>Principle 8</b>	<i>Businesses should undertake initiatives to promote greater environmental responsibility</i>
<b>Principle 9</b>	<i>Businesses should encourage the development and diffusion of environmentally friendly technologies</i>

Midsona's **Environment policy** clearly states that our goals are to integrate the environment work into the daily work and if possible always take the environment into consideration in every business decision. We shall always prioritize environment friendly products when possible and we encourage our employees to always consider telephone and video conference meetings before travelling. It is our ambition to reduce our consumption of energy and office supplies.

Midsona's products are manufactured at our own production plant in Mariager in Denmark - primarily under the brand Urtekram - or by external suppliers in Sweden or in Europe. Midsona plant in Mariager is modern and specialized in the production and packing of cosmetic products and foodstuffs. The production is certified according to ISO 14000. The warehouse in Mariager was built close to E45 in order to reduce negative impact on the environment.

Midsona take social and environmental responsibility by only using suppliers who accept and live by the terms of Midsona's Environment Policy and Code of Conduct. In the specifications we provide to our suppliers regarding manufacture of our products, our requirements on packaging, recycling and origin of raw material are listed. Midsona conducts follow-up visits and inspections on a regular basis.

The vast majority of Midsona's products are categorised as foodstuffs. We ascertain that existing or prospective suppliers are certified in accordance with BRC, ISO 22000/FSSC 22000 or working according to HACCP. Foodstuffs under the brand Urtekram is certified according to ISO 22000 and products manufactured in Denmark are marked with the Ø icon, the Danish organic label.

Selected products under the brand Urtekram, are certified in accordance with Crossed Grain, KRAV, DeBio and FairTrade. Other organic products in the

range, organic ingredients, mixing and production are certified by required documentation.

Hygiene products under the brand name Urtekram are certified according to EcoCert, COSMOS or Vegan. Selected products are also certified according to Svanen, The Nordic Asthma & Allergy Association and FairTrade.

For medicinal products, we have the approval from each country's pharmaceutical administration and we have to ensure that the products are manufactured in compliance with pharmaceutical GMP (Good Manufacturing Practice).

Environment is also an important part of Midsona's transportation procurement. All carriers are certified to ISO14001.

### **What happened in 2015**

Midsona acquired Urtekram International on 1 July 2015. Urtekram is the leading wholesaler in organic food and hygiene products in Scandinavia. A large part of second half of 2015 has been devoted to the integration of the two companies.

### **Future**

Midsona will continue to prioritize suppliers certified to ISO14001. Midsona will continue to follow up suppliers and carriers.

Midsona have received values, knowledge, competencies through the acquisition of Urtekram. The integration work will continue, and the existing systems within Urtekram will give us a good starting point for a more focused sustainability work that will be implemented during the next years.

## **ANTI-CORRUPTION**

### **Principle 10**

*Businesses should work against corruption in all its forms, including extortion and bribery*

Midsona encourages fair competition. Fair competition is the basis for all business development and innovation. It is our fundamental principle that all companies within the Group and all employees at all times shall respect and observe prevailing competition legislation

### **Implementation**

Midsona's **Code of Conduct** clearly presents the company's zero tolerance on corruption and cartel behavior:

- Midsona takes its business decisions based on what is best for the Company, and not on personal considerations or relations. Employees

may not benefit from business opportunities that arise as a direct consequence of Midsona's business activities. Employees are not permitted to engage in business activities in companies or organizations that compete with Midsona.

- Employees of Midsona may not offer or accept gifts, benefits, commissions or entertainment to or from any third party that could influence the employee's professional judgment upon performing work for Midsona.
- Midsona does not make any contributions or gifts to political parties or individual politicians, and employees may not make such contributions on behalf of Midsona.
- Board membership in competing companies or with customers or suppliers shall be approved in advance by the employee's immediate manager.
- Each employee is encouraged to report any illegal or unethical behavior.

**Outcome**

No case of breach of any competition or anti-corruption legislation has been reported.

**Future**

Midsona will continue to communicate the company's zero tolerance on corruption and cartel behavior and will continue to monitor in every possible way that there are no breaches of any competition or anti-corruption legislation.