



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 develops, produces and sells products that help people live a healthier life. The group is leading in organic and/or plant-based foods, consumer health and health foods in the Nordic countries, Germany, France and Spain.

Being a responsible and transparent consumer product company, our business partners, customers and owners shall always be able to rely on us and our products. All matters relating to environment, working environment and human rights shall be handled in a responsible manner and we shall always practice ethical business methods.

Midsona attaches great importance being a sustainable company and has chosen to link our sustainability work to the UN Global Sustainable Development Goals. We have analyzed and mapped out how Midsona contributes best to Agenda 2030. During 2020, Midsona was appointed Sweden's most sustainable noted company within the grocery segment by daily business magazines Dagens Industri and Aktuell Hållbarhet.

Midsona joined UN Global Compact in April 2011 and this is our 10th Statement and Communication. Through this sustainability report, we express our continued support, and we will continue to enact the ten principles of the UN Global Compact initiative in 2021/2022. 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, 15 April 2021

MIDSONA AB (publ)



Peter Åsberg  
CEO

# Sustainability Report



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# Clear focus on sustainability

Midsona's entire strategy and business concept are based on a passion for healthy, natural and sustainable food. For several years, we have maintained a clear sustainability agenda, building on our healthy and sustainable products. To continue developing and to remain at the forefront, we invest substantial resources in this work, and this has yielded results. Newspapers *Dagens Industri* and *Aktuell Hållbarhet* named Midsona as the most sustainable company in the FMCG category on the OMX Nasdaq Stockholm exchange.

During 2020, we continued working to present our work both in the Group and externally, with a clear plan and a clear agenda, in business plans, as well as in the day-to-day operations. We have also presented new sustainability targets that will help us maintain our lead in sustainability in our industry. These ambitious sustainability targets cover the most significant areas based on Midsona's operations and are selected based on where we can have most influence and make the biggest difference.

During the year, we have committed to setting scientific and ambitious emissions targets for 2021 in accordance with the Science Based Targets Initiative, applying criteria to reduce emissions far below two degrees. We will work hard to accurately map the emissions targets and to then have these validated by SBTi.

## Environment – Society – Governance

We also placed considerable focus on how we run Midsona sustainably while, at the same time, working for a sound environment and living up to others' expectations of us. These issues have long been important to Midsona and they are also important to our stakeholders – we are working to reduce our negative impact on the environment and to move towards an environmentally sustainable society, we prioritise human rights and labour law, as well as health and safety among our employees, and we run Midsona in a healthy and sustainable way, always in line with our values and always with zero tolerance for corruption and irregularities.



## Demand for plant-based alternatives

A paradigm shift is taking place in the food market, as consumers switch from meat to plant-based protein sources. Demand for plant-based alternatives has steadily increased in recent years and is expected to continue to grow as growing numbers of people see the benefit of a plant-based diet for both personal health and the well-being of the planet. At the same time, people are devoting less and less time to cooking, while still wanting to be able to eat healthy and climate-consciously. Here, with our plant-based, pure organic products, Midsona offers options with a low climate footprint, and sustainability from crop to finished product.

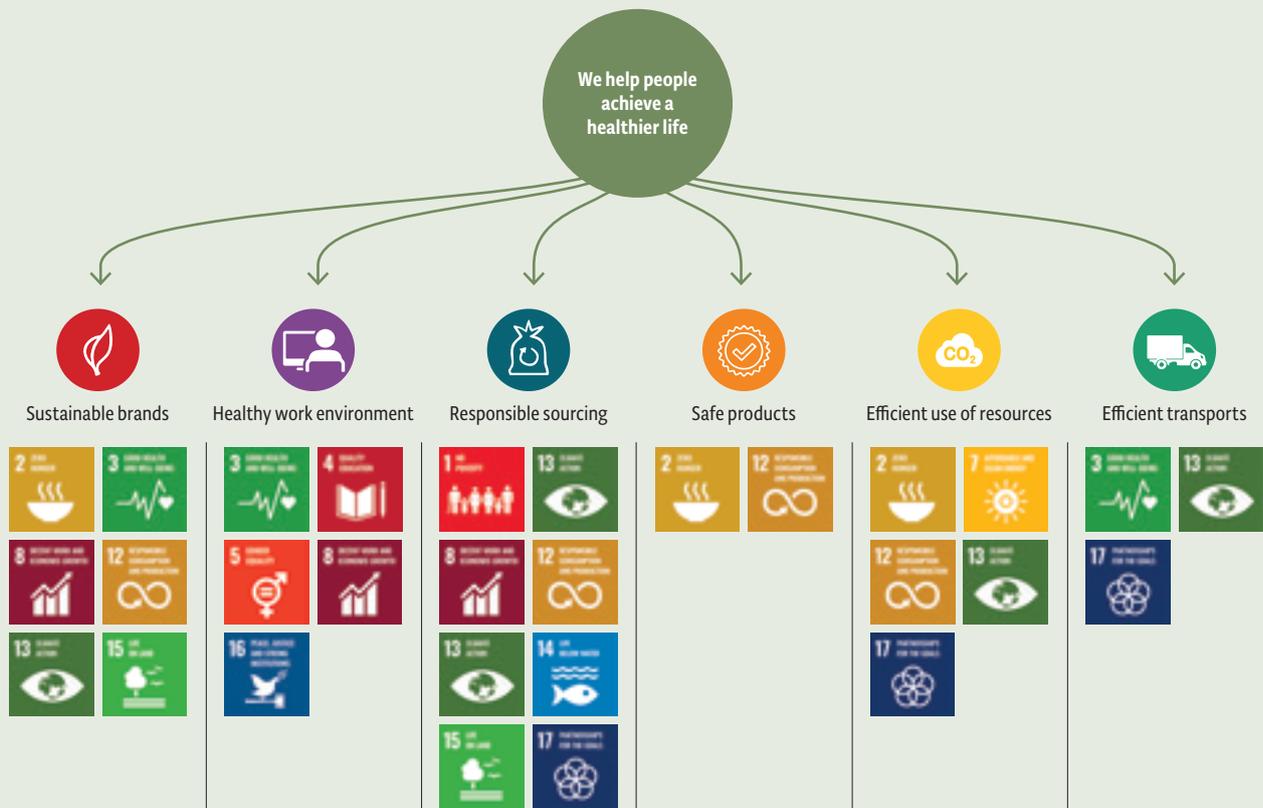
Plant-based meat alternatives are a growth segment in large parts of Europe, with Midsona being a frontrunner in several different categories, in both fresh and frozen products. In December, Midsona announced its investment of about SEK 45 million in our production unit for plant-based meat alternatives in Castellcir in northern Spain. The production facility will be the hub for our plant-based meat alternatives, providing Group operations with products demanded by our customers and by consumers. The unit will have increased capacity in the production of both first and second-generation plant-based alternatives, such as tofu, tempeh and seitan, as well as vegetarian burgers, pies and meatballs.

Midsona will remain a sustainability leader in its industry, both in terms of the environment and climate, as well as in terms of social and economic sustainability and, thanks to the dedication of our employees over the year, our sustainability targets developed positively. In 2021, we will continue tirelessly the work of managing Midsona sustainably, further advancing our long-term sustainability efforts by developing even more healthy and sustainable products.

Peter Åsberg  
President and CEO

# Sustainability strategy and sustainability targets

Midsona has chosen to connect the sustainability work to the UN Sustainable Development Goals. The goals cover a large number of issues and we have analysed and mapped the way in which Midsona best contributes to Agenda 2030.



## Our sustainable strategy

The foundation of Midsona’s operations is a passion for healthfood combined with a clear desire to promote sustainable consumption. We are driving a change agenda with the clear goal of influencing people’s eating habits towards healthy and sustainable alternatives.

Our sustainability strategy is indicative of our high level of ambition and the direction we want to go to contribute to a sustainable society. The strategy is based on our mission to help people live a healthy life. To get there, Midsona must work with what we are best at, namely:

- Understanding our stakeholders and being in phase with their needs
- Having the best knowledge about health and the central role that consumption plays in our daily well-being
- Cooperating with our suppliers through the entire value chain and being able to require them to act in a sustainable way.

The most important parts of Midsona’s sustainability work are identified in six development areas – *Sustainable brands*, *Healthy work environment*, *Responsible sourcing*, *Safe products*, *Efficient use of resources* and *Efficient transports*. We have mapped these in line with the UN Sustainable Development Goals (Agenda 2030), see structure above.

Focus areas contribute to clarifying the activities that Midsona is conducting and the targets set within our sustainability work and also means that we can measure our results over time. Midsona conducts its operations long term so our six development areas have been chosen based on what is most relevant to us as a company in our industry and where we see that we can influence it in the most effective way. The development areas are regularly reviewed to ensure that we work with issues that are relevant to us and our stakeholders. We have also established and analysed sustainability strategy, development targets, action plans and performance indicators against Midsona’s

sustainability risks and opportunities and an assessment of sustainability risks has been conducted, linked directly to our development targets.

### New sustainability targets 2020

In 2020, Midsona developed new sustainability targets. These help us to reduce our greatest sustainability risks and to increase our focus on our greatest opportunities.

The targets were the result of our work to identify and analyse areas with the highest risks and effects within the framework already established by Midsona, to update with new realistic, measurable and time-bound fixed targets. This has made it easier for us to measure our progress and it facilitates the management of our foremost sustainability risks and opportunities. In this work, we identified the following important social and environmental risk areas for Midsona:

- Risk of negative environmental impact from end-of-life treatment of our consumer units packaging.
- Risk of negative impact from our products on the climate and/or consumer health.
- Risk to employees’ health and poor gender balance in management positions.
- Risk of reduced product safety, as well as deliveries and production that are not sustainable.
- Risk of environmental impact from waste and food waste generated in our operations.
- Risk of negative climate impact caused by goods transport and business travel with fossil fuels.
- Risk of poor knowledge of our own negative effects on the climate due to greenhouse gas emissions and therefore also lack of necessary measures against climate change and risk of poor reporting of climate-related information.
- Risk of using fossil-fuelled energy to power our operations in offices, warehouses and production facilities.

Based on this risk analysis, Midsona’s nine new sustainability targets for 2020 were developed to be able to reduce our greatest impact on sustainability within our established development areas.

### New ambition targets

We are proud to have 100 percent renewable electricity at all offices, warehouses and production facilities in Division Nordics and Division North Europe, where we can influence the electricity agreement. The same applies to energy for heating, with the exception of Division North Europe, which instead chosen to offset the amount of natural gas purchased for the production process and heating. Midsona is currently working to secure corresponding information for Division South Europe and the newly acquired System Frugt. We also work to achieve 100-percent mapping of energy use within the Group.

Fresh water at our production facilities is a potential risk for Midsona, but so far our facilities have had relatively low water consumption and a small negative impact on the water in areas where we operate. Since 2019, we have measured our water consumption annually at all facilities.

To further strengthen ongoing activities, in 2021, Midsona will be starting up measures in the areas of palm oil, water stress and product safety certification, namely:

- Our own brands shall be 100-percent free from palm oil by 2025.
- We shall achieve 100-percent product safety certification in our own production.
- By 2030, we shall achieve a 10-percent reduction in fresh water consumption per tonne produced.

### To measure the results of our actions

Most of our opportunities and progress can be affected by various driving forces, such as changes in rules and policies, changes in economic development and priorities,

### Our sustainability targets



Sustainable brands

**Target 2025**

**100 %**  
recyclable plastic  
(consumer units)

**Target 2030**

**100 %**  
plant-based or  
vegetarian assortment



Healthy work environment

**Target**

Healthy workplaces  
promoting healthy  
life and zero injuries

**50/50**

gender balance  
in leadership  
positions



Responsible sourcing

**Target 2025**

**100 %**  
classified strategic  
suppliers according  
to sustainable  
procurement



Safe products

**Target 2025**

**100 %**  
risk-classified  
suppliers and yearly  
risk-based audits



Efficient use of resources

**Target 2021**

**100 %**  
mapped emissions  
and Science Based  
Targets

**Target 2025**

**90 %**  
recycled waste  
Reduce food waste &  
**100 %**  
reused food waste



Efficient transports

**Target 2030**

**100 %**  
fossil-free  
goods transports

*The targets are described in more detail in the sections on our development goals.*

changes in skills needs, technical development, market and societal changes, unexpected events and, last but not least, climate change. Although Midsona systematically measures progress and the results of our measures annually, the area of sustainability is undergoing rapid change and it is important to gain a complete picture of future risks and opportunities – both in terms of climate and in terms of our business opportunities. In order to adequately report on sustainability-related issues, we map the possibilities in the short, medium and long term.

Although Midsona has long-term targets, to handle the work in the most efficient way possible, we must have short-term intermediate targets, where we adjust the direction annually. For example, technical developments in sustainable packaging and for what can be recycled is fast and therefore our targets for waste and recyclable plastic must be updated regularly in line with the latest technology. Another area that is developing rapidly is the science of what constitutes sustainable fuel as well as the attitude of transporters towards fossil-free fuel. The EU's ongoing work on the Green Deal, including its action plan for sustainable finance and taxonomy, will also be adapted to what will be defined as sustainable in the future. The outcome of Midsona's sustainability targets depends on whether, in addition to traditional planning and trend projection, we also understand the different scenarios of our sustainability targets. It is important for Midsona to focus on and prioritise correctly where, for example, the greatest opportunities and effects lie or where the greatest progress is possible, thus facilitating governance.

## Climate-related strategic measures going forward

Through our sustainability strategy, we seek to safeguard Midsona's leading position in sustainability work in our industry. We achieve this by maintaining control of our sustainability risks and opportunities, conducting scenario analyses and corresponding risk management. In addition, common and efficient organisation and process is required, superior expertise and a good knowledge of the needs and requirements of our stakeholders.

In 2021, Midsona will strengthen its work on climate-related risks and opportunities based on the TCFD framework (Task Force for on Climate-related Financial Disclosures). To appropriately integrate the potential effects of climate change into our strategic and financial planning processes, we must consider how climate-related risks and opportunities can be developed and the potential business implications that may arise under different conditions. Through a TCFD risk and scenario analysis, we obtain an opportunity to show a set of possible future scenarios based on climate. The understanding of alternative scenarios for climate change enables us to better manage Midsona's sustainability development and, in particular, to implement the measures necessary to change the Company's strategy before it is

too late. Midsona's emission mapping goal and Science Based Target from 2020 are in line with the long – term goal of reaching net zero emissions during the second half of the century (2050), with short-term time frames to enable our accountability (15 years). Methods and best practices in climate-related reporting are developing rapidly. Therefore, we must make adjustments for climate-related risks and reporting along the way, in line with the latest climate science. With TCFD's risk and scenario analyses, Midsona seeks to increase the understanding of future changes in the risk landscape.

## Strategic projects and measures in 2021

To improve Midsona's sustainability reporting, we work to integrate and optimise our sustainability and climate-related reporting and risk management by:

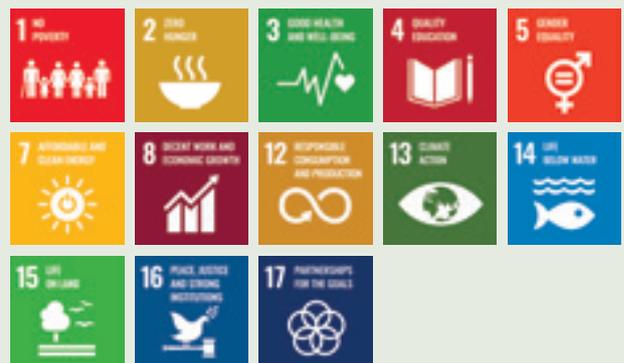
- Implementing TCFD and CDP (Carbon Disclosure Project) for climate-related risks and information. This is a natural extension of our 2020 work with the climate accounts in accordance with the Greenhouse Gas Protocol (GHG) and Science Based Target (SBT).
- Examine the flexibility of Midsona's business model and strategy, taking into account different climate-related scenarios over different time horizons.
- Prepare to comply with the EU Taxonomy (EU classification system for sustainability activities) from 2022.

## Framework

The framework for Midsona's Sustainability Report is based on the Global Reporting Initiative (GRI) framework, the UN Global Compact, which includes the UN Universal Declaration of Human Rights, the UN Convention against Corruption, the ILO's core conventions and the Rio Declaration.

Midsona's sustainability management work is addressed in the Code of Conduct, Supplier Code of Conduct and Sustainability Policy. In addition, our related policies, procedures and instructions ensure that we work in the very best way to constantly improve and to improve how we work.

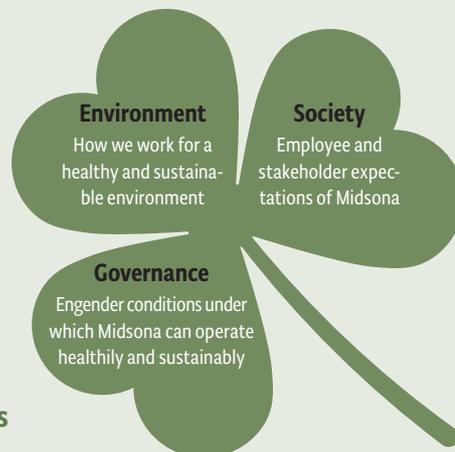
With Midsona's sustainability strategy, development goals and sustainability plan, we contribute to thirteen of the global goals for sustainable development.



# Environment – Society – Governance

*For Midsona, the environment and climate, society and governance involve:*

- How we deal with environmental issues and risks
- Our role as a trustworthy social partner, involved in local communities, partnering with stakeholders regarding their expectations of Midsona, prioritising our employees and our suppliers' employees in terms of health, safety and rights
- To be a responsibly and honourably governed company that does not get involved with or tolerate any form of bribery or corruption



**M**idsona joined the UN Global Compact initiative in 2011 because we believe in, and seek to follow, the ten principles in the areas of human rights, working conditions, the environment and anti-corruption. Our most important driving forces are our mission, vision and values – which are incorporated into Midsona’s Code of Conduct – and, not least, our commitment to health and sustainability.

It is important for Midsona to be valued not only on the basis of our financial results, but also on the basis of our work with the environment, working conditions and business ethics. These issues have long been important to Midsona and they are also important to our stakeholders.

We are integrating sustainability and the progress linked to the goals we have set out in our sustainability work, into our financial targets. At Midsona, sustainability and profitability coincide. Sustainability must be an integrated and transparent part of our operations and sustainability risks must be managed by the Company in the same way as other risks.

## How we work for a healthy and sustainable environment

Midsona is working to mitigate its negative impact on the environment and to make the switch to an environmentally sustainable society. We have well-documented and established procedures for product development, as well as for the production and transport of those products.

Our climate impact, under the direct control of our own operations, pertains largely to freight transport and energy consumption.

Midsona works continuously and purposefully in seeking to minimise transport emissions. We joined DLF’s Transport Initiative 2025 in Sweden, with a shared target of 100-percent fossil-free transport and, in future, we will also be applying this target in other parts of the Group.

Midsona’s energy supply is increasingly based on renewable energy, including 100-percent renewable electricity at all offices, warehouses and production facilities in Division Nordics and Division North Europe, where we can influence our electricity agreements. The same applies to energy for heating, with the exception of Division North Europe, where Midsona has instead chosen to offset its use of natural gas purchased for production processes and heating.

Our environmental work is regulated by the Code of Conduct, Supplier Code of Conduct, Supplier Self Assessment, Sustainability Policy, Travel Policy, Procedures for Sustainable Management, Sustainability in Midsona’s Daily Operations, Chemicals Control and in the brands’ innovation templates.

*We write more about climate and resource consumption, as well as our ambitious sustainability targets in the Sustainable brands section on page 50, the Responsible sourcing section on page 58, the Efficient use of resources section on page 66 and the Efficient transports section on page 68.*

Midsona’s work for a healthy and sustainable environment supports the following global goals for sustainable development:



## Employee and stakeholder expectations of Midsona

### Human rights

For several years now, Midsona has participated in the UN Global Compact, which includes the UN Universal Declaration of Human Rights, the UN Convention against Corruption, the ILO’s core conventions and the Rio Declaration.

It is of the highest priority for Midsona to respect human rights and labour law, as well as to protect health, safety and the environment. We also expect our suppliers and other partners to have the same priorities.

**Midsona’s mission**

Midsona’s mission is to help people lead a healthier life and, through our purely plant-based and organic products, we can help them achieve both a healthy and sustainable life.

Midsona also prioritises employees’ health and safety, and their right to a creative and stimulating work environment, we actively promote gender equality and diversity among personnel and in management and management groups.

Our work on human rights and our responsibilities towards mankind and society are regulated in the Code of Conduct, Supplier Code of Conduct, Supplier Self Assessment, our Personnel Policy and underlying procedures for the organisational and social work environment, employee interviews, expertise and development, as well as health.

*Read more about how we work with these issues in the Sustainable brands section on page 50 and in the Healthy work environment section on page 55.*

**With Midsona’s efforts to improve human health and promote human rights, we support the following global goals for sustainable development:**



**Engender conditions under which Midsona can operate in a healthy and sustainable manner**

With its governance documents, Midsona creates the conditions for responsible and motivated employees with the customers’ and consumers’ best interests in mind.

For Midsona, the most important steering document is the Group’s Code of Conduct. This is always included when introducing new recruits and is also offered to existing employees by means of a reminder via the intranet once a year. Among other matters, the Code explains that the individual employee, the Board of Directors and all others acting in Midsona’s name must act responsibly, with integrity, loyalty and respect for other people.

To create and maintain a functioning internal governance environment, the Board adopted a number of policies and other steering documents that serve as guides for the operations. In 2019, Midsona strengthened its internal control system to ensure that it applies a formalised model of internal control that is in line with our culture and ethical values. The structure has been made easier to understand, mainly by reducing the number of policies to 12, and those responsible for each control document shall ensure that training and follow-up procedures are in place as regards the contents of the document. *Learn more about internal control on pages 140–141.*

**Ethics and combating corruption**

We seek to operate Midsona in a healthy and sustainable manner. That is why we are careful to always act in accordance with our values and to always counteract all forms of corruption and irregularities. All communications are to be conducted in accordance with applicable legislation, as well as Midsona own Code of Conduct and other governing documents. Midsona’s employees are expected to act in an ethical manner in relation to the Group’s stakeholders and no corruption is accepted.

Midsona’s Whistleblower service is for employees who have concerns regarding conduct that is contrary to the Group’s values and governing documents. Our Whistle-blower Policy urges our employees to take up the matter with their immediate superior in the first instance. In the event that employee does not find its possible to address the matter via his/her manager or via the HR department, there is a Whistle-blower service, managed by an external party and fully confidential. It is possible to report a case anonymously.

Midsona’s efforts to maintain an ethical approach in all situations and to combat corruption is regulated in the Code of Conduct, the Corporate Governance Policy, the Communication and IR Policy and in our Whistleblower Policy.

**With Midsona’s efforts to combat corruption and other irregularities, we support one of the global goals for sustainable development:**



# Sustainable brands

The foundation of Midsona's business rests on strong trends around the growing interest in health and well-being combined with a clear desire for sustainable consumption – a paradigm shift where people increasingly avoid animal products, unnecessary additives and products with poor nutritional content. Midsona's focus on plant-based, pure and organic products benefits from these trends. We have a great passion for influencing people's eating habits towards healthy and sustainable alternatives.

## Environmental and social impact on Midsona's product portfolio

Midsona's brands are at the forefront of our sustainability work and it is through them we meet our consumers. We are proud that two of our largest brands, Urtekram and Kung Markatta, have over the years been named as among Denmark and Sweden's most sustainable brands by Sustainable Brand Index, and in 2021 Kung Markatta has also won an award as Sweden's greenest brand by Differ. Efforts are currently in progress in different places to find common standards for what are considered to be sustainable products. Midsona is careful to assess the European Commission's guidelines and welcomes all forms of sector interaction in this area. Midsona monitors developments regarding nutrition claims and sustainable product declarations and strives to provide consumers with the best possible ways of identifying our sustainable products.

### Plant-based and vegetarian

Demand for plant-based alternatives has risen steadily in recent years and is expected to continue growing. To be able to offer products with a low climate footprint, where the sustainability aspect is included from crop to finished product, is a very high priority for Midsona. We have therefore set a goal that our food products must be 100-percent vegetarian or plant-based by 2030, and we are well on the way – even today, 79 percent of our total sales comprise vegetarian or plant-based products. To meet demand, Midsona decided during the year to further increase capacity and broaden its product range by expanding the Group's factory in Castellcir, Spain. The unit will be our hub for the production of plant-based meat alternatives.

### Organic

Never before has it been so important to work to preserve the wealth of species that is a prerequisite for our existence, of which as much as 75 percent are currently at risk of disappearing\*. Midsona's range largely comprises products that contribute in various ways to biological diversity, with cultivation not being exposed to harmful pesticides. The Group's sales of organic products currently account for 57 percent of total sales.

\* Naturskyddsforeningen.se/jordbruket-biologisk-mangfald

## Responsible products

We are very proud of our solid Code of Conduct for Suppliers, which is based on the UN Global Compact. *Learn more on page 58.* A large part of Midsona's raw materials and products are purchased from European suppliers or from the product's country of origin, without intermediaries. In cases where we cannot purchase locally, and cannot therefore invoke EU regulations on, for example, labour law and raw materials, we try to purchase from suppliers that are certified in accordance with KRAV, ECOCERT, Fairtrade or other certifications with a positive environ-

## Environmental and social impact of Midsona's product portfolio

### MINIMISE NEGATIVE ENVIRONMENTAL IMPACT

- ▶ 57 percent of Midsona's total sales are organic products, mainly in healthy categories, such as fruit, legumes, staple foods (such as rice, grains, seeds), plant-based or vegetarian products, etc.
- ▶ 99 percent of the products under our priority brands are plant-based/vegan.
- ▶ 79 percent of the products under all of our brands are plant-based or vegetarian.

### SAFEGUARDING HEALTH (SHARE OF SALES = 11.2 PERCENT)

- ▶ Brands Swebar and Gainomax: High fibre content with nutrition claims regarding fibre in accordance with EU regulations for nutrition and health claims.
- ▶ The Naturdietet brand's LCD and VLCD products provide the recommended daily intake of vitamins and minerals when following VLCD compared with LCD diets based on EU rules.
- ▶ The Supernature brand: Partly organic (not part of Midsona's Organic products category) or raw materials grown freely in nature.
- ▶ Food supplements under different brands: Important nutrients with health claims in accordance with EU regulations regarding nutrition and health claims.
- ▶ Fish oil/omega under different brands: Essential nutrients with health claims in accordance with EU regulations regarding nutrition and health claims.

### OTHER PRODUCTS (NON-EDIBLE) WITH POSITIVE EFFECTS (SHARE OF SALES = 5.8 PERCENT)

mental or social impact. Today, Fairtrade-labelled products make up 5 percent of our total sales of goods. See further under Sustainability data, on pages 72–75.

#### Products to counteract food waste

Midsona is continuing to develop additional products that counteract food waste – under the Kung Markatta brand, for example, this is achieved partly through a new range of frozen dishes where the consumer can choose to use only the amount of food needed at the moment, and partly through smaller packages with fresh vegetarian dishes to suit two people. Midsona also works actively with printing “best before, often good after” labelling on all of Midsona’s new organic products in the Division Nordics, and in the longer term, this will be printed on most of our products where possible under applicable guidelines.

#### Basic commitments on responsible marketing

Our marketing processes ensure that we foster responsible marketing.

#### SELECT PROJECTS IN 2020

- ▶ **Mivitotal:** recyclable cans are now made from plant-based plastic. The small cans provide a higher degree of filling and fewer transports. The range will be launched in the spring of 2021.
- ▶ **Eskimo-3:** we have optimised the range so that the number of unique products is fewer and can be more easily divided between the markets. A design change reduced the number of unique labels. Launch in spring 2020.
- ▶ **The Organic Food range** has been expanded with new vegan options in chilled and frozen products, such as meat alternatives.
- ▶ **Optimisation project** to reduce the number of unique products in peanut butter, tahini and spices
- ▶ **Frigg’s Popcorn Corn Cake:** a variant with a lower salt content has been developed
- ▶ **Davert:** we have replaced the transparent films in 115 of our products from films of PE-OPP material to a recyclable PP compound that has a much higher recycling rate.



Midsona adheres to regulations and ethical principles in accordance with the Swedish Marketing Act and the EU's consumer information regulations. We are members of the Association of Swedish Advertisers, a local organisation promoting regulatory compliance. In the second quarter of 2020, the Association of Swedish Advertisers launched the sector initiative "Transparency, Ethics and Responsibility".

Historically, Midsona has marketed products in more traditional ways and it is only in recent years that people appear in our communications. In our cooperation with so-called influencers, it is important that we ensure that communications adhere to the guidelines for what can be said about our products included segments as over-the-counter medicines, food supplements or medical devices.

It is also important that the marketing department, in consultation with our regulatory department, signs off on the communication.

### Packaging

Midsona strives to generate the least possible resource use and cause the least possible amount of waste. We have committed ourselves to the Plastics Initiative in Sweden and will apply this goal to other parts of the Group as of 2020. The ambition is for all of Midsona's proprietary consumer packages to be able to be recycled for materials by 2025 and that we thereby contribute to the EU's strategy for a circular economy. We base our work with sustainable packaging on our Group strategy for sustainable choices of materials and responsibility throughout the value chain.





The strategy focuses on increasing recyclability, optimising shelf life to avoid food waste, phasing out fossil plastics and increasing the use of FSC-labelled paper.

Today, a total of 25 percent of our purchases of packaging materials are of plant-based plastics from sugar cane waste. We continuously run various projects in all divisions to increase the level of recyclable plastic and paper, to reduce or completely avoiding consumption of plastics and to use labelling to inspire consumers to reduce their food waste and increase their recycling. In 2020, one of our priority brands, Davert, updated 115 of its plastic packages for even greater recyclability, which is estimated to save 11 tonnes of plastic annually. By choosing certified raw materials and FSC-labelled (Forest Stewardship Council) packaging materials for our products, Midsona promotes sustainable management and felling of forests. Midsona's packaging strategy is an important way for us to participate in the EU's strategy for a circular economy and to reduce our greenhouse gas emissions in the downstream value chain. Data for Midsona's use of sustainable packaging material, see page 72.

### The innovation journey

In developing new products, we always start with Midsona's core values of health and sustainability. We always seek to be in line with the needs of consumers and customers and to maintain a close dialogue with suppliers and other partners. Midsona's innovation groups have a high level of expertise

and work dedicatedly to develop or update products that help people lead a healthy and sustainable life. For us, quality entails that we always approve recipes, suppliers and end products to ensure that they are approved in accordance with our specifications.

Sustainability is a major part of the whole process. Depending on the brand, different aspects of sustainability are considered, such as whether the product should be organic, vegetarian, vegan, or if it should have little or no added sugar, a high fibre content, or reduced salt content. Our product strategy is to increase the amount of fibre and to reduce both salt and sugar in our portfolio, with the ambition of having little or no added salt or sugar in accordance with EU regulation 1924/2006 on nutrition and health claims made on foods. We also endeavour to continue increasing the proportion of organic products, for which the requirements are stricter than they are for conventional foods regarding, for example, the dyes, aromas and additives that are permitted. Packaging is also an important part of the project. We strive to find sustainable packaging materials, but also discuss how we can share items between markets more efficiently to restrict the number of different products and thereby also avoid food waste. Other aspects we take into account are whether packaging materials can be reduced, avoiding packaging tea in cellophane, for example, or considering the extent to which packages are filled. Midsona monitors and reviews all of these aspects in its innovation process, as well as in its product and supplier checks.



**Midsona's current recyclable packaging:**

- 25 percent of our plastic packaging in the Swedish market (our largest market in the Nordic region),
- more than 85 percent of our packaging in Division North Europe
- 43 percent of our packaging in France
- in Spain, 30 percent of used plastic can be recycled to manufacture new consumer packaging for other sectors.

**Community involvement**

Midsona maintains several rewarding collaborations with organisations, in which we believe that we can together contribute to change in terms of the environment, health and social influence. In addition to our membership of the Association of Swedish Advertisers, we are also members of Organic Sweden and DLF, to name just two, and during the year we collaborated with the University of Hohenheim and Münster University of Applied Sciences in Germany.

We have also donated to organisations such as Doctors without Borders and Wildlife Conservation Society, and we have sponsored the Swedish Ice Hockey Association, the Swedish Football Association and the Swedish Handball Association with products.

**Sustainable school kitchens**

In 2020, Midsona's Food Service focused on helping the school world make sustainable choices. This is a matter of health and of minimising environmental impacts. Midsona seeks to provide support, all the way from calculating the climate impacts of recipes and menus via the RISE research institute, to providing inspiration for recipes and holding

workshops on plant-based alternatives.

Flavouring plant-based foods can sometimes be challenging. For this reason, Midsona works extensively with concepts that speak to the senses, including sight, smell and taste. Top of the list is presenting the food correctly – if it does not look good, children will not even want to taste it.

For Midsona, it is natural to want to be involved and contribute to sustainable development in school meals, which is why we chose to partner with White Guide Junior. Alongside those who work daily with identifying new approaches and making active choices, our participation contributes to positive long-term change.

Over the year, Midsona worked on “keep it sustainable”, a concept that will be launched in 2021. The concept builds on five foundation stones and comprises an educational tool to aid and encourage chefs in school kitchens and lower and upper-secondary students to act more sustainably with regard to food, particularly in reducing food waste and choosing unadulterated ingredients that are full of flavour.

With our work in sustainable Brands, Midsona supports six of the global goals for sustainable development.



# Healthy work environment

A healthy and sustainable work environment lays the foundation for a healthier life and is a central sustainability issue for us at Midsona. We must be a company permeated by good health, both physical and mental. We have a safe and equal workplace as our clear target scenario and have circled some key success factors for our employees to enjoy a favourable balance between work and leisure, including:

- Flexible workdays and opportunities to work from home should be provided
- Measures to prevent and reduce sick leave must be both initiated and encouraged
- Work must be compatible with parenthood
- Gender equality and diversity must be a natural part of the operations
- Employee surveys and interviews should be developed continuously

## Motivated employees

A healthy lifestyle can be fostered in numerous ways. For Midsona, it involves a series of activities: lending of bicycles, opportunities to buy products at reduced prices, fitness allowances, team building, walk-and-talk meetings and beneficial follow-ups following sick leave.

Midsona’s most recent employee survey was conducted in 2020 and was then responded to by 93 percent of the employees in Division Nordics – an increase of 10 percentage points from 2018. We could see there that all areas showed positive development since 2018. Employees state that they are highly satisfied with their tasks, with management and with the support and service functions. In general, Midsona’s earnings were higher than the benchmark index for companies in our industry.

In Division South Europe, each employee undergoes an annual health check-up. In 2021, Division North Europe will conduct its first comprehensive stress-related health survey.

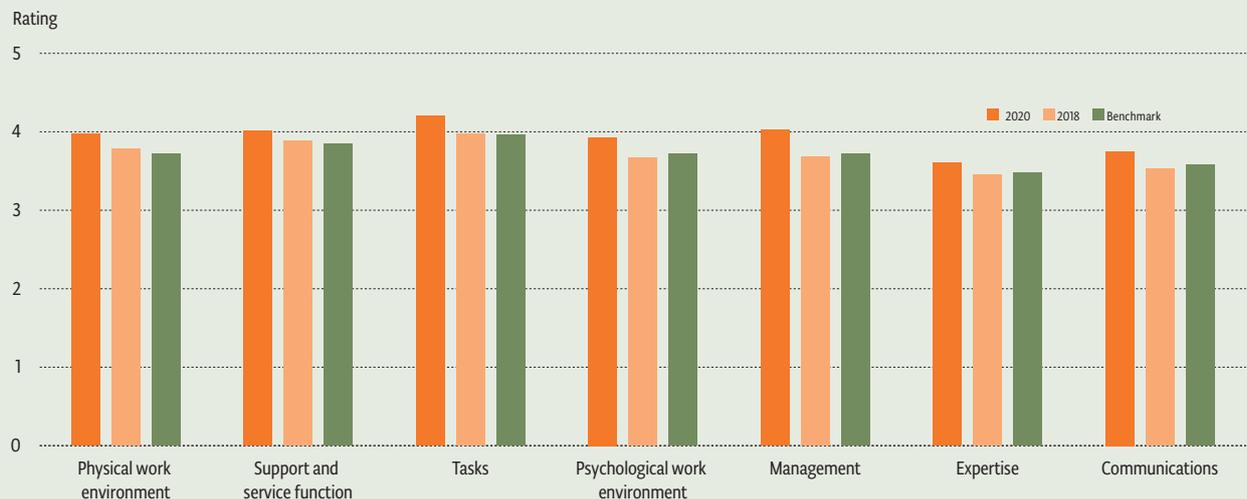
In 2021, continuations are planned of our internal training, mentoring and leadership programmes. Midsona’s next employee survey is planned for 2022 and will include a special focus on the impact of the pandemic.

## A safe workplace

Midsona endeavours to help everyone enjoy their work and feel safe in their workplace. A safe work environment leads to employees feeling better and working more productively. This is achieved partly through prioritised and transparent work environment initiatives with commitment from employees, partly through well-established procedures for risk assessment and systematic work environment efforts. Safety committees or local equivalents exist in Sweden, Denmark, Norway Germany and Spain.

Our governance documents regarding work environment are available to all employees on our intranet and are also presented at introductions and staff presentations. In the

## Employee survey



area of healthy work environment, Midsona maintains governance documents regarding skills and development, employee interviews, solitary work, health, rehabilitation and organisational and social work environment, including a policy for diversity and gender equality.

In 2020, total sick leave increased due to the pandemic. The Group’s total absence amounted to 5.1 percent.

The pandemic has led to challenges regarding work environment issues. Midsona has consulted locally with the divisions to prepare optimum conditions for our employees to work from home.

### Gender equality and diversity

Key aspects for a favourable working environment include an even gender distribution, fair wage setting and diversity within the organisation. Midsona has a relatively even gender distribution with a total 48 percent women and 52 percent men in the Group. When recruiting, we have prioritised the under-represented gender with equal skills to achieve more equal departments, in several instances yielding results. The gender distribution within the production units is slightly distorted, with an overweight for men. Key factors for an equal workplace also include the working conditions suiting all employees, fairness in wage-setting criteria, salary surveys being conducted and employees having opportunities to combine work with parenthood.

Midsona believes that diversity within all areas will make Midsona’s development even better, both on an individual level and in groups, and the divisions are therefore encouraged to actively work for diversity in the

organisation to thereby better understand and be able to meet the consumers’ various needs and thereby improve the business opportunities. In 2020, there were no cases of discrimination in any of the three divisions.

### Forms of employment

Midsona is dependent on skilled and trained employees to ensure the quality of our organic, healthy and natural products. Our ambition is therefore to avoid all types of irregular employment. Exceptions can be made under specific circumstances, as with short-term increased demand or projects requiring special knowledge. At the beginning of 2020, an exception was made, namely during an extreme peak in demand for our products in connection with the pandemic. The increased demand for our products meant that Midsona needed to employ a limited number of temporary staff to ensure that we could meet the high demand while production continued in a safe manner.

### Research and education

Midsona’s governing document for competence and development provides guidance in building, developing and maintaining the organisation’s expertise. During the annual employee interview, employees and managers agree on the individual training or development plans for the coming year. The development goals are documented and followed up during the next employee interview. Midsona works with different methods to develop employees’ skills, for example through lectures, in-house training, external courses, e-training, seminars or training programs. In 2020, a number of skills development programmes were carried

#### Gender balance

On the balance sheet date



#### Group Management



#### Board of Directors



#### Age structure

Number of employees



#### Absence due to illness, %

	2016	2017	2018	2019	2020
Sweden	6.0	3.8	4.7	1.3	2.4
Norway	5.7	5.0	3.4	4.2	2.9
Finland	3.2	2.1	2.7	1.6	3.0
Denmark	4.5	5.7	8.4	4.7	5.8
Germany	-	-	6.2	5.4	6.3
France	-	-	-	1.7	3.3
Spain	-	-	-	7.5	9.0
<b>Group</b>	<b>5.1</b>	<b>4.6</b>	<b>5.7</b>	<b>3.9</b>	<b>5.1</b>

out within Division Nordics. Among other things, these training programmes addressed, leadership, brand-driven growth, digital strategies, finance and negotiation techniques. All managers with personnel responsibilities within the Nordics division have undergone OSA – organisational and social work environment (AFS 2015: 4). In Division Nordics, all office personnel received an average of three hours of training and all production personnel received two hours of training over the year.

In Division North Europe, Midsona has supported and guided three academics with their dissertations. Two of the three academics were hired by Midsona after completing their studies.

In 2020, seminars, personal coaching and online training for various areas, such as leadership, language skills, brand development and other specific work-related topics, were held within Division North Europe. Employees are given free access to a web-based platform for learning one or more new languages, which also improves the understanding between Midsona's divisions.

## Governance

For Midsona, the most important steering document is the Group's Code of Conduct, which states that the individual employee, the Board and all others who act in Midsona's name must act in a responsible manner, with integrity, responsibility, loyalty and respect for other people and the environment.

With a clear Code of Conduct, we create the conditions for responsible and motivated employees with the customers' and consumers' best interests in mind. All employees are expected to be familiar with its contents. This forms a mandatory part in the introduction of newly hired staff and is also posted once a year as a reminder on the intranet.

To create and maintain a functioning internal governance environment, the Board adopted a number of policies and other steering documents that serve as guides for the operations. In 2019, Midsona's internal management processes were strengthened and a more functional structure was established. Among other things, the process entails all of Midsona's policies being reviewed at regular intervals and revised where necessary.

## Respect for human rights

Midsona does not accept any form of discrimination and respects and respects the employees' rights and freedoms. Midsona does not accept any form of forced and child labour.

## Social conditions and personnel

Midsona prioritises its health and safety and offers a creative and developing working environment.

## Combating corruption

In all contexts, Midsona seeks to encourage and act in line with sound competition principles. All communication should take place in accordance with applicable legislation and the Group's policies. Midsona's employees are expected to act in an ethical manner in relation to the Group's stakeholders and no corruption is accepted.

The Group's Whistle-blower Policy is an important tool for quickly calling attention to and combating conduct not in line with Midsona's values. The formal steering document was adopted in 2017 and no cases have been reported in during these years.

## A healthy and sustainable environment

Midsona works to reduce its negative impact on the environment, takes consideration of the environment and health in the development of products and processes and prioritises environmentally friendly technology.

*Read more in the section Environment – Society – Governance on page 48.*

**With our Healthy Work Environment efforts, Midsona supports five of the global goals for sustainable development.**



# Responsible sourcing

**Midsona focuses on sustainable suppliers and, since early 2020, applies two new targets to further improve our supplier checks: 100-percent of suppliers to be risk-classified and 100-percent of strategic suppliers to be mapped for sustainable procurement in accordance with industry-relevant ESG standards at the Group level.**

## Stricter requirements at the supplier level

Midsona’s Supplier Code of Conduct has been developed from the Group’s Code of Conduct. It is a fundamental part of our procurement documentation and has been included as a part of new agreements and existing agreements in renegotiations. The Supplier Code of Conduct helps us set higher standards and improve internal processes to ensure that we only work with sustainable suppliers. We focus on taking responsibility throughout the value chain by cooperating with our suppliers in such areas as quality, safe raw materials and products, environment, human rights, sound competitive conditions and ethical businesses.

All of Midsona’s suppliers must sign the Supplier Code of Conduct and, by 2020, 78 percent (that is 452 of 578 individual suppliers) had signed the document. The deviation percentages derive from some of the larger suppliers, primarily within Division North Europe, being able to verify that they apply corresponding sustainability requirements and have their own Code of Conduct, which is to Midsona’s satisfaction. Division South Europe is not included in the above figures as Midsona’s Supplier Code of Conduct is currently being implemented there.

## Why Midsona assesses its suppliers

Two of Midsona’s sustainability risks are in the areas of “responsible sourcing and safe products”. It is therefore important that we focus on taking responsibility for performing supplier and product checks and for ensuring that the supply chain complies with strict social and environmental standards.

**IN 2020, MIDSONA INITIATED AN INVESTMENT IN A MULTI-DIMENSIONAL COMMUNITY PROJECT WITH OUR KEY RICE SUPPLIERS IN KOTWA, UTTAR PRADESH, INDIA. THE PROJECT AIMS TO:**

- ▶ Establish a sustainable supply chain of bio-dynamic and Fairtrade-labelled products among 340 selected farmers (by 2021, the project will be expanded to approximately 470 farmers)
- ▶ Introduce climate-friendly cultivation methods with a particular focus on the efficient use of water
- ▶ Improve the socio-economic situation in Kotwa, in a long-term perspective, supporting the local community by securing farmers’ incomes and healthcare and a basic level of education, not only for the families of the farmers but for the whole community of Kotwa
- ▶ Improving society’s food security and increasing its ability to adapt to climate change
- ▶ Create a supply chain for high-quality certified rice for Midsona

## Assessing sustainability risks at the supplier level

We monitor, rate and follow up suppliers using our supplier assessment system, KODIAK. In addition to signing the Supplier Code of Conduct, all new suppliers must undergo Midsona’s Supplier Self Assessment before an agreement comes into force, enabling Midsona to get to know the supplier and its strengths and areas of expertise.

Suppliers are rated in terms of sustainability, quality and safety. Based on this mapping, Midsona assesses:

- What are the risks and what risks may there be in the future?
- Is this a risk we can or cannot tolerate?
- How will the risk affect our business and products if we fail to manage it?
- How should we manage the risk?

The result of the risk mapping increases the awareness of our sustainability risks in the value chain, improving our risk management and capacity to focus on the risks that could cause us most harm. This also allows us to conduct a better and more constructive dialogue with our suppliers and affords us opportunities to improve key processes together with them. In accordance with Midsona’s Risk Policy, this is analysed, reported, remedied and followed up on, resulting in more informed and fact-based decision-making and better strategic planning. Midsona’s system and criteria for supplier assessment is to be used throughout the Group and began being implemented in 2019.





### Risk assessment of suppliers

Based on the KODIAK evaluation, the supplier receives a classification in accordance with various parameters, including:

- **Geographic risks in accordance with BSCI.** *There are major differences in product and supplier risks between different countries and continents. Knowledge of the geographical risks in accordance with international standards for safe and sustainable purchasing are highly important in being able to assess both safety and sustainability.*
- **Certification of raw materials, for example, RSPO, GMO Free, FOS (sustainable fishing), organic certified, KRAV certified.** *Midsona works with a number of raw material certifications. By choosing certified raw materials and sustainable packaging, Midsona mitigates risk and promotes the implementation of sustainable environmental management.*
- **Certifications in accordance with international product safety standards, for example, GFSI for food, GMP for pharma and GMP-C/150 22716 for cosmetics.** *To safeguard our focus on product and food safety, all of Midsona's suppliers must meet our product safety requirements. Our risk assessment detects any errors at an early stage.*
- **Financial impact.** *To safeguard financial sustainability and the long-term sustainability of the business model, it is important to focus on financial risks among our suppliers.*
- **Health and safety.** *Naturally, Midsona's mission to help people achieve a healthier life, also applies to our own employees and our suppliers' employees.*
- **Environmental impact.** *Midsona maps its emissions in accordance with the GHG protocol for Scopes 1, 2 and 3 and has committed to set a Science Based Target by 2021. Should our suppliers not have the same environmental focus as Midsona, however, there is a risk that we will not achieve our environmental targets. For this reason, we have integrated environmental impacts into KODIAK and will also expand this in an updated Supplier Self Assessment 2021.*
- **Business ethics and anti-corruption, labour law in accordance with ILO, human rights.** *Midsona's Code of Conduct is based on the UN Global Compact initiative and includes the areas of business ethics and anti-corruption, labour law and human rights. These are areas to which Midsona attaches great importance.*

### Improved framework for ESG issues

Based on the new targets we set for strategic suppliers from 2020, we are working to introduce an improved Supplier Self Assessment in KODIAK in accordance with the relevant ESG standard for our industry. This means that from 2021 onwards, we will have an even greater focus on sustainability in KODIAK to safeguard our requirements in relation to ESG standards.

### Risk-based review of suppliers

Midsona has a large product portfolio. This demands favourable relationships and close cooperation with all of our suppliers. We choose our suppliers with care and focus on a long-term, structured collaboration. All suppliers must meet Midsona's product safety requirements and conduct socially, ethically, environmentally and economically sustainable operations. To further ensure this, we use our risk assessment and classification of suppliers to adopt a risk-based annual audit plan. Suppliers classified in a high-risk group will be carefully examined and a corrective action plan drawn up. This action plan is then assessed annually. The results of audits and follow-up are handled within KODIAK and serve as a basis for the supplier's ratings. Midsona reserves the right to implement its own unannounced inspections or inspections carried out by a third party, affording us the opportunity to engage with suppliers who do not meet the requirements, to agree on a corrective action plan.

If the supplier does not comply with the terms of the Supplier Code of Conduct or the Supplier Self Assessment process in KODIAK Midsona may terminate the business relationship unless improvements are not made within an agreed period. By the end of 2020, 269 out of a total 364 Nordic suppliers had been evaluated in KODIAK. The suppliers are carefully evaluated by Midsona's quality team and special consideration is given to whether the suppliers should be included in our audit plan. All suppliers are evaluated at one to three-year intervals to ensure that they meet their set targets. Due to the pandemic and the resulting visitor and travel restrictions, the Midsona Group performed a total of only nine supplier audits in 2020.

## Strategic suppliers and sustainable value chain

Over time, Midsona’s supplier inspections have built on close, long-term relationships with the suppliers, making them one of the most important tools for being able to set clear requirements. To minimise the risks in our product supply and to safeguard the ESG issues, we maintain a dialogue with our most important suppliers. Midsona’s ambition is that all strategic suppliers shall be mapped and assessed on the basis of a framework for sustainable procurement by 2025. This mapping allows the Group to impose stricter requirements on key suppliers and to improve important key processes in partnership with them, contributing in turn to the successful implementation of Midsona’s sustainability work. During the year, Midsona established common definitions for the Group’s strategic suppliers.

The pandemic has highlighted the importance of working closely with our suppliers. Demand for socially critical products increased during the pandemic and, to meet this demand, during 2020, we endeavoured to achieve a more cost-efficient innovation process to identify optimal synergies between brands and countries, as well as a cost-efficient purchasing and supply chain. This is an important part of Midsona’s long-term sustainable business model. Since 2018, Midsona has worked intensively to create a supply chain organisation with efficient common systems and suppliers. The pandemic highlighted the importance of this project. Delivery disruptions have mainly occurred at non-European suppliers – an issue that we need to address. This means that one of our sustainability goals from 2018, to source additional production in Europe (more local production) and closer collaboration with suppliers – is now even more important.



### Environmental and social impact of Midsona’s product portfolio

In 2020, Division North Europe embarked on a collaboration with one of Midsona’s strategic suppliers of rice – Nature BIO FOODS – with approximately 470 smallholder farmers in the Kotwa area of Uttar Pradesh, India. The products grown are basmati and long-grain rice (with lentils, amaranth, flax, etc. as rotation crops).

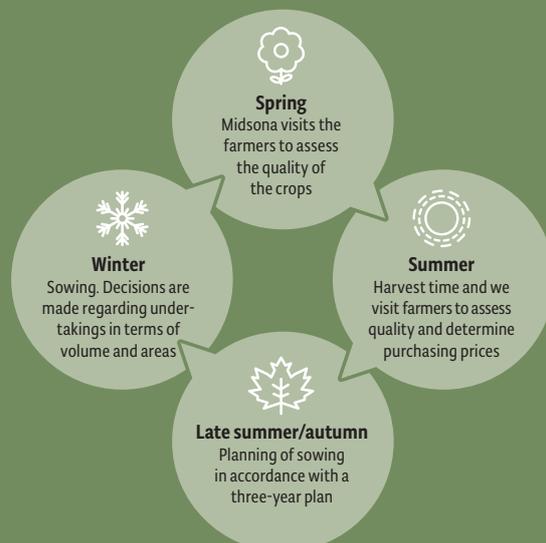
Although rice production consumes large quantities of water, the Kotwa area of India, where this rice is grown, is, at the same time, an area of considerable water risk. The project entails collaborating to achieve a production process significantly reducing water consumption while ensuring better living conditions for small farmers. The collaboration provides us with 100-percent Demeter and Fairtrade-certified raw materials. The expected production volume is 931 metric tons, at a purchase value of EUR 1,900,000.



Division South Europe is working long-term, collaborating with 150 independent French organic farmers regarding purchasing of cereals and legumes. In 2020, 92 percent of the division’s grain purchases and 100 percent of its legume purchases were sourced from France and 21.5 percent of these came from farmers located less than 250 km from Midsona’s facility. The products are marketed under the Celnat brand.

When plans for the season are set out, Midsona participates, undertaking to purchase a certain amount of the harvests. Prices are set in discussions with farmers. The aim is to avoid price fluctuations and to ensure stable and fair incomes for farmers.

In 2021, Division South Europe will initiate a collaboration on purchases of rice from the Camargue wetlands in southern France. The rice will be marketed under the Happy Bio and Celnat brands.



## More local production

Midsona has increased production at its own factories, as well as our purchases from countries within the EU. EU goods are covered by EU regulations on safety and sustainability. This entails a proximity to our factories and a reduction in transport needs. Midsona purchases many of its products from within the EU (see Sustainability data on pages 72–75).

Soy, maize and rice represent a GMO risk, and it is particularly important to ensure that these raw materials are GMO-free. Much of our soy comes from within the EU and is therefore covered by EU regulations on GMOs. The products are for the most part certified organically to reduce the risks. Only the newly-acquired System Frugt A/S uses conventional raw materials of this type. The suppliers of the raw materials have accepted our demand that products not contain GMOs. In Division South Europe, 100 percent of the soy purchased comes from France.

## Country of origin and proximity to agriculture

In addition to our focus on local purchasing and production, we source some of our raw materials from the country of origin to maintain close relations with farmers and to promote sustainable agriculture. In 2020, for example, our production facilities in Division North Europe sourced 65 percent of their raw materials from the country of origin. 92 percent of Division South Europe's grain purchases and 100 percent of its legume purchases are sourced from France and 21.5 percent of these came from farmers located less than 250 km from Midsona's facility. In 2020, Division North Europe also started working on a joint multi-dimensional community project with one of the most important key suppliers of rice in the Kotwa area of Uttar Pradesh in India, to create a transparent and sustainable supply chain of high-quality certified products, to support the local community and to focus on efficient water use in rice production. We aim to establish similar ground-breaking projects in other locations.

With Midsona's work on the Kotwa project, we support six of the global goals for sustainable development.



## Training

All employees at Midsona's purchasing departments and those responsible for product quality undergo training in the Supplier Code of Conduct, policies, the supplier approval process and other governance documents in this area.

### IMPLEMENTATION OF KODIAK

Midsona's supplier assessment system KODIAK was implemented in Division Nordics in 2019. Within Division North Europe and Division South Europe, we began implementing the system in the autumn of 2020 and we expect to have fully completed implementation in 2021. In the meantime, both divisions apply IFS-based systems of supplier assessment. Suppliers yet to be managed in KODIAK are assessed in accordance with current international standards and the respective certification requirements.

## Raw materials

The supply of sustainable raw materials will always be a risk for Midsona and it is important for us to safeguard such raw materials, thereby supporting sustainable and environmentally-friendly agriculture by concentrating on organic, plant-based and sustainable products.

### Certified raw materials

For organic food production, Midsona uses only organic raw materials, except for salt, water and other natural substances that cannot be organic. In addition to conventional raw materials used in the newly acquired production facility in Tilst, more than 90 percent of the raw materials Midsona used in 2020 were certified as organic. Among our priority brands, 99 percent were plant-based or vegetarian in 2020. Plant-based products have lower carbon dioxide emissions, representing an important step towards reducing Midsona's climate impact and – alongside the health benefits – the reasons for our setting a target of a 100-percent plant-based or vegetarian range by 2030.

Midsona wants to be involved in protecting the forest and biodiversity through our work with innovation, production and the value chain and we have therefore chosen to take a stand on the following issues in our Responsible sourcing development goals:

- Organic
- GMO (Genetically Modified Organisms)
- RSPO (palm oil)
- FOS (fish oil)
- FSC (durable paper/packaging material)
- Plant-based food and Animal Welfare

Midsona's position has been explained in the document "Midsona's position towards GMOs, palm oil, fish oil, consumption of paper and animal welfare", the full-text of which is available from Midsona's website <https://www.midsona.com/en/sustainability>.

## GMO-free raw materials

At Midsona, GMOs are considered to be a raw material risk. We buy only certified GMO-free raw materials, such as soy, corn and rice, addressing these by means of Midsona's Supplier Code of Conduct and our supplier assessment system, KODIAK. Midsona is currently working to improve its GMO-control procedures while adapting these to all divisions.

Midsona's new governance document regarding sustainable raw materials will start being applied in 2021.

All of our products are GMO-free



## FSC (Sustainable Paper Use)

79 percent of total purchased packaging material is certified by FSC (Forest Stewardship Council).

*Division South Europe and the newly acquired System Frugt are not included in the calculation.*

## RSPO certified (palm oil)

From 2018, Midsona will only buy RSPO-certified palm oil for its production. Our purchases of RSPO-certified palm oil are controlled through Supplier Self Assessment in KODIAK and through our internal quality and regulatory department. Midsona's largest food production facilities – in Germany and Denmark respectively – are members of the RSPO.

Midsona has decided to adopt a new sustainability goal regarding palm oil – the Group's own brands must be completely free of palm oil by 2025. The interim target has already been achieved for Division South Europe by 2020. In Division Nordics and Division North Europe, there is relatively little palm oil by 2020 (see layouts to the right).

Midsona is currently working to improve existing palm oil control procedures, with the aim of preventing the purchase of products containing uncertified palm oil. The procedure, which must be adapted to apply for all divisions, will start to be used in 2021.

### Use of palm oil per division:

#### DIVISION NORDICS

- Palm oil as a raw material: *None.*
- Palm oil as part of composite raw material: *Negligible amount, only RSPO palm oil.*
- 43 products, corresponding to 2.1 percent of sales: *Only RSPO palm oil*

#### DIVISION NORTH EUROPE

- None in the own brands Davert and Eisblümerl.
- Minimum quantities of RSPO palm oil in contract manufacturing products and food service (0.1 percent of sales).

#### DIVISION SOUTH EUROPE

- 0 percent palm oil.

*Newly acquired System Frugt is not included in the accounts.*

## FOS (fish oil)

100 percent of the fish oil Midsona uses in dietary supplements in its own production is certified in accordance with Friends of the Sea (FOS). This corresponds to 2 percent of total net sales.

## Product certifications and labellings

Midsona works with various generally accepted certifications and labels, such as Organic, KRAV, ECOCERT Cosmos, Fairtrade, Demeter, etc. to ensure our sustainable brands. The proportion of certified products is shown in the table *Product certifications and labelling* on page 75.

### Plant-based food and Animal Welfare

Midsona seeks to foster a healthy and environmentally friendly world by:

- Inspiring a lifestyle with culinary and plant-based/vegetarian cooking
- Making it easier for people to increase their consumption of plant-based and organic foods
- Making it possible for schools, hospitals and other public meeting places to increase consumption of plant-based foods.

Although Midsona regulates animal welfare in its Supplier Code of Conduct, in 2020, it produced a supplementary control document.

We advocate improved animal welfare through encouragement and support and by striving to not use animal experiments to test our products and/or raw materials.

With Midsona's work with certified raw materials, we contribute to the sustainable management of forests, land, seas and agriculture, thereby supporting five of the global goals for sustainable development.



# Safe products and quality

To support UN Goals 2 and 12 on preventing hunger and promoting sustainable production and consumption, Midsona focuses on food security and improved nutrition, as well as promoting sustainable agriculture.



The quality demands in all of our processes are rigorous to minimise the risk of defects, product recalls or product liability claims. All of Midsona’s suppliers must also meet our product safety requirements. Any complaints are registered early in our quality assurance system for proactive purposes.

Midsona’s quality and product safety work is guided by applicable laws, requirements from authorities and customers, industry guidelines and internal policies, procedures and instructions.

### Quality management system

Midsona’s system for safeguarding product and food safety in the Group’s proprietary production comprises:

- Quality and Product Safety Policy, procedures and instructions with a clear and efficient structure and division of responsibilities
- all necessary regulations, certifications and permits relating to the operations and our products
- employees with regulatory and quality expertise to evaluate suppliers, raw materials and finished products and to ensure that Midsona complies with all rules and requirements for safe and legal products
- systems with action plans for products that do not meet the requirements, as well as traceability, recalls and claims

For food, the quality and food safety management system is based on HACCP (Hazard Analysis of Critical Control Point) risk analyses. Follow-up involves regular internal audits, or self-inspections, as well as third party audits. Midsona regularly assesses the need for additional expertise among our employees and/or for updated management documentation. In 2020, Midsona carried out ten product recalls throughout the Group.

### Certifications of Midsona’s quality management system

A large part of Midsona’s proprietary production is certified in accordance with international standards, which in food means GFSI-recognised (Global Food Safety Initiative) standards. In 2020, 75 percent of the units (six out of eight) were covered by a quality management system for food, certified in accordance with a GFSI-recognised standard.

### New target in 2021

As of 2021, Midsona has a clear certification target of 100-percent certification of proprietary production units, based on internationally recognised standards:

*Food:* GFSI-recognised certification (FSSC 22000, BRC, IFS)  
*Beauty (cosmetics):* ISO 22716 certification

Exceptions may only be made for minor production units, in response to which we secure a quality system in accordance with international requirements for safe production. The goal also applies to new acquisitions with realistic time frames.

- The target was achieved in December 2020 by Division South Europe with GFSI-recognised IFS and BRC standards
- The ambition is for the target to be achieved by Division Nordics already in 2021 (with the exception of our manufacture of food supplements in Falköping, Sweden), although delays could occur due to the corona pandemic.
- In October 2020, Midsona’s production unit in Mariager, Denmark, was upgraded from ISO 22000 to a GFSI-recognised FSSC 22000 standard.
- The process of ISO 22716 certifying Midsona’s production of beauty products will commence in 2021.
- Newly acquired System Frugt already has a GFSI-recognised BRC standard in place.
- Division North Europe has achieved the target of having a GFSI-recognised IFS standard, with the exception of a minor production unit in Lauterhofen, Germany which is certified in accordance with IFS, but at the lower IFS Basic Level.

### Certifications in accordance with GFSI-recognised standards in 2020

#### IFS (INTERNATIONAL FEATURED STANDARD FOOD) ORGANIC FOOD PRODUCTION UNITS

- ▶ Ascheberg, Germany
- ▶ Castellcir, Spain
- ▶ St-Germain-Laprade, France

#### BRC (GLOBAL STANDARD FOR FOOD SAFETY) FOOD PRODUCTION UNIT

- ▶ Tilst, Denmark
- ▶ Jerez, Spain

#### FSSC 22000 (GLOBAL STANDARD FOR FOOD SAFETY) PRODUCTION UNIT FOR ORGANIC FOOD

- ▶ Mariager, Denmark

#### NO GFSI RECOGNISED CERTIFICATION MINOR PRODUCTION UNITS

- ▶ Falköping, Sweden (Food supplements)
- ▶ Lauterhofen, Germany (IFS Basic Level)

With Midsona’s work for safe, high-quality products, we contribute to the UN’s goals of reducing hunger as well as responsible consumption and production.



# Efficient use of resources

**For Midsona, energy-efficient and environmentally friendly workplaces are a priority. Since we acquired the production unit in Mariager, Denmark, in 2015, resource-efficient and climate-smart production has been at the top of the agenda. All of the Nordic production units are currently operated using renewable energy, with the same applying to the warehouses and offices where we can influence the agreement. We try to keep all waste in production to a minimum, both for environmental and cost reasons and we endeavour continuously to increase our efficiency around energy, water and waste.**

## Environmental standards

Midsona's Environmental Policy was adopted as far back as in 2010, meaning that environmental work has been a priority issue at Midsona for over a decade. In 2019, the Environmental Policy was expanded to become a comprehensive Sustainability Policy, in which the environment is still central. This highlights our ambition to minimise the negative environmental impact of our operations and our products and for Midsona's environmental work to build on the ongoing adaptation of the operations. The ultimate responsibility for the Group's environmental work lies with management, although all employees should be encouraged to contribute solutions within their own specific areas. Customers and suppliers should share our ambitions and work together to achieve optimum environmental performance. Applicable environmental legislation, regulations and other requirements to which the organisation is subject, as well as establishing environmental requirements for suppliers and products, will form the basis for improving our environmental work.

## Resource consumption

### Water

Water is a resource that has become increasingly critical and important to protect. Midsona focuses on optimising the use of water at our facilities to mitigate our impact and measures annual fresh water consumption, encompassing the total amount of water consumed by each production site. In production, we want to work to save water and reduce waste water.

Midsona mainly operates in countries where the proportion of the population lacking access to sources of treated fresh water is low. At Midsona's plant in Castellcir, Spain, we have taken various measures to reduce our total water use, as the plant is our most water-intensive production unit. For example, we recycle process and surface water in a 1,500 m<sup>3</sup> tank for irrigation and for cleaning the facility. This water passes through the treatment station and is then passed on to the municipal waste water system. We also use diffusers in the taps at both plants in Spain to

reduce the flow. In Spain, 60 percent of the water consumed originates from proprietary wells and the sustainable management of this natural resource is monitored by the regional authorities. In 2020, Midsona's water use increased to 53,723 (12,645) m<sup>3</sup>, with 68 percent of that consumption being attributable to Division South Europe. To further mitigate risk and reduce our negative impact on water, Midsona has adopted a target for 2023 of reducing water consumption in Spain by 20 percent for the number of tonnes of goods produced in-house. At the same time, each facility must work to reduce its water consumption by at least 1 percent annually to continuously improve our water efficiency. Combined, this will amount to a reduction by at least 10 percent of the fresh water consumed by Midsona based on the number of tonnes produced.

With its supplier self-assessment form, Midsona questions suppliers on water quality, groundwater protection, water consumption and compliance with the UN's goals of clean water and underwater life, as well as on ISO 14001 and EMAS certifications. Midsona's supplier assessment system (KODIAK) manages geographical risks – including access to fresh water – and together with the responses from the supplier self-assessment form, Midsona obtains a well-informed overview of water-related risks, helping us focus our actions.

### Waste and food waste

Midsona's ambition is to continuously increase our focus on, and control of, food waste to thereby be able to reduce unnecessary food waste and increase the re-use of the unavoidable food waste. Our objective is to reuse all of our food waste by 2025. This is to be in line with both Agenda 2030 and the EU's "Green Deal", as well as with the Swedish government's milestone targets for food waste.

Midsona collaborates with several players to donate, or at a reduced price, manage the unavoidable residual waste in production and at our warehouses. Over the year, Midsona has found new partners who are helping us prevent food waste and who welcome the growing awareness of the phenomenon in society. Today, we donate to charities such as AMMA in Spain, FødevarerBanken and Julemarked in Denmark, and Tafel in Germany. In 2020, Division



North Europe and Division Nordics donated a total of more than 16 tonnes of food to charity. The residual waste from our Danish production facilities goes to a local biogas plant, while in Spain it is used as an organic fertiliser in local agriculture. We measure our resource efficiency carefully and have increased our recycling rate to 76 (74) percent compared with 2019. Our total waste increased to 1,492 (1,073) tonnes, while our waste intensity decreased to 22 (23) kg of waste per tonne produced.

### Energy

Midsona has worked with energy efficiency for a long time, and our ambition is for all proprietary operations to have 100-percent renewable energy and for consumption to be kept to a minimum. Midsona currently reaches >90-percent renewable electricity at all offices, warehouses and production facilities. In addition, we have a target of reducing our total energy consumption by reusing energy, where possible, for warehousing and production. Besides purchasing renewable wind and hydro-power, we also produced 490 MWh of solar energy from our own solar panel systems.

In the Nordic region, energy derived from non-renewable sources was phased out in 2020 in all operations where we have an influence on the electricity agreement.

In Division Nordics, Midsona mainly uses renewable energy for heating, while in Division North Europe, we have chosen to offset climate emissions. Midsona also installed a new type of mill towards the end of 2020 to streamline processes, improve product quality and to save energy in the long run.

Our energy consumption is one of our most important sustainability risks, and in 2020 we began to map the Group's total energy consumption. Based on this, the Group will assess a possible new target for energy reduction in 2021. In 2020, our energy consumption increased in Division Nordics and Division North Europe to 9,943 (8,668) MWh, while our energy intensity decreased to 0.63 (0.67) gigajoules per tonne produced.

### Greenhouse gas emissions

Midsona applies a climate change strategy, in which we have undertaken to SBTi-determine (Science Based Target Initiative) ambitious and science-based emissions targets for 2021, with ambitious criteria for emission reductions far below the 2 degrees based on the IPCC report, in which all categories are carefully mapped.

Midsona's greenhouse gas reduction targets will be validated by SBTi. From 2020, we will measure all direct and indirect greenhouse gas emissions from purchased energy, as well as parts of our value chain in accordance with the Greenhouse Gas Protocol. Our greenhouse gas mappings and scientifically based targets agree with the EU's long-term target of achieving zero net emissions in the second half of the century (2050) with a time frame to enable liability (15 years).

Most of Midsona's sustainability goals are set to also contribute to reduced greenhouse gas emissions:

- 100 percent recyclable plastic packaging by 2025
- 100 percent plant-based or vegetarian range by 2030
- 90 percent recyclability at our facilities
- 100 percent recycled food waste
- 100 percent fossil-free goods transport by 2030

Midsona has chosen these sustainability targets to be in line with the Scope 3 categories "Purchased goods and services", "Waste generated in the operations", "End-of-life-treatment of sold products" and "Downstream & upstream transport". However, we have previously worked with climate reduction measures:

- As far back as in 2019, we began implementing new machines to drastically reduce the carbon footprint by reusing carbon dioxide in the cleaning pressure chamber at the Ascheberg plant in Germany, through a circulation process that was put into operation in early 2020.
- During 2019, Midsona joined the Allianz für Entwicklung und Klima, an initiative that strives for CO<sub>2</sub>-neutral German production facilities.
- In 2020, Midsona's factory in Ascheberg, Germany, offset all emissions in Scopes 1 and 2 via projects in its own value chain.
- In 2020, our total emissions in Scopes 1 and 2 decreased to 1,098 (1,189) tonnes CO<sub>2</sub>e and our emission intensity to 0.016 (0.022) tonnes CO<sub>2</sub>e per tonne produced.

In the area of efficient resource use, Midsona has contributed to five of the global goals for sustainable development.





# Efficient transports

## Transports

Transport is one of Midsona's most important sustainability issues. We have, for a long time, worked to streamline transport chains, prioritise purchases from local suppliers, phase out air transport as far as possible and explore new opportunities for diversified fuels. To avoid delays, Midsona had only one incoming air transport in 2020. All Nordic transport suppliers report their greenhouse gas emissions in accordance with the European standard EN-16258's "Well to wheel", which facilitates our review of the environmental impact and helps us to concretise the work towards our goal of 100-percent fossil-free self-contracted transport by 2030. The development and science of what is considered sustainable fuel and carriers' attitudes towards fossil-free fuel is shifting rapidly and, accordingly, this area also needs to be updated regularly. At present, there are a limited number of opportunities and of suppliers offering favour-

able solutions for fossil-free freight transport. In 2021, Midsona must therefore continue its work to map the opportunities and developments among transport providers to find the best solution for this goal.

The ongoing pandemic affected the availability of containers in China, delaying, in turn, the transport of coconut products from Sri Lanka and making them more expensive. This has made it more difficult for our suppliers to operate with the higher proportion of renewable fuel that we sought. Over the year, Midsona's inventory structure was optimised, with proprietary stocks being wound up and others being outsourced to external players. Among other things, this means it will be easier for Midsona to purchase larger volumes centrally and to then distribute these to each country, saving on transport, reducing resource consumption and the risk of wastage in the value chain.

Over the year, we continued to convert large parts of the transport chains from Belgium and Italy to an inter-modal solution mostly using rail rather than road transports. The pandemic further strengthened our confidence in the inter-modal solution as a reliable partner, both in a carbon-efficient transport chain, as well as in the supply of goods, as rail proved to be less vulnerable to the disruptions that arose during the pandemic. Today, inter-modal transports account for 45 percent of all incoming transports to Sweden.

In 2020, Division North Europe introduced a new collection and delivery system. Via a portal, the transport supplier can book a slot at Midsona’s warehouse in advance. This avoids unnecessary waiting times and idling and increases the efficiency of the loading and unloading process, in turn reducing fuel consumption and greenhouse gas emissions.

### Business travel

We measure and analyse our travel statistics annually, as well as our emissions and the environmental impacts in connection with business travel. In 2020, emissions from the Group’s air travel decreased to 58 (342) tonnes CO<sub>2</sub>e.

The ongoing pandemic drastically decreased Midsona’s business travel in 2020, with this largely being replaced by online meetings.

For Midsona’s employees, prioritising online meetings is nothing new. In accordance with the Group’s procedure

for business travel, employees should always consider an online meeting rather than traditional travel and online meetings have increased annually, both in terms of their number and combined duration. This equipped employees well for the obstacles that 2020 placed in the way of their meeting and communicating.

Midsona’s business travel is regulated in our Business Travel procedure.

### Company cars and official vehicles

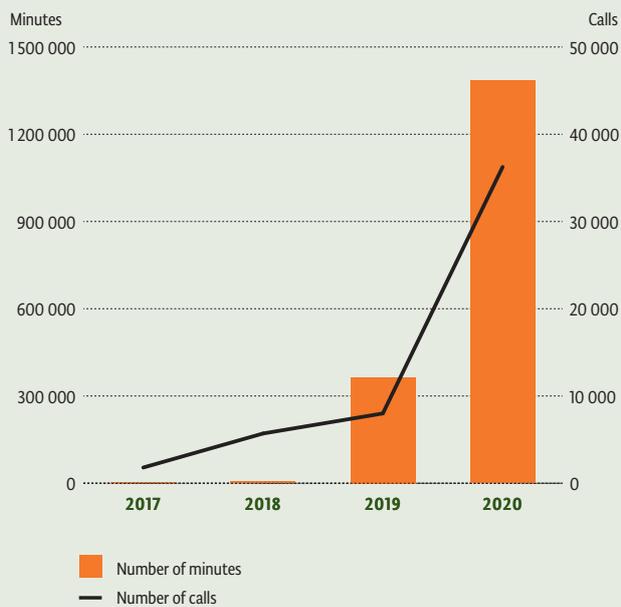
Midsona’s vehicle fleet is gradually being replaced with hybrid or electric vehicles. In Division Nordics, we normally replace petrol or diesel-fuelled company cars and official vehicles with hybrid vehicles as car leases expire. Of 74 vehicles in the division, 13 are currently hybrid or electric vehicles.

In mid-2020, Midsona began converting its vehicle fleet in Division North Europe to hybrid cars and, by the end of the year, about 50 percent of the vehicles had already been replaced. At the plant in Ascheberg, Germany, electric charging stations have also been installed.

With Midsona’s work for efficient transports, we support three of the global goals for sustainable development.



### Use of video equipment



# Sustainability governance

**M**idsona’s Board of Directors bears the overall responsibility for Midsona pursuing a realistic agenda for sustainable development. Through Midsona’s Sustainability Steering Group, the Board of Directors has tasked Group Management with pursuing cohesive sustainability work. The results are reported to the Board of Directors once or twice a year.

Sustainability work within Midsona is conducted cross-functionally through a sustainability group comprising representatives of the three divisions, as well as production, purchasing, quality, marketing, transport, etc. This group reports to the sustainability governance group.

Responsibility for implementation lies with the line organisation and is driven by sub-goals, projects and activities.

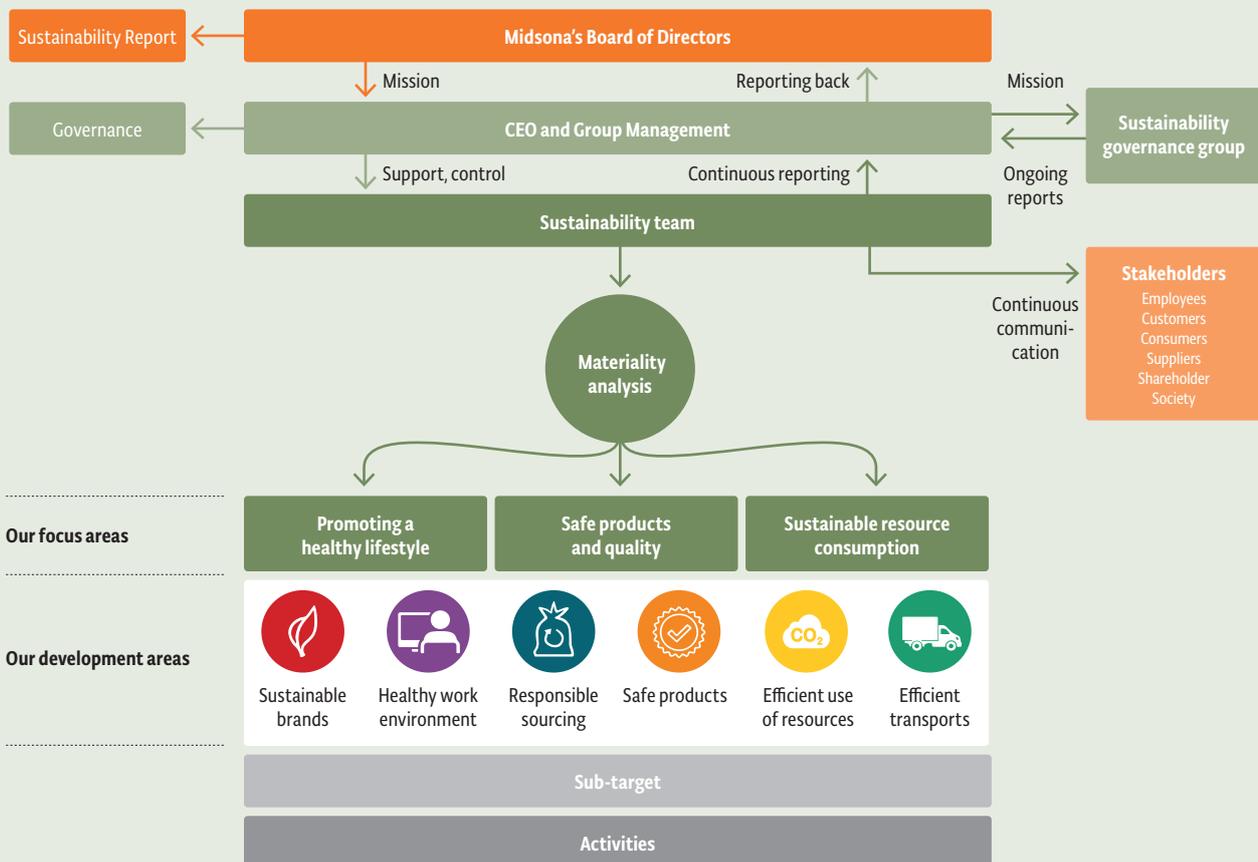
## Stakeholder dialogue

A lack of cooperation and dialogue with our stakeholders could lead to a lack of understanding of common challenges, needs and desires to drive our operations, value and sustainability goals in the same direction and towards the same

objectives. Insufficient sustainability reporting can, in turn, lead to a gap between what Midsona does and stands for and what our stakeholders receive information about. This can lead to misjudgements and inadequate analyses of Midsona as a sustainable company, lessen the values of our business and hinder our opportunities for development towards a more sustainable future.

Midsona has developed a communications plan to ensure that we have a functioning stakeholder dialogue and that we follow up and inform our stakeholders. The plan is included as part of Midsona’s Communications Policy. We follow up on our sustainability metrics and carry out systematic reporting of these to illustrate development over the year. Our sustainability metrics are closely related to the GRI (Global Reporting Initiative), the most widely used international standard for ESG reporting. Over time, Midsona works to further link its key figures to the GRI and to improve our climate and sustainability reporting to an even higher level, based on stakeholder needs.

## Midsona’s sustainability governance model



**Midsona’s stakeholders**

Midsona communicates with its stakeholders in many different ways. The dialogues help us understand the stakeholders’ needs and expectations and also provide input for continuous improvements.

Our stakeholders	How we have created value	How we engage our stakeholders
<b>Employees</b>	A good work environment, health, satisfaction, development opportunities, fair wages, benefits	Personal meetings, development talks, employee surveys, intranet, union organisations
<b>Customers</b>	By supporting our customers in their sustainability work towards their customers, such as by developing sustainable packaging that affects several aspects, such as quality, storage and transport possibilities.	Personal meetings, discussions with quality managers at our customers, customer conferences, industry initiatives, trade fairs
<b>Consumers</b>	Accurate product information and certifications so the consumer can get healthy and safe products. Anyone who chooses our products shall know that they at the same time are contributing to good conditions in areas, such as human/labour law, business ethics and animal welfare.	Consumer surveys, traditional customer contacts, social media, influencers
<b>Suppliers</b>	Through the Group’s Supplier Code of Conduct that the suppliers must sign and the self-assessment they must do on Midsona’s portal for supplier evaluation, Midsona has gained more opportunities to clarify for the suppliers our expectations on their work based on quality, safety and sustainability perspectives. The aim is to ensure the right deliveries and sustainable development for both parties.	Supplier Code of Conduct, supplier portal, audits, personal meetings and continuous dialogue in e.g. purchasing negotiations
<b>Shareholders including investors</b>	Through credible sustainability work, the image of Midsona is presented as a reliable company with products that are safer and of good quality, which leads to better business opportunities.	Financial reports, General Meetings of Shareholders, investor meetings, share investor meetings, the website, press releases
<b>Society</b>	As a company, Midsona takes a responsibility in society for measures that contribute to the fulfilment of national and global targets, such as by joining various initiatives.	Various kinds of social involvement and sponsorship, annual reports to the UN Global Compact, follow-ups and reports to the industry organisation DLF, annual and sustainability reports



# Sustainability data

Midsona’s sustainability data have an emphasis on Midsona’s own operations. Production in the Group’s own facilities has increased significantly during 2020, partly due toof generally increased demand but also due to “insourcing”. The report includes all companies in the Nordic and North Europe divisions and the parent company, with the exception of System Frugt A/S which was acquired in 2020. Reported data for 2019 do not include the Lauterhofen production unit in Division North Europe or Division South Europe. Some data for 2019 have been corrected.

For the reporting of results indicators, a Group-wide IT system is used. Frameworks, indications and definitions are established by Midsona’s sustainability team and evaluated annually. Every division is responsible for its reported data.

## Environment

### Material use, tonnes

	2020
<b>Purchased packaging materials</b>	
Plastic	528
<i>of which, renewable</i>	130
Paper	2607
<i>of which, FSC-labelled or recycled</i>	2051
Glass	897
<i>of which, recycled</i>	506
Metal	197
<i>of which, recycled</i>	0
<b>Purchased support material</b>	
Carton board	8
Plastic foil	66

### Purchases from suppliers within the EU, %

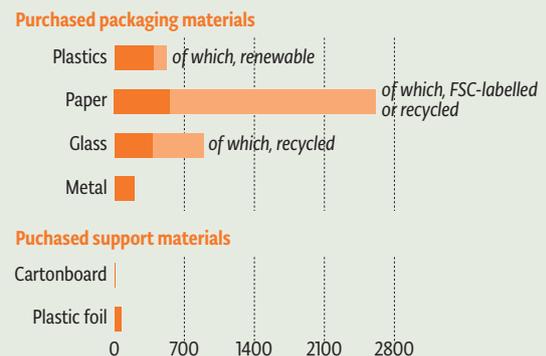
	2020
<b>Raw materials</b>	
Division Nordics	88%
Division North Europe	39%
Division South Europe	88%
<b>Finished products</b>	
Division Nordics	92%
Division North Europe	95%
Division South Europe	77%

### Purchase of risk raw materials, tonnes

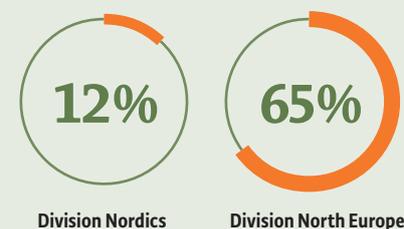
	2020	2019	2018
Palm oil	50	97	n/a
<i>of which, RSPO-segregated</i>	50	97	n/a
Soya	342	290	219
<i>of which, GMO-free</i>	342	290	219
Fish oil	78	71	84
<i>of which, FoS-certified</i>	78	71	84

Division South Europe and the Lauterhofen production unit are included in 2020 but not 2019

### Material use, tonnes



### Purchases from the country of origin of the raw material



**Heating consumption, MWh**

	2020	2019
Biogas or natural gas	3,133	1,863
District heating	1,321	1,402
<b>Total heating consumption, Division Nordics &amp; Division North Europe</b>	<b>4,454</b>	<b>3,264</b>

The production unit in Lauterhofen is included for 2020 but not for 2019

**Electricity consumption, MWh**

	2020	2019
Renewable	5,470	4,241
Non-renewable	19	1,163
<b>Total electricity consumption incl. self-produced, Division Nordics &amp; Division North Europe</b>	<b>5,489</b>	<b>5,404</b>

The production unit in Lauterhofen is included for 2020 but not for 2019

**Electricity production, MWh**

	2020	2019
Consumed self-produced	437	375
Sold self-produced	53	57
<b>Total electricity production, Division Nordics &amp; Division North Europe</b>	<b>490</b>	<b>432</b>

**Waste, tonnes**

	2020	2019
Metal	10	9
Glass	15	14
Carton board	328	239
Plastic	161	80
Organic	566	422
Hazardous	14	3
Electric	2	0
BigBags sent for reuse	20	24
Other sorted	12	1
Totally sorted	1,129	792
Totally unsorted	363	281
<b>Overall, Midsona Group</b>	<b>1,492</b>	<b>1,073</b>

Division South Europe and the Lauterhofen production unit are included in 2020 but not 2019

**Water, m<sup>3</sup>**

	2020	2019
Division Nordics	5,991	5,856
Division North Europe	10,967	6,789
Division South Europe	36,765	n/a
<b>Overall, Midsona Group</b>	<b>53,723</b>	<b>12,645</b>

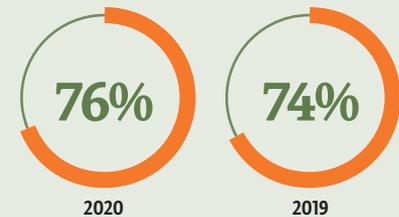
Division South Europe and the production unit in Lauterhofen are included for 2020 but not for 2019

**Energy intensity, GJ/h**

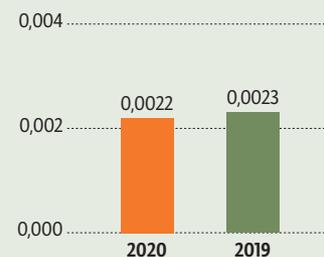
In total, Division Nordics & Division North Europe



The production unit in Lauterhofen is included for 2020 but not for 2019

**Recycling rate****Waste intensity, t/t**

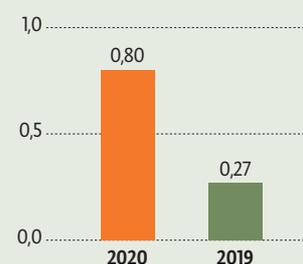
Overall, Midsona Group



Division South Europe and the production unit in Lauterhofen are included in 2020 but not for 2019

**Water intensity, m<sup>3</sup>/ t**

Overall, Midsona Group



### Greenhouse gas emissions, CO<sub>2</sub>e

Direct emissions	2020	2019
<b>Scope 1, tCO<sub>2</sub>e</b>		
RefrigerantS	0	51.5
Gas	807.8	468.5
Company cars	281.9	272.0
Oil	0	0.2
<b>In total, Division Nordics &amp; Division North Europe</b>	<b>1,090</b>	<b>792</b>

Indirect emissions	2020	2019
<b>Scope 2, tCO<sub>2</sub>e</b>		
Electricity	6	338
District heating and cooling	2	58
<b>In total, Division Nordics &amp; Division North Europe</b>	<b>8</b>	<b>396</b>

Midsona's use of non-renewable district heating was reported too high in 2019, has now been corrected.

<b>Scope 3, tCO<sub>2</sub>e</b>		
Business travel		
of which trains	0.5	0.4
of which flights	58.0	342
of which hotel nights	14.4	8
<b>In total, Division Nordics &amp; Division North Europe</b>	<b>72.8</b>	<b>350.4</b>

Hotel nights for 2019 do not include Division North Europe

### Emission intensity, tco<sub>2</sub>e/t

In total, Division Nordics & Division North Europe



The production unit in Lauterhofen is included for 2020 but not for 2019

## Health and safety

### Workplace injuries

	2020	2019
<b>Number of cases of workplace injuries</b>		
Division Nordics	0	3
Division North Europe	3	10
Division South Europe	11	n/a
<b>Overall, Midsona Group</b>	<b>14</b>	<b>13</b>
<b>Number of sick days due to workplace injuries</b>		
Division Nordics	0	5
Division North Europe	211	219
Division South Europe	n/a	n/a
<b>Overall, Midsona Group</b>	<b>211</b>	<b>224</b>

### Training hours

	2020	2019
<b>Number of training hours per employee, salaried employees</b>		
Division Nordics	3	3
<b>Number of training hours per employee, production</b>		
Division Nordics	2	3

### Examination of suppliers from social and environmental aspects

	2020	2019
<b>Number of supplier audits, %</b>		
Division Nordics	3	8
Division North Europe	6	3
Division South Europe	0	n/a
<b>Overall, Midsona Group</b>	<b>9</b>	<b>11</b>

### Number of cases of discrimination

Overall, Midsona Group

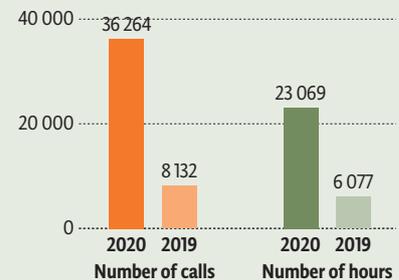


## Other key figures

### Product certifications, % of sales, total Midsona Group

	2020
Organic	57
KRAV	4
Fairtrade	5
ECOCERT Cosmos	4
Vegan Society's Trademark	4
Naturland	3
Demeter	1

### Video conferencing



## Accounting principles

### Electricity

Covers offices, warehouses and production where Midsona owns the electricity agreement. The calculation is based on actual consumption collected from the supplier and confirmation with a certificate of origin for all eco-labelled electricity. For the two offices in the Nordics division that do not have influence on their electricity contract, actual electricity consumption and emission factor for the Finnish residual mix from AIB are used.

### Electricity production

Covers warehouse and production. Data build on actual electricity production from solar cells in affected facilities.

### District heating and cooling

Covers offices, warehouses and production where Midsona owns the rental agreement. Calculation builds on actual consumption gathered from suppliers and primarily the supplier's production-specific emission factor, secondarily a Nordic or, alternatively, European average in accordance with naturvardsverket.se.

### Gas

Covers offices, warehouses and production where Midsona owns the rental agreement. Calculation builds on actual consumption gathered from suppliers and primarily the supplier's production-specific emission factor, secondarily a Nordic average in accordance with naturvardsverket.se.

### Water

Covers warehouse and production. Data build on actual consumption gathered from the respective facilities or property owners.

### Waste

Covers warehouse and production. Data build on actual volume in weight gathered from the respective facilities or property owners. Organic waste includes volumes that are reused for biogas or animal feed.

### RefrigerantS

Covers warehouse and production. Calculation builds on actual refilling of refrigerant, gathered from suppliers and emission factor obtained from alltomfgas.se.

### Video equipment

Covers offices, warehouses and production. Data build on actual use that is registered by Group-wide IT tools.

### Business travel and Hotel nights

Includes all business trips and hotel nights for Midsona AB, Division North and Division Nordics, implemented by Midsona employees. Emission data from aircraft, trains and leased company cars are primarily obtained from travel suppliers, in others hand from manually collected and with emission factor per distance from NTM or DEFRA IPCC. Emission data for hotel nights is based on actual data and emission factor from HCM1.

### Employees

Includes all Midsona staff at the end of the year and the current distribution between age, gender and position. Actual completed or actual absence is used for follow-up of activities and sick leave.

### Supplier reviews

Data based on data reported during the year regarding audits of suppliers.

### Intensity calculations

Based on actual data on tonnes produced per production unit owned for at least one full year by Midsona and specific parameters under each area, in accordance with the above principles, for 2019 and 2020. Energy intensity calculation also includes office energy consumption. Intensity calculations for the entire Midsona Group include data from Division South Europe for 2020.

### Climate impact in accordance with location-based method

Midsona's climate impact is presented in accordance with the GHG protocol guidelines and the calculations take place through a market-based method. If Midsona calculated the climate impact in Scope 2 with a "location-based method", the footprint for 2020 would have been 1,450,582 tonnes of CO<sub>2</sub> equivalents. The calculation is based on actual electricity consumption and country-specific emission factors from the IEA.

# Auditor's opinion regarding the statutory Sustainability Report

To the General Meeting of Shareholders in Midsona AB (publ), corporate identity number: 556241-5322

## Engagement and responsibility

The Board of Directors is responsible for the Sustainability Report for 1 January – 31 December 2020 on pages 42–75 and for it being prepared in accordance with the Annual Accounts Act.

## The scope of the examination

Our review has been conducted in accordance with FAR's recommendation RevR 12 Auditor's statement on the statutory Sustainability Report. This means that our statutory examination of the Sustainability Report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards

in Sweden. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our statement.

## Opinion

A sustainability report has been prepared.

Malmö, 7 April 2021  
Deloitte AB



Per-Arne Pettersson  
Authorised Public Accountant





**midsona**

**Midsona AB (publ)**

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