

midsona



**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 to a healthier life. The group is leading in organic foods, consumer health and health foods in the Nordic countries, Germany, France and Spain and our Code of Conduct clearly states that Midsona shall be a responsible company. In practice, this means that our business partners, customers, consumers and owners can rely on us and our products. It also means that all matters relating to environment, working environment and human rights shall be handled in a responsible manner and that we always shall practice ethical business methods.

Midsona also attaches great importance being a sustainable company and has chosen to link sustainability work to the UN Global Sustainable Development Goals. We have analyzed and mapped out how Midsona contributes best to Agenda 2030.

Midsona joined UN Global Compact in April 2011 and this is our 9th 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 2020/2021. 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, 27 April 2020

MIDSONA AB (publ)



Peter Åsberg
CEO

Sustainability report

What we consume, how the products are made, transported, used and finally discarded, how much of the food is thrown out and how much is already lost before the food even ends up on the plate. All of this and much more affect us people and the climate.

Here, Midsona wants to continue to be a part of the solution. By being a responsible, transparent consumer product company with sustainable raw material purchases and products that can be trusted. By continuing to develop products – especially vegan and vegetarian – that are good for people, the environment and the climate under our strong brands. By focusing on plant-based pure and organic products. By contributing to greater insight into the value of commitment to what the food contains and what a balanced diet entails for the body. By being the expert in health and well-being for several years. This is our contribution to a healthier planet.

In this report, Division North Europe has been included, but – unless otherwise stated – not the operations in Division South Europe, which Midsona did not take possession of until October 2019.

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Focus on growth-based and organic

In 2019, Midsona continued to take responsibility for inspiring a healthy lifestyle and offering products that help people live a healthy life.

Major changes are taking place right now with new values and consumers with a different view of food. The ethical, environmental and climate reasons play an ever larger role, where animal proteins are called into question and increasing numbers of people are choosing to eat plant-based food. At the same time, people are devoting less and less time to preparing food, which leads to greater demand for products that are easily accessible and fast to prepare, while they nonetheless meet the consumers' demand to eat healthy and climate aware. The consumers simply want to make healthy and sustainable choices. Here, Midsona wants to be a part of the solution in the future as well, by continuing to focus on plant-based, purely organic products.

Ambitious new sustainability targets

In line with Midsona's ambitions and the requirements stakeholders set on a clear sustainability agenda, we have established new sustainability targets for the period 2020 to 2030.

We have long worked with sustainability issues and see them as a natural part of our business. Everything we do builds on a passion for healthy food combined with a clear desire to

promote sustainable consumption. Our goals are ambitious, but we have already come far, both in the Nordic region and in Germany, and we are looking forward to implementing our sustainability objectives throughout the organisation.

The Future

A profitable brand-driven growth is important to drive a healthy and sustainable business. When Midsona grows, our possibility of helping even more people achieve a healthy life also grows, such as by developing and launching even more healthy, organic and plant-based products.

In order for Midsona to continue to be sustainable and innovative in our product development work and throughout the entire value chain up to our consumers, and at the same time create economic growth, it is important that we continue to build our business by being sensitive, open and transparent.

Welcome to study Midsona's sustainability work in the 2019 Sustainability Report!

Peter Åsberg
President and CEO

Sustainability strategy

For Midsona, the consumers are the focus. Their perspective and view of sustainability issues, together with our profile, are cornerstones in the sustainability efforts.

Our contribution to a sustainable society

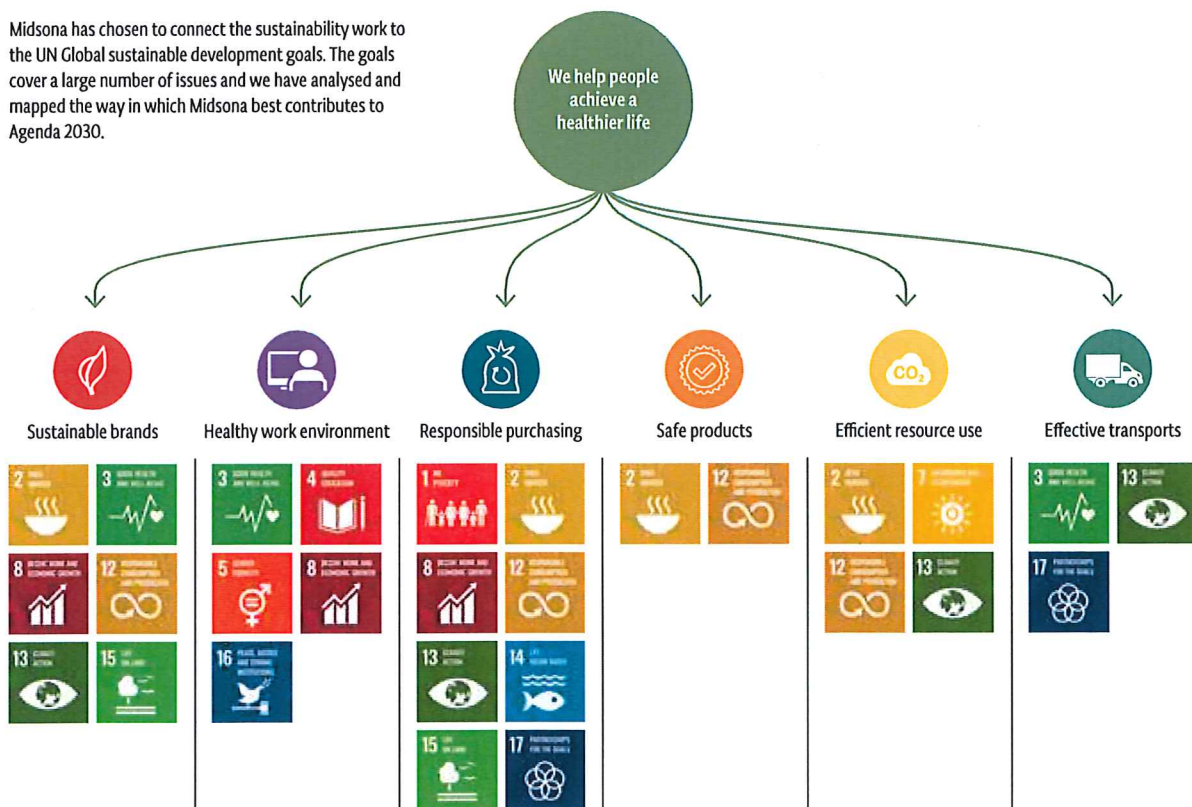
Our sustainable strategy is indicative of our high level of ambition and the direction we want to go to contribute to a sustainable society. The strategy is based on our mission to help people live a healthier life. In order to get there, Midsona must work with what we are best at, namely:

- Understanding our consumers 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

Midsona has established six development areas that we have then mapped in line with the UN Global Sustainable Development Goals (SDGs). See structure below. Focus areas contribute to clarifying the activities that Midsona is conducting and the goals set within our sustainability work and also means that we can measure our results over time. Based on this work, Midsona adopted a new comprehensive sustainability policy with procedures and instructions in 2019.

Midsona is conducting 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 were 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 the Group and our stakeholders.

Midsona has chosen to connect the sustainability work to the UN Global 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.



Sustainable brands

Midsona develops, produces and markets products that make it easier for people to live a healthy life.

Promoting a healthy lifestyle

Midsona has developed a solid understanding of the role that diet and nutrition play in health and well-being. This knowledge guides the Group in strategic decisions, such as corporate acquisitions and other investments, which are based on established acquisition strategies that include sustainability. This knowledge also forms the basis of Midsona's innovation and product development work, where for every brand it is prioritised to work on ensuring that the products both make it easier for people to live healthy and are sustainable for our planet.

Creating financial growth

Several of Midsona's brands are early pioneers in organic plant-based foods and are market leaders in one or more countries. We still work continuously to find new sustainable solutions and identify trends and products that live up to Midsona's sustainability strategy.

Midsona's organic focus brands are covered by every dimension of sustainable development – economic, social and environmental – and are chosen based of their development potential both in terms of sales and sustainability. In recent years, the majority of Midsona's growth came from organic brands. In the Nordic region, Germany, France and Spain, we are present with our leading organic brands *Urtekram*, *Kung Markatta*, *Davert*, *Helios*, *Celnat*, *HappyBio* and *Vegetalia*.



Target 2030
100%
plant-based or
vegetarian assortment

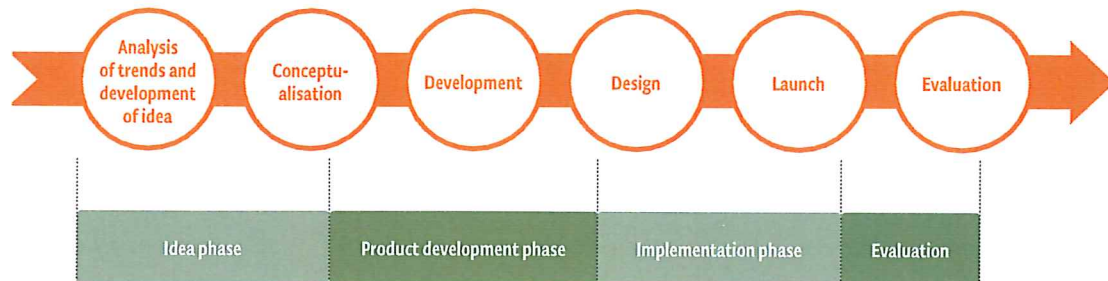
Target 2025
100%
material-recyclable
plastic packaging

This was achieved in 2019:

- ▶ During the year, Midsona acquired several leading brands in organic and plant-based food in Sweden, Germany, France and Spain, such as Ekko Gourmet, Eisblümerl, Celnat, Happy Bio and Vegetalia.
- ▶ In 2019, the brand Urtekram was ranked fifth overall in Denmark in the Sustainable Brand Index™ B2C and second in the food category.
- ▶ During the year, we continued to conduct the One Organic project in the Nordic region to more strongly link together organic with health and to even better reach out to the large target group that wants to enable a healthy lifestyle through organic and environmentally aware consumption choices.



Important steps in the innovation process



Innovation

In 2019, Midsona updated its innovation process to further strengthen focus on healthy and sustainable products in the categories that are prioritised for the brands and their consumer target groups.

Every project is run in different stages: a well-conceived concept development, development of the product and implementation/launch. Lastly, an evaluation is done. Both the products' ingredients and their packaging are evaluated based on health and sustainability aspects through clearly set criteria for e.g. sugar, salt, fibre, packaging material, filling ratio and various labels that are important to show the quality of the products that Midsona chooses to take to the market. In the project, clear templates with set goals and criteria are used that ensure an extensive focus on the sustainability work.

Sustainable packaging

At the same time that the packaging is important to guarantee product quality and communicate messages, it has a considerable environmental impact. The packaging is therefore an important part of Midsona's work and we want to contribute to minimising their impact on our surroundings and increasing their recycling rate.

In 2019, the producers' responsibility for gathering and taking care of used packaging and recycled paper has been expanded. Midsona welcomes the expanded producer responsibility and we strive to generate the least possible resource use and cause the least possible amount of waste. Midsona has already committed to the Plastic Initiative 2022 in Sweden and from 2020 will let this target also apply for the other parts of the Midsona Group. The ambition is for all of Midsona's consumer packages to be able to be

Some of the most important innovations we have worked with in 2019 are:

Launch	Brand	Comment
Plant-based beverages	Kung Markatta	Vegan, KRAV (Almond & soy), FSC-carton board
Tofu	Kung Markatta/ Urtekram/Helios	Vegetarian alternatives
Vegetable juicer	Kung Markatta	KRAV, 100% natural ingredients
Vegomixes	Kung Markatta	Vegan
Vegetable soups	Kung Markatta	Vegan, KRAV, Äkta Vara, source of fibres, gluten-free (Carrot, Beetroot)
Kombucha	Kung Markatta/ Urtekram/ Helios	Organic ingredients
Frozen vegetarian dishes	Urtekram/ Kung Markatta	Vegetarian alternatives. Several variants are vegan, KRAV and gluten-free
Skin care	Urtekram	New scents, certified organic, Vegan, 100% natural sources. Packaging of sugar cane plastic
Flakes	Davert	Fairtrade
Corn cakes	Friggs	Gluten-free
Lintel cakes	Friggs	Gluten-free, 100% natural ingredients
Chickpea cakes	Friggs	Gluten-free, rich in fibre, 12% protein
Tea	Friggs	Herbal teas of new flavours with updated packaging with less plastic
Protein bars	Swebär	No added sugar
Shakes	Naturdiet	High protein content, low sugar content

recycled for materials by 2025 and that we thereby contribute to the EU's strategy for a circular economy.

For reduced environmental and climate impact in every stage, Midsona has the ambition to look at the following aspects in the development of new and existing product packaging:

Material selection

- Mapping of the origin of the packaging raw material
- Greater knowledge about energy consumption in the production process
- Valuation of transports and storage possibilities
- Characteristics of the material to ensure product quality and sustainability periods

Now, the paper raw materials for the packaging of products made in-house that Midsona buys is 100-percent FSC-certified.

The majority of Midsona's products will have packaging that can live up to the requirements in organic food production to reduce food waste and we have to take this into account to avoid food waste to the greatest extent possible. By filling the packages, so that they contain as little air as possible, the amount of packaging materials and freight space decrease. This is both an environmental and a cost issue.

Structure

- Materials and possible combinations of materials
- Design (colour, shape, printing)
- Necessary amount of packaging material
- Filling ratio
- Transport optimisation and stacking possibilities at customers and in the company's own warehouse

In 2019, we continued to remove plastic from our teas and now both Kung Markatta and Friggs teas are free from plastic packaging by the paper cartons being sealed. Our

assortment of certified organic hair and skin care products under the brand Urtekram has packaging made of sugar cane waste from the food industry. Instead of emitting carbon dioxide, the production of sugar cane helps reduce the amount of carbon dioxide as every tonne of sugar cane absorbs two tonnes of carbon dioxide from the environment*.

Increased awareness in the consumer stage

- Clear recycling instructions
- Inspiring messages - "Best by, often good after"
- Training materials and campaigns

Initiatives that have been realised in 2019

Brand	Comment
Urtekram	85% of the beauty packaging made of sugar cane
Urtekram	All cartons and all POS materials are FSC-certified
Urtekram	All packaging is labelled with recycling instructions
Kung Markatta	All packaging is labelled with recycling instructions
Helios	>50 of Helios' product groups are equipped with "Best by" and "Often good after" labelling instead of expiration date
Helios	>50% of the product packaging is FSC-certified
Helios	All packaging for new or updated products are labelled with recycling instructions
Davert	All packaging is FSC-certified
Davert	All packaging is Blauer Engel certified
Davert	All packaging for new or updated products are labelled with recycling instructions
Friggs	The bottles contain 5 % less plastic than before
Mivital	The bottles contain 5 % less plastic than before
Mivital	Plastic-free packaging
Biopharma	Consumer packaging Trippel Omega-3 of recycled plastic

*Source: <http://www.braskem.com>



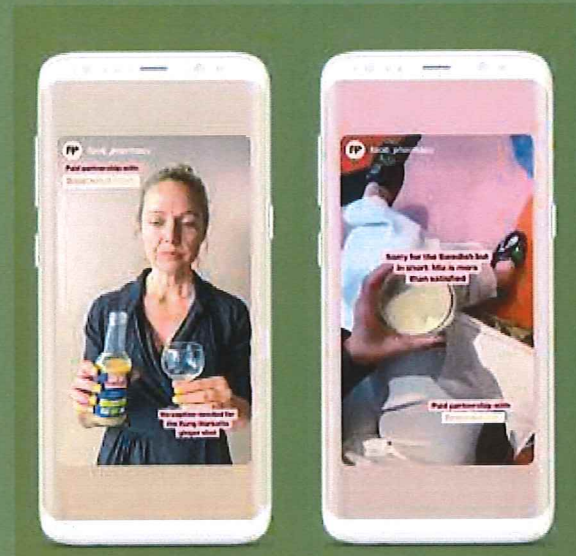
Sustainable initiatives

In 2019, Kung Markatta had a cooperation with the duo Food Pharmacy, where some of our most important products were linked together with a Food Pharmacy lifestyle in podcasts and social media to promote and educate regarding sustainability issues.

Two campaigns were done where we highlighted beetroot juice, shots, tofu and tempeh under the brand Kung Markatta. All products were linked together with a main message that told about the product's certifications and provided inspiration to try new recipes.

The campaign for beetroot juice was under the message "Give your day a good start" and highlighted that the product is especially popular in health and exercise circles. In the tofu campaign, the product's high protein content was highlighted and in the campaign for shots, the high ginger content was highlighted.

The campaigns were visible in lifestyle, food and exercise magazines, Youtube, social media and on large digital signs adjacent to stores.



Food service

Midsona has chosen to take responsibility and make a difference in several stages. In 2019, Midsona's Swedish part of Food service worked to develop a concept of "our choices make a difference" that will address schools, elderly care centres and hospitals. Based on various topics, we will inspire people to cook with sustainable plant-based food and at the same time reduce food waste by talking about the value of the raw materials and how to use the entire raw material in cooking, including what one might consider to be a waste product today. Every recipe will be climate assessed using the RICE climate database for food.

The project will begin in earnest in 2020 and we will start by focusing on schools. The objective is to inspire and improve competence among school restaurants in their sustainability efforts by cooking with a low climate impact and less food waste, both in preparation and service.





Swebar played an important role during the Women's Football World Cup in 2019 where Sweden's team won the bronze.

Sponsorship and community involvement

Midsona also contributes in other ways to creating a social and environmental benefit. In 2019, through the brand Swebar, we were official suppliers to the Swedish national football teams and from 2020, we are also suppliers to the national handball teams. We have also been involved in projects as the Team of the Month, where we donate sports nutrition products for a value of SEK 5,000 to one sports team a month.

From Midsona's production facilities in Denmark and Germany, we donate products with a short expiration date to organisations, such as the Danish Fødevarebanken or German Tafel or Food Sharing. All of them are non-profit associations with a social commitment. In Germany, Midsona also holds sales of food with a short expiration date to the staff once a month.



Healthy work environment

The work environment has a major impact on how we feel, both when we are at work and after work. To credibly be able to promote a healthy lifestyle for Midsona's other stakeholders, the company also needs to look at itself and work to help Midsona's employees to a healthier life.



50/50
gender distribution
in management
positions

0%
work-related injuries

Motivated employees

Midsona wants to be a company that stimulates and motivates our employees to good health based on their own possibilities. Our employees being motivated is the basis for success and we will continue the work of making Midsona an even better and more attractive workplace by:

Ensuring our employees have a good balance between work and leisure

- Health will be one of our overall objectives in the Group
- Preventively helping our employees live a healthy life and thereby reduce sickness absence
- Flexible workdays and, when work permits, the possibility of working from home

Making Midsona a balanced organisation with regard to gender

- Actively working with gender equality and diversity as a natural part of the business

Continuing the improvement work

- Developing the work with employee talks, follow-ups and employee surveys to be able to even better capture the employee's thoughts regarding the cooperative climate and the working environment

Gender equality and diversity

Midsona has a relatively equal gender distribution with 47 percent women and 53 men in total in the Group (including Division South Europe). Midsona actively works to improve the gender distribution by ensuring that the working conditions suit all employees, that instructions and criteria in setting salaries are fair, that wages are mapped and that the employees will have a possibility 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.

Employee performance reviews and employee surveys

In order to get motivated employees, Midsona's objectives must be clear. Employee performance reviews and follow-ups are a good tool for the manager when it comes to Midsona's objectives and how one should achieve these goals. The employee's performance targets for the upcoming year should be linked to the Group's targets. For the employee, it is in turn an opportunity to express his or her thoughts on, for example, the duties, skills development and the cooperation climate. Here, Midsona works based on a process established in the Group's procedure for employee performance reviews.

Midsona's most recent employee survey was carried out in 2018 and was responded to by 83 percent of the employees. The work/leisure balance and a certain level of stress were two improvement areas that were identified for 2019. Midsona worked actively with both areas during the year, which are presented below.

The next employee survey is planned for spring 2020.

This was achieved in 2019:

During the year, Midsona worked with several different initiatives in all organisations with a particular focus on the leisure/work balance and stress:

- ▶ Lectures on stress and health in Sweden, Finland and Denmark.
- ▶ Managers in Sweden received training in organisation and social work environment and about how they best see if employees are stressed.
- ▶ Health initiatives such as exercise clubs, exercise at the workplace with instructors, table tennis, yoga, padel, with more activities.
- ▶ In Sweden, the project "Midsona in motion 2019" was conducted with a focus on the areas Get moving, Feel well and Eat right.

The initiative in 2019 has had an effect thus far. Sickness absence has decreased in the Group, see page 46, which is a step in the right direction. This work is continuing in 2020.

Working environment

A safe work environment leads to employees who feel better and work more productively. Midsona's natural goal is that all employees will thrive at their workplace. This is achieved in part through prioritised and transparent work environment efforts with commitment from employees

and in part through well-established procedures for risk assessment and systematic work environment efforts. Safety committees or local equivalents exist in Sweden, Denmark, Norway and Germany.

During the year, Midsona had three cases of work-related injury in Division Nordics and ten cases in Division North Europe. They largely involved minor injuries.

Midsona's steering documents on the work environment are presented on the intranet and in personnel presentation to ensure that the information reaches out to all of the Group's employees. These are Organisational and social working environment including diversity and gender equality, Skills and development, Employee talks and Whistle blowers.

Education

Midsona wants the employees to feel that they have the possibility to develop in their work. At the same time, it is important that the Group at all times has the right competencies as needed to achieve Midsona's visions and goals. The Group's steering document for Competence and development provides guidance in building, developing and maintaining competence in the organisation. Midsona develops skills through lectures, external courses, e-training, seminars or training programmes. In the annual employee talks, the need for skills development in relevant areas is always discussed with the employee, and the employee's skills development plan for the next year is documented and then followed up.

Gender distribution

On the balance sheet date



Group Management

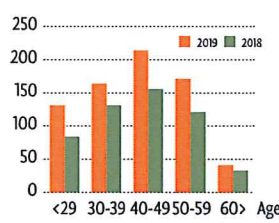


Board of Directors



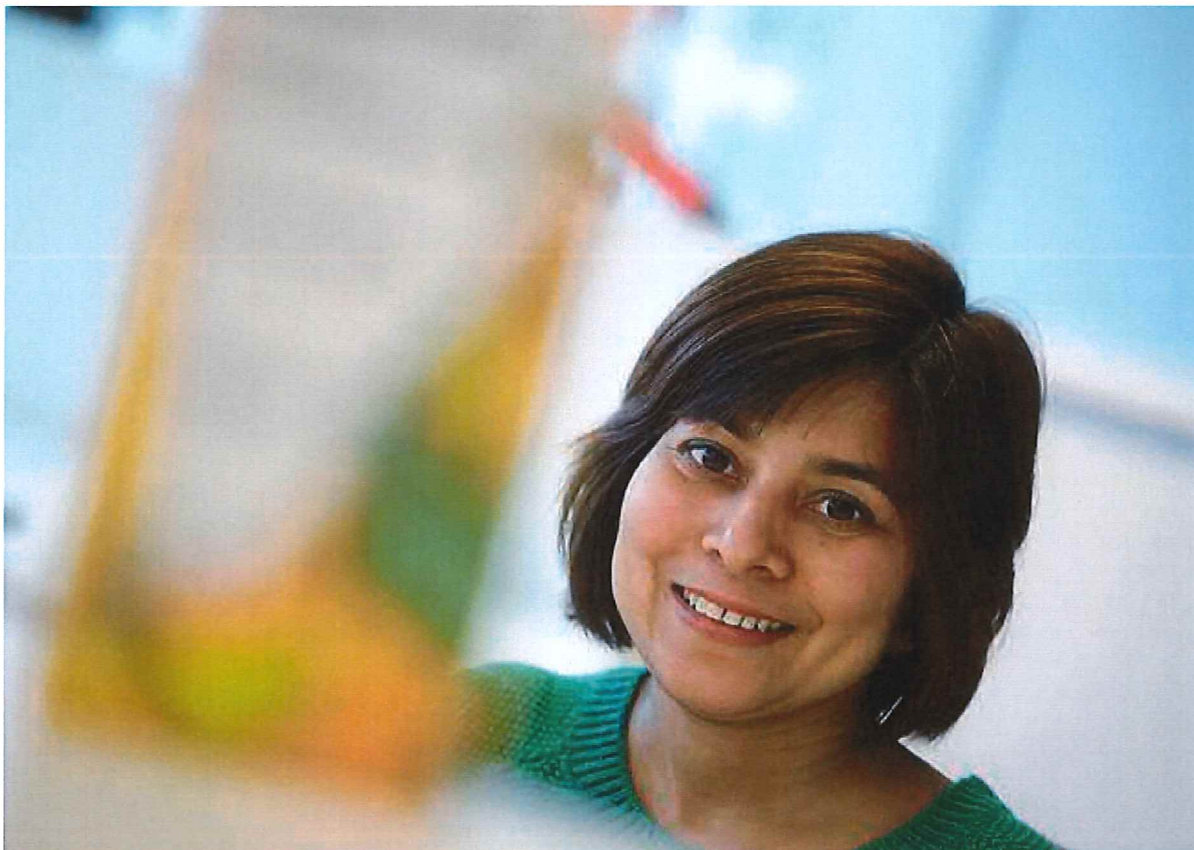
Age structure

Number of employees



Absence due to illness, %

	2015	2016	2017	2018	2019
Sweden	3.6	6.0	3.8	4.7	1.3
Norway	5.3	5.7	5.0	3.4	4.2
Finland	2.7	3.2	2.1	2.7	1.6
Denmark	4.1	4.5	5.7	8.4	4.7
Germany	-	-	-	6.2	5.4
France	-	-	-	-	1.7
Spain	-	-	-	-	7.5
Group	4.3	5.1	4.6	5.7	3.9



Arundhati Olsson from Midsona's Malmö office.

Responsible purchasing

Since 2017, Midsona has actively worked to harmonise processes and instructions on the cooperative arrangements with the Group's suppliers, and among other things has a strategy on an effective and sustainable value chain and a Supplier Code of Conduct has been developed. Steps taken have already improved the support to the commercial operations and begun to lower the cost level through, for example, shared purchasing and transport.



Target 2025

100%
mapped strategic
suppliers according to
ISO 20400 guideline

100%
of the suppliers
risk-classified

More sustainable suppliers

Through Midsona's Supplier Code of Conduct, the Group can set higher requirements in the supplier level and improve important processes, which in turn contributes to the Group's sustainability work being able to be conducted in a successful manner. Midsona's supplier inspections build on close relationships with the suppliers and are one of the most important tools to be able to place clear requirements.

Midsona is mapping, approving and following up all of its own suppliers in order to:

- Obtain an overview of whether or not they conduct their work in a sustainable manner in terms of controls, environment, emissions, personnel, etc.
- Check that they have signed the Supplier Code of Conduct
- Get an idea of which of our suppliers work with certifications, such as RSPO (Roundtable on Sustainable Palm Oil), MSC (Marine Stewardship Council) regarding fish oil or GMO Free (Genetically Modified Organisms) regarding food

Midsona's Supplier Code of Conduct is a fundamental part of our procurement documentation and has been included as a part of new agreements and existing agreements in renegotiations. At year-end, 78 percent, or 279 out of 359 unique suppliers, had signed the document. The large suppliers, mainly in Division North Europe, can most often verify that they work with equivalent sustainability requirements and have their own Code of Conduct that is satisfactory for Midsona and therefore provides a certain percentage deviation. Midsona's ambition is for all of our strategic suppliers in 2025 to be evaluated based on the ISO 20400 framework for sustainable procurement.

Mapping and risk assessment of suppliers

Midsona risk assesses new and existing suppliers of food according to a number of different parameters, including:

- Geographic risks according to BSCI
- Certification according to GFSI
- Health and safety
- Environmental impact
- Business ethics and anti-corruption
- Labour law
- Human rights

All new suppliers of food must go through Midsona's Supplier Self Assessment before an agreement enters into effect. For suppliers that have been classified in a high risk category, a more thorough audit is done and the supplier is then evaluated annually.

All audits in Division Nordics are risk-based and follow a common audit plan. If measures need to be implemented, a timetable is set and a date for approval of the measures. The ambition is for Division North Europe to be connected to the same supplier evaluation system in 2020.

This was achieved in 2019:

- ▶ A Nordic supplier evaluation system (KODIAK) was implemented for a uniform and improved overview of suppliers' strengths, competence and capacity.
- ▶ During the year, Division Nordics conducted eight audits and Division North Europe conducted three.

Safe high-quality products



Target 2025
100%
annual risk audits

Midsona's customers and consumers must be able to be secure in the knowledge that we have functioning routines for the control of products and deliveries, and that safety is always in focus.

The consumers want to know where the raw materials come from and how the food was produced, that the hygiene products they use are safe and produced in a sustainable manner. The documentation over what is included in our products and how they are produced is therefore a significant part of Midsona's quality work, for example in the work to illustrate ingredients and continue to require suppliers to work with certifications.

Midsona has a large product portfolio and to be able to guarantee safe, sustainable products, a risk analysis is required of all of our processes and a detailed product evaluation. In addition, a good relationship and close co-operation with all of our suppliers is necessary. We choose our suppliers with care and focus on a long-term, structured collaboration. Our ambition is to revise our high-risk classified suppliers annually.

Labelling and certification

All suppliers must meet Midsona's requirements on product safety, but it is also important that they have operations that are socially, ethically, environmentally and economically sustainable. To ensure this, a risk evaluation and classification

of all of our suppliers is done with help from standardised questionnaires and an annual audit plan.

Our products are certified according to many different standards. The certifications are also shown on our packages and provide the consumer further guidance to choose sustainable and healthy alternatives. All certifications set stringent requirements on quality, environmental and sustainability work and become like a stamp of quality on our products.

Product safety

Correct and accurate labelling of products is something that Midsona's consumers demand and that the Group has long prioritised. We never want to mislead our consumers, but want to give them a correct product labelling that they can rely on and that gives them necessary information on content and origin, among other things. This is to help them make the right choice based on their health and lifestyle.

Midsona's quality work is governed by current legislation, requirements from authorities and customers and industry guidelines. In addition to this, there is also our quality policy and our strive to satisfy our consumers' needs and wishes.

Some of Midsona's certifications



EU labelling: For organic products that are produced and sold in the EU.



Eco-cert: Used only on bodycare products, new approval every year. Issued by Ecocert Group, France.



Ålta vara: Swedish labelling that the products are free from additives.



Nordic Swan Ecolabel: Environmental label. Issued by Miljømærkning, Denmark.



Vegan: The product does not contain ingredients derived from animals.



Debio: Debio is a Norwegian label that guarantees that a food product has been organically produced.



KRAV: Renewed annually. Issued by Kiwa, Uppsala, Sweden.



Fairtrade: An independent certification, which through controls and criteria for sustainable development gives people in countries with widespread poverty an opportunity to improve their conditions.



Naturland: Global label for the cultivation of organic food. The labelling stands for fair prices, reliable trading conditions and social responsibility towards the growers.



Demeter: International certification that biodynamic products meet standards for production and processing.



Leaping Bunny: Certification that guarantees that our hygiene products have not been tested on animals.



Keyhole: The Swedish National Food Agency's label. For food with less sugar and sale, more whole grain and fibre and more nutritious or less fat.

Effective resource use

We work systematically to use the resources in as sustainable a manner as possible and thereby reduce our negative impact on the environment.



Target 2025
90%
recycling of waste

Target 2025
100%
re-used food waste

Midsona's facilities

All units have action plans to systematically improve their environmental impact and Midsona takes responsibility for the organic production having the least possible negative impact on the environment, climate and people. New production methods, energy savings, even better waste control and support materials for production are areas that Midsona has identified as important:

- The *energy* Midsona uses shall be renewable and the consumption shall be kept to a minimum.
- The amount of *waste and spoilage* must be minimised through alternative materials that can be recycled in part or whole
- The amount of *support materials for production* must be reduced
- *Water* must be used in a responsible manner

Midsona measures all electricity consumption, water consumption and all waste.

Calculation and reporting of climate emissions

For 2019, Midsona will for the first time report for Scope 1 and 2 and for part of Scope 3, see page 56.

It is our ambition to map our largest emissions of greenhouse gases according to the GHG protocol in the next few years and establish a climate target approved by Science Base Targets initiative and in line with the Paris Agreement's 1.5 degree goal.

The "Greenhouse Gas Protocol" (GHG) is developed by the World Resources Institute (WRI) and the World Business Council on Sustainable Development (WBCSD) and is the most widely accepted international standard for the calculation and reporting of emissions of greenhouse gases.

The emissions are divided into three scopes to facilitate comparability:

SCOPE 1	SCOPE 2	SCOPE 3
Direct emissions	Indirect emissions of purchased energy	Other indirect emissions

Source: ghgprotocol.org/about-us

Energy

Midsona works with energy and energy consumption in different ways:

- For example, with solar panels, wind power and biofuel. Other initiatives are LEDs, motion detectors and buildings with as much daylight as possible.
- All energy to Midsona's office, production and warehouse units in Sweden, Denmark and Germany come from 100 percent fossil-free electricity.
- Midsona's production facilities and several warehouse buildings use 20–30% energy from their own solar panels. All surplus energy from these facilities is sold at market price.

Waste

Midsona sorts and measures all waste at its own facilities. The organic waste is used, for example, as biofuel for cars and buses, for external biofuel facilities or for compost facilities and as animal feed. The ambition is to increase focus on and control of food waste to thereby be able to reduce unnecessary food waste and increase re-use of the unavoidable food waste.

This was achieved in 2019:



Images: Oleg Bojzow.

In our facility in Ascheberg, a large part of the raw materials, such as lentils or rice, are delivered in big bags made of woven polypropylene. The bags may only be used once in the food industry, but instead of turning the bags into recycling, they are sent to cleaning and are re-used in other industries, such as the construction industry.

- ▶ All furniture in connection with renovations of Midsona's Malmö office has been purchased from suppliers that specialised in extending the life of used office furniture. Transports take place with environmentally friendly alternatives. According to the supplier's calculation, the difference in the climate impact was around 7 tonnes of CO₂-equivalents.
- ▶ In 2019, preparations were made to begin reducing the CO₂ emissions in the pressure treatment machine in the Ascheberg facility through a circulation process that will be commissioned at the beginning of 2020.
- ▶ During the year, Midsona joined the Allianz für Entwicklung und Klima, an initiative that strives for CO₂-neutral German production facilities.

Effective transports



Target 2030

100%
fossil-free
goods transports

Midsona being able to transport raw materials and finished products is an absolute necessity for the Group's financial and social development. It is likewise a necessity that our employees can do the business travel necessary in order for them to be able to do their work. At the same time, we are aware that transports are a major source of negative impact on human health and the environment and climate.

Transports in Sweden account, for example, for around one third of the country's emissions of greenhouse gases¹.

Midsona works continuously and goal-oriented to try to minimise emissions from transports and has created a model for efficiency enhancements and route optimisation of the company's goods flows. In Sweden, we already joined the DLFs Transport Initiative 2025 and in the period 2020–2030 will let this target also apply to other parts of the Midsona Group.

The requirements in the Supplier Code of Conduct on new hauliers include reporting on the emission values for Midsona's transports in accordance with EN-16258. In addition, the haulier must – in the same way as all of Midsona's suppliers – have an operation that is socially, ethically, environmentally and financially sustainable.

For Midsona in the Nordic countries, a new transport agreement has been negotiated beginning in 2019. The new haulier handles Midsona's Swedish domestic



Tests have been done at Midsona's facility in Mariager, Denmark to double-stack pallets to thereby better use the transport space.

¹Swedish Environmental Protection Agency

refrigerated and frozen transports and domestic transports to and from the company's unit in Falköping. The company is KRAV and EKO certified and has chosen to lead the way for environmentally friendly transports. Midsona has also chosen to move refrigerated goods to the haulier's own cold storage warehouse, since the warehouse is strategically well placed and gives Midsona a more efficient and flexible distribution.

In our German division, which was acquired in 2018, Midsona began the reporting of transport data from 2019.

Midsona has many hauliers in Italy and we have chosen an intermodal solution, where the transports go by rail from Italy to Sweden. The same kind of solution has been chosen for Midsona's corn and rice cakes that are made in Belgium and transported to Malmö.

Midsona also works a lot with the filling ratio in the transports and in 2019 conducted tests to find the best way to double-stack pallets and thereby reduce the number of transports and in extension reduce the emissions of greenhouse gases. The tests have been done between Midsona's facility in Mariager, Denmark to our facility in German Ascheberg and are currently being evaluated. For domestic freight from the warehouse in Falköping, all dispatches are double stacked in that the haulier has vehicles where the loading area can be divided up.



Carbon-offset for transports

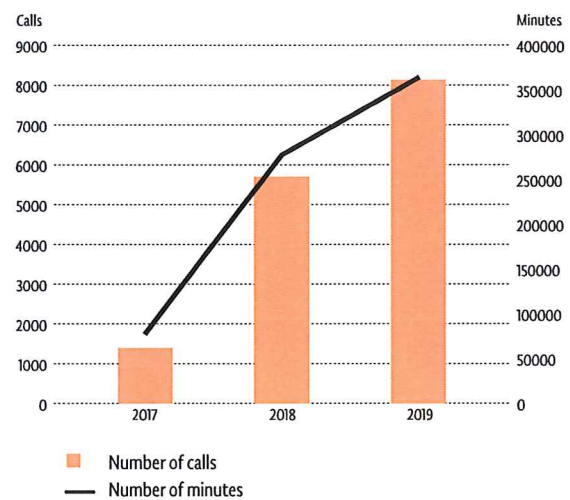
Since 2009, Midsona carbon-offsets under the brands Kung Markatta and Helios, all transports that are necessary to import organically grown products from around the world. For carbon offset, Midsona in Sweden has chosen tree planting in cooperation with Vi-forest. For Helios in Norway, Project Ghana was chosen, which aims to promote energy-efficient ovens instead of those fired with charcoal.

Business travel

Midsona actively works, for example, through policies and the intranet, to encourage a combination of traditional travel and video alternatives. Business travel shall always be made with sustainability in mind.

To reduce Midsona's general travel needs, video conferencing equipment was introduced as a standard at all of the Group's offices. Moreover, all of the employees' computers have been equipped with systems for video conferencing so that the employees can participate in meetings regardless of where they work. The use of the equipment increases every year and several Nordic projects have been conducted through the video equipment.

Use of video equipment is increasing



Sustainability governance

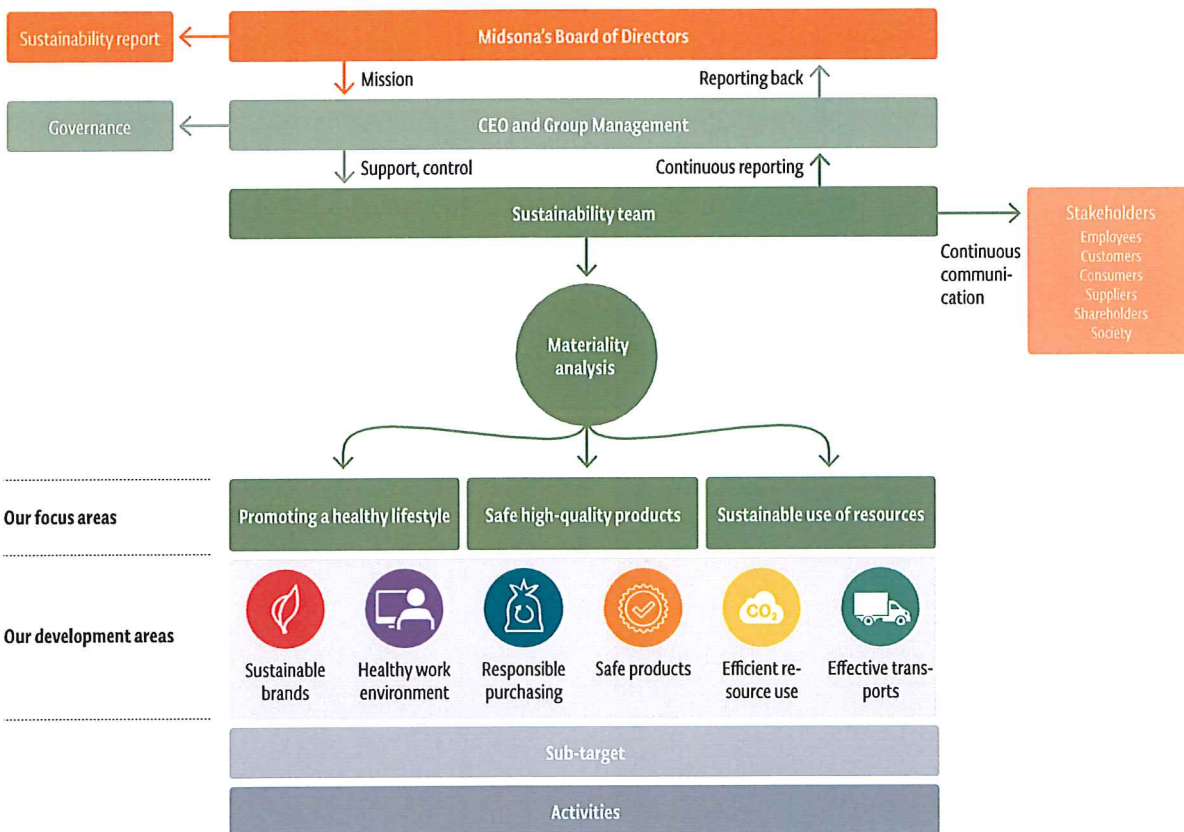
Our way of working

Midsona’s Board of Directors assigned Group Management the task of beginning an overall and coordinated sustainability work in the middle of 2016. The Board of Directors declared that the work of strengthening Midsona’s sustainability profile is of the highest priority since Midsona wants to be involved in influencing and increasing awareness of the importance of sustainability issues among the employees, as well as in society in general. At the same time, this work makes Midsona credible, relevant and competitive, and at the same time entails gains for both society and the climate. The Board of Directors has the overall responsibility for Midsona working with a realistic agenda for sustainable development and Group Management reports the results at the Board meetings once or twice a year. Midsona’s Group

Management has identified managers for various sustainability issues and other experts in the Group, such as production, purchasing, quality, transport, etc. These people form Midsona’s sustainability team. The group has drafted a sustainability strategy and focus areas, addresses strategy issues and is responsible for the governance and implementation of the reporting of results indicators. The sustainability team reports to Group Management and the CEO and Group Management in turn monitor the development and implementation of various measures.

Since 2017, Midsona uses a reporting platform that gives us the opportunity to systematically report results and progress. In the platform, we set targets and make comparisons. Today, we have a good structure and comparative figures, but the work of developing and improving is continuously under way.

Midsona's sustainability governance model



Framework

The framework for Midsona’s sustainability report is based on the Global Reporting Initiative (GRI) framework. We base Midsona’s sustainability work and Code of Conduct on 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.

Governance

The most important steering document for Midsona is the Group's Code of Conduct. 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 content and it is included as a natural part of the introduction of new employees. 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.

In order 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. A project was begun in 2019 to strengthen Midsona's internal governance processes and create a more functional structure. In the process, all of Midsona's policies are reviewed and when necessary have been revised.

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 employees' health and safety and offers a creative and developing working environment.

Combating corruption

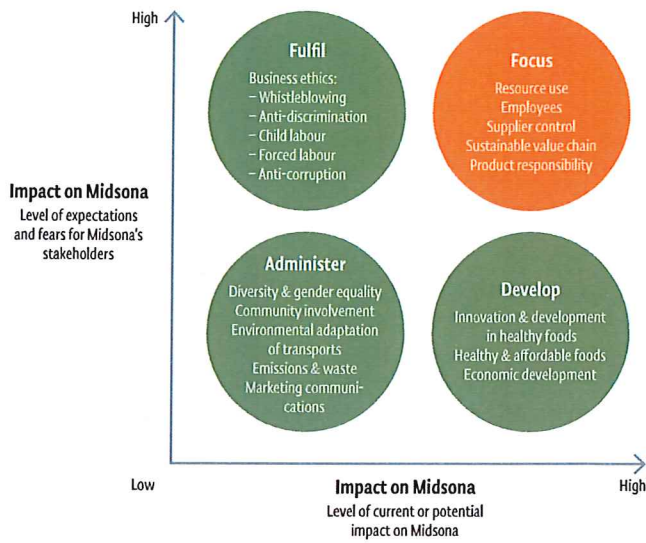
In all contexts, Midsona seeks to encourage and act in line with sound competition principles. All communication should take place in accordance with applicable legislation and the Group's policies. Midsona's employees are expected to act in an ethical manner in relation to the Group's stakeholders and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

The Group's whistle-blower policy is an important tool to quickly call attention to and combat conduct that is 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.





Materiality analysis

In 2015, Midsona conducted a materiality analysis to identify our most important sustainability aspects. The primary stakeholder groups, *see table*, were interviewed via questionnaires and interviews. In the review that was done in 2019, it was confirmed that the results of the materiality analysis still reflect Midsona's view of sustainability and therefore still feels relevant.

In the materiality analysis that was done, we ranked prioritised issues based on expectations and/or fears for the stakeholders and current or potential impact on Midsona, for a situation analysis in matrix form.

The issues where Midsona had the best chances to make a difference were prioritised, goals were set and activities that are required to get there were identified.

Midsona's intention is to annually review the analysis so that we continue to work with the issues Midsona can influence and that mean the most – and create the best value – for Midsona and our stakeholders.

Stakeholder dialogue

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
Employees	A good work environment, health, satisfaction, development opportunities, fair wages, benefits	Personal meetings, development talks, employee surveys, intranet, union organisations
Customers	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
Consumers	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 human rights/labour law, business ethics and animal husbandry.	Consumer surveys, traditional customer contacts, social media, influencers
Suppliers	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
Shareholders including investors	Through credible sustainability work, the image of Midsona is presented at a reliable company with products that are safer and of better quality, which leads to better business opportunities.	Financial reports, General Meetings of Shareholders, investor meetings, share investor meetings, the website, press releases
Society	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. The reporting comprises all companies in the divisions Nordics and North Europe and the Parent Company. Individual deviations are recognised under the respective measurement area.

Data for companies in South Europe are not reported in 2019.

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.

Accounting principles

Electricity consumption

Covers offices, warehouses and production where Midsona owns the electricity agreement. The calculation is based on actual consumption gathered from suppliers and an emission factor for the Nordic residual mix, which is presented annually by the Swedish Energy Markets Inspectorate (Svensk Energi "Origin labelling of electricity, 2019")

Electricity production

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

Heating

Covers offices, warehouses and production where Midsona owns the district heating or gas agreement. Calculation builds on actual consumption gathered from suppliers and primarily the supplier's production-specific emission factor, secondarily a Nordic average according to naturvardsverket.se.

Water

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

Waste

Covers offices, warehouses and production. Data build on actual volume in weight gathered from the respective facilities or property owners. Exceptions for offices, which when necessary use a calculation of a daily volume of organic waste, which is then multiplied up for the full-year.

Refrigerant

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

Cover all business travel and hotel nights carried out by Midsona employees. Calculation for Parent Company and Division Nordics builds on collected data from the common travel booking provider. Division North Europe calculation builds on manual collection for business travel, the division has no data for hotel nights in 2019. Emission factors for air, rail and leased company cars are primarily obtained from travel providers and company car providers, secondarily from Gemis.

Employees

See Note 10.

Goods transports

Covers all goods transports between Midsona's warehouse and customer, where Midsona owns agreements with hauliers. Calculation for Division Nordics builds on data collected from the respective haulier. Division North Europe has no data for 2019.

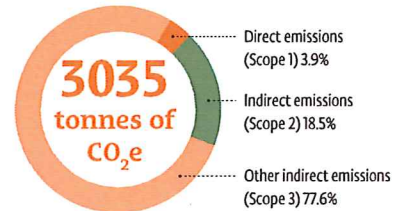
Climate impact

Midsona's climate impact is presented according to 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 2019 would have been 1473.5 tonnes of CO₂ equivalents.

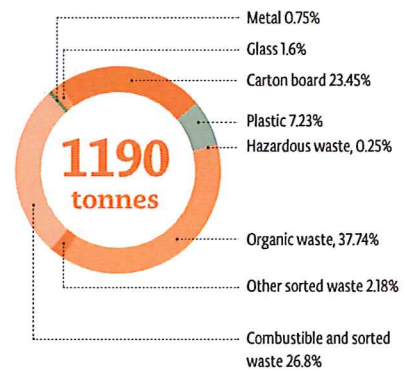
Sustainability risks

Midsona has chosen to integrate its risks in the sustainability area with the Group's other risk management processes. Information on how Midsona analyses and handles sustainability risks is therefore in the annual report's risk section on pages 70–71.

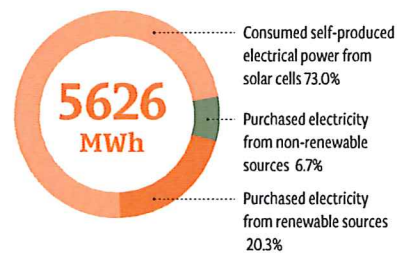
Greenhouse gas emissions



Waste according to fraction

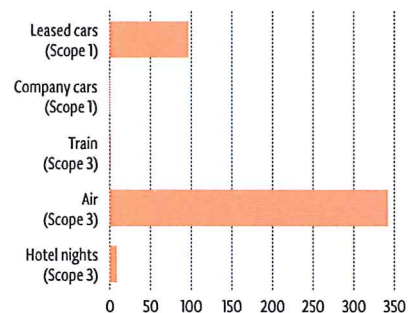


Consumed electricity



Total emissions of greenhouse gases, business travel

Scope 1 & 3, tonnes CO₂e



Emission of greenhouse gases, tonnes CO₂e

2019	Nordics	North Europe	Group
Direct emissions (Scope 1)	18	101	119
Indirect emissions (Scope 2)	345	216	561
Other documented indirect emissions (Scope 3)	2,349	6	2,355
Total	2,712	323	3,035

Emission of greenhouse gases, tonnes CO₂e Scope 1

2019	Nordics	North Europe	Group
Refrigerant	0	24	24
Fuel in production (petrol and diesel)	0	0	0
Business travel (leased vehicles and company cars)	18	78	96
Total	18	102	120

Emission of greenhouse gases, tonnes CO₂e Scope 2

2019	Nordics	North Europe	Group
Purchased electricity, non-renewable	286	0	286
Purchased district heating	59	216	275
Total	345	216	561

Emission of greenhouse gases, tonnes CO₂e Scope 3

2019	Nordics	North Europe	Group
Business travel (Rail, Air, Hotel nights)	344	6	350
Goods transport (Between Midsona warehouse and customer)	2,005	-	2,005
Total	2,349	6	2,355

Emissions of greenhouse gases, goods transports (between Midsona's warehouse and customer), tonnes of CO₂e Scope 3

2019	Nordics	North Europe	Group
Truck	2,003	-	2,003
Rail	0	-	0
Boat	0	-	0
Air	2	-	2
Total	2,005	-	2,005

Total emissions of greenhouse gases, business travel, tonnes CO₂e Scope 1 & 3

2019	Nordics	North Europe	Group
Leased vehicles (Scope 1)	18	78	96
Company cars (Scope 1)	0	0	0
Rail travel (Scope 3)	0.0003	0.3556	0.4
Air travel (Scope 3)	336	6	342
Hotel nights (Scope 3)	8	0	8
Total	362	84	446

Waste, tonnes

2019	Nordics	North Europe	Group
Metal	3	6	9
Glass	14	5	19
Carton board	170	109	279
Plastic	21	65	86
Hazardous waste	3	0	3
Organic waste	54	395	449
Other sorted waste	1	25	26
Combustible or unsorted waste	215	104	319
Total	481	709	1,190

Consumed electricity, MWh

2019	Nordics	North Europe	Group
Purchased electricity from renewable sources	1,611	2,497	4,108
Purchased electricity from non-renewable sources	1,142	0	1,142
Consumed self-produced electrical power from solar cells	3	372	375
Total	2,756	2,869	5,625

Produced electricity, MWh

2019	Nordics	North Europe	Group
Self-produced electrical power from solar cells	3	372	375
Sold self-produced electrical power from solar cells	0	57	57
Total	3	429	432

Consumed water, m³

2019	Nordics	North Europe	Group
Total water consumption	7,381	7,310	14,691
Total	7,381	7,310	14,691

Video conference calls

2019	Nordics & North Europe	Group
No. of calls	8,132	8,132
Number of hours (h)	6,077	6,077

Auditor statement on the statutory sustainability report

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

Assignment and responsibilities

The Board of Directors is responsible for the sustainability report for 1 January 2019 – 31 December 2019 on pages 37–57 and for it being prepared in accordance with the Annual Accounts Act.

Review focus and scope

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.

Statement

A sustainability report has been prepared.

Malmö, 7 April 2020
Deloitte AB



Per-Arne Pettersson
Auditor in charge

