



# **Sustainability Report**

## **2018**

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# My sustainable backpack

In August, I moved to Sweden with my family. Full of expectations and well read up on the country, we arrived during those warm summer days. That summer, the forest fires were the hot topic and climate issues were intensely discussed in the media.

In the warm and mild days of late summer, we really took advantage of now living closer to nature. It gave us many beautiful nature experiences. And later we had the chance to take part of Lucia and the Swedish Christmas smorgasbord! As a newly appointed CEO for Semper I quickly needed to gain insight to what Semper stand for and everything that is going on in the company. The organisation I came from has a huge commitment to sustainability issues and I am counting on making a positive difference, leading Semper's work on sustainability.

**17 tons of spray tower by boat and country road**  
Autumn was a very special time for us since we started the installation of a whole new manufacturing line, including a new spray tower, at our plant in Götene.

The new spray tower was transported by boat from The Netherlands to Lidköping. After that came the tricky task of shipping the 19 meter tall and 17 ton heavy tower by land to Götene. However, the biggest challenge was lifting the tower and lowering it down through the roof of the plant. But it went brilliantly!  
We started a packaging project to increase our knowledge and to make sure that we can use more sustainable packages in the future. During the year a new nutritional policy has been adopted for our gluten free products, to make sure that they are just as nutritional as ordinary bread. The implementation will be gradual. We have also adopted a policy this year, saying that we will use eggs from free range hens only.  
To build a long-term driving force to stay innovative, a Dragons' Den competition was organised in

which all employees got the opportunity as well as the tools, to develop ideas and present them in front of a jury – "The Dragons". Several projects in sustainability developed and the winning contribution had a focus on health and nutrition.

**Safety always comes first**  
During my time at Semper, I have had the pleasure to meet the dedicated employees who work hard to keep this company in constant motion. I have of course respected the precautionary principle that is applied for purchasing and evaluating food raws in development, manufacturing and sales of our products. With it in mind, safety always comes first.

I have also been introduced to the research Semper conducts to actively build knowledge on how nutrition and eating habits can be improved for infants and toddlers – to improve their life long health.  
Semper's quality policy is the base of all our work within the company. We reached an important milestone in May 2018 when the Semper AB Headquarters as well as the offices in Norway, Finland and Denmark were certified according to the ISO standard 9001.

With Semper's sustainability strategy in mind, I look forward to keep developing and integrating sustainability issues into our everyday work!

*Sebastian Schaeffer*  
Sebastian Schaeffer,  
CEO Semper AB





## About Semper

Today, Semper is the leader in baby food and gluten free products. Semper was founded in 1939 and is since 2006 part of the international food group Hero, which is owned by the Oetker family. The Group is headquartered in Switzerland and has a total of 4,300 employees in 19 countries.

Semper has about 250 employees working in Sweden, Norway, Finland and Denmark. Our manufacturing plant for porridge, cereals, drinks, infant formula and gluten-free mixes is located in Götene, while our gluten-free crisp-bread bakery is located in Falun. We develop and produce all of Semper's meals, fruit and vegetable purees as well as in between meals in jars and pouches for infants and young children together with Hero's company based in Spain.

We are here!

This is where we export!

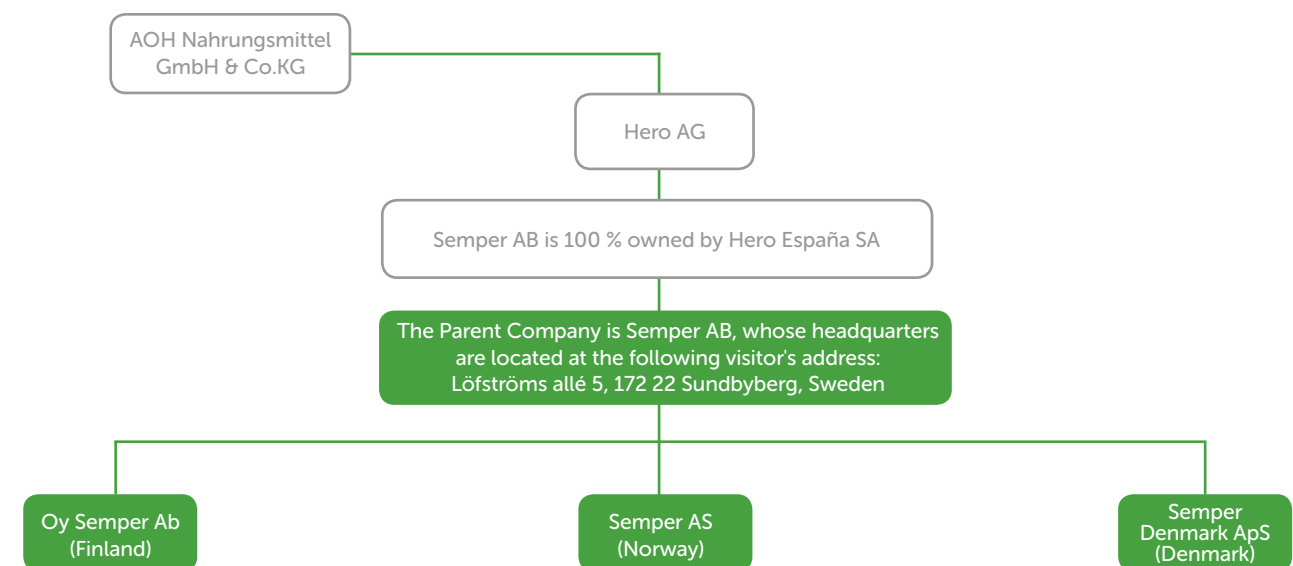
### Our markets

Sweden is without question our largest market in the Nordic region. As Semper AB we sell products to our subsidiaries in Finland, Denmark and Norway. Outside the Nordic region we export to countries within the Hero Group, such as the Czech Republic, Russia, the UK, the Netherlands, Switzerland and China. We also export to external companies in countries such as the UK, Germany and Greece. The supermarket sector is unquestionably our largest customer. We also sell to pharmacies, hospitals and other food manufacturers.

Distribution of sales at Semper AB

Sverige	Danmark	Finland	Norge	Övriga
72 %	7 %	8 %	4 %	9 %
= 100 %				

## Our company structure



### Food that does good

At Semper we have extensive expertise in healthy and delicious food. We have developed and produced food for infants and children for generations and thereby gained a high level of confidence from our consumers. Our comprehensive baby food range including cereals, fruit and vegetable purees, baby meals and in between meals have led to us becoming the market leader in the Nordic region.

### A leader in nutrition

Since day one, we have developed knowledge on health and nutrition and it has been our focus ever since the very first infant formula was introduced in 1948. And we keep the close collaboration with nutritional experts and paediatricians. In addition to infant formulas, we also offer special formulas, probiotic drops and milk-free cereal drinks and porridge.

tion to infant formulas, we also offer special formulas, probiotic drops and milk-free cereal drinks and porridge.

### Porridge and cereal drinks

Semper has been market leader in porridge and cereal drinks for decades. We regularly update the recipes and fine-tune them according to the latest research and recommendations. The grains we use are of highest quality and come from selected fields in Sweden and the milk comes from farms in the vicinity of Götene.

### A healthy gluten-free life

Regardless of whether you suffer from coeliac disease or want to stop consuming gluten for other reasons, you should be able to enjoy a healthy gluten-free life. We are proud of our

large range of food products that our customers rely on. We have been offering gluten-free food since 1991 and acquired the knowledge and insight on what it means to be gluten intolerant. The current range includes everything from bread, crispbread, pasta and cookies to breakfast cereals and cake and bread mixes. Semper is the clear market leader in the Nordic gluten-free market.

### Smart healthy snacks

Good 'n' Go is our brand for a series of healthy bars and smoothies. They are vegan, gluten and lactose-free. Good 'n' Go are naturally tasty with a short list of ingredients free from preservatives, colourings and added sugar.

### The precautionary principle is always applied

The precautionary principle ensures that we at Semper always opt for the safe option over the unsafe option. The precautionary principle is applied because:

**We develop and** supply food products for infants and young children, both of whom consume more food per kilo of body weight while also being more sensitive to undesirable substances.

**We develop and** manufacture gluten-free food both for people suffering from coeliac disease and those avoiding foods containing gluten for other reasons.

**We stand for** trustworthiness – something which is also reflected in all of the food products we offer for sale.



## Semper's values

### CHANGE

We strive to consistently improve, learn from our operating environment and keep moving forward.

### ENTREPRENEURSHIP

We are focused in our search for new approaches and are quick to produce new products and ideas.

### SPEED

We are proactive and open to simple, creative and safe solutions.

### EMPOWERMENT

We believe in participation and independence, as well as both assigning and assuming responsibility.

### FAMILY

We have an open, honest and informal working method and we show a great deal of consideration for each other.



# Our business model

Semper develops, produces and markets a wide range of baby food, gluten-free food, healthy snacks and special products within the field of nutrition. Our principle market is the Nordic region, and we are the market leader here in terms of baby food, infant formulas and gluten-free products.

## Our mission

Semper and Hero have a shared mission:

*"We delight consumers by conserving the goodness of nature"*

**Locating the best** ingredients and developing them into delicious, safe and nutritional food is of great importance to us. In order to fulfil our mission in the long run and protect the goodness of nature for coming generations, we need to operate sustainably. We have a commitment to protect the valuable resources provided by the Earth and to leave the smallest footprint possible.

## Management and organisation

Semper's management system was certified according to ISO 9001 during the year. Semper has a management group consisting of members from each department within the organisation. This is where strategic matters are planned and decisions concerning the organisation's direction are made. Each Head of Department is responsible for day-to-day operations.

The Hero-group has undergone restructuring during 2018 and within Europe three clusters have been

formed. One in the north, one in the central part and one in southern Europe. Semper AB is included in the northern cluster together with the companies in the UK and Benelux. Sebastian Schaeffer is in charge of the companies in the northern cluster. At the same time a global supply business including production has been formed. In Europe, there is a corresponding cluster in northern, central and southern Europe. Former supply personnel at Semper AB is now organisationally included in the northern cluster. To maintain a strong link between the organisations, the Director Supply chain northern Europe is included in Semper's management team.

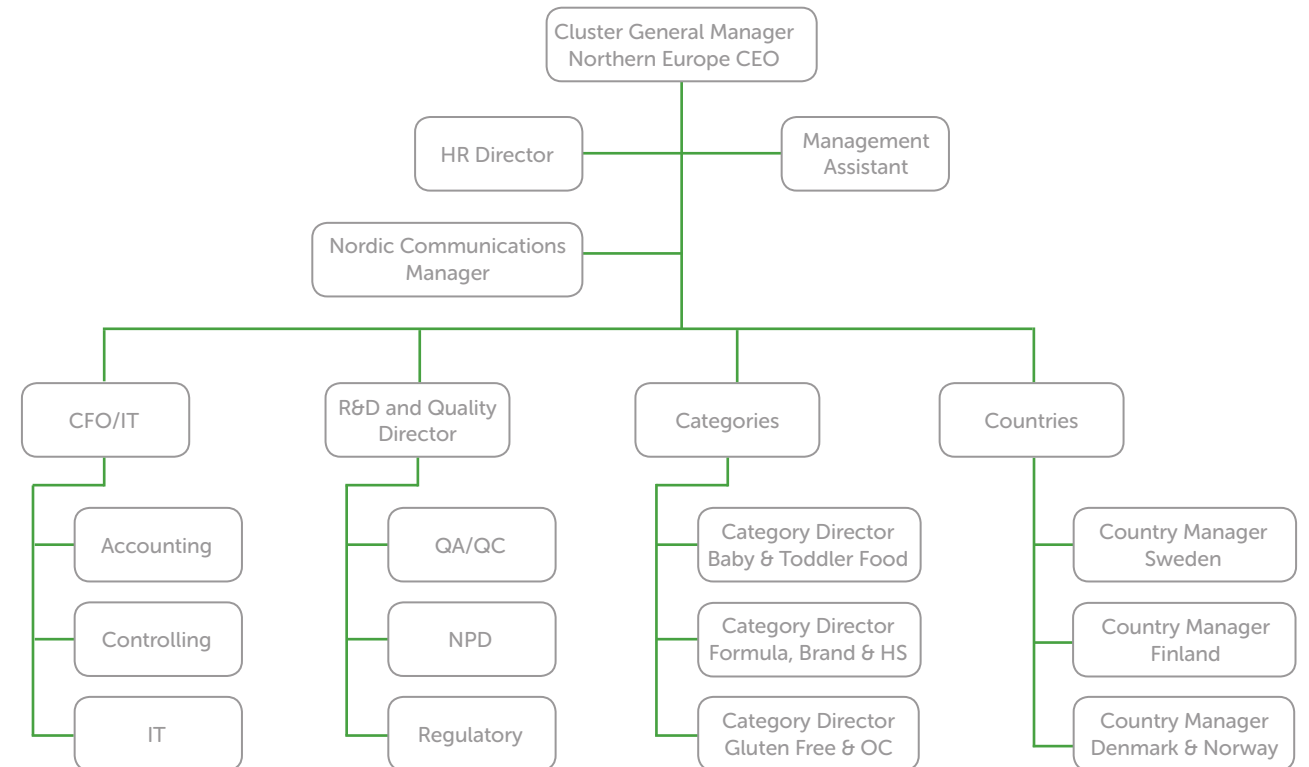
## Our sustainability strategy

Our sustainability strategy serves as our guide in our day-to-day operations and as part of our aim to consistently improve. Our strategy is as follows: Operations are to contribute to sustainable development and sustainability initiatives are to be integrated into operations and yield concrete results. Operating our business in a responsible manner is vital in terms of both short and long-term success.

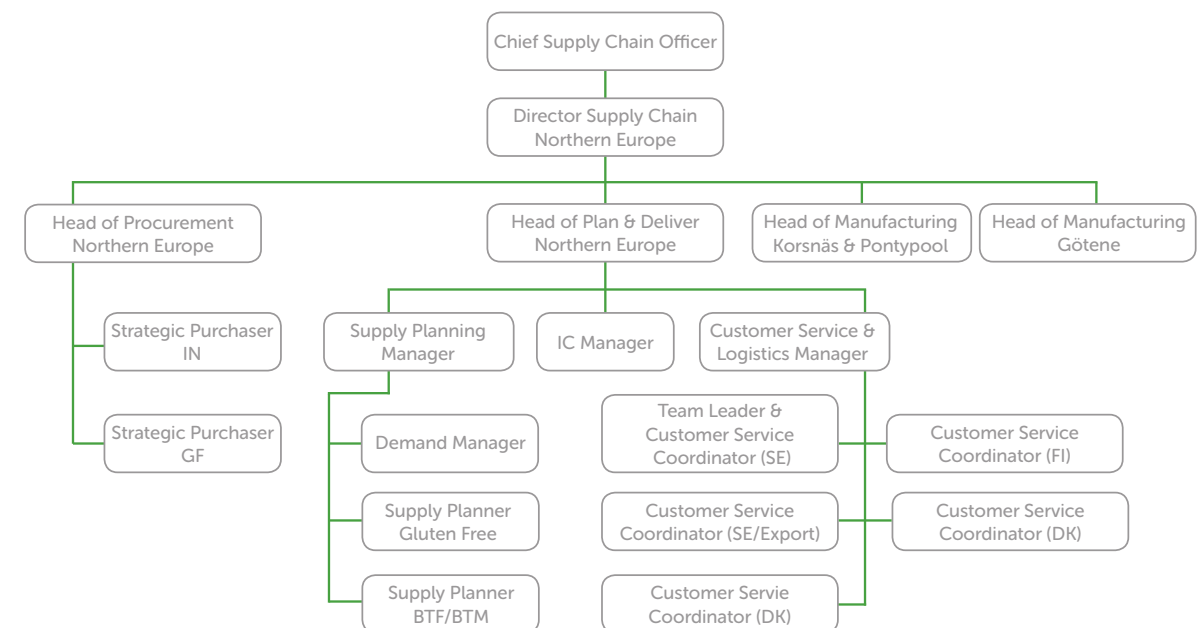
## → This means that:

- 1 We strive to ensure sustainable development throughout our entire value chain.**
- 2 We continuously develop new products in a sustainable way using our extensive expertise in order to improve nutritional content and foster confidence among our consumers.**
- 3 Food safety at Semper is not only important but absolutely vital for us.**
- 4 Satisfying our primary stakeholders ensures our long-term survival.**
- 5 We continuously evaluate our sustainability initiatives with the aim of identifying operational areas that require improvement. The environmental policy at the production plant illustrates and focuses on significant environmental parameters that constitute an important part of our sustainability initiatives. Our sustainability strategy has a direct link to our quality policy, which ensures that the various parts of the company find and maintain a consensus. It is also a prerequisite of our ability to develop and improve our sustainability initiatives.**

## Semper's organisation



## Supply chain organisation Northern cluster





# Semper and the global goals

The UN has adopted global goals for a sustainable development. Semper works hard to contribute to a sustainable society and are focusing on four of the UN's sustainable development goals where our operations can make a real difference: **Zero hunger, Good health and well-being, Reliable consumption and production, and Life on land.**



## Semper's focus areas

In 2015, world leaders signed 17 sustainable development goals that the UN adopted as their global goals.

Leaders have committed to abolish extreme poverty by 2030, reduce inequalities and injustices in the world, promote peace and justice, and to solve the climate crisis\*. In Semper's sustainability work, we contribute to several of goals and sub-goals. Four of them are addressed below.



### Zero hunger

It is important to us to reduce food waste as far as possible. Since we produce food, every employee has the awareness. We are cautious when it comes to everything in our own chain of value and continuously try to avoid waste in our line of production. We continue our collaboration with Matsmart and Stockholms Stadsmission, among others where we donate food instead of letting it go to waste.



### Good health and well-being

We support and drive clinical studies forward within the fields of nutrition for infants and young children. In collaboration with Save the Children we work with the project "Children's right to good health" (Barns rätt till god hälsa). We also support research projects related to gluten-free foods.



### Reliable consumption and production

Semper's mission is to bring a love of food to our consumers by taking advantage of the goodness of nature. A fundamental aspect of completing our mission is the transition to a more sustainable production. We continuously work to integrate sustainability into operations. This past year, and for the coming, our focus will be on the new production line in Götene.



### Life on land

Our plant in Götene lies within a biosphere that among other things strives to preserve biodiversity. To promote a healthy ecosystem and protect biodiversity, we have chosen to become members of UNESCO's biosphere reserve. Together we wish to contribute to creating one of the world's model areas for sustainable development.

\*Source: [globalgoals.org](https://globalgoals.org)

# Risk analysis 2018

AREA	RISK	RISK MANAGEMENT
ENVIRONMENT	<b>Greenhouse gas emissions</b> The climate debate is a current social issue that will likely result in stricter requirements on the part of both customers and authorities. There is a risk for Semper if we should fail to meet the demands for sustainably produced foods.	<b>Greenhouse gas emissions</b> Semper is working to reduce its greenhouse gas emissions across the entire value chain. To render our environmental initiatives more efficient and reduce our impact on the climate, we are up-to-date in terms of new technology and climate-friendly solutions.  We work continuously on the area of transport optimisation to reduce transportation and thereby also greenhouse gas emissions.
	<b>Shortage of raw materials</b> The risks caused by extreme or unfavourable weather conditions can include flooding and droughts, both of which often have a major impact on agriculture and harvests. For Semper, this could lead to a change in access to raw materials due to a failed harvest.	<b>Shortage of raw materials</b> Should a shortage of ingredients occur Semper has a preparedness to adjust recipes. We conduct a dialogue with our suppliers to get early indications of possible shortages.
	<b>Quality of baby food</b> A basic prerequisite of Semper's operations is access to baby food-quality ingredients, that is, quality laid down by legislation regarding packaged foods intended for infants and young children aged 0–3. A shortage of baby food-quality ingredients represents a risk for us.	<b>Quality of baby food</b> Our suppliers are required to sign a document guaranteeing baby food quality. We also require the supplier to hold a COA (Certificate of Authenticity) and we carry out random inspections of our suppliers.
	<b>Packaging materials</b> New consumption patterns due to increased awareness of packaging materials could represent a risk for Semper if we are unable to meet consumer's requirements for sustainable materials.	<b>Packaging materials</b> Semper has started a packaging project with the aim to achieve even more knowledge in sustainable packaging. We are systematically looking at our current packaging material and searching for ways to improve in terms of sustainability.
SOCIAL ISSUES & EMPLOYEES	<b>Work environment</b> The risk is of discomfort and poor health at work.	<b>Work environment</b> Semper's ambition is to preventively ensure that all employees enjoy a positive work environment. Semper carries out regular employee surveys with the aim of identifying preferences and shortcomings in the work environment. We also have policies within particular areas – such as anti-discrimination – in order to clarify the company's guidelines.  Currently, issues such as stress and health are handled by way of employee appraisals, access to occupational healthcare, wellness contributions and free medical care. In addition, Semper offers massages to all employees at the head office.  To eliminate injuries within production, the Production Manager holds a morning meeting with employees every day.

AREA	RISK	RISK MANAGEMENT
SOCIAL ISSUES & EMPLOYEES	<b>Recalls</b> If a product does not fulfil our quality requirements and needs to be recalled.  <b>Social media</b> There is a risk that incorrect information is distributed rapidly.	<b>Recalls</b> <ul style="list-style-type: none"><li>• Specific requirements placed on our supplier</li><li>• Contingency plan</li><li>• Recall plan</li></ul> We have an established consumer point of contact to ensure all consumers are able to reach us. Contact channels have also been established for customers, healthcare and the media.  <b>Social media</b> <ul style="list-style-type: none"><li>• Media and operating environment monitoring to quickly identify potential crisis issues.</li><li>• Established crisis communication plan</li><li>• Information on the website and social media</li></ul>
HUMAN RIGHTS	<b>Child labour</b> The risk of one of our suppliers operating based upon unethical business practices and employs child labour.  <b>Discrimination &amp; victimisation</b> The risk that any individual within Semper's operational area is exposed to discrimination or victimisation and suffers due to improper treatment.  <b>Opportunity for union affiliation</b> The risk that union affiliation is hindered.	<b>Child labour</b> To ensure that our suppliers assume their ethical responsibility, they are encouraged to join Sedex if they have not already done so. In addition to this, they are requested to sign Semper's Code of Conduct which specifies that there can not be any employment of child labour.  To ensure an easy review process, Semper has opted to primarily contract the services of Swedish and European suppliers.  <b>Discrimination &amp; victimisation</b> Semper has a zero-tolerance approach to the violation of human rights and victimisation.  Semper has produced a policy document to clearly demonstrate the ethos of the company. Furthermore, we have procedures in place to prevent and manage potential incidents. We send out an employee survey every other year in which this is one of the issues identified. It is also important to us that our suppliers respect the internationally recognized human rights.  <b>Opportunity for union affiliation</b> By requesting that our suppliers join Sedex and sign Semper's Code of Conduct, we are working on eliminating this risk.
ANTI-CORRUPTION	<b>Bribery and corruption</b> The risk of unethical and improper business transactions and competition being hindered.	<b>Bribery and corruption</b> Semper's aim is to have an open corporate culture that reduces the risk of bribery. There are policies, clear regulations and guidelines in place for both Semper and the Group in general to reduce the risk of corruption.  We have established: <ul style="list-style-type: none"><li>• An Anti-corruption policy</li><li>• Authorisation rules</li><li>• Demands that legislation is to be adhered to</li><li>• Issue-based training for employees</li></ul> Suppliers are requested join Sedex and sign Semper's Code of Conduct, in which these areas are also highlighted.





## Our core values

You can read about Semper's five key areas in this sustainability report: **Our employees, our raw materials, our production, safe food and anti-corruption.** Here you can obtain an insight into everything from how we take responsibility for the environment to how we lay the foundations for healthy living through our food.



**Our employees**  
Our employees keep the wheels turning.  
**Page 15.**



**Our raw materials**  
Behind each raw material and ingredient stands a committed supplier.  
**Page 18.**



**Our production**  
A focus on quality and sustainability.  
**Page 24.**



**Safe food**  
Food safety, quality and nutrition always in focus.  
**Page 34.**



**Anti-corruption**  
We comply with rules governing business ethics and combat corruption.  
**Page 42.**

### CHAPTER 1

## Our employees

Our employees keep the wheels turning.



# Our employees

Semper's employees are important to the company. For Semper as well as the employees it is important that there is an ambition within the organisation to thrive, and that every individual has the opportunity to grow. To achieve this, Semper offers their employees training.

**F**or instance, we offer them CEP – Commercial Effectiveness Program – a program aiming first and foremost at employees in Sales and Marketing. A few modules also have had employees in Supplies participating. The program starts with a day where all participants meet – and then continues online. Approximately 50 people have gone through this training.

**Within the group** there is also a so called E-learning portal with different online-programs concerning Quality, Food safety, Nutrition, Purchasing and Sustainability among other topics. During 2018 a 6-day national and international leadership training was completed and a total of 13 managers participated.

We also conducted a 360-degree pilot project in the Nordic region for a total of 14 people working in sales and marketing. This will lead to individual development plans.

In our plants, we have conducted several opportunities for training programs in Legal requirements for issues like improving work environment, truck and traverse training and fire and safety, to name a few.

## An innovative culture

Our employees have participated in a Dragons' Den project, initiated by one of their creative co-workers. Inspired by the tv program Dragons' Den a competition was held where co-workers developed and pitched ideas to a jury – "The Dragons". Semper supplied the tools needed along the way through seminars and monthly exercises with themes like "Trend in FMCG", "Find your creativity", "From idea to business", "Speed dating" to form project groups, "How to form a business case", "Presenting and visualizing ideas" as well as a Pitch exercise.



Apart from identifying great ideas and offering employees the tools, the opportunity and motivation to realize the ideas the goal extends further than the actual competition. The project will

enable future innovations by developing employee competence and encourage an innovative culture.

The wrap up of this years competition was a grande finale in December 2018. The top five teams presented their ideas – many of them within the theme Sustainability – in front of a jury consisting of management, external partners and Semper employees.

Behind the winning concept was an inter-functional project group that had participated with great passion and facilitated their competences in a new area within health and nutrition. The winning project will not only receive the honors, they are also awarded with an inspiring food trip to London. And even more important: the possibility to see their idea come to life.

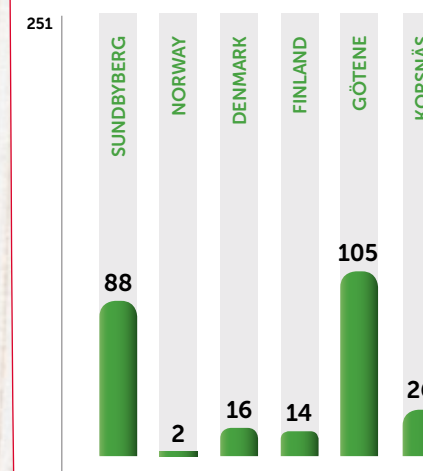
**During next year** Semper will have a new Performance Management System HR Net. Every employee will go through a 3-hour training in the process of how to formulate goals and how to use Competency Framework. In addition, they will have half-day training in Feedback.

Within the department of Human Resources (HR) we will launch a whole new type of on-line training. Leadership training will continue next year for 12 of our managers in northern Europe. In our plant in Götene there will be a focus

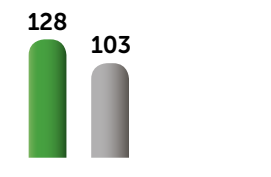
## Who are the employees at Semper AB?



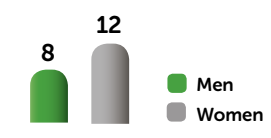
## This is where you find Semper's 251 employees:



## Full-time employees



## Part-time employees



Only refers to Semper AB

## This year in numbers

At Semper, we monitor a number of metrics linked to our employees, including sick leave, accidents, staff turnover, production hours worked and the completion rate of employee appraisals. Two performance indicators in this area are shown to the side: sick leave and accidents/incidents.

## Accidents and incidents in 2018

- Korsnäs had 1 accident and 1 incident
- Götene had 23 accidents and 18 incidents

## Sick leave, 2018

**Götene**  
Total sick leave, **blue collar employees 6,23 %**  
Total sick leave, **white collar employees 2,59 %**

**Korsnäs**  
Total sick leave, **blue collar employees 7,26 %**  
Total sick leave, **white collar employees 0,0 %**

on the new Spray tower during next year. It will include a lot of training for employees where it is relevant. We will also focus on internal training programs at both of our production plants, regarding hygiene and HACCP.

Skills matrices have been developed for everyone who works in Götene, this will also be conducted in Korsnäs during 2019. This means that educational needs are clarified so that the staff can be trained. This enables us to move towards a more flexible production, where more employees can work with several different parts of production.

About ten employees will undergo an internal audit training. This is an initiative to meet new regulations and to stay updated. The managers in Götene will be trained in rehabilitation, through an internal training in collaboration

with our corporate health care partner. New to this year is our support tool in Götene, for sick leave and for rehabilitation – Med Help. With this we hope to quickly give our employees the right help, so they can get better – and get back to work – as soon as possible.

**We continue our** work to proactively eliminate accidents, injuries and sickness. Semper's personnel policy can be found in a personnel and work environment handbook accessible to all. Our work is based upon current legislation in work environment and labor. Our code of conduct is also important to us. It covers issues such as the safety of our employees, equality rights and the right to union affiliation. In addition, we have highly important policies regarding concerning work adaptation and rehabilitation,

victimization and alcohol and drugs. Semper's policy and management plan addressing victimisation specifies that we do not tolerate any actions that lead to the isolation of individual employees or groups from the workplace community or to victimisation and/or disrespect. All of our employees are responsible for actively working to ensure a positive work climate.

We are highly ambitious when it comes to the well-being of our employees and we do our best to avoid pitfalls such as unreasonable performance requirements or unsatisfactory work environments, which can lead to stress and dissatisfaction. Since this is important to us, we follow up on management issues and how happy employees are with their work through employee surveys.

## CHAPTER 2

# Our raw materials

Cereal drink, porridge, gluten free crisp-breads – good and safe raw materials, needed for good and healthy food. We strive to ensure that both people and the environment are respected throughout our entire supply chain.

**T**o us, it is important that anyone growing, handling and producing our food products have worked in an ethical manner. They themselves should have been treated well and consciously work on environmental issues. As part of the Hero Group, Semper is a member of Sedex, non-profit membership organisation that works to strengthen responsible business in global value chains. Sedex produces guidelines for ethical business in four areas: labour rights, health & safety, the environment and business ethics. Semper requires new suppliers to join Sedex if they have not already done so. We also accept a supplier being a member of a similar organisation.

**New suppliers must** also confirm adherence to the Hero Group's (and thus Semper's) Code of Conduct. The Code of Conduct covers issues such as human rights, child labour, forced labour and the environment. Suppliers are asked to read the Code of Conduct and confirm their adherence to the Code.

**The idea behind** the Code and Sedex's guidelines is that they should be conveyed along the supply chain, that is, our suppliers convey them to their suppliers. In doing so, we want to reach everyone along our entire supply

chain. A proximity to suppliers makes it easier to counteract a lack of respect for people and the environment along our supply chain. A large amount of the raw materials Semper purchases come from Swedish producers. Such raw materials include our grains (oats, wheat and rye), our milk and our rapeseed oil, which has minimum impact on our environment. This reduces our environmental footprint. Other ingredients used at Götene and Korsnäs may originally come from countries outside Europe, but they are purchased from suppliers within Europe. This means a close contact with suppliers, enabling us to easily raise questions where necessary.

## Supplier audits

**When we launch** a collaboration with a new supplier, we plan a visit to that supplier. During this visit, we form a view as to how the supplier is performing in areas such as the environment and working conditions. Similar supplier audits are also carried out with existing suppliers. We decide on an annual basis which suppliers will receive a visit.

In 2018 our goal was to visit 95 % of the strategic suppliers. It is of importance that our suppliers are informed on our requirements and changes and that we follow up on how food safety and traceability has improved. If we see signs of an existing supplier lacking in any area,

the follow-up work will depend on the extent of the deviation.

## In 2018

**Semper will follow up** on how many of our suppliers are members of Sedex and have confirmed our Code of Conduct in writing. At the end of 2018 the number of suppliers who were members of Sedex, was 95 % which is an increase compared to the previous year. Semper will continue our work to increase the number of suppliers with a membership and for our suppliers to become SMETA-certified (Sedex Members Ethical Trade Audit Certification).

**By the end of 2018**, the number of suppliers who had confirmed in writing that they adhere to our Code of Conduct amounted to 51 %. This number is an increase compared to the year before, but is still considered non-satisfactory. This low number is due to the fact that suppliers who sent in their own Code of Conduct instead of confirming adherence to ours, are not included, even if their Code of Conduct proved to be equally acceptable. We are yet to solve how to include those who have referred to their own codes.

**No deviations from Sedex's** guidelines or Semper's Code of Conduct has been detected at our suppliers in 2018.

## The best of raw materials

- Cereals and milk from Swedish farms
- Rapeseed oil from Sweden
- Sunflower oil from countries within the EU
- Fruit such as strawberries, apples and pears from European countries





### Environmental audits among suppliers

At Semper, we have become more active in our efforts relating to our environmental impact. Naturally this also includes how our suppliers of raw materials act. The environmental section of Semper's Code of Conduct is based on the principles of the UN Global Compact. The Code of Conduct – which our suppliers must sign – specifies the following about our environmental initiatives:

### ENVIRONMENT

"We proactively undertake initiatives that promote environmental responsibility and encourage development and diffusion of environmentally friendly technologies. We specifically address our energy consumption with its implied Green House Gas footprint, water consumption, waste water, and environmental impact of packaging."

**Semper's active efforts** relating to the environmental requirements placed on our suppliers of ingredients are still fairly new, and there is much left to do. Moving forward, we will more carefully review potential suppliers' environmental initiatives before entering into a collaboration. Many of our suppliers also have their own, well-developed systems to tackle various environmental issues.

**During 2018, we** have continued our work to ensure that RSPO-certified and segregated palm oil was used along our supply chain. RSPO is an acronym of Roundtable on Sustainable Palm Oil, a regulation ensuring reasonable working conditions, fewer social conflicts and the protection of valuable forests. In accordance with the RSPO, no new plantations may be laid in remaining areas of untouched rainforest and other important ecosystems. Segregated palm oil means that ingredient has been particularly carefully managed by selected plantations. We already know that over 95 % of the palm oil purchased by Semper is RSPO-certified and our aim is to reach 100 % in 2019 to meet our policy.

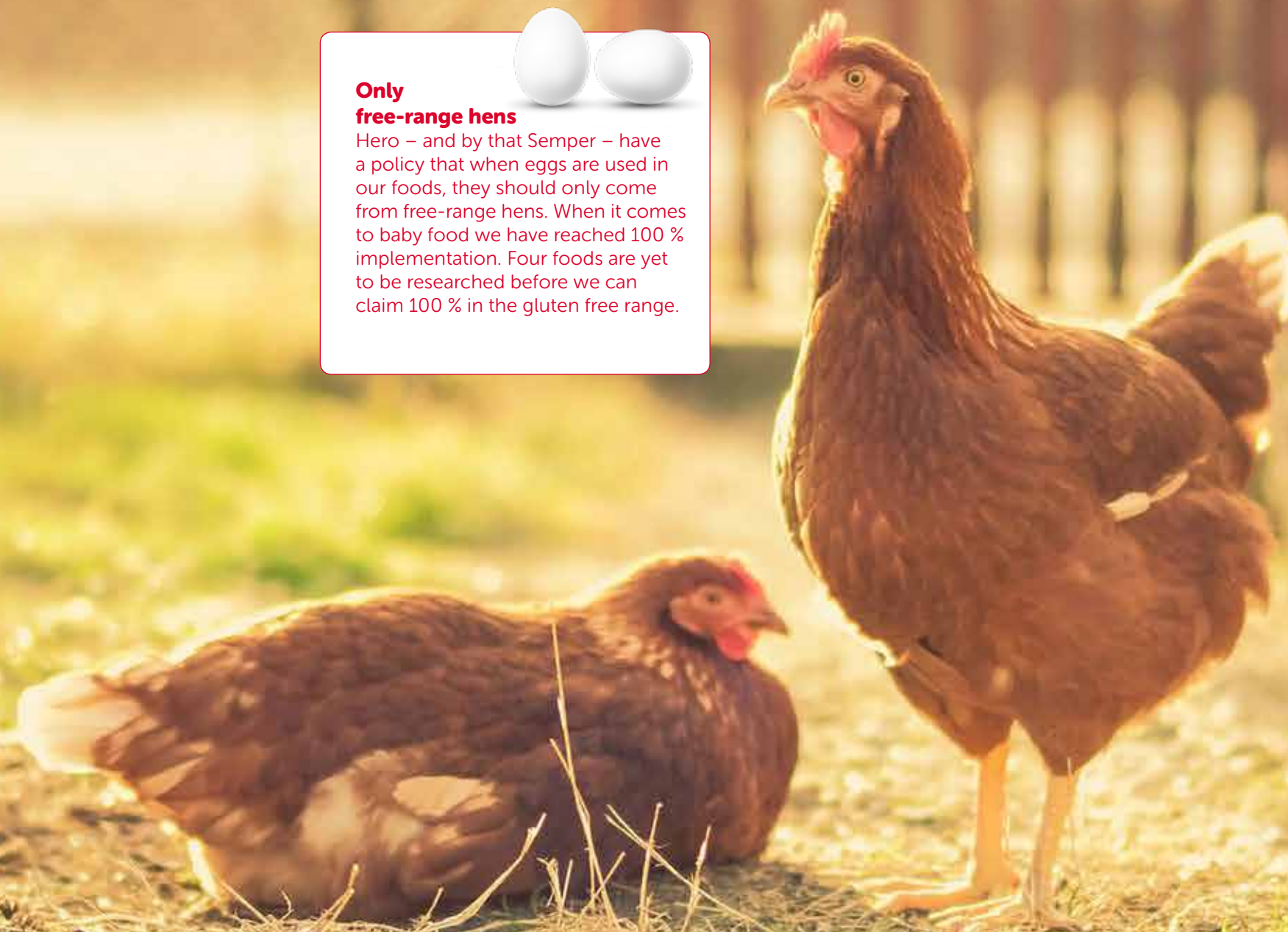
# 100 %

OF THE EGGS USED IN SEMPER  
FOOD FOR CHILDREN COME FROM  
FREE-RANGE HENS.



### Only free-range hens

Hero – and by that Semper – have a policy that when eggs are used in our foods, they should only come from free-range hens. When it comes to baby food we have reached 100 % implementation. Four foods are yet to be researched before we can claim 100 % in the gluten free range.







HUMAN RIGHTS  
& CHILD LABOUR

# A matter of respect

It is important to us that our suppliers respect human rights and take a stand against for example child labour.

**H**uman rights are an important factor when Semper chooses its suppliers. This to eliminate the risk of having people working with our products being victims of discrimination, unjust working conditions or harm in any other way.

In addition to Sedex’s guidelines, Semper’s position on human rights is based on the principles of the UN Global Compact (UNGC) concerning human rights, as well as the conventions of the International Labour Organization (ILO). These principles are communicated to suppliers via our Code of Conduct.

**Human rights in the Code of Conduct**

The following principles are contained within our Code of Conduct, which should also be followed by our suppliers in relation to their employees:

**FORCED LABOUR OR FORCED DUTIES**

Semper entirely rejects all forms of forced labour or forced duties.

**DISCRIMINATION**

Semper does not discriminate on the basis of gender, transgender identity or expression, ethnic background, religion or other religious affiliation, physical impairment, sexual orientation or age. Semper offers employment in a non-discriminatory manner that is solely based on skills and competence.

**UNION AFFILIATION**

All of Semper’s employees have the right to union affiliation.

**EMPLOYEE SAFETY**

Our employees are our most important asset. For this reason, Semper works proactively to eliminate work-related accidents, injuries and sickness. By accepting mutual responsibility for working in a safe manner, we can continue to reduce injuries and sickness.

In 2018, Semper did not have any reported cases of human rights violations.

**Human rights and child labour**

**A matter of respect**

It is important that our suppliers take an active stand against child labour. Violations against human rights have no place with us at Semper.

**C**hildren have always been at the core of Semper’s operations, and their health and well-being are matters close to our heart. For this reason, it is extremely important to us to help ensure that child labour is reduced across the globe. We are happy to see a certain positive change across the world. Our Code of Conduct conveys the principles of the UN Global Compact against child labour. The Code of Conduct also refers to the Convention concerning Minimum Age for Admission to Employment – ILO’s Convention 138 – and to the Convention

concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour – ILO’s Convention 182. We were not aware of any cases of child labour in Semper’s supply chain in 2018.

**When we choose** suppliers human rights are an important factor. This to eliminate the risk of having people working with our products being victims of discrimination, unjust working conditions or harm in any other way. We were not made aware of any cases of violation against human rights in our Supply chain in 2018.





## CHAPTER 3

# Production

We produce food for your children – and for generations to come.

It is important to us at Semper to be part of environmentally sustainable developments, both in Sweden and globally. It is more than important – it is a fundamental condition of our continued ability to operate. This is why we work continuously to make our operations more efficient in a range of environmentally related areas. For example, we closely monitor our energy and water consumption.

Semper's environmental initiatives are based on environmental legislation, the Code of Conduct and Sedex's guidelines for environmental issues. Our quality policy includes environmental and sustainable development. And our sustainability strategy guides us in our every day operations. In addition, Semper's production plant in Götene has its own environmental policy.

## A new production line

2018 was a very special year. It was the year when Semper invested in a whole new production unit, including a new spray tower and packaging line in Götene.

A new modern spray tower means an energy saving manufacturing process, more flexible equipment with larger capacity and a gentle production of milk and fat ingredients for our baby food. The new spray tower came by boat from the Nether-

lands to Lidköping. The 19 meter tall and 17 ton heavy tower was then taken by highway to Götene. In order to pull this off, power lines had to be rewired, road signs and trees taken down and roads closed during the nightly transport. And the biggest challenge was to get the tower in its place. We needed one giant

crane, normally used for building wind-mills, and two mobile cranes. The tower needed to be lifted high up in the air before being lowered through the roof of the 33 meter tall production plant. But it worked. And the new line will be put into use during 2019!





## Reducing waste

Today, a third of all food produced globally is thrown away.\*  
A huge waste of both raw materials and energy which creates a large amount of unnecessary refuse.

**D**uring 2018 we have started to identify where most of the waste occurs in our production. And from this information we can look at possible solutions. In Korsnäs for example we have focused on bread crumbs to see if we can implement improved solutions to reduce waste.

**Wastage occurs throughout** the entire value chain of the food industry to secure that the food that is being produced is completely safe. Meaning all food production companies have some form of wastage. At Semper, we are attempting to reduce our waste in several ways and we put particular effort into combatting having to discard products or ingredients. This is important work in line with Semper's sustainability strategy.

**Wastage can occur** as part of production, particularly when commencing and completing a manufacturing cycle. The material produced at this point does not offer the absolute quality required for the food product to proceed along the chain to be packaged. Thanks to a collaboration with a company that recycles material from our operations, currently no waste is discarded from Semper's production plants.

**Wastage can also** occur at our warehouse in Örebro. If products are not able to be sent out with an acceptable margin in terms of its best-before date

by our customers, we must act immediately. In these cases, we are able to sell the food products to customers with other best-before requirements. We also have a collaboration with Stockholms Stadsmission. This involves us providing them the food that we are unable to sell due to the short amount of time left on their best-before dates. Transports to them are handled by Matcentralen and our transport partner DHL.

**During 2018** we have sent a slightly larger volume to Stadsmissionen than in 2017. We have also provided food to summer camps for children and to a children's hospital instead of letting it go to waste.

**Proactive efforts are** Semper's best way to avoid unnecessary waste. During 2018 we could see the results of improved forecasting work. Our annual average on forecasting accuracy for 2018 was 82,1 % – compared to 81,1 % for 2017. The improvement is due to a new way of working with centralization and more focus on the topic when our Demand manager is responsible for it. Not to mention the increased engagement from sales organisation and the automatization of forecasting process. In addition, we are working on avoiding to embed safety stock/buffers into our forecasts. Instead they should be in our safety stock settings and not be a part of our forecast. This is good for both the environment and Semper's finances.

\*Source relating to waste: Livsmedelsverket, Jordbruksverket, Naturvårdsverket (2015), Slutrapport – Regeringsuppdrag för minskat matsvinn 2013–2015. [www.livsmedelsverket.se/globalassets/matvanor-halsa-miljo/miljo/matsvinn/slutrapport-matsvinn\\_160321.pdf](http://www.livsmedelsverket.se/globalassets/matvanor-halsa-miljo/miljo/matsvinn/slutrapport-matsvinn_160321.pdf)



## A glimpse inside the waste bin

**A**s a manufacturing company, it is important for Semper to take responsibility for our refuse – whether it is paper packaging or the scrap that comes from investing new equipment.

**Our production plant** in Götene accounts for the lion's share of Semper's refuse, which includes cardboard and plastic, for example. We currently have a shared refuse collection agreement with Arla Foods for the plant in Götene, as our plant is located in the same building as Arla's. Our environmental policy for Götene specifies that Semper is to consistently improve its environmental considerations in offices and premises by way of energy-efficient equipment, a smart choice of materials and waste separation systems, for example.

**We have** a well-developed waste management system at Götene – everything from plastic and combustible products to cardboard and metal

are separated. During 2018 we have cleared old equipment and changed a whole spray tower with peripheral equipment. In all it generated 203 tonnes of scrap in the form of stainless steel, copper, cast iron and aluminum leaving the plant. This material was naturally not handled as refuse but processed by a metal recycling company.

**We don't have** the same type of material refuse at our bakery in Korsnäs as in Götene – and not even close to the same amounts. We separate cardboard here, which is then collected by the municipality.

**Waste separation** is equally important at the office in Sundbyberg, which is why we separate paper, plastic, metal and glass. We also have a compost. During the year a team was appointed to further influence and propose measures to increase sustainability mind set and to make it easier for employees to act sustainably.





# Smarter energy consumption

By making our energy consumption more efficient, Semper saves natural resources while cutting costs, thereby making it sustainable in a double sense.

**D**uring 2018 no investments in other energy projects have been made since full focus has been on changing the spray tower to a new one. We expect the new tower to deliver double the capacity compared to the old one. The new spray tower is more energy efficient and we expect to lower our energy consumption even more. It is hard however to predict to what extremes this can be done. The tower will come into use during 2019 and by 2020 at the earliest we will be able to present the numbers showing efficiency.

**Energy consumption and** our choice of energy sources are important issues for companies like Semper. The extensive use of fuels globally, and particularly fossil fuels, has damaging effects on the climate and the environment. We do our best to contribute as little as possible to this.

**Our environmental policy** specifies that Semper is to supply food produced with the aim of minimising the burden on the surrounding environment, and that we should continuously improve our environmental considerations by way of energy- efficient equipment, for example. Our sustainability strategy and quality policy also touch on the issue of energy, and with support from these documents we pursue continuous efforts to reduce our energy consumption.

**We initiated** a change of all fluorescent lighting to LED lighting in Götene during 2017 which was finalized in 2018.

**The project to** investigate the possibility of energy recovery of the steam coming from the ovens in the Korsnäs bakery has been postponed. We want to see if it can be used for heating water or the house.

## Where the energy goes

The greatest part of Semper's energy consumption can be found in our two production plants. The plant in Götene is the most demanding of all – here energy is the second-largest cost after salaries.

**70 %**

70 % of the energy purchased by the plant in Götene consists of steam from Götene wood chip-fired plant and 30 % consists of electricity. The steam is used in the drying process of our products. The electricity is primarily used in the electric motors of our heat fans and pumps.

**100 %**

At Korsnäs, electricity accounts for 100 % of the energy we purchase.



# Waste water becomes heat

To keep energy consumption low at Götene, we recycle energy from heat contained in the heated water.

**Heat energy** is primarily taken from the steam we purchase to use in the drying process. After the 200-degree steam has heated the equipment that dries our products, it becomes entirely pure, 80-degree water. Instead of sending the heated water on to the sewage system, we sell it to Götene Heating Plant (Götene Värmeverk) located nearby.

## THE YEAR IN NUMBERS

The numbers below refer to the energy consumption within production.

### Götene production plant

#### Consumption of steam at Götene

**2016:**  
Bio fuel 94,1 %, Olja 5,9 %

**2017:**  
Bio fuel 96,4 %, Olja 3,6 %

**2018:**  
Bio fuel 96,6 %, Olja 3,4 %

#### Energi/tonnes produced:

År	MWh/tonnes produced:
2016	3,43
2017	3,36
2018	3,05

#### Regarding energy sources for electricity to Götene (2018):

Renewable: 16,7 %, Nuclear power: 40,6 % and Fossil fuels: 42,7 %

### Korsnäs production plant

#### Energy consumption:

**2016:** 1300 MWh  
**2017:** 1731 MWh  
**2018:** 1708 MWh

#### Energi/tonnes produced:

År	MWh/tonnes produced:
2016	1,31
2017	1,51
2018	1,65

#### Regarding energy sources for electricity to Korsnäs (2018):

Renewable: 73 %, Fossil fuels: 14 % and Nuclear power 13 %.



THE YEAR IN NUMBERS

Götene production plant

Surface water (municipal water from Lake Vänern).  
Groundwater (own water from Västerby source).  
No other sources of water were used.

Year	Total water consumption, own source (m³/month)	Total water consumption, own source (m³/month)
2016	8 447	5 908
2017	8 417	7 707
2018	7 378	6 234

Korsnäs production plant

År	Total water consumption(m³/mån)
2016	1 486
2017	1 513
2018	1 181

All water that comes into contact with food products must be drinking water-quality. In Götene, where our most water-intensive plant is located, we are fortunate to have two extremely reliable water sources: municipal water from Lake Vänern and groundwater from our own source, the Västerby source. Access to water is a central issue we continuously work on. We measure and try to limit our water consumption both from environmental and financial perspective. We also attempt to restrict the amount of milk residue and detergent or cleaning agents in our waste water. These efforts go hand in hand with Semper’s sustainability strategy and Götene’s environmental policy, which promote initiatives ensuring the efficient use of resources.

Semper has an environmental permit shared with Arla. This permit specifies our emission rights in terms of waste water, that is, how much waste water we are permitted to release into treatment plants and how polluted it is permitted to be. If the Götene plant exceeds the agreed level of emissions, we must then manage the remaining amount of waste water ourselves, which we do by temporarily diverting it on to so-called “catastrophe tanks”. To reduce the amount of water directed to the water treatment plant, Semper transfers condensate water to a wetland area. Once it has undergone a natural, microbiological treatment, the water diverted here can then be released out in the Götene river. Surface water is also directed to the wetland area.



CARBON MONOXIDE EMISSIONS

Transports

By making our transports more efficient we can contribute to the UN’s sustainable development goal to reduce greenhouse gas emissions.

Due to the fact that many of Semper’s food products have a limited shelf life our transportation needs to be relatively fast. For this reason, a significant proportion of Semper’s transportation is by lorry. Our Supply department continuously assess whether the products can be transported in other ways. Most of our production plants are within Europe. The largest one where we produce baby food in jars and pouches, is situated in Spain. The baby food is then transported by ship from the harbour in Spain to Helsingborg in Sweden. It is then transported by train to Hallsberg and the last leg of the trip, by lorry to Örebro. Only in exceptional cases do we use a lorry for this journey – and never by plane. For our own safety regarding delivery we work with major transporting companies.

We report CO<sub>2</sub>e (carbon dioxide equivalent) emissions within the Hero group. Since we produce for each other within the group, reporting from goods is based on stock to customer, so that we don’t do a double count. Our total number of CO<sub>2</sub>e emissions in 2018 were 983 CO<sub>2</sub>e/tonne. Which is half of the emissions we produced the year before.

We constantly work with optimization of transport. Most of our transports from Götene and Korsnäs to our warehouses in Örebro are full cars. This to make

transports as efficient and environmentally friendly as possible. For a flow of transport we have created a system making sure our trucks don’t run empty. They go on rounds, transporting baking mixes that are produced in Götene to Korsnäs. There it is used for crispbread baking. The same car dropping off the baking mix in Korsnäs, picks up ready crispbread and drives it to the warehouse in Örebro. And this is how we reduce the number of kilometers that trucks drive empty. In general we work with large transporting companies because they also aim to drive full cars and combine shipments to achieve this.

We stay up to date on weather reports to ensure that we do not use climate controlled vehicles when not needed, unless it is too cold for regular vehicles. This reduces the negative environmental impact and the cost. To avoid having climate controlled vehicles running on the weekends, we avoid to transport goods during Saturdays and Sundays.

The most efficient way to reduce emissions from our transports, is of course to reduce the number of transports. Our goods are transported on European pallets. Depending on the product and packaging, the pallets are either placed alone on the truck floor, or stacked two on top of each other – so called double stacking. Goods which can be double stacked of course require half the

space in the truck, meaning the number of transports can be halved. During product launches we try to develop products that can be double stacked, as well as reviewing what existing products could be adjusted for double stacking in the future.

We are also looking at the possibility of using more environmentally friendly fuels. However, we have to adapt to the trucks available on the market. In recent years, the capacity in the truck market has become an extremely limiting factor. The reasons are several. The boom causes a shortage of trucks. This combined with retirements and that the younger generation is not attracted to the profession, entails lack of drivers. And this in turn limits the possibilities to invest in more environmentally friendly vehicles.

Our travel policy specifies that our employees are to select environmentally friendly travel options. For employees who drive a lot as part of their role, we also arrange training programs in environmentally friendly driving methods, known as eco-driving.

THE YEAR IN FIGURES

Year	CO <sub>2</sub> emissions
2016	1069 CO <sub>2</sub> e/tonne
2017	2065 CO <sub>2</sub> e/tonne
2018	983CO <sub>2</sub> e/tonne





The packaging line at Götene packs cereal drinks into soft packages.

# 93%

OF THE MATERIAL  
PURCHASED BY SEMPER  
WAS RECYCLABLE.



## Packaging

Truly excellent packaging should be both functional and environmentally friendly as well as safe and attractive. At Semper, we believe that our packaging always can be improved.

**S**emper's customers and consumers place ever-clearer demands on environmentally sustainable packaging materials – and we welcome this! We use recycled materials as far as possible; some 40 % of the packaging material purchased by Semper in 2018 came from recycled materials, while 93 % was recyclable. (These numbers are based on information from 13 of our 15 packaging suppliers.) By making sure that it is clearly specified how our packages should be separated, we ensure that it is easy for our consumers to recycle. We continuously review our existing packaging in order to make more environmentally friendly choices.

**As part of** our work on packaging, we follow current legislation and recommendations from the Swedish National Food Administration. For example, materials that come into contact with food may not transfer undesirable chemical substances to the food, as this could pose a danger to people's health, entail an unacceptable change to the composition of the food product or reduce its taste and smell. For this reason, we use what is known as virgin materials for all packaging that comes in closest contact with the food products.

**Over the course** of 2018, Semper has launched a project to improve internal expertise relating to packaging and

examine how we can design more environmentally friendly packaging. By way of greater expertise in this area, we will be able to take the packaging issue into consideration from a more clear environmental perspective as early as during the product development stage.

**This project started** out with a workshop together with The Packaging and Newspaper Collection Service (FTI), in which employees from relevant departments at Semper participated.



## CHAPTER 4

# Safe food

Producing high-quality and safe food is vital for Semper, as our food is specially adapted for young children and people who are sensitive to gluten. This is why we work so carefully with food safety, quality and nutrition.

## Food safety and quality

How we produce safe and high-quality food products for all of our consumers.

**S**emper's expertise relating to food is rooted in the knowledge that it is vital that children – as well as adults – eat both nutritious and delicious food. Our consumers should feel safe when choosing our food. This is why we at Semper are committed to ensuring we have a safe supply chain. We place a major focus on safety when it comes to our food, as this ensures quality and avoids risks.

**For example, it is** extremely important that no gluten finds its way into our gluten-free products, as this can cause digestive problems in people with a gluten intolerance. If we consider our youngest consumers, they are more easily harmed by things such as mould poisons, heavy metals and pesticides. This renders the safety initiatives surrounding our baby food particularly important. We have strict controls intended to ensure that the baby food is safe and will not lead to unnecessary stress on their small bodies.



### About gluten intolerance

**Gluten** is a protein found in our common varieties of cereal such as wheat, barley and rye. Gluten intolerance, or coeliac disease, is when the lining of the small intestine is damaged by gluten. In turn, damage to the intestine means the body is not able to process vital nutrients in a satisfactory way. It is currently estimated that around 1–2 % of the global population suffers from coeliac disease. Gluten intolerance can only be treated by entirely eliminating gluten from food. This means that sufferers cannot eat any food containing wheat, barley or rye. This gluten-free diet needs to be maintained for the rest of the person's life. If this diet is not followed, the symptoms will return and there is a heightened risk of complications from a lack of nutrients, for example.

**As it can be** difficult to find cereal-based gluten-free food, Semper offers gluten-free food products that make it easier for those with a gluten intolerance to maintain and vary their gluten-free diet. We offer products such as bread, baking mixes, pasta, breakfast cereals, cakes and biscuits – all gluten-free.





**Our youngest consumers are particularly sensitive, which is why safety initiatives surrounding our baby food are so important.**



**Semper adheres to the WHO code adopted in 1981 that regulates marketing of infant formulas and aims to safeguard breastfeeding**

### The quality work

A chain is only as strong as its weakest link. This is why Semper places strict safety and quality requirements on its suppliers of raw materials. During our visits to the suppliers, we make sure the supplier is complying with food and baby food legislation and whether they are meeting our own specifications for purchased food products. We also monitor how the supplier is working generally on areas such as traceability, allergens and hygiene. Semper's control functions are in place from the supplier of raw materials right up to the point at which we receive the raw material at one of our production plants.

Many of our suppliers have certified products, which is a mark of quality in itself. However, Semper also conducts random tests of all the different raw material we receive, whether they are certified or not. In terms of grains, for example, we test for heavy metals and mould toxins, while for vegetable oils we test whether the oil contains undesirable remnants of pesticides. The raw materials in our gluten-free products are purchased with Certificates of Analysis (COAs) and we have serious suppliers who fulfil our quality requirements – not just in terms of the absence of gluten but also in terms of microbiological quality and foreign substances. Both external and internal audits are also carried out at Semper. The Swedish National Food Administration is the supervisory authority for the plant in Götene, and they visit us several times per year in both pre-announced and unannounced visits, the latter being known as surprise inspections. A food inspector from the City of Sundbyberg visits the head office at least once a year in a supervisory capacity. In Korsnäs, the food inspector from Falu municipality carries out an annual inspection of the bakery. Internal audits are carried out around once per year at each plant.

### Governance and legislation

Our quality policy is the foundation of everything we do at Semper AB.

Semper's plant in Götene is certified in accordance with Food Safety System Certification (FSSC) 22000, an international standard for governing food safety and quality. Certification in line with FSSC 22000 clearly shows that Semper has a proactive strategy in the area of food safety. Furthermore, the standard is recognised globally and facilitates communication about quality in an international market.

We are also working on certifying our bakery in Korsnäs. We currently adhere to established risk assessment principles and safety systems to safeguard our production of gluten-free crispbread at Korsnäs.

During 2018 we took yet another step when to Headoffice in Sweden, together with our offices in Norway, Finland and Denmark were certified according to ISO 9001.

Swedish food legislation applies to Semper's gluten-free food products, while specific legislation applies to baby food, namely EU regulation no. 1881/2006 and EU directive 2006/125/EG. These rules apply to packaged food products intended for children, from birth up to 3 years of age, and the legislation regulates the quality of ingredients and food for baby food, with specific limits in place regarding remnants of pesticides, heavy metals and mould toxins. Standard food products available for sale in supermarkets may contain far higher levels of these undesirable substances when compared to baby food. In a homemade porridge containing mashed strawberries, for example, the strawberries could contain one thousand times more anti-mould agent than those contained in a strawberry baby porridge by Semper.



### Environment affects quality

Semper has long followed the environmental debate surrounding pollution in nature and how it affects our crops. Today, unfortunately, it is not unusual for soils to be contaminated and to contain high levels of the heavy metal cadmium, which leads to cadmium being absorbed into the grains that eventually end up on consumers' tables. This is why Semper exclusively uses grains from farms in the area with documented low levels of heavy metals such as cadmium in our cereal-based products. In a longer perspective we need people to decrease the pollution of our planet.

### No traces of gluten

Semper works meticulously to ensure that our gluten-free products do not contain any traces of wheat, barley or rye. These products may not be contaminated by gluten during manufacturing, transportation or packaging. Take Semper's "Pure oats", for example, which are safe to eat for people with a gluten intolerance. It is specially handled from sowing to cultivation, threshing and processing of the grain, which minimises the risk of mixing them with other types of cereal. Each set of the oats is then analysed to ensure it does not contain any gluten.

### The precautionary principle

We at Semper know that it is extremely important for parents of infants and young children to feel sure that the food they serve is not only delicious but also supplies their children with the required nutrients. We also want the children to enjoy different sensory experiences, and last but not least, we want our food to play a part in laying the foundations for a healthy diet. In the event that something should happen and Semper needs to recall a product, the precautionary principle is always applied. This means that we decisively recall products that do not meet our established quality requirements.



## A good diet early on, affects health later in life

At Semper we know nutrition and what part it plays of good health.

**N**utritional content is important for all of our food products, but particularly those intended for the very youngest. Infant formula is Semper's best example of this. No other food is as significant, given it needs to satisfy the entire range of nutritional needs during a period in which the child should gain threefold in weight and when the brain is developing rapidly. For this reason, the content and safety of our infant formulas is one of our most important responsibilities. By actively participating in research we can stay assured that our food products for the youngest of consumers, hold the highest standard.

**At Semper we** follow current recommendations within the fields of nutrition and ingredients for infants and young children. A diet based solely on Semper's baby food fulfils both the Nordic Nutritional Recommendations (NNR) and recommendations issued by the Swedish Paediatric Society, European Society for Pediatric Gastroenterology, Hepatology and Nutrition (ESPGHAN) and the Swedish National Food Administration.

**When we develop** our baby food, we always adapt the choice of ingredients and composition in a way that ensures the food contributes to the nourishment of the child, while enabling them to lay the foundations for a healthy diet. We offer foods that accompany children along their entire journey with food, from birth up until the point they eat their family's food. Based on recommendations that specify that the introduction of solid foods can begin from 4–6 months of age, we have developed varying types of food to ensure children can gradually adapt to new flavours and consistencies. And when they develop teeth, their food has small soft bites to practise chewing – which also stimulated the child to use its tongue. Great practise for meals to come around the family table.

**We carefully study** current development in the field of sustainability to unite a sustainable food production with improved health. It is our belief that if one wants to see a change in diet patterns in adult food, we need to start early and see to it that it is reflected in the food we serve our children.



### Research into baby food

There is a general consensus nowadays that food we consume early on in life has an effect on health later in life. Studies are continuing across the globe in the field of baby food and nutrition, for example concerning different nutritional compositions and whether they can be improved. Semper plays a part in putting the pieces of this puzzle together. We drive research into nutrition forward by way of clinical studies and ensure that our baby food satisfies the need of each child. We present the results of these scientific efforts at international paediatric and nutritional conferences. Semper has a scientific council at which we highlight questions that we would like to see answered by research. We apply for research grants together with universities and colleges for various different studies.

In 2018, Semper supported and became involved in running two clinical studies at Umeå University, Umeå

University, the first study is about infant formula and the second about how to improve the complementary feeding diet. The results of both studies will be presented in 2019–2020.

### Iron – important for the intellectual development

Infants are born with a store of iron that is used during their rapid increase in weight over the first few months of life. At the age of 4–6 months, this store of iron begins to run out and needs to be replaced by food. As it is difficult to obtain a sufficient amount of iron through normal food, it is recommended that children eat iron-fortified porridge and cereal drinks when they begin with complementary foods and up until age 2. It is not sufficient that there is iron in the food, however; the child must be able to process the iron in an efficient way. Iron uptake in the intestine is affected by the solubility of the iron, for example

– the more soluble the iron, the better the uptake. Therefore, during 2018 Semper launched a more soluble source of iron – ferrous fumarate – in all of its cereal drink and porridge products.

### Gluten-free and nutritious

To make our ambition to develop really good gluten free food clear, we adopted a nutrition policy during 2018, aimed at our gluten-free mixes and breads, to make sure they are just as nutritious as regular bread.

At Semper, we naturally want our gluten-free staple foods such as bread, breakfast cereals and pasta to be both delicious and healthy. In order to select the best ingredients and create the most appropriate food compositions, Semper tracks the latest research in this area. We also support projects and research studies and we are part of a EU project examining the use of beans and other legumes in food products.







# Guided by business ethics

Actively combatting corruption and bribery.

**Combatting corruption is a fundamental issue for Semper**

There is always a risk of the spread of corruption within an organisation. Bribes, blackmail and price cartels can take hold and both individuals and entire sectors can be harmed. By working actively against corruption and bribery, we minimise the risk of financial impropriety in our operations and along our supply chain. National legislation in the countries in which we operate along with our Code of Conduct form the basis of our efforts against

corruption. Our Code of Conduct follows the principles of the UN Global Compact in order to counter corruption, blackmail and bribery. In 2018 we implemented a new and more detailed policy, the Anti-Bribery and Anti-Corruption policy, to take a stronger position to tackle this area. The Hero Group – and thus Semper – are also members of Sedex, a non-profit membership organisation that works to strengthen responsible business in global value chains. Sedex produces guidelines in several important areas, including ethical business practices.



**Rules governing invoicing**

To avoid irregularities or abuse within Semper’s own accounting system, we have rules and procedures in place for how invoices are to be handled and how new suppliers are to be set up. For example, one person is not permitted to approve an entire series of transactions. An employee who sets up a new supplier in our system is also not permitted to initiate an invoice from that supplier.

When an invoice has been added to our business system, there is a well-developed framework governing who may approve and book that invoice. Whether an employee may approve or book an invoice partly depends on which position that person holds and partly on the amount of the invoice.

**Work with suppliers**

Our anti-corruption efforts naturally go far beyond Semper’s own operations — checks along the supply chain represent one of our anti-corruption initiatives. Semper’s new Anti-Bribery and Anti-Corruption policy covers how an approval process of new suppliers should be carried out and highlights potential “red flags,” that is, warning signs in suppliers’ behaviour that employees should be aware of.

Semper’s suppliers are expected to approve our Code of Conduct or present a suitable equivalent. We also require new suppliers to be a member of Sedex or of a similar organisation.

**Plans going forward**

In 2018, most of the relevant personnel have gone through training in the areas of anti-corruption, competition and anti-trust, to thoroughly acquaint them with our new Anti-Bribery and Anti-Corruption policy. The training and discussions will continue during 2019.

**Results**

At the end of 2018, the proportion of suppliers having joined Sedex was 95 % and the share that had been SMETA-certified (Sedex Members Ethical Trade Audit Certification) was 90 %. Semper will work to increase both.

The number of suppliers who had confirmed in writing that they adhere to our Code of Conduct increased to 51 %. Our administrative procedures surrounding this follow-up work will be reviewed to ensure that the statistics include suppliers who adhere to a similar code of conduct.

Semper did not have any cases of corruption or bribery in 2018.



## Semper in society

All children should have the right to good health and the opportunity to develop. A notion established in the UN Convention on the Rights of the Child as well as the UN's global sustainable development goals.

One of Semper's long-term targets for sustainable health is thus promoting positive and healthy eating habits among children. But it is not only through our food and information we aim to be a supportive power in society. Here are a few social issues that are important to us.

Semper has collaborated closely with Save The Children over the years, both in past long-term projects and by way of donations to catastrophe-relief efforts. In early 2017, we launched a new three-year project called "Children's right to good health" (Barns rätt till god hälsa). As part of the new collaboration, Semper will be supporting Save The Children for three years and will proactively provide information and lectures about

nutrition and children's health. In addition we are donating MSEK 1.5 to Save The Children's overall efforts. Our support of Save The Children's parental projects during 2018 has helped to strengthen parents in their parenthood by:

- Enabling resources to support Save The Children's members to start up new parental groups.
- Contributing with facts and method materials for parental support.
- Expanding the knowledge dissemination within the target group concerning the importance of health and diet for small children.
- Contributing to more children in vulnerability to get the right diet and improved health, to increase their living conditions.



**Semper supports and participates in clinical research projects at universities and colleges within the field of nutrition for infants and young children, primarily in the Nordic region.**



### Stockholms Stadsmission

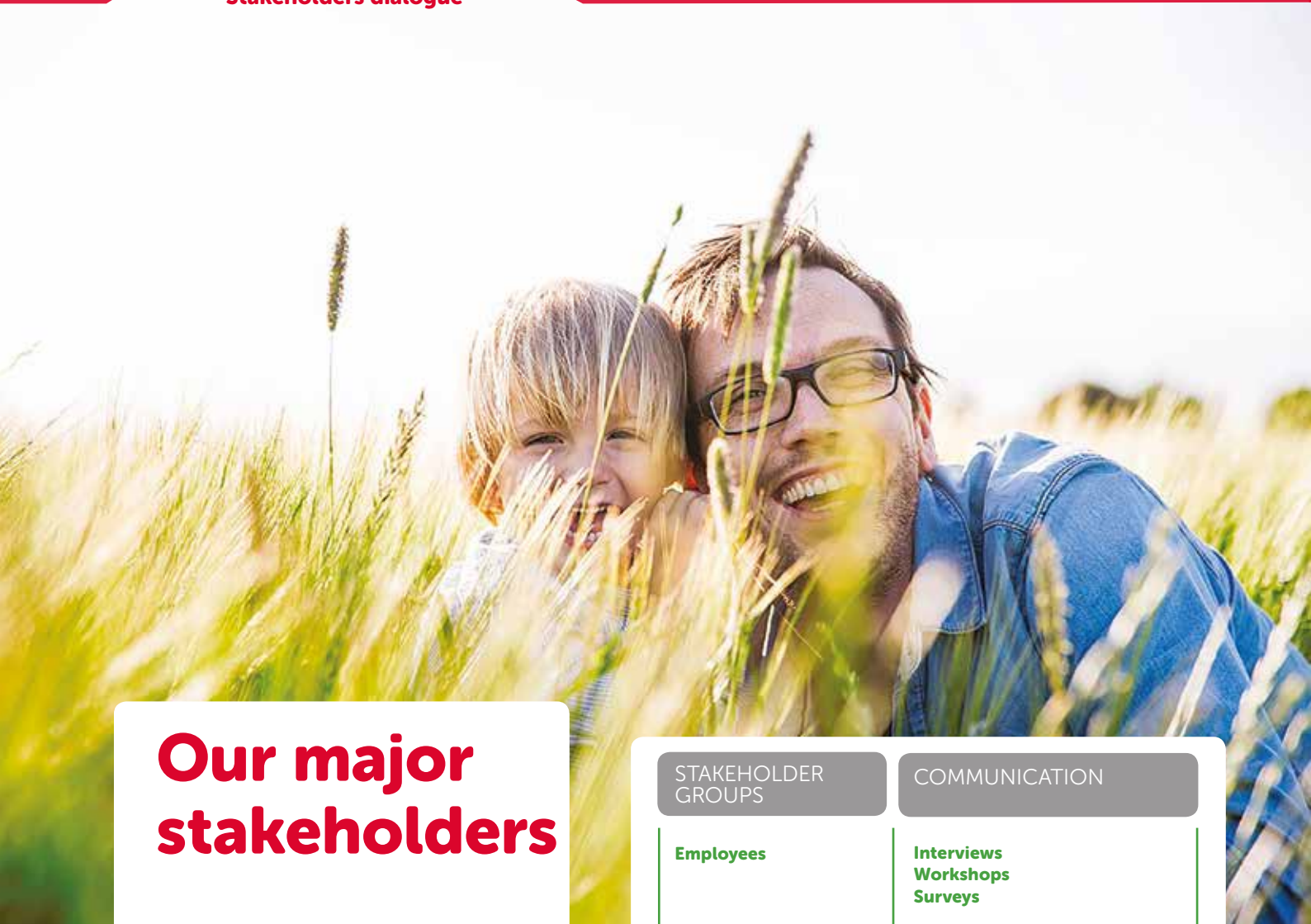
Semper has an ongoing collaboration with Stockholms Stadsmission, involving us delivering food with short best-before dates to Matcentralen, which then distributes it in different ways. A number of products are sent on to Matmissionen's stores, while others are sent to Stockholms Stadsmission and other organisations' welfare activities. During 2018 we sent slightly larger volumes than in 2017. During 2018 we have also donated food to a children's summer camp and to a children's hospital so that food comes to use instead of letting it go to waste.

### Research and education

Semper supports and participates in clinical research projects at universities and colleges within the field of nutrition for infants and young children, primarily in the Nordic region. We also offer mentoring of doctoral students. During the past year, we also mentored university students who were writing their dissertations. In addition, we support and actively participate in a broad sense in both national and international research projects within the field of gluten-free products.

In both Sweden and Denmark, Semper publishes a magazine for the healthcare system in which we discuss nutritional

issues for infants and young children as well as gluten-intolerant people. During the past year we addressed the issue of overweight and child obesity in Sweden. In Denmark we arranged a theme day on how nurses can help create a more equal role for fathers. In addition, we arranged a theme day on the child health care centre nurses role as the infants' ambassador. This is the nurse who is there when the diet, breastfeeding or the connection between mother and infant need support. The lecturers underlined that the nurse has a unique opportunity to intervene and help — and to prevent the more serious consequences which could otherwise occur.



# Our major stakeholders

Our stakeholders are the groups who are affected by our operations or who we influence. Semper's most important stakeholder groups include: owners, customers (retailers), consumers, employees, municipalities, authorities, the healthcare system, universities, colleges and others. We continuously pursue an open dialogue with our stakeholders in order to develop our sustainability initiatives based on what they consider to be the most important issues.

During the fall of 2018, the materiality analysis was initiated with a structured process. From Semper's value chain, and through an external analysis of global guidelines, we started our analysis with the help of internal experts. We conducted interviews and sent questionnaires to our stakeholders. Based on this, we identified important areas within sustainability to prioritize sustainability issues that are most relevant for us to work with. During the course of work we also considered the GRIs reporting guidelines. The model to the right shows what sustainability issues were highlighted.

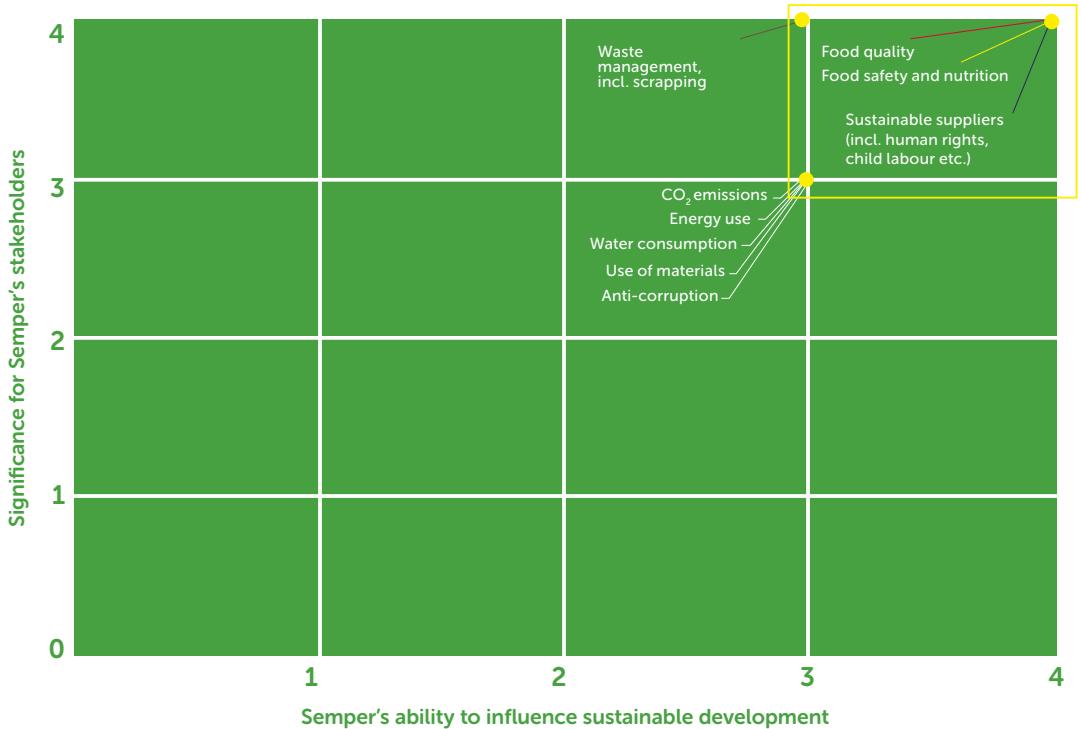
STAKEHOLDER GROUPS	COMMUNICATION
Employees	Interviews Workshops Surveys
Consumers	Contact with consumers Social media Surveys
Customers	Dialogue/discussions Information meetings
Public authorities	Information meetings Inspections
Municipalities	Information meetings Inspections
Universities & colleges	Scientific meetings Mentoring
Healthcare system	Seminars Own website Semper's magazine
Stakeholder organisations	Project collaborations Information meetings
Trade organisations	Committee activities

Semper's management group ultimately validated the sustainability issues and decided which focus areas the company would work on in order to contribute to sustainable development.

The diagram to the right shows the results of our materiality analysis.

Importance to Semper's stakeholders (y-axis)  
Semper's ability to influence a sustainable development (x-axis).

- EMPLOYEES** — Health and safety, food quality, nutrition, reducing impact on environment and climate
- OWNERS** — Business ethics, customer satisfaction, financial profitability
- CUSTOMERS** — Reducing impact on environment and climate, scrapping, food quality, nutrition
- UNIVERSITIES & COLLEGES** — Food safety, quality, nutrition, innovation
- SOCIETY** — Sustainable value chain, food safety and quality





This report has been produced in accordance with the Global Reporting Initiatives (GRI) reporting standard and is in line with the GRI Standard Core option.

GRI STANDARD NUMBER		PAGE	SCOPE/COMMENT
ORGANISATIONAL PROFILE			
102–1	Name of the organization	pp. 4–5	Semper AB
102–2	Activities, brands, products and services	pp. 4–5	
102–3	Location of headquarters	p. 4	
102–4	Location of operations	pp. 4–5	
102–5	Ownership and legal form	p. 5	
102–6	Markets served	pp. 4–5	
102–7	Scale of the organization	GRI Index	See Semper AB's sustainability report
102–8	Information on employees and other workers	p. 17	
102–9	Supply chain	pp. 8–9	
102–10	Significant changes to the organization and its supply chain	pp. 8–9	
102–11	Precautionary Principle or approach	pp. 6, 38	
102–12	External initiatives	pp. 44–45	
102–13	Membership of associations	GRI Index	<ul style="list-style-type: none"><li>• The Swedish Food Federation</li><li>• The Swedish Food Retailers Federation</li><li>• Specialised Nutrition Europe (SNE)</li><li>• Swedish Nutrition Foundation (SNF)</li><li>• Normpack</li><li>• Svenska retursystem</li><li>• GS1</li><li>• Validoo</li><li>• The Packaging and Newspaper Collection Service</li><li>• Platskretsen</li><li>• Returkartong</li><li>• Metallkretsen</li><li>• Svensk glasåtervinning</li></ul>
STRATEGY			
102–14	Statement from senior decision-maker	p. 3	
ETHICS AND INTEGRITY			
102–16	Values, principles, standards, and norms of behavior	p. 7	
GOVERNANCE			
102–18	Governance structure	p. 8–9	
STAKEHOLDER ENGAGEMENT			
102–40	List of stakeholder groups	p. 46	
102–41	Collective bargaining agreements	p. 17	
102–42	Identifying and selecting stakeholders	p. 46	
102–43	Approach to stakeholder engagement	pp. 46–47	
102–44	Key topics and concerns raised	p. 47	

GRI STANDARD NUMBER			PAGE	SCOPE/COMMENT
REPORTING PRACTICE				
102–45	Entities included in the consolidated financial statements		See reverse	
102–46	Defining report content and topic Boundaries		pp. 46–47	
102–47	List of material topics		p. 47	
102–48	Restatements of information		GRI Index	No changes
102–49	Changes in reporting		GRI Index	No changes
102–50	Reporting period		See reverse	
102–51	Date of most recent report		GRI Index	2018-06-14
102–52	Reporting cycle		GRI Index	Semper annually issues a sustainability report
102–53	Contact point for questions regarding the report		See reverse	
102–54	Claims of reporting in accordance with the GRI Standards		See reverse	
102–55	GRI content index		pp. 48–50	
102–56	External assurance		GRI Index	Semper AB’s auditor has seen this sustainability report, no other external audit has been carried out
FINANCE				
GRI 205:	205–1	Operations assessed for risks related to corruption	pp. 42–43	
Anti-corruption	205–2	Communication and training about anti-corruption policies and procedures	p. 42–43	
	205–3	Confirmed incidents of corruption and actions taken	p. 42–43	
ENVIRONMENT				
GRI 301:	301–1	Materials used by weight or volume	p. 33	
Materials	301–2	Recycled input materials used	p. 33	
GRI 302:	302–1	Energy consumption within the organization	p. 28–29	
Energy	302–3	Energy intensity	p. 28–29	
Energy	302–4	Reduction of energy consumption	p. 28–29	
Energy	302–5	Reductions in energy requirements of products and services	p. 28–29	
GRI 303:	303–1	Water withdrawal by source	p. 30	
Water	303–3	Water recycled and reused	p. 30	
GRI 305:	305–1	Direct (Scope 1) GHG emissions	p. 31	
Emissions	305–4	GHG emissions intensity	p. 31	



GRI STANDARD NUMBER			PAGE	SCOPE/COMMENT
GRI 306:	306–2	Waste by type and disposal method	p. 26–27	
Effluents and waste				
GRI 307:	307–1	Non-compliance with environmental laws and regulations	GRI Index	No incidents during the year
Environmental compliance				
GRI 308:	308–1	New suppliers that were screened using environmental criteria	p. 19	
Supplier environmental assessment				
SOCIAL ISSUES				
GRI 403:	403–2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	p. 17	
Occupational health and safety				
GRI 404:	404–1	Training hours per employee	p. 16–17	We do not report per gender since this information is not available
Training and education	404–2	Employee development and training programs	p. 16–17	
GRI 408:	408–1	Operations and suppliers at significant risk for incidents of child labor	p. 23	
Child labour				
GRI: 412	412–1	Operations that have been subject to human rights reviews or impact assessments	p. 22–23	
Human rights assessment				
GRI: 416	416–1	Assessment of the health and safety impacts of product and service categories	p. 40	
Customer health and safety				
GRI: 419	419–1	Non-compliance with laws and regulations in the social and economic area	GRI Index	No incidents during the year
Socioeconomic compliance				





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## ABOUT THE REPORT

This sustainability report produced by Semper AB refers to the 2018 fiscal year. We have chosen to limit our sustainability reporting to operations in Sweden, which includes the two production plants in Götene and Korsnäs. The purpose and aim of the report is to describe Semper's

strategies, targets, visions, risks and opportunities in a transparent manner. We want to show how we can develop as a food company and contribute to sustainable development. The report primarily focuses on environmental and social issues and has been

produced in accordance with the Global Reporting Initiatives (GRI) reporting standard as well as the GRI Standard Core option. This Sustainability Report is part of the Directors' Report in the Annual Report for the period 1 January – 31 December, 2018.

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