



SUSTAINABILITY REPORT

2020

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SUSTAINABILITY IN A PANDEMIC

The year 2020 will be recorded in our history books as a year when a coronavirus spread across the world and became a pandemic.

It will also be remembered as the year when the technical evolution went into warp speed. Science too took giant leaps, as researchers came together in a simultaneous focus to get a grip on Covid-19 and find a vaccine. We protected ourselves by shutting down cities, regions and countries. The economic and social consequences were, and are still, huge and not yet completely clear.

Historical reduction of emissions

Newspapers reported the notoriously dirty waters in the canals of Venice suddenly turning clear. Dolphins came to frolic in an abandoned harbor in Sardinia and in many cities, the smog cleared. The pandemic led to a historic decrease in emissions, which is positive. But it also shows the extent of CO₂ reductions that are needed to gain control of global warming – and meet the limit of a maximum 1.5 °C temperature rise, as set in the Paris agreement. When the pandemic is over, we will all stand before this huge transformation challenge: to keep the same low levels of emission under circumstances that we are comfortable in. My hope is that scientists and officials quickly can agree upon the best way to achieve this.

At Semper we try to do our part and work with our sustainability goals. Of course, our use of fossil fuels in production and transport affects our emission of greenhouse gases. To reduce our carbon footprint, we have during 2020 invested in hydropower (hydropower certificates) for our plants. Furthermore, we have also decided to build a new warehouse to reduce internal transports. During the year our employees with company cars have been set up with hybrid cars.

From farm to fork

It is important for us to base our work on science and facts. To gain better knowledge of the areas in which we have a greater environmental impact, we chose to carry out an analysis of the company's value chain (from farm to fork) in 2020, a so-called

Life Cycle Assessment (LCA). The results clearly show that a large part of our climate impact is caused early in the value chain, already at the agricultural level, and affects our raw materials. We will therefore in the future integrate sustainability requirements in our cooperation with our suppliers.

In the area of health and nutrition, we have taken a big step in 2020 by certifying many of our gluten-free products as FODMAP-Friendly. This means that they only contain low levels of so-called FODMAPs, which are short-chain fermentable carbohydrates that are poorly absorbed and instead ferment in the large intestine, which can cause stomach problems. We will gradually label our certified products with a special logo, which will facilitate for consumers who need this type of food for better health and well-being.

The EAT-Lancet report

Based on the results from the OTIS study we are participating in, we have during the year developed new foods for young children with more and sometimes new types of vegetables. We also decided to develop an app for parents, with information on how to introduce new vegetables and fruit to our children, to stimulate an increased intake. This is in line with the results of the research project we are involved in, but also with the global UN goals regarding health and the fight against climate change. These new foods also are in line with the EAT-Lancet report's conclusion: eating more vegetables is good for us and good for the planet!

Sebastian Schaeffer, CEO Semper AB



CHAPTER 1

ABOUT SEMPER

With great experience and knowledge we offer a wide range of good and healthy foods for both small and sensitive tummies. Sustainably prepared – with love.

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

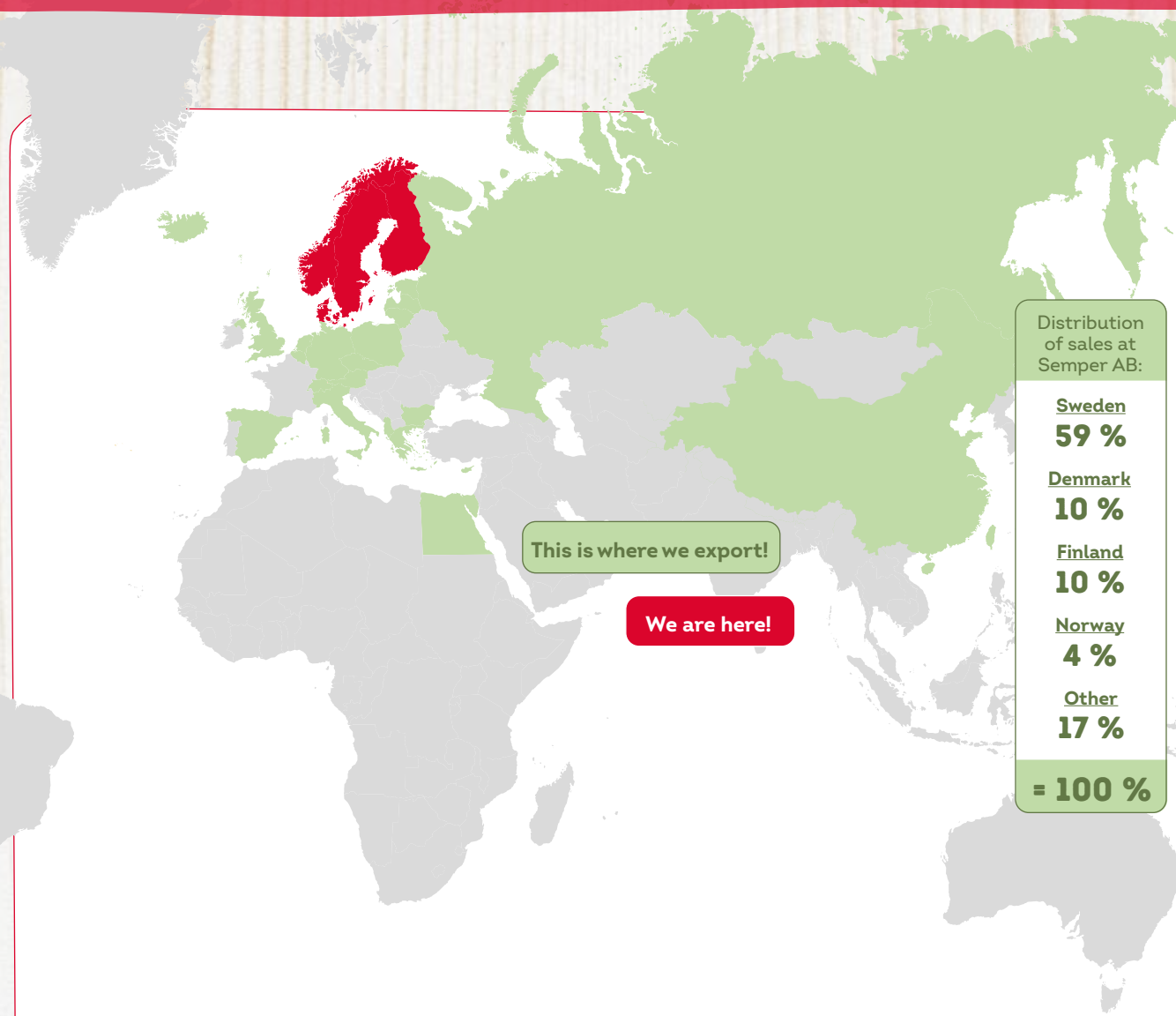
We have an open, honest and informal working method and we show a great deal of consideration for each other.

ABOUT SEMPER

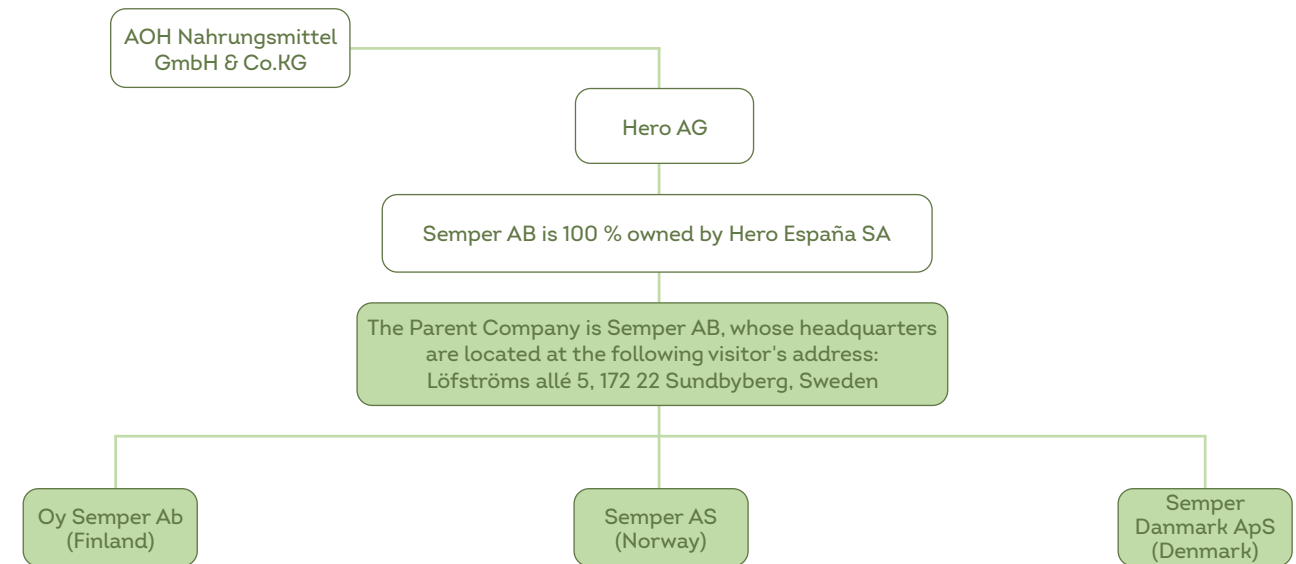
Semper is the leading producer of baby food and gluten-free food in the Nordic region. The company was founded in 1939 and is since 2006 a part of the international food group Hero, owned by the Oetker family. Headquartered in Switzerland, the Group has approximately 4,000 employees in 19 countries.

At Semper, we have 305 employees working in Sweden, Norway, Denmark and Finland. Our manufacturing of porridge, cereal drinks, infant formula, follow-on formula, grow up milk, specialty products and gluten-free mixes is located in Götene. In Korsnäs you will find our gluten-free crisp-bread bakery which produces many different types of crisp-bread.

Semper's baby food meals, fruit and vegetable purees and our in-between meals in jars and pouches, are developed and produced together with Hero in Spain. Gluten-free cookies and crackers, soft bread and our pastas are produced in close collaboration with different suppliers in Europe.



Our company structure



Sempers markets

Our largest market is Sweden, but within Semper AB we also sell products to our subsidiaries in Finland, Denmark and Norway.

Outside of the Nordic region we export to countries within the Hero Group such as Spain, Czech Republic, Russia, the United Kingdom, The Netherlands and Switzerland. We also export to external companies in countries such as Iceland, Estonia, Latvia, Lithuania and the United Kingdom.

The retail market is our largest customer, but we also sell to pharmacies, hospitals, the service trade, larger department stores and other food producers.

Good food, early on

At Semper, we have experience and knowledge of healthy and tasty food. We have earned consumer trust, by developing and preparing good and appreciated food for babies and

toddlers – for generations. In our wide range we offer cereal drinks, porridges, vegetable and fruit purees, as well as baby food and snacks. The range and quality have made us market leaders in the Nordic region.

Great nutritious start

We have built knowledge on health and nutrition since the very start and been meticulous with it since the very first infant formula we presented in 1948. Today, we still collaborate closely with nutritionists and pediatricians. Aside from infant formula, follow on formula and grow up milk we also offer products with probiotic bacteria and milk-free cereal drinks and porridges.

Tasty porridge and milk cereal

Semper has been market leader in porridge and milk cereals for decades. Our recipes are updated and fine-tuned to follow new research findings and recommendations. The cereals we use are of high quality and come from

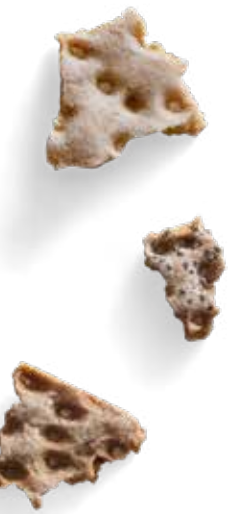
selected areas in Sweden, and the milk comes from Swedish farms.

Great and gluten-free

We are proud of our wide range of products, that has earned customer trust. Whether you have celiac disease or chosen a gluten-free diet for other reasons, you can live a tasty gluten-free life. Since 1991 we have offered good gluten-free food and built knowledge on what it means to live a gluten intolerant life. In our range you will find bread, crisp-bread, pasta, cookies and breakfast cereals as well as cookie and bread baking mixes. Semper is a clear market leader on the Nordic gluten-free market.

Healthy snacks to go

Good'n'Go is Semper's brand of healthy bars and smoothies. They are vegan, and free from gluten and lactose. All snacks from Good'n'Go are naturally tasty with a short list of ingredients without preservatives, artificial colors or added sugar.



BUSINESS MODEL

Semper's main market is the Nordic region, where we are market leaders in baby food and gluten-free food. Semper has a wide range and we develop, produce and market baby food, gluten-free food, healthy snacks and specialty products.

Our mission

Semper and Hero have a shared mission:

"We delight consumers by conserving the goodness of nature"

To develop tasty, safe and nutritional food, you need good raw materials. For us to fulfill our mission in the long run, it is also required that we act sustainably to safeguard the goodness of nature for future generations. We have a commitment to preserve the resources of the planet and leave the smallest footprint possible behind us.

Management and organisation

Semper's management system is

certified according to ISO 9001 and our management team consists of members from each department. 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. Within Europe three clusters have been formed. Semper AB is included in the northern cluster together with the companies in the United Kingdom and The Netherlands. Sebastian Schaeffer is in charge of the companies in the northern cluster.

Our supply chain, including production, is organised globally. In Europe, there is a corresponding cluster in northern, central and southern Europe.

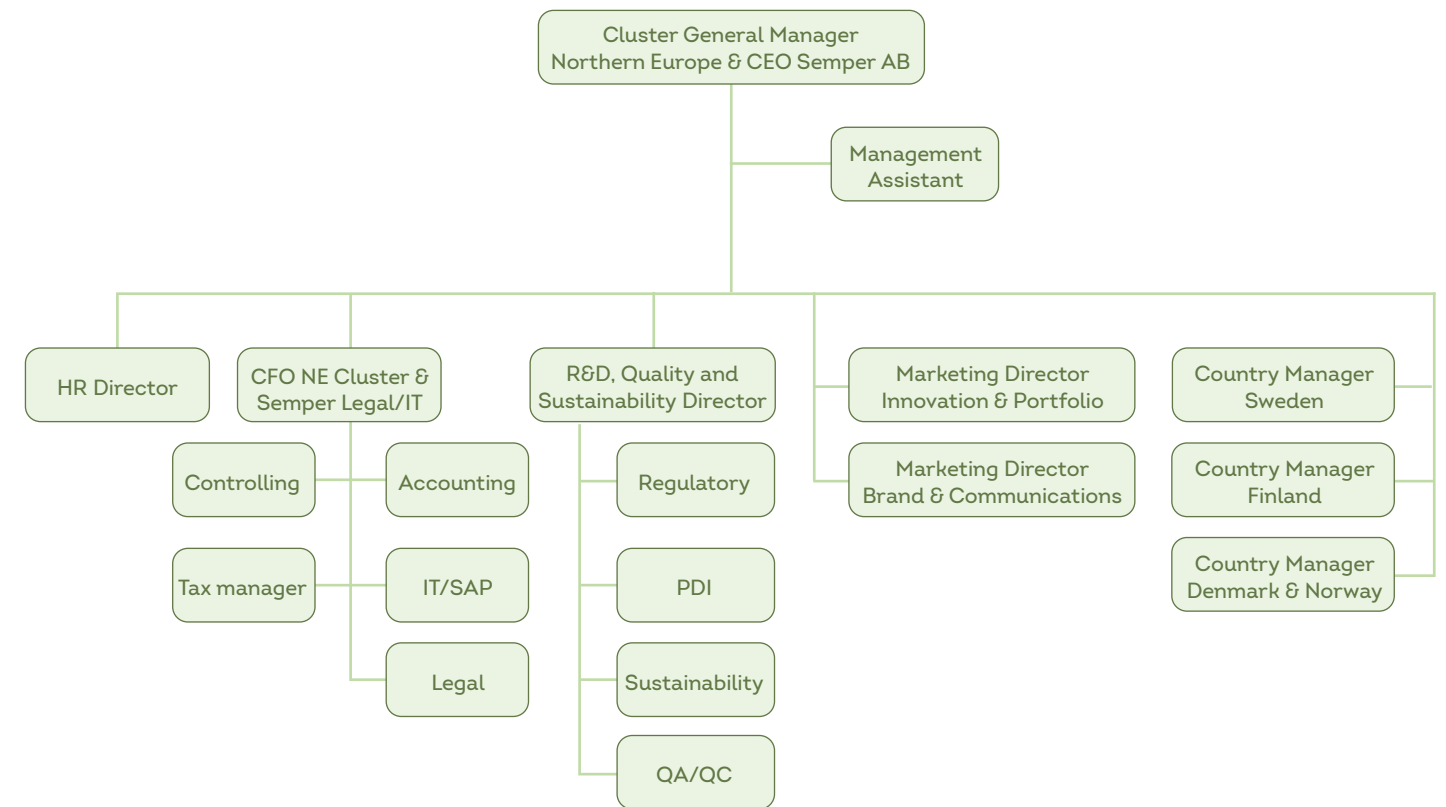
To maintain a strong link between the organisations, the Director Supply chain northern Europe is included in Semper's management team.

Our sustainability strategy

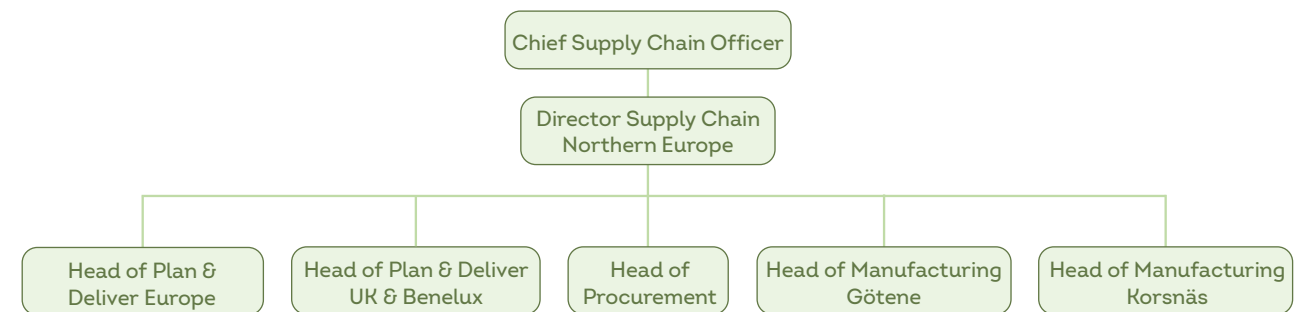
Our sustainability strategy serves as our guide in our day-to-day operations and as part of our aim to consistently improve. Our operations are to contribute to sustainable development and sustainability initiatives are to be integrated into operations and yield concrete results – this is our winning strategy.

Operating our business in a responsible manner is vital in terms of both short and long-term success.

Semper organisation



Supply chain organisation Northern Europe Cluster



Our strategy means that:

A sustainable development throughout our entire value chain is something we strive for.

Using our extensive expertise, we continuously develop new products in a sustainable way, to improve nutritional content and foster confidence among our consumers.

Food safety at Semper is not only important – but absolutely vital to us.

We ensure our long-term survival by making sure that our primary stakeholders are satisfied. We continuously evaluate our sustainability initiatives to identify operational areas that need 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 the Semper organisation.

OUR GOALS

0 % PALM OIL 2022

Since purchasing palm oil that with full guarantee is sustainably grown is very difficult, we choose to only market products that are completely free from palm oil by 2022.

100 % RECYCLABLE PACKAGING 2023

We are actively working towards using packaging materials that can be recycled into new packaging or other products.

50 % RECYCLED MATERIALS IN OUR PACKAGING 2023

We continuously increase the amount of recycled material (like glass and paper fiber) in our packaging.

0 % FOOD WASTE 2025

All products should reach our customers without waste in production, storage or distribution.

NET NEUTRAL PRODUCTION 2030

We strive for fossil free production and transport, sustainable use of water and complete recycling of our residual waste streams.

CLIMATE POSITIVE 2030

We want our activities not just to neutralise, but also counteract climate change. We work continuously with improvements in our supply chain, our production and our products.

We collaborate to achieve our goals

To ensure that our goals contain the most important factors of sustainable food production, we have based them upon the UN Sustainability Goals, our stakeholder analysis and industry initiatives such as the Swedish Food Federations sustainability manifesto.

Extensive knowledge and cooperation are needed to reach these goals, both within our organisation, as well as together with external partners such as our suppliers and sustainability experts.

For internal sustainability topics, Semper has a special task force and the company's sustainability function invests in spreading knowledge within the organisation. This is done, for example, via educational materials made available for all employees, and through presentations during the company's Townhall-meetings.



RISK ASSESSMENT 2020

AREA	RISK	RISK MANAGEMENT
ENVIRONMENT	<p>Greenhouse gas emissions The current and constant climate debate has affected society in whole, leading to more demands from customers and consumers as well as organisations and the government. With this comes an increased risk for Semper, if we should fail to meet the demands for sustainably produced foods.</p>	<p>Greenhouse gas emissions Semper continuously strives 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 transport optimisation to reduce greenhouse gas emissions. A large part of Semper's emissions occur in early stages of the value chain. We develop methods where sustainability becomes an integrated part of purchasing and product development.</p>
	<p>Shortage of raw materials The risks caused by extreme or unfavorable weather conditions can include flooding and droughts, both of which often have a major impact on agriculture, harvests and animal husbandry. This in turn will affect the access to raw materials. A decrease in biodiversity, like a decrease in pollinating insects, could lead to decreased harvests.</p>	<p>Shortage of raw materials If there were to be a shortage of raw materials, Semper has the preparedness to adjust recipes. We have a dialogue with our suppliers to ensure early indications of any risk of shortage. We also have a focus on efficient use of raw materials and reduction of waste. We increase knowledge on the agricultural practices that best favor biodiversity.</p>
	<p>Baby food-quality 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.</p>	<p>Baby food-quality Our suppliers are asked to sign a document guaranteeing baby food-quality. We demand a CoA (Certificate of Analysis) from our suppliers and also conduct random checks. In order to improve the availability of raw materials of baby food-quality, we have conducted a structural reorganisation in purchasing within the Hero group. Semper monitors the field of foreign substances, like unwanted substances found in our soils and pesticides used in agriculture, as well as substances that may form during storage.</p>
	<p>Packaging 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.</p>	<p>Packaging To develop even more knowledge in this area, Semper has started a packaging project. In this we systematically review our current packaging materials from a sustainability perspective and look for possible areas of improvements.</p> <p>Semper's goal is to achieve 100 % recyclable packaging and to increase the percentage of recycled material in our packaging to at least 50 % by 2023. We cooperate with our packaging suppliers to access the latest developments that can make our packaging more sustainable without compromising on product quality or safety.</p>
SOCIAL ISSUES & EMPLOYEES	<p>Work environment Dissatisfaction, health issues and accidents at work pose a risk.</p>	<p>Work environment Semper's ambition is to preventively ensure that all employees enjoy a positive work environment. We therefore carry out regular employee surveys with the aim of identifying needs 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.</p> <p>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 all employees working from home, to bring home the technical and ergonomic equipment needed to ensure a healthy workplace at home. To eliminate injuries within production, the Production Manager holds a morning meeting with employees every day. A safety committee regularly makes suggestions for improvements.</p>

AREA	RISK	RISK MANAGEMENT
SOCIAL ISSUES & EMPLOYEES	<p>Expert competence Working with food for sensitive consumers such as babies, young children and people with celiac disease, requires special skills.</p>	<p>Expert competence Semper actively strives to be an employer that attracts and retains competent and engaged employees. Our recruitment policy promotes diversity and equity, we ensure transparency through our sustainability report and our employees have a collective labour agreement.</p>
	<p>Pandemic outbreak Due to an increase of national and international travels, there is also an increased risk of pandemic outbreaks. This is a threat to society.</p>	<p>Pandemic outbreak To minimise spreading of infection and to ensure staffing, Semper's management team has clear guidelines and continuous communication during a pandemic outbreak. In case of a pandemic outbreak Semper's management team can make quick decisions about how employees should be protected, and the spread of infection limited – based on available knowledge. The management team also conducts risk assessments in both administration and production on a regular basis, based on the circumstances at hand.</p>
HUMAN RIGHTS	<p>Child labour Within all industries there is a risk of child labour, anywhere in the value chain. For Semper it is a fundamental requirement that our suppliers' operations are conducted ethically. All suppliers need to guarantee that they do not use child labour.</p>	<p>Child labour 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't be any occurrence of child labour. To ensure an easy review process, Semper has opted to primarily contract the services of Swedish and European suppliers.</p>
	<p>Discrimination & victimisation The risk that an individual within Semper's operational area is exposed to discrimination or victimisation and suffers due to improper treatment.</p>	<p>Discrimination & victimisation Semper has a policy document to clearly demonstrate the standpoint of the company. Semper has a zero-tolerance approach to the violation of human rights and victimisation.</p> <p>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 recognised human rights.</p>
	<p>Union affiliation The risk that union affiliation is hindered.</p>	<p>Union affiliation By requesting that our suppliers join Sedex and sign Semper's Code of Conduct, we are working on eliminating this risk.</p>
LEGISLATION & FOOD SAFETY	<p>Recalls There is a risk that a product does not meet our quality requirements and must be recalled.</p>	<p>Recalls</p> <ul style="list-style-type: none"> • Specific requirements for suppliers • Contingency plan • Recall plan <p>We have a well-established consumer contact, where consumers can reach us. There are also channels for contact for our customers, health care and the media.</p>
ANTI CORRUPTION	<p>Bribery and corruption The risk of unethical and improper business transactions and competition being hindered.</p>	<p>Bribery and corruption 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.</p> <p>We have established:</p> <ul style="list-style-type: none"> • An Anti-corruption policy • Authorisation rules • Demands that legislation is to be adhered to • Issue-based training for employees <p>Suppliers are requested join Sedex and sign Semper's Code of Conduct, in which these areas are also highlighted.</p>

SEMPER AND THE UN GLOBAL GOALS

World leaders signed 17 sustainability goals which in 2015 were adopted as the UN's global sustainable development goals.

Leaders have pledged to eradicate extreme poverty by 2030, reduce inequalities and injustices in the world, promote peace and justice and to resolve the climate crisis*. Semper works actively to contribute to a sustainable society and in our sustainability work we contribute to several of these objectives and sub-objectives.

To the right we address five of them.



Zero hunger

Since we produce food, there is an awareness in all of our employees to keep food waste as low as possible. We are careful with everything in our own value chain and constantly try to avoid materials being wasted in our production. We also have an on-going collaboration with The Food Mission, Stockholm City Mission, to which we donate food. We also contribute to other activities instead of throwing away food.



Good health and well-being

We support clinical studies in both the infant and toddler area, which drive nutrition research forward. Based on the results of the OTIS study, we have developed more sustainable and healthy foods for the young children. To keep us updated on celiac disease and gluten-free products, we stay informed on research in the field and support research projects related to gluten-free foods. In order to improve well-being for one of our consumer groups, we have expanded our labelling of gluten-free foods.



Responsible consumption and production

Semper's mission is to delight consumers by conserving the goodness of nature. A fundamental part of our mission is the transition to a more sustainable production. We work continuously to integrate our sustainability work in our business. During the year, we have been focusing especially on our new production line.



Climate action

Scientific studies have shown that mankind has affected greenhouse gas emissions since the time of industrialisation. Agriculture and food production currently accounts for about 25 % of global emissions. As a manufacturer of food, we also take responsibility for combating climate change. For example, in our energy-intensive production process, we have shifted from fossil to renewable energy sources.



Life on land

Through our continued membership and support of the UNESCO Biosphere Reserve in Götene, we want to protect biodiversity and promote a healthy ecosystem. Together, we want to be involved and contribute to sustainable development.



OUR CORE FOCUS

You can read about Semper's five core focus areas in this sustainability report: **Our employees, our business ethics, our raw materials, our production, and safe food.** 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.

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OUR BUSINESS ETHICS

We follow ethical business principles and prevent corruption.

Page 20, 30-31



OUR RAW MATERIALS

Behind each raw material and ingredient stands a committed supplier.

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OUR PRODUCTION

Quality and sustainability, in everything we do.

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SAFE FOOD

Food safety, quality and nutrition always in focus.

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CHAPTER 2

BUSINESS ETHICS

We have a responsibility to conduct business in a way which we can stand for both within, and outside of the organisation.

SEMPER'S EMPLOYEES

Semper's employees are the key to reaching our highly set goals when it comes to quality and safety. 2020 was a special year and our focus has been to learn how to work safely in terms of preventing the spread of infectious diseases.

Pandemic and employee safety in focus

During 2020 we had to adapt business in different ways – just like the rest of the world. The company's management team frequently held meetings and followed the covid crisis closely to safeguard employees.

All managers are available for questions concerning restrictions, procedures and every-day business during these constantly changing circumstances.

We follow the recommendations from the Public Health Agency of Sweden and corresponding authorities in The Nordic countries in every part of our organisation. Offices are open for a limited number of employees per day. In general, employees who can, shall work from home to reduce the spread of infection internally – and in society at large. For employees who need to be at the office, and work in production, workspaces are adapted to follow guidelines for social distancing, and plexiglass screens have been placed in different places to increase security.

With the help of digital meetings and hangouts, we have made sure that our employees have what they need during these special circumstances, to get the job done while keeping up social contact with co-workers. With an increased focus on digitalised meetings and processes, we have also conducted a number of recruitments – completely digital.

Expansion of Götene

During 2020 we have focused a lot on training, since we have recruited many new employees after the expansion and installation of new lines at our plant in Götene.

Training has been executed by external experts or by our qualified co-workers. The number of physical meetings have been limited during 2020 due to pandemic restrictions. With the help of an e-learning portal, employees can go through training online in important areas such as quality, food safety, nutrition, purchasing, environmental issues and anti-corruption.

Preventive work

Semper's personnel policy is available to everyone in a work environment manual. We follow workplace and work environment legislation in everything we do.

For preventive purposes, we continue our persistent and proactive work to eliminate accidents, injuries and illness within the company. During 2020 we have increased our focus on registering and following up on incidents in Götene and Korsnäs, to continuously improve safety in the workplace.

Semper collaborates with occupational health care providers to make sure employees have quick access to counseling and rehabilitation in work-related issues. Employees are also provided with

benefits, so they have the opportunity to invest in their well-being. Semper offers all employees the option to sign a group health insurance.

A positive work environment

Our code of conduct covers issues such as safety, equity, and the right to union affiliation, and it is an important part of our organisation. In addition, we have highly important policies concerning work adaptation and rehabilitation, victimisation and alcohol and drugs.

Sempers policy and management plan addressing victimisation specifies zero tolerance to any actions that lead to the isolation of individual employees or groups from the workplace community or to victimisation and/or disrespect. We prioritise and act immediately upon issues that are brought to our attention within this specific area and have done so during 2020.

All 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.

SEMPER AB HAS A TOTAL OF

269
EMPLOYEES

THE PROPORTION OF MEN AND WOMEN WITHIN SEMPERS TOTAL WORKFORCE IS:

42 % **58 %**

WOMEN MEN



THIS IS WHERE YOU FIND OUR

305
EMPLOYEES

159 + 24 hired	GÖTENE
87	SUNDBYBERG
23	KORSNÄS
18	DENMARK
14	FINLAND
4	NORWAY

2020

THE YEAR IN NUMBERS

At Semper, we monitor several metrics linked to our employees, including sick leave, accidents, staff turnover, production hours worked and the completion rate of employee appraisals at the different parts of the organisation. Below we show the two performance indicators for sick leave and accidents/incidents.

SICK LEAVE

KORSNÄS

Total sick leave
blue collar employees 4.80 %
white collar employees 0.00 %

GÖTENE

Total sick leave
blue collar employees 6.11 %
white collar employees 2.18 %

ACCIDENTS & INCIDENTS

KORSNÄS

Accidents: 0
Incidents: 24

GÖTENE

Accidents: 6
Incidents: 61

100%
Collective agreement employment

All employees of Semper AB are employed under collective labour agreements



ANTI-CORRUPTION

We take responsibility to actively combat 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. 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. Our anti-corruption policy is available for all employees on our intranet.

Work with suppliers

Our anti-corruption efforts naturally go far beyond Semper's own operations – monitoring along the supply chain represents one of our anti-corruption initiatives. Semper's Anti-Bribery and Anti-Corruption policy covers how an approval process of new suppliers should be carried out and highlights potential 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.

Semper has had no case of corruption or bribery in 2020.

SEMPER IN SOCIETY

We actively work for a healthy and sustainable future for everyone – through our core focus areas.

Semper is actively working for every child's right to good health and the opportunity to develop. Something that is established in the UN Convention on the Rights of the Child as well as the UN's global sustainable development goals.

One step towards this goal, is to support Save the Children and their campaign Pippi of Today. Pippi of Today is an initiative by Astrid Lindgren AB in collaboration with Save the Children and supports the global effort to help girls fleeing war and poverty.

75 years ago, Pippi Longstocking – the world's strongest girl – came to a completely new town. Today, millions of girls are forced to leave their homes and flee. Not only to new cities, but also to new countries. Their situation which was al-

ready uncertain, is now even worse due to the corona crisis. The risks have increased – as well as their need for support. Save the Children's program offers food, a roof over their heads, education, and a safe zone for children.

During the fall of 2020 Semper has built more than 150 "Pippi of Today" in-store displays, and over 1000 parents and others joined our Pippi competition. We are happy to have contributed to better conditions for refugee girls.

For Christmas 2020 every Semper employee donated their personal Christmas present to Save the Children. The total of their gift was enough to give 88 new parents in Afghanistan a baby basket. Each basket contained a bowl, a baby hat, diapers, towels, soap and vaccine for pneumonia and diarrhea.



WE SUPPORT SAVE THE CHILDREN



SEMPER & NUTRITION

Gluten-free foods are not only for people with celiac disease. Tasty food is important for everyone. For some of us, food needs to be more than that. Some people need to control their food in more detail for their gastrointestinal comfort.

What is IBS?

Irritable Bowel Syndrome (IBS) is a functional disorder of the gastrointestinal tract, characterised by problems such as flatulence, bloating, pain, constipation and/or diarrhea. Today it is a condition that one in ten people in the Nordic countries is diagnosed with. It is more common among women than men. It is a discomfort which makes those affected, feel limited in their everyday life.

How to treat IBS

Through lifestyle changes and an adjusted diet, the symptoms can be relieved. Since the causes of IBS are different from person to person, the solution is also highly individual.

The first recommendation is to try to achieve regular toilet habits, reduce stress, exercise, eat smaller portions and more often. There are several dietary factors that can affect the stomach, like meal order, portion size, sugar and fat content.

Starch, dietary fiber and the different sugars are all carbohydrates. To many people, different dietary fibers have an impact on our well-being. Wheat for instance contains oligosaccharides which is why some people choose gluten-free foods that don't contain wheat flour. During 2020 we have taken a big step forward towards improving the health and wellbeing of people who look for products with documented low FODMAP.



FODMAP

Something that has shown to be effective to relieve discomfort related

to IBS, is to avoid foods that contain fermentable carbohydrates. They cannot be digested, instead they are fermented in the large intestine, causing gastrointestinal discomfort. FODMAP is an acronym and stands for Fermentable Oligosaccharides Disaccharides Monosaccharides and Polyols. To find out what you can eat to feel better, you can undergo a FODMAP-low dietary treatment. This is done together with a licensed dietitian.

FODMAP Friendly

FODMAP Friendly is an Australian company. The founder also founded the dietary treatment, originally

developed at the University of Monash, Australia.

FODMAP Friendly has analysed Semper's gluten-free products for the amounts of fructose, oligosaccharides, polyols and lactose. All products that have met the requirements have been certified and may be called FODMAP-low and wear the green FODMAP Friendly logo. The certification applies to a standard portion of each product.

The certified products are also available on the green list of the BellyBalance app, used by many people with gastrointestinal problems. Semper's gluten-free products that are being certified as FODMAP-Friendly will gradually be marked with the logotype. On Semper's website you will find a complete overview of our low-FODMAP range.

F Fermentable

O Oligosaccharides like fructans and galacto-oligosaccharides - found in foods such as wheat, rye, onions, garlic, legumes and lentils.

D Disaccharides like lactose - found in dairy products like milk, soft cheese and yoghurt.

M Monosaccharides Like fructose - found in honey, apples, fructose syrup etc.

A And

P Polyols like sorbitol and mannitol - found in some fruits, vegetables and sweeteners.

The precautionary principle

At Semper the precautionary principle means that we are always better safe than sorry.

The precautionary principle is applied since we develop food for infants and young children that consume more food per kilo body-weight than adults, while being more sensitive to unwanted substances.

It is also applied since we develop, produce and market gluten-free food for people with celiac disease, or need to avoid gluten for other reasons.

We stand for Safety, which of course applies to all foods we offer.



A GOOD DIET EARLY ON AFFECTS HEALTH LATER ON

At Semper we know nutrition and its impact on our health.

There are ongoing studies all around the world, regarding nutrition for infants and toddlers. These studies are conducted to learn how nutritional content can be improved for these groups, to improve their health now and later in life.

Semper makes sure to contribute. Through our clinical studies, nutrition research moves forward while ensuring that our baby food meets the children's needs. Semper also has a scientific council in which we address issues that we want to shed light on in research.

Covers the entire nutritional need

Nutritional content is important in all our foods, but especially in those intended for the youngest infants. No other foods are as important as infant formula. It needs to cover the entire nutritional need, in a period when the infant grows rapidly, and the brain is busy developing. Therefore, the composition and safety of our formula are our most important responsibilities. By actively following and participating in research, we can always ensure that our food for the very youngest holds the highest of standards.

Cutting-edge research

Semper follows current recommendations for infants and young children within the field of nutrition and raw materials. The composition of our foods is at pole position based on research. And a menu based solely on Semper's baby food, meets Nordic Nutrition Recommendations (NNR) and recommendations published by the Swedish Pediatric Association, the Swedish Food Agency and the European Society for Pediatric Gastroenterology, Hepatology and Nutrition (ESPGHAN). The Swedish Food Agency for example, published new recommendations regarding gluten content in baby food in 2020. Among other things they recommend that cereal-based foods should contain mostly oats to contribute to a gentle introduction. Oat is a valuable ingredient for children from many perspectives. Semper already meets this recommendation, with products rich in oats in our range. We have porridge from 4 and 6 months of age, completely based on oats and our cereal drinks from 6 and 8 months contain oats as their only cereal.

When we develop our baby food, we

always adapt the choice of ingredients and the nutritional composition in a way that ensures that the food contributes to the nourishment of the child, while enabling parents 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 textures. And when they develop teeth, their food has small soft bites to practice chewing – which also stimulates the child to use its tongue. This is great practice for future meals around the family table.

An early start

We carefully study current developments 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.

The OTIS-study

The pandemic led to a historic decrease in emissions, which is positive. But it shows the extent of CO₂ reductions that are needed to gain control of global warming – and meet the limit of a maximum 1.5 °C temperature rise, as set in the Paris agreement. When the pandemic is over, we will all stand before this huge transformation challenge: to keep the same low levels of emissions under circumstances that we are comfortable with. Considering this, it feels good to know that Semper is participating in a research project on the food intake of young children, and how it can be improved to become more sustainable and healthier, for both the child and the planet.

A systematic introduction of vegetables

The OTIS study (optimised complementary feeding study) is carried out at the Department of Clinical Sciences, Pediatrics, Umeå University, Sweden. It is a randomised study with 250 children, divided into two groups. When the parents chose to start with complementary foods, the children in one group were systematically introduced to vegetables and fruits and then served a diet that was extra rich in vegetables, root vegetables, berries and fruit. In addition, it contained less protein. The other group was given healthy traditional baby food. The children were followed until the age of 18 months. Several factors were examined, for example:



growth, body composition, insulin resistance, metabolism, intestinal flora composition as well as the desire to try new healthy foods.

Positive results

The result shows that the children who were offered a systematic introduction of vegetables and fruits, ate significantly more vegetables and fruits by the age of 9–12 months, than the children in the second group. Between 12 and 18 months the intake of vegetables decreased a little, but the children in the study group still ate more veggies and fruits – in fact 32% more. The infants in the group who ate more vegetables and fruits had a significantly lower protein intake than the other group at 9, 12 and 18 months which also could be seen in the urea levels from blood samples. During their first year in life, the rate of development in infants is very high, they triple their weight during this period. To our excitement, the children in both groups showed a satisfactory growth at 9, 12 and 18 months of age. This gives us great insight, teaching us that a more sustainable diet, with significantly more vegetables and fruits, can be given already when the introduction of more solid food begins.

Since recent research has shown that your diet early in life affects your

health as an adult, it is good to establish healthy habits early on. With this study, we have contributed with a piece of the puzzle regarding guidelines for the introduction of vegetables and fruits.

This can be valuable since studies show that children in many countries do not eat the recommended amounts of these foods – even though it is widely considered important.

New foods are being developed

Based on these recent results, we have developed several new meals that contain more vegetables, and in some cases vegetables that can be new to some families. By doing this we hope to actively contribute to children being offered meals that enable a healthier diet. And in addition, it contributes to a more sustainable food production – which is better for our planet. We have also decided to develop an app for parents, called STEP, with information on how to introduce vegetables and fruits to your baby to stimulate an increased intake. The results from the OTIS study will be presented at international pediatrician and nutrition conferences as soon as possible in regard of the pandemic.



CHAPTER 3

OUR RAW MATERIALS

By investing in both locally produced raw materials and remaining close to producers, it is easier to ensure the quality of the raw materials we use. Everyone in our supply chain must work in an ethical and environmentally conscious way.

LIFE CYCLE ASSESSMENT

During the year we have, for the first time, analysed our impact on the climate. With a Life Cycle Assessment (LCA) we have calculated the amount of greenhouse gases that are being emitted along our value chain.

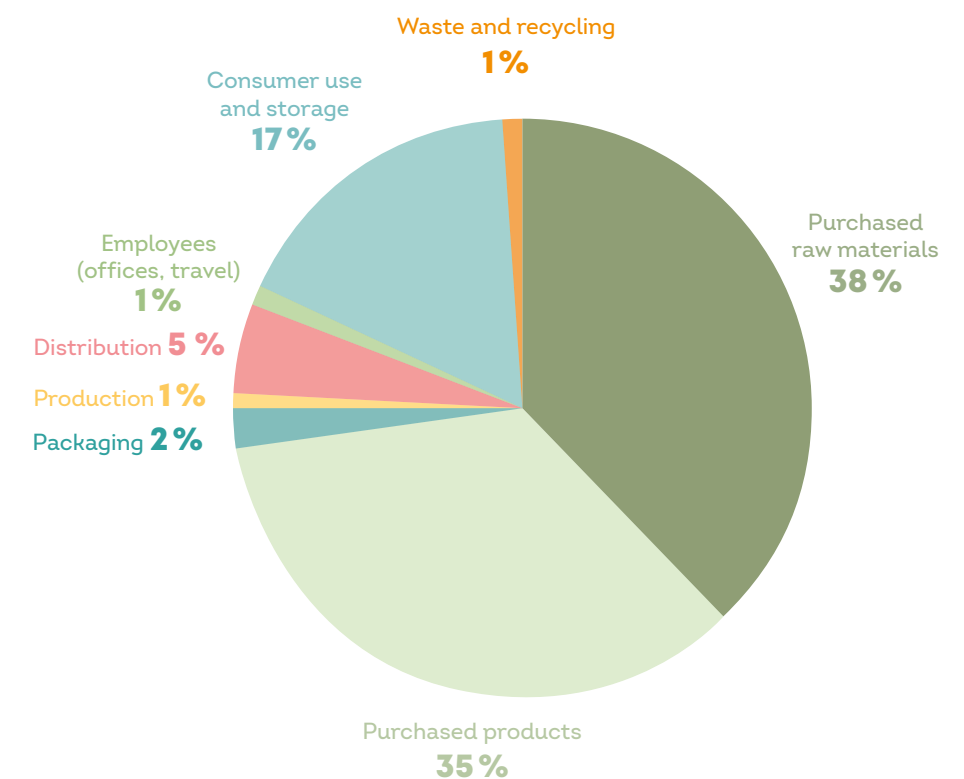
The LCA result for 2019 was summarised in 2020 and it shows that the majority of greenhouse gases are emitted in an early stage of our value chain: 73 % of it comes from agriculture and production of raw materials, as well as purchased products.

Globally speaking, agriculture stands for about one quarter of the total greenhouse gas emissions. Since Semper produces food, it is logical to see that a large part of our climate impact is caused by our raw materials and products.

It is important to us to gather facts, so that we can focus our sustainability initiatives where they will have the largest impact.

To reach our goal of being climate positive in 2030, sustainable purchasing is integrated in Semper's and Hero Group's sustainability strategy.

However, our climate work permeates the whole organisation. To reduce our climate impact, we make improvements at all levels. Like in the recipes for our products, work routines, production processes and in transport.





Götene and Unesco's biosphere reserve

Our production plant in Götene is situated in a biosphere reserve and here we contribute to building one of the global model areas for sustainable development. Semper has chosen to be a part of Unesco's biosphere reserve. This means that we strive to protect and preserve biological diversity and to promote a healthy ecosystem.

Suppliers

To us, it is important that anyone growing, handling and producing our food products has worked in an ethical manner. They themselves should have been treated well and consciously work on environmental issues. The Hero Group is a member of Sedex, a 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 Hero Group's, and thus Semper's, Code of Conduct. The Code of Conduct covers issues such as human rights, child 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' guidelines is that they should be conveyed along the supply chain, from our suppliers to their sub-suppliers.

Close to our raw materials

There are many benefits to locally produced goods and being near producers. This makes it easier to counter the risk for lack of respect for people and the environment in our supply chain. A large part of the raw materials that Semper uses, come from Swedish producers, like our cereals (oats, wheat and rye), our milk, cream and our rapeseed oil that has the smallest possible environmental impact. This reduces our environmental footprint. Other raw materials used

in Götene and Korsnäs can originally come from countries outside of Europe, but they are purchased from suppliers within Europe. This means a closer contact with suppliers, meaning that we can more easily discuss various issues.

Supplier audits

When we start a collaboration with a new supplier, they will be visited by representatives from the procurement and quality departments at Semper. During this visit, we review how the supplier is performing in areas such as the environment and working conditions. Similar supplier audits are also carried out with existing suppliers. During 2020, because of the pandemic, we have been forced to conduct these audits via digital meetings. We do however realise the importance of on-site audits and will plan physical visits with our suppliers as soon as it is safe.

Semper follows up on how many of our suppliers are members of Sedex and have confirmed our Code of Conduct in writing. At the end of 2020, 95 % of our suppliers were members of Sedex and 51 % signed our Code of Conduct. We are evaluating methods to continue to increase these numbers.

No deviations from Sedex' guidelines or Semper's Code of Conduct have been detected at our suppliers in 2020.

Environmental impact and our raws

At Semper we are becoming more and more engaged in learning how our actions affect the environment. Of course, this also includes the actions of

our suppliers. The results from our LCA show that we need more active collaborations with our suppliers to reduce our climate impact.

Milk is one of the raw materials that is naturally included in many of our products for the youngest children, since it contains valuable proteins, minerals and milk fat. Some of the products are even required by law, to be based on cow milk. Milk production in the Nordic countries is one of the most climate-friendly in the world. Yet cows make a significant contribution to climate change, mostly because of the greenhouse gas methane, that is formed in their stomachs and then released into the atmosphere. We monitor ongoing research closely, to learn how to reduce methane production by, for example, adjusting the cows' feed.

We want to make sure that our raw materials are sustainably produced. This is the reason why we currently are evaluating what sustainability requirements we need to integrate into our procurement strategy. 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: "We proactively undertake initiatives that promote environmental responsibility and encourage development and diffusion of environmentally friendly technologies." Many of our suppliers already have their own, well-developed systems to tackle various environmental issues.



HUMAN RIGHTS

It is important to Semper that the suppliers we choose, live up to our demands in our work regarding human rights.

It is important to us, 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' guidelines, Semper's position on human rights is based on the principles of the UN Global Compact (UNG) concerning human rights, as well as the conventions of the International Labour Organisation (ILO).

These principles are communicated to suppliers via our Code of Conduct. When we want to start working with a new supplier, they must first approve our Code of Conduct and join Sedex. We also accept suppliers that have an equivalent Code of Conduct and are connected to an equivalent organisation.

Children's rights

Children 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 globally. 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 2020.

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 2020.

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 based on 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. We expect and demand the same position from our suppliers.

UNION AFFILIATION

All 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. We expect and demand the same responsibility from our suppliers in terms of their working conditions.

CHAPTER 4

PRODUCTION

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



ENERGY

Choices concerning energy sources and the amount of energy we consume, are important issues that we address in our sustainability strategy.

During 2020 we have invested in a hydropower certificate that guarantees that the electricity we consume in our production plants and offices, is sustainably produced. The steam we use in our production processes is produced in a wood chip-fired heating plant. During the short periods when the heating plant needs maintenance, the steam is produced by fossil fuel. We have offset the emissions caused by this, with a hydropower certificate. All the energy needed for production thereby comes from 100 % renewable sources.

Energy saving measures

Even with sustainable energy sources, it is important for us to invest in energy saving measures. Our environmental work is designed to help us produce and offer food with a lower impact on the environment. There are also financial reasons to make energy consumption more efficient.

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. 76 % of the energy purchased by the plant in Götene consists of steam and 24 % 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. In Korsnäs, electricity is 100 % of the energy we buy.

Our sustainability strategy and quality policy address energy, as do the requirements in our environmental and energy certification ISO 14001 and 50001 in Götene. These documents provide us with guidelines in our continuous effort to reduce our energy consumption.

Our main focus in 2020 has been the new spray tower that was installed in Götene in 2018. In 2019 we invested in test production and during 2020 we

continued to fine-tune the process and introduce a gradual increase in capacity. After a year of higher energy consumption per tonne produced, we are starting to see the more efficient energy consumption that we expected from the new modern tower. During 2021 we continue to increase the production capacity and efficiency. And we expect to see an even lower energy consumption per tonne produced.

Every little thing counts

In our bakery in Korsnäs we see a stable energy consumption per tonne produced. During 2021 we will evaluate different possibilities to reduce energy consumption, by for example modernising our compressors.

Aside from this we believe that every little thing counts. As an example, we use LED lamps and light sensors, digital salary specifications and contract signatures – and hybrid company cars.

THE YEAR IN NUMBERS

The numbers below refer to the energy consumption within production.

Korsnäs production plant

	Energy (MWh)/produced tonne:	Regarding energy sources at Korsnäs (2020):
2018	1.65	100 % electricity from hydropower.
2019	1.76	
2020	1.76	

Götene production plant

	Energy (MWh)/produced tonne*:	Regarding energy sources at Götene (2020):
2018	3.05	24 % electricity from hydropower, 76 % steam from heating plant.
2019	3.11	
2020	2.95	

*We have modified our calculation method for 2020 and also recalculated 2018 and 2019 in order to have comparable results.

Semper's energy consumption is based on 100 % renewable sources.



WATER

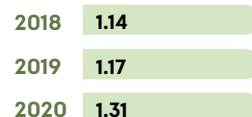
All water that comes in contact with food products, must be of drinking water-quality.

THE YEAR IN NUMBERS

The numbers below refer to the water consumption within our production.

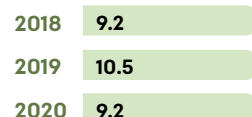
Korsnäs production plant

Water (m³)/produced tonne



Götene production plant

Water (m³)/produced tonne



In Götene, where our most water-intensive plant is located, we have two reliable water sources: about half of it is municipal water from Lake Vänern (56 %) and the other half is from our own source, the Västerby spring. Access to water is a central issue we continuously work on. We limit our water consumption for both environmental and financial reasons. Water is used in our recipes, as well as in our cleaning processes. During 2020 we have focused on increasing the efficiency of our production processes and we can see a significant reduction in water consumption compared to 2019. We hope to reduce this number even more in the next year. We also attempt to restrict the

amount of milk residue and detergent or cleaning agents in our waste water. This is addressed in our sustainability strategy regarding efficiency of resources. During 2020 we have invested in a process enhancement which separates liquid product waste, which is then collected and turned into biogas by an external company.

Sustainable water plan

Semper and our neighbour Arla share an environmental permit specifying our emission rights in terms of water. These limit the amount of waste water we are permitted to release into treatment plants and how polluted it is permitted to be. If we exceed the agreed level

of emissions, we must then manage the remaining amount of wastewater ourselves, which we do by temporarily diverting it on to so-called “emergency 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 into the Götene river.

Our bakery in Korsnäs has a less intense water consumption. Water is mainly used in the dough and a small part in cleaning processes.



WASTE

We are proactive in our effort to reduce waste throughout production.

Of all the waste in our production during 2020, 94 % was recycled. The waste consisted mainly of raw material packaging, which is sorted into different fractions, and of product waste which is processed into animal feed or biogas. Today the remaining 6 % is residual material that is incinerated and converted to useable energy. Our goal is to achieve a production without residual material in 2030.

Elimination of food waste

Waste occurs throughout the entire value chain of the food industry to secure that the food that is being produced is completely safe. All food producers have some form of waste. We are reducing our waste in several ways and put particular effort into combatting having to discard products or ingredients. Our goal is to achieve 0 % food waste in 2025.

Waste can occur as part of production, particularly when starting and comple-

ting a manufacturing cycle. The material produced at this point does not offer the absolute quality required for the food product to be packaged. Thanks to a collaboration with a company that recycles food waste from our operations into animal feed, currently no waste is discarded from Semper’s production plants.

Expiration dates

Waste 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 can sell the food products to customers with other requirements on the the remaining shelf life.

Through close contact between our departments, we have been able to identify if one or more foods are at risk of having a short shelf life. Several of our customers have helped by being flexible with their demands on shelf life of the delivered products.

We also have an ongoing collaboration with the Food Mission, Stockholm City Mission. We provide foods to the Food Mission that we are unable to sell due to a short remaining shelf life. Transport of these goods is donated by our transport partner DHL.

Our partner for recycling waste, can separate packaging and product and if needed process it into animal feed. We work hard to avoid having to discard products that have been packaged.

Proactive measures reduce waste

Proactivity is Semper’s best way to avoid unnecessary waste. Improved routines, processes and forecasts as well as regular analyses of our product portfolio, make sure that we avoid having products that go to waste. It is good for the environment – and for Semper’s economy!





TRANSPORTS

By making our transports more efficient, we reduce our greenhouse gas emissions, contributing to the UN global goal to take climate action.

Since our raw materials and products have a limited shelf life, shipments from our facilities need to be relatively quick. Our supply chain division regularly looks for alternative transport routes, but for now we are mainly dependent on transport via trucks. For the sake of delivery security, we opt for the larger carriers. Most of our suppliers are in Europe, and we never use air transport as an alternative.

Optimising transports

We constantly strive to make our transport as efficient as possible. To minimise our environmental impact and ensure high efficiency, most of our transports from Götene and Korsnäs to our warehouse in Örebro are full trucks. In 2020 we also started to load larger volumes to our export customers directly from our production facility in Götene. This contributes to lower greenhouse gas emissions.

We also work with a system making sure our trucks don't drive empty. They go on rounds, transporting baking mixes that are produced in Götene to Korsnäs. The same truck then picks up pallets of crispbread and takes them to the warehouse in Örebro. 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 temperature-controlled vehicles when not needed. This reduces the negative environmental impact and the cost.

The most efficient way to reduce emissions from our transports, is of course to reduce the number of transports. So, it is very important to us to optimise the load. Our goods are transported on pallets that can be either single or double-stacked. By double-stacking where applicable, 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.

A new warehouse

During 2020 we have decided to make transports more efficient, by moving our products to a warehouse situated close to our production plant in Götene. The warehouse will be ready in the fall of 2021 and we will be co-operating with a distribution expert in operations. Our

transports between production and warehouse will be reduced with many kilometers every year, and we will reduce the distance to most of our customers in the Nordic countries.

Travels

During 2020 the number of business trips have been significantly reduced compared to the previous year because of the pandemic. Even though our travel policy always states that one should evaluate the necessity of a trip, the current restrictions have been a good reminder of the possibilities of efficient digital meetings. This means that we can reduce travel-related emissions even in the future.

Our company cars used for sales calls and store visits, are plug-in hybrid cars as of 2020.

THE YEAR IN NUMBERS

Carbon emissions from transports to our Nordic customers.

2018	983 tonnes CO ₂
2019	1163 tonnes CO ₂
2020	1071 tonnes CO ₂

CHAPTER 5

SAFE FOOD

At Semper we work extra carefully with food safety, quality and nutrition. The food we produce is designed and developed for young children and people who are sensitive to gluten – and their well-being is always our main focus.

FOOD SAFETY AND QUALITY

Safe food with high quality is what is most important to Semper. This is how we make it safe for our consumers.

At Semper, we know how important it is for children – and adults – to have nutritious and tasty food. Everyone should be able to feel safe when they choose food from Semper. Food safety is one of our core focus areas.

Because people with gluten intolerance can suffer from gastrointestinal disorders if gluten finds its way into their diet, it is our respons-

ibility to guarantee the safety of all our products made for them.

This safety work is extra important when it comes to our baby food because infants and toddlers are more sensitive than adults to unwanted substances such as mycotoxins, heavy metals and pesticides. To avoid unnecessary burden on their small bodies we have rigorous controls throughout the production of our baby food.

About gluten intolerance

Gluten intolerance also goes by the name celiac disease and it is currently estimated that around 1-2 % of the global population suffers from this disease. Gluten is a protein found in our common varieties of cereals such as wheat, barley and rye. Gluten intolerance can only be treated by eliminating gluten from the diet entirely. Having celiac disease means that the lining of the small intestine is damaged by gluten, which in turn means the body is not able to process vital nutrients in a satisfactory way. A gluten-free diet needs to be maintained for the rest of the person's life so that the symptoms

and risks of complications, such as nutrient deficiency, do not occur. There can be several reasons why other groups of people would wish to maintain a gluten-free diet. Among others, people who have non-celiac gluten sensitivity.

Finding cereal-based gluten-free food can be difficult. This is why Semper wants to make sure it is easy to enjoy good food and vary your diet – even if it can't contain gluten. Among other things, we offer bread, baking mixes, pasta, breakfast cereals and biscuits – all gluten-free. The products hold a close resemblance to corresponding foods with gluten.

Safe gluten-free food

Semper works hard to ensure that gluten-free raw materials have no trace of wheat, barley or rye. We make sure that our raw materials are not contaminated at manufacturing, transport or during packaging. Sempers "Pure oats" are safe for people with gluten intolerance. It is carefully handled from seed to cultivation, threshing and during manufacturing of the groats, which minimises the risk of traces of other cereals. In addition, it is analysed to ensure that it does not contain gluten.

Marketing of infant formulas

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



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.

During our supplier audits, 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 and facilities, 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 cereals, for example, we test for heavy metals and mycotoxins, while for vegetable oils we test whether the oil contains undesirable remnants of pesticides or mineral oils.

The raw materials in our gluten-free products are purchased with Certificates of Analysis (CoAs) and we only use 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 Food Agency 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

Sempers quality policy is the foundation of everything we do within the organisation. Semper's plants in Götene and in Korsnäs are certified in accordance with Food Safety System Certification (FSSC) 22 000, an international standard for governing food safety and quality. Certification in line with FSSC 22 000 clearly shows that Semper has a proactive strategy in food safety. Furthermore, the standard is recognised globally and facilitates communication about quality in an international market.

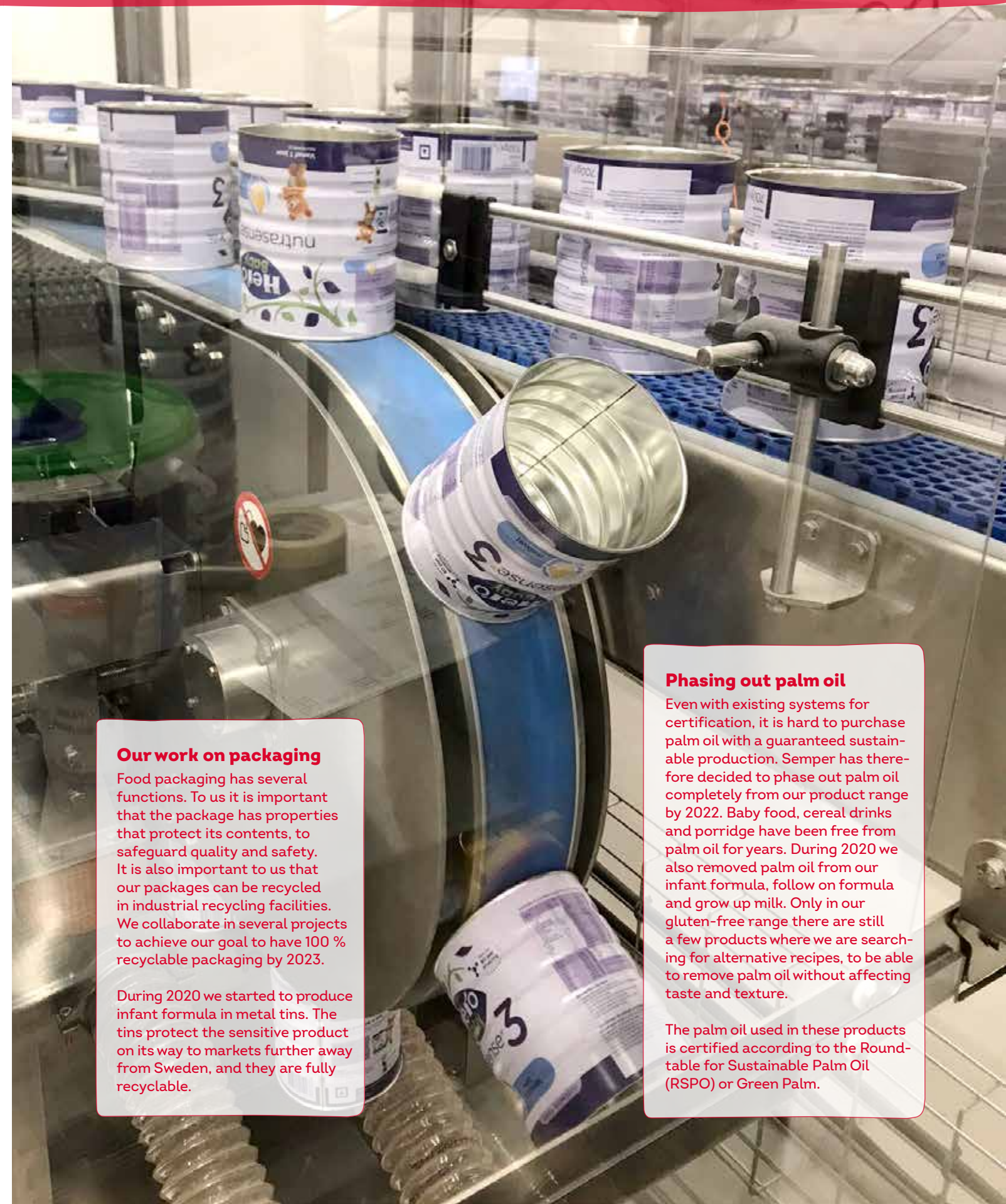
Semper is also certified according to AOECs (Association of European Coeliac Societies), a standard for how to secure that our products are free of gluten. Companies that are certified can use the so called cross-grain symbol



so that consumers can feel extra safe when buying a gluten-free product.

Specific legislation is applied 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. The legislation regulates the quality of baby food, with specific limits in place regarding remnants of pesticides, heavy metals and mycotoxins. 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.

» Semper HQ in Sweden and the Semper offices in Norway, Finland and Denmark, are certified according to ISO 9001.



Our work on packaging

Food packaging has several functions. To us it is important that the package has properties that protect its contents, to safeguard quality and safety. It is also important to us that our packages can be recycled in industrial recycling facilities. We collaborate in several projects to achieve our goal to have 100 % recyclable packaging by 2023.

During 2020 we started to produce infant formula in metal tins. The tins protect the sensitive product on its way to markets further away from Sweden, and they are fully recyclable.

Phasing out palm oil

Even with existing systems for certification, it is hard to purchase palm oil with a guaranteed sustainable production. Semper has therefore decided to phase out palm oil completely from our product range by 2022. Baby food, cereal drinks and porridge have been free from palm oil for years. During 2020 we also removed palm oil from our infant formula, follow on formula and grow up milk. Only in our gluten-free range there are still a few products where we are searching for alternative recipes, to be able to remove palm oil without affecting taste and texture.

The palm oil used in these products is certified according to the Roundtable for Sustainable Palm Oil (RSPO) or Green Palm.

OUR MAJOR STAKEHOLDERS

Our stakeholders' opinions are important to us, and help us to develop our sustainability work.

Our most important stakeholders are described in the table on the next page. With stakeholders we refer to the groups who are affected by our operations and who influence us. We continuously pursue an open dialogue with our stakeholders. Their opinions on what they consider to be the most important issues, helps us to form

decisions and develop our sustainability work.

From analysis of Semper's value chain, and through an external analysis of global guidelines, we identified important areas within sustainability that are most relevant for us to work with.

By sending surveys and conducting interviews with our stakeholders, and carrying out document and report analyses, we have had the opportunity to identify important areas of sustainability and prioritise the most relevant sustainability issues to work on. During our work with this materiality analysis, we also considered GRI's reporting guidelines.

The materiality analysis is updated every year. In 2020 the update was conducted via the methods indicated by a star. Current sustainability issues can be different for different stakeholders. The three most important sustainability issues are shown in the table, and in the graph below, you can find a representation of Semper's impact on these issues and the importance of the issues for our stakeholders.



STAKEHOLDER	COMMUNICATION & RESEARCH	THE 3 MOST IMPORTANT SUSTAINABILITY ISSUES
Employees	Questionnaires* Interviews Workshops	Energy & water efficient production Waste Health & safety
Owners	Dialogue/conversation* Workshops* Information meetings* Information documents*	Climate Economic sustainability Business ethics
Customers	Dialogue/conversation* Reports* Information meetings Questionnaires	Climate Packaging Sustainable value chain
Consumers	Questionnaires* Dialogue/conversations Consumer contact* Social media*	Packaging Waste Climate
Competitors	Reports*	Climate Packaging Energy & water efficient production
Suppliers	Dialogue/conversation* Reports*	Climate Sustainable agriculture Sustainable value chain
Authorities	Information meetings* Inspection meetings*	Climate Waste Packaging
Municipalities & regions	Information meetings* Inspection meetings*	Quality & safety Foreign substances Health
Universities & colleges	Scientific meetings* Tutoring*	Nutrition & health Innovation Sustainable products
Advocacy groups	Project collaborations* Information meetings* Reports*	Sustainable products Nutrition & health Animal health
Trade associations	Committee activities*	Waste Packaging Sustainable value chain

*The materiality analysis is updated every year. During 2020 our update has been made through the methods indicated with a star.

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

GRI STANDARD NUMBER		PAGE	SCOPE/COMMENT
ORGANISATIONAL PROFILE			
102-1	Name of the organization	p. 6-7	Semper AB
102-2	Activities, brands, products and services	p. 6-7	
102-3	Location of headquarters	p. 7	
102-4	Location of operations	p. 6-7	
102-5	Ownership and legal form	p. 7	
102-6	Markets served	p. 6-7	
102-7	Scale of the organization	GRI-index	See Semper AB's financial report
102-8	Information on employees and other workers	p. 18-19	
102-9	Supply chain	p. 8-9, 30-31	
102-10	Significant changes to the organization and its supply chain	p. 8-9	
102-11	Precautionary Principle or approach	p. 25	
102-12	External initiatives	p. 30-31, 38-43	
102-13	Membership of associations	GRI-index	<ul style="list-style-type: none"> • The Swedish Food Federation • The Swedish Food Retailers Federation • Specialised Nutrition Europe (SNE) • Swedish Nutrition Foundation (SNF) • Normpack • Svenska retursystem • GS1 • Validoo • The Packaging and Newspaper Collection Service • Svensk Plaståtervinning • Returkartong • Metallkretsen • Svensk glasåtervinning
STRATEGY			
102-14	Statement from senior decision-maker	p. 3	
102-15	Key impacts, risks, and opportunities	p. 12-13	
ETHICS AND INTEGRITY			
102-16	Values, principles, standards, and norms of behavior	p. 5, 18, 31	
GOVERNANCE			
102-18	Governance structure	p. 8-9	
STAKEHOLDER ENGAGEMENT			
102-40	List of stakeholder groups	p. 42-43	
102-41	Collective bargaining agreements	p. 19	
102-42	Identifying and selecting stakeholders	p. 42-43	
102-43	Approach to stakeholder engagement	p. 42-43	
102-44	Key topics and concerns raised	p. 42-43	

GRI STANDARD NUMBER		PAGE	SCOPE/COMMENT
REPORTING PRACTICE			
102-45	Entities included in the consolidated financial statements	See last page	
102-46	Defining report content and topic Boundaries	p. 42-43	
102-47	List of material topics	p. 42-43	
102-48	Restatements of information	GRI Index	The method for calculation of energy intensity has been adjusted, p. 33
102-49	Changes in reporting	GRI Index	No changes
102-50	Reporting period	See last page	
102-51	Date of most recent report	GRI Index	2020-06-25
102-52	Reporting cycle	GRI Index	Semper issues a sustainability report annually
102-53	Contact point for questions regarding the report	See last page	
102-54	Claims of reporting in accordance with the GRI Standards	See last page	
102-55	GRI content index	p. 44-46	
102-56	External assurance	GRI Index	Semper AB's auditor has approved this sustainability report, no other external audit has been carried out
FINANCE			
GRI 205:	205-1	Operations assessed for risks related to corruption	p. 12-13, 20-21
Anti-corruption	205-2	Communication and training about anti-corruption policies and procedures	p. 20-21
	205-3	Confirmed incidents of corruption and actions taken	p. 20-21
ENVIRONMENT			
GRI 302:	302-1	Energy consumption within the organization	p. 33
Energy	302-3	Energy intensity	p. 33
Energy	302-4	Reduction of energy consumption	p. 33
Energy	302-5	Reductions in energy requirements of products and services	p. 33
GRI 303:	303-1	Interactions with water as a shared resource	p. 34
Water	303-2	Management of water discharge-related impacts	p. 34
Water	303-3	Water consumption and discharge	p. 34
GRI 306:	306-1	Waste generation and significant impacts	p. 35
Waste	306-2	Management of significant waste-related impacts	p. 35
GRI 307:	307-1	Non-compliance with environmental laws and regulations	GRI Index
Compliance			No incidents during the year

GRI STANDARD NUMBER			PAGE	SCOPE/COMMENT
Continuation of ENVIRONMENT				
GRI 308:	308-1	Suppliers that were screened using environmental criteria	p. 30-31	
Supplier monitoring				
SOCIAL ISSUES				
GRI 403:	403-2	Hazard identification, risk assessment, and incident investigation	p. 19	
Occupational health and safety				
	403-6	Promotion of worker health	p. 18-19	
GRI 404:	404-1	Training hours per employee	p. 18-19	We do not report per gender since this information is not available
Training and education				
	404-2	Employee development and training programs	p. 18-19	
GRI 408:	408-1	Operations and suppliers at significant risk for incidents of child labor	p. 31	
Child labour				
GRI: 412	412-1	Operations that have been subject to human rights reviews or impact assessments	p. 30-31	
Human rights assessment				
GRI: 414	414-1	New supplier screening on social criteria	p. 29-31	
Supplier social assessment				
GRI: 416	416-1	Assessment of the health and safety impacts of product and service categories	p. 23-25, 38-41	
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				



Taste introduction of vegetables and fruit made easier!

The introduction of veggies, fruits and berries (some of them a bit more bitter or sour, as these foods may be) when the baby starts to try solid foods, has been made easier. Semper has developed a practical app. With the help of the STEP app, parents can follow a 24-day program with a tasting schedule and simple recipes, based on fine Nordic raws. The method in the app is based on the OTIS study at Umeå University and the purpose is to improve children's health in the long run, by giving them a good – and green – start!

Download the app here



Read more about the OTIS study on page 27 in this report, and on semperbarnmat.se

ABOUT THE REPORT

This sustainability report produced by Semper AB refers to the 2020 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 Annual Report for the period 1 January - 31 December, 2020.

For any questions relating to Semper's sustainability report, please contact: Marleen van der Wende, Sustainability Manager, email marleen.van.der.wende@semper.se
