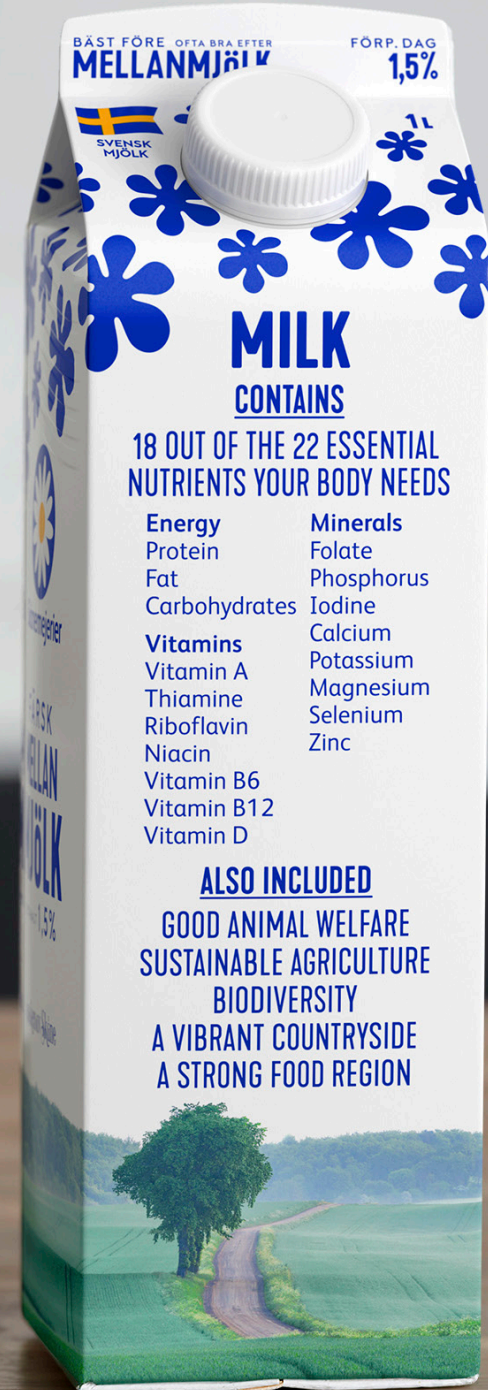




OUR SUSTAINABILITY WORK 2020



Milk is not just a naturally nutritious raw material that contributes to a healthy diet. Milk also plays a key role in Swedish agriculture, the species-rich diversity of our nature and a society where both urban and rural areas can survive.

In our sustainability report, we talk about our efforts and challenges through the milk chain from farm to finished consumer products, and about our journey towards the vision of becoming Sweden's most sustainable dairy.

Happy reading!



CONTENTS

About Skånemejerier	4	HEALTHY PRODUCTS	
Our brands	5	The role of dairy products	30
Introduction from the management	6	Naturally healthy	31
		Better than enriched alternatives	32
STARTING POINTS IN OUR SUSTAINABILITY WORK		Product development	33
The global goals	8	Food safety	34
Business model	9		
Organisation	10	OUR SOCIAL RESPONSIBILITY	
Material topics	11	Pandemic measures	36
Focus areas	12	Values	38
Climate impact	13	Engage employees	39
Sustainability goals	14	Diversity	40
		Security	41
ON AND AROUND THE DAIRY FARM		The supply chain	42
Farm certification	16	Societal engagement	43
Animal welfare	17		
Biodiversity	18	APPENDIX	
Natural resources	19	Reporting principles	45
Climate work	20	GRI Index	46
		Contribution to the global goals	49
FROM DAIRY TO DINING TABLE		Disruptions to production and complaints	50
Energy	22	Materiality analysis method	51
Water	23	Stakeholder overview	52
Packaging	24	Companies and departments	53
Transport	26		
Circular flow	28		



CLIMATE CHANGE INVESTMENT IN THE DAIRY FARMS

20



97% RENEWABLE ENERGY

22



SMART NEW PACKAGING

25



95% FOSSIL-FREE TRANSPORT

26



AN ORDINARY NOT SO ORDINARY DAY

37



COLLABORATION WITH SKÅNE STADSMISSION

43

THIS IS SKÅNEMEJERIER

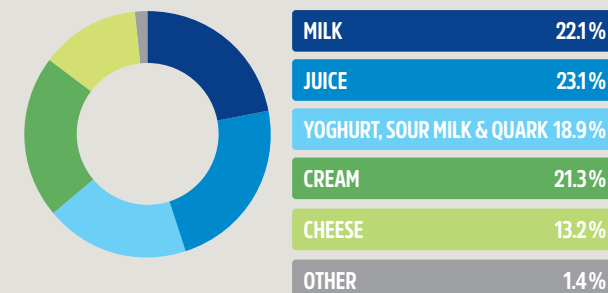
OUR BUSINESS CONCEPT

We create value for our consumers by providing them with qualitative, nutritious and innovative dairy products and juices. We add value at every step of the value chain by protecting nature, creating partnerships, collaborating with suppliers, engaging our employees and offering the best options to our customers – all in a profitable way.

OUR VALUES

The success of our business is based on clear ambition, personal commitment and an effort to solve tasks and challenges with simplicity. In this way, we can achieve ambitiously set goals and develop as both a company and people.

Proportion of product in our range 2020 (turnover)



Turnover SEK

4.4
BILLION



316

Swedish milk suppliers

Number of employees

711



4



production
facilities, head
office in Malmö



Number of items

1014

SALES CHANNELS

Foodservice (private restaurants, public sector, chain customers, industrial customers)

Retail (grocery stores, convenience stores, e-commerce)
Export

OUR VISION

The most sustainable dairy
in Sweden



PART OF THE WORLD'S LARGEST DAIRY GROUP

Since 2012, Skånemejerier has been part of the Lactalis Group, a worldwide group with both global and local brands. Lactalis, founded in Laval, France in 1933, is today the world's largest producer of dairy products. The Group has production facilities in 51 countries and approximately 85,000 employees in 85 countries. Sales in 2020 were EUR 21.1 billion.

Lactalis has three pillars for sustainable development that form the framework for strategies and investments at country and company level.

- Strengthen people and relationships in all our markets
- Offer authentic and responsibly produced goods
- Work in a resource-efficient way and in harmony with nature

Read more at lactalis.fr

OUR BRANDS



Skånemejerier

A wide range of locally produced dairy products, always with milk from farms in Skåne and southern Sweden. Market leader in southern Sweden and the major challenger nationally.

Bara

Yogurt and sour milk with high fruit content, without added sugar or other additives.



Our organic range with milk from organically certified farms.



Our lactose-free range, which allows more people to enjoy our products.

ÅSENS®

Åsens Lantmjölk is non-homogenised for a particularly full-bodied taste.

LINDAHL'S

Sweden's leading brand for quark products. Protein rich for an active target group.



Continental dairy traditions including Turkish and Greek yogurt.

19th 96 ALLERUM®

Market leader in matured hard cheese with classics such as Präst, Herrgård and Grevé.



Lactalis' largest global brand with French cheese classics such as camembert, chèvre and brie.



The Italian original since 1882. Quality cheeses sold in 150 countries around the world.

BRAVO®

Sweden's leading brand for juices and smoothies, always made from 100 % fruit.

Ljuva®

A range developed for the needs of modern commercial kitchens.



SUSTAINABLE FOOD IS ALL ABOUT SEEING THE BIGGER PICTURE



The corona pandemic has changed our everyday lives and put society to the test. Already at the end of February 2020 Skånemejerier put together a crisis team to prevent the spread of infection at the company and to ensure production. Appropriate measures have since been put in place gradually, and the average number of days lost through sickness in 2020 was even lower than in the previous year.

We are proud that we have been able to continue to keep store shelves well stocked, while at the same time taking further steps towards a completely fossil-free dairy business by 2025. During the year, we increased the proportion of fossil-free transport to 95 percent and the proportion of renewable packaging to 83 percent. The amount of combustible waste is now 40 percent lower compared to 2014.

ADAPTING TO CHANGING CONSUMPTION PATTERNS

One sector hit hard by the pandemic is the food-service industry. It has also affected us at Skånemejerier. Distance learning has meant less milk for schools, lack of travel has meant fewer breakfast buffets in hotels and limited opening hours have reduced the need for our cooking products in restaurant kitchens. With less restaurant visits, people have on the other hand had more time to cook, bake and enjoy meals at home. We have partly managed to compensate for the decrease in volumes in the catering market with increased sales in the grocery sector, which has led to a strong annual result.

REDUCED CARBON FOOTPRINT TOGETHER WITH FARMERS

In 2020, we have continued our work to map greenhouse gas emissions throughout the entire value chain.

For dairy products, most of the carbon footprint comes from dairy farms, and in order to reduce this footprint, we need to learn more about what this climate impact looks like.

“Klimatkollen” is an industry initiative that helps farmers measure and reduce their climate emissions, and in 2020 we decided to give our 316 milk suppliers in Skåne and southern Sweden financial compensation for their participation. With the help of “Klimatkollen”, dairy farmers can see where in their own production the emissions occur, and how they can make cost-effective and accurate improvements.

ANIMAL WELFARE IS A CONSTANT FOCUS

One of our most important sustainability topics is working to achieve the best possible animal welfare and this is an ongoing process. To ensure that

our milk suppliers comply with our stringent requirements, we work in addition to our own farm inspections with independent third-party certification, and we have been doing so since 2012.

On the farms that supply our milk, 90 % of cows are now free-range grazing, compared with an average in the country of 76 %. It is also important that during the year the farms have increased their use of natural pastures. Endangered natural pastures play a key role in sustainable agriculture and biodiversity in our nature.

SOCIAL RESPONSIBILITY FOR THOSE MOST IN NEED

In our sustainability work, we engage with important societal issues. The corona pandemic has put further pressure on many already vulnerable people in our area, which is why we have expanded our cooperation with Skåne Stadsmission. By donating surplus products to this important organisation, we contribute to more people being able to feed on good and healthy food.

SUSTAINABLE EATING HABITS, SUSTAINABLE FOOD PRODUCTION

Natural conditions in Sweden mean that large parts of our agricultural land are better suited for animal husbandry than the cultivation of food for humans. In an often polarised debate, it has been forgotten that our cows contribute to fertile soils that also provide for the efficient and sustainable cultivation of vegetables and cereals.

The mix of crop cultivation and animal husbandry in agriculture also fits well with the Swedish National Food Agency's food circle, which recommends a varied diet with a green base complemented by meat, fish and dairy products. Milk and other dairy products contain as many as 18 of the 22 nutrients we need every day and are difficult to replace with other sources of nutrition.

COMMITTED TO THE FUTURE

No matter what happens in the world around us, we must continue with our sustainability work. We must protect all our stakeholders – employees, suppliers, customers, consumers and society – because in this way we can not only achieve our own sustainability goals, but also contribute to our partners reaching theirs.

We create value for our consumers by providing them with nutritious and innovative dairy products, juices and smoothies, and through cooperation with our milk suppliers in particular, we can do so in harmony with nature and the planet.

With a genuine commitment and a constant search for new ways to develop our work, we continue our journey towards Sweden's most sustainable dairy.

Malmö, 18 May 2021

José Antonio Lalanda, CEO and
Jeanette Flodqvist, Sustainability Manager

STARTING POINTS IN OUR SUSTAINABILITY WORK

Skånemejerier's vision is to be Sweden's most sustainable dairy. We work from a holistic approach to sustainability that includes environmental, social and economic aspects. We want to be part of a sustainable food supply, where responsible production of a variety of raw materials can work together for the good of the planet and people. Our focus is on the sustainability issues where we can have the most influence.



OUR CONTRIBUTIONS TO THE GLOBAL GOALS

In 2015, UN member states agreed on the 2030 Agenda with 17 Global Goals (with 169 targets) for sustainable development. The responsibility for implementing the goals lies with each country, and the plan approved by the Swedish Parliament includes a specific environmental target system as a starting point for achieving the ecological goals within Agenda 2030.

At Skånemejerier, we have linked our business idea to six global goals where we can make a positive difference and three goals where we can reduce our negative impact. On page 49 you can see how each of our sustainability goals contributes to the global goals.

HERE WE CAN MAKE A POSITIVE CONTRIBUTION

Our business idea

We create value for our consumers by providing them with qualitative, nutritious and innovative dairy products and juices. We add value at every stage of the value chain by protecting nature, creating partnerships, collaborating with suppliers, engaging our employees and offering the best option for our customers – in a profitable way.



HERE WE CAN REDUCE OUR NEGATIVE IMPACT



Learn more

www.globalamalen.se

www.sverigesmiljomal.se



OUR CIRCULAR BUSINESS MODEL

Most people agree that our society needs to transition from a linear to a circular economy. Here, as a company, we have a responsibility to reuse, reinvest and utilise our resources, and we illustrate this in our business model.

In the model, inflows are what we need to be able to run our company with sustainable profitability. Outflows are the values that we create for our stakeholders and the world around us. In the middle of the model is our business idea and our production cycle – which creates outflows – which we can then turn into new inflows, for us or others.

INFLOWS INTO OUR BUSINESS

FINANCIAL CAPITAL

By running a profitable business, we can get the financial capital we need to further develop the business and create long-term values for stakeholders, nature and society.

MANUFACTURED CAPITAL

Raw materials, plants and infrastructure necessary for production.

HUMAN CAPITAL

With an attractive vision and business model, we can attract and retain our most important resource: committed, competent and targeted employees.

INTELLECTUAL CAPITAL

Research and development, innovation, systems, licenses, goodwill and patents.

ECOSYSTEM SERVICES & NATURAL CAPITAL

Natural resources on which we depend in our business. Good animal health and a stable climate, with access to renewable energy and clean water. Biodiversity is crucial for our food production.



OUTFLOWS & VALUE CREATION

for stakeholders, nature and society

INNOVATION & NUTRITIOUS PRODUCTS

To our customers and consumers, we offer a wide range of nutritious products for a healthy lifestyle. Our customers include grocery stores, convenience stores, e-commerce and foodservice, which in turn offer our products to the end consumer.

JOBS

We create jobs that lead to meaningful employment, increased living standards and taxes to society.

LONG-TERM ECONOMIC GROWTH

Since 2012, we are part of the Lactalis Group, which is one of the world's largest dairy groups. We create returns for our owners, jobs and revenues for our employees, customers, suppliers and farmers, as well as tax revenues for society.

OPEN LANDSCAPES & BIODIVERSITY

Grazing animals keep the landscape open and various crops are grown alternately in the fields. Good animal husbandry contributes to diversity in nature by keeping the landscapes open and the soil nutritious and alive.

ORGANISATION OF SUSTAINABILITY WORK

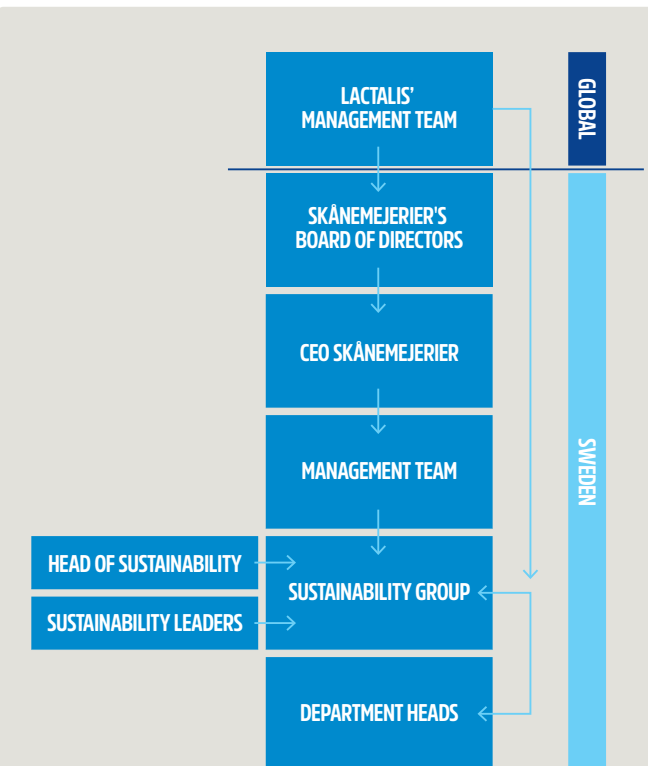
Our sustainability philosophy permeates the entire business. The focus is decided by Skånemejerier's management team and on major issues also by the group management of the Lactalis Group. At the same time, there is a lot of commitment coming from within the different departments of the business.

Since 2020, Skånemejerier has ten sustainability leaders who run the operational sustainability work in their respective departments. The task of sustainability leaders is to assist their colleagues with support and expertise, but also to capture ideas and initiatives that may come from individuals throughout the organisation. At continuous meetings, sustainability leaders gather together with the Sustainability Manager to follow up and develop the day-to-day work.

To further broaden our sustainability work, we have a sustainability group of 30 people who meet twice a year to discuss important initiatives and challenges. With a cross-functional approach, we can evaluate and manage different sustainability aspects from a holistic perspective. Sharing knowledge and experience across departmental boundaries helps us to effectively find new solutions and improvements.



Madelene Risén, Emil Nordlindh and Jonny Zachrisson
at Skånemejerier Storhushåll.



MATERIAL TOPICS

In order to find the right focus for Skånemejerier's sustainability work, we have a continuous dialogue with our stakeholders. Every three years we also carry out a materiality analysis based on GRI (Global Reporting Initiative) standards. By mapping out what our different groups of stakeholders consider to be most important, we get a good basis for which issues we should focus on. In order to clarify our priorities, we have gathered the 11 material topics resulting from the analysis, under the focus areas climate, animal welfare, health and relationships.

In our latest materiality analysis (2018), we used, among other things, a quantitative survey where respondents were allowed to grade some thirty sustainability-related topics. The interest groups' answers were then weighed together with gradations made by Skånemejerier's sustainability group and questions that were considered less important were sifted away.

The results of the materiality analysis finally went to Skånemejerier's management team, who had to make an assessment of how much impact the various sustainability issues have on the economy, the environment and society, as well as how much opportunity for impact Skånemejerier has on the various issues.

■ Climate ■ Animal welfare ■ Health ■ Relations

MATERIAL TOPICS	Impact on the world around us	Ability to influence	Direct/Indirect influence
Managing risks related to the climate	High	High	Directly & Indirectly
Reduce climate impact and resource consumption in our dairies	High	High	Directly
Work on packaging alternatives with a lower environmental impact	High	Medium	Directly
Preventing wastage and food waste	High	Medium	Directly & Indirectly
Maintaining biodiversity	Medium	Medium	Indirectly
Efficient transport	Medium	Medium	Directly & Indirectly
Reduce the environmental impact of the farm	High	Medium	Indirectly
Support animal welfare on the farm	Medium	Medium	Indirectly
Offer healthy products	High	High	Directly
Offer career and skills development for employees	High	High	Directly
Evaluate suppliers based on environmental, ethical and social responsibility	Medium	Medium	Indirectly

Our opportunities for influence on various issues are often linked to factors in the world around us. We have a direct impact on issues that are within our core business. In matters relating to the activities of other actors, we can influence indirectly.

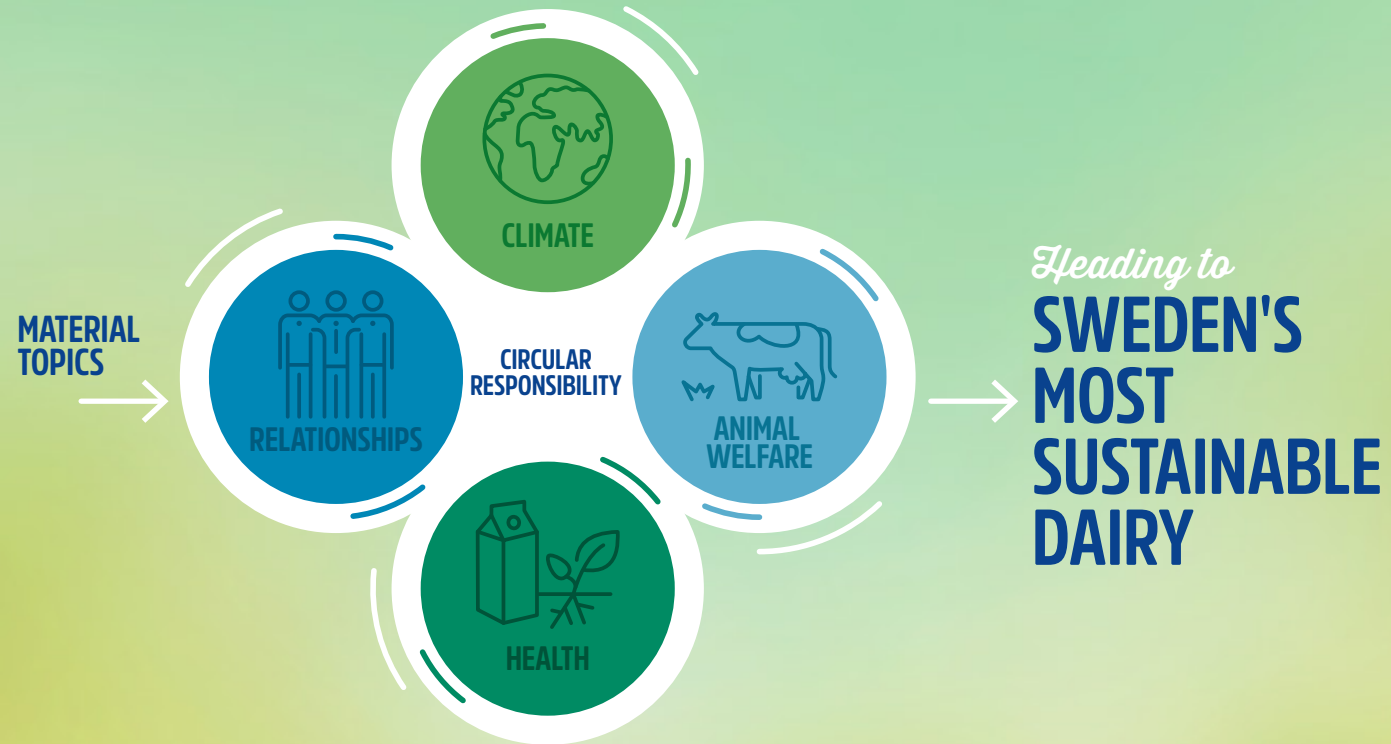
An overview of the underlying stakeholder analysis can be found on pages 51 and 52.



FOCUS AREAS

We have grouped our key sustainability issues into four focus areas: climate, animal welfare, health and relationships. The focus areas cover economic, environmental and social sustainability and common to the areas is what we call our circular responsibility.

Circular responsibility is about making the best use of resources, so that they can be reused and reinvested. Responsibility throughout the value chain is a linchpin of our sustainability strategy and our vision to become Sweden's most sustainable dairy.



CLIMATE

Our dairy facilities have an almost completely renewable energy supply and most of our transport is fossil-free. In order to reduce climate emissions, we work closely with the farmers who supply our milk.

Learn more: [On and around the dairy farm](#), [From dairy to diningtable](#)

ANIMAL WELFARE

Our milk raw material comes from 316 dairy farms in Skåne and southern Sweden. Most of the cows are in loose housing and the mild climate allows for outdoor living for much of the year. Farms are quality certified by three-step checks.

Learn more: [On and around the dairy farm](#)

HEALTH

Milk and other dairy products contain 18 of the 22 nutrients that we need to get into us every day. Our juices and smoothies consist of 100 % fruit without additives. Health and sustainability are at the heart of Skånemejerier's product development policy.

Read more: [Healthy products](#)

RELATIONSHIPS

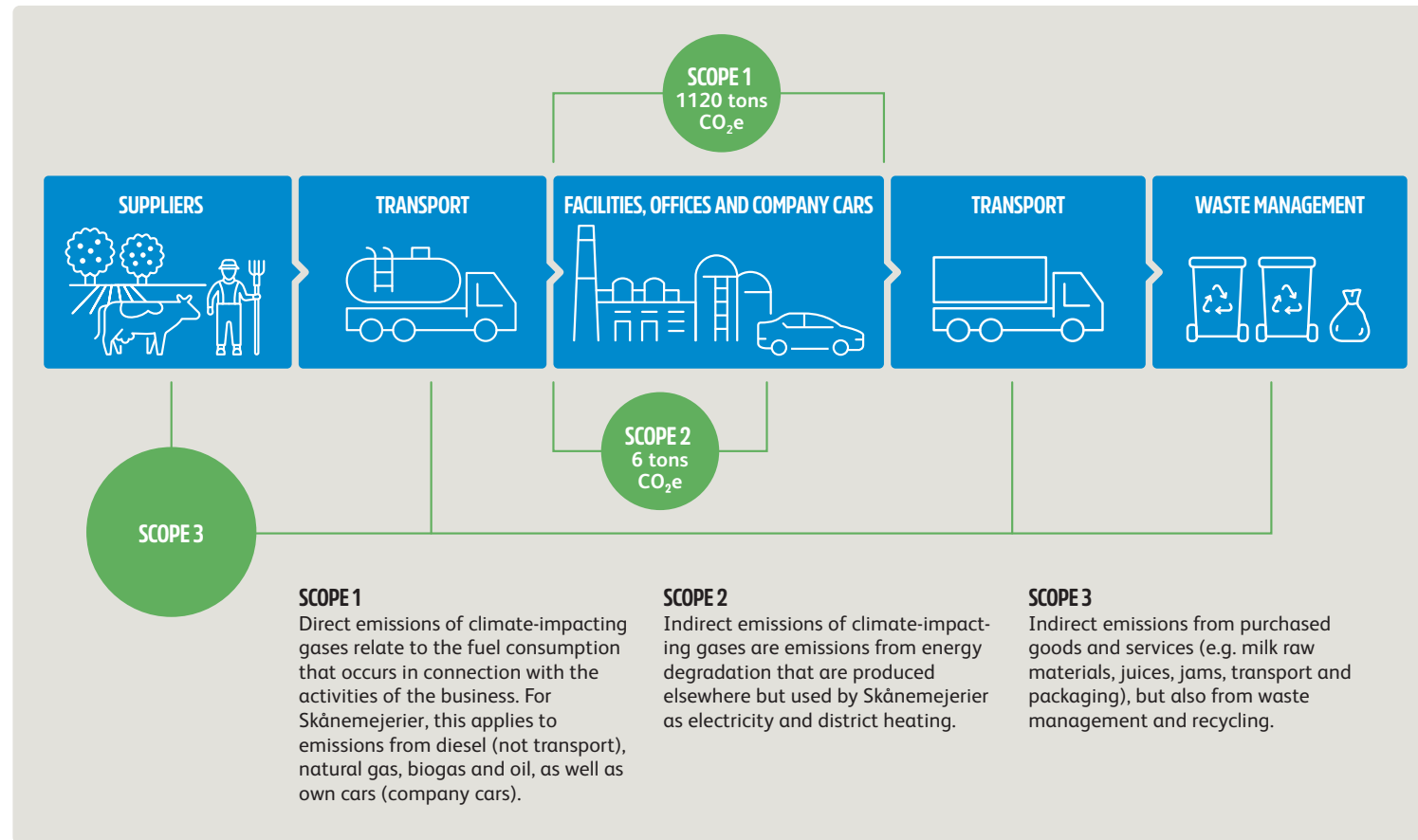
As a company that invests in sustainable development, we must also be a responsible social actor. At Skånemejerier, we work with a goal to protect our employees, suppliers, customers and consumers.

Learn more: [Our social responsibility](#)

CLIMATE IMPACT MAPPING

In 2020, we have continued our mapping of climate emissions according to the GHG Protocol (Greenhouse Gas Protocol), which is the most established standard for companies to measure their overall climate impact. The GHG protocol presents emissions in three parts, or scopes, and it gives us a clear picture of which emissions are direct (scopes 1) and indirect (scopes 2 and 3, respectively). Most of Skånemejerier's emissions are indirect and originates from the dairy production of farms.

Through mapping according to the GHG protocol, we can set climate targets according to the SBT standard (Science Based Targets) and we will continue to work on this in 2021.



SUSTAINABILITY GOALS

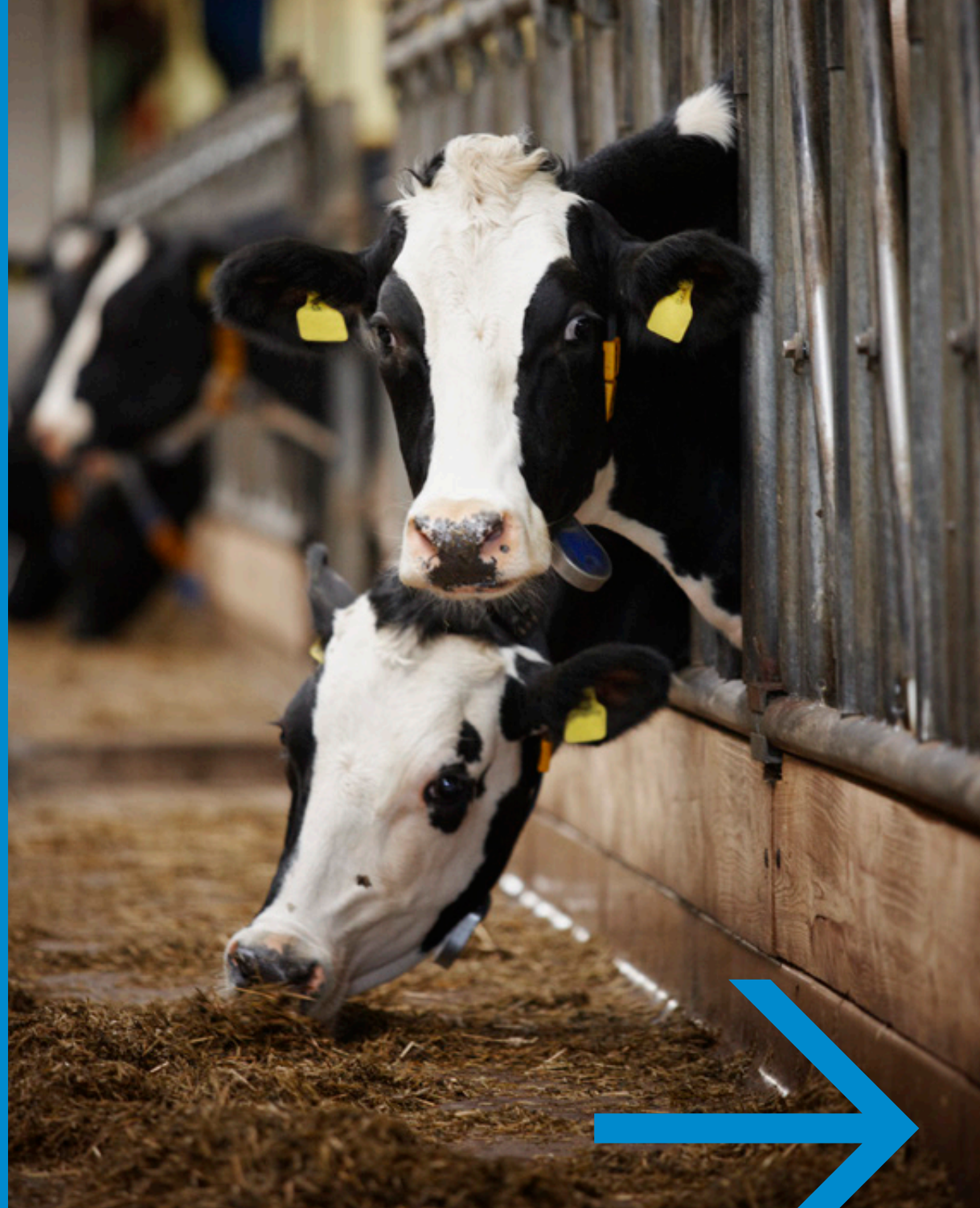
This table shows Skånemejerier's key performance indicators in our four focus areas. Through measurable goals for a number of selected important issues, we can continuously follow up and improve our sustainability work. We highlight and comment on each of the objectives in the following sections of the report. The key performance indicators will be developed in 2021 in accordance with our new strategy.

Status	2020	2030	Key performance indicators	Status 2019	Status 2020
CLIMATE					
"Klimatkollen"	▶▶	▶	Completed on 30 % of farms in 2020 and 100 % of farms in 2030	44 %	31 %
Energy	▶▶	▶	100 % renewable energy in 2025	97 %	97 %
Transport	▶▶	▶	All Skånemejerier transport should be fossil-free by 2025	92 %	95 %
Water consumption	▶		40 % reduction in water consumption in 2020 compared to 2016	12 % increase	16 % increase
Effluent discharge	▶		40 % reduced COD 2020 compared to 2017 (3 plants, emissions not measured at KOFAB)	42 % increase	37 % increase
Packaging	▶▶	▶	100 % recyclable packaging	96 %	89 %
Packaging	▶▶	▶	100 % renewable packaging	79 %	83 %
Waste	▶		Reduce the amount of combustible waste by 25 % by 2020 compared to 2014	-27 %	-40 %
Food waste	▶▶	▶	A maximum of 0.1 % of the volume sold may be discarded	0.19 %	0.18 %
ANIMAL WELFARE					
Protecting the environment	▶▶	▶	Maintain the current amount of organic milk compared to 2017 (15 %)	15 %	15 %
Protecting the environment	▶▶	▶	Maintain natural pastures compared to 2017 (14 %)	14 %	17 %
RELATIONSHIPS					
Responsible suppliers	▶▶	▶	100 % of significant supplier agreements include the UN Global Compact and Code of Conduct (based on risk analysis)		29 %
Employee survey	▶▶	▶	At least 95 % response rate	71 %	N/A*
Sickness absence	▶▶	▶	Max 4 % total sickness absence	4.95 %	3.74 %
Accidents	▶▶	▶	Maximum injury rate of 11 LTI (LTI = number of accidents/hours worked)	12 LTI	18 LTI
Incident reporting	▶▶	▶	At least 700 reported incidents (increased reporting provides a better basis for preventing injuries)	536	534
HEALTH					
Complaints	▶▶	▶	A maximum of seven complaints per million cartons sold	10.9 pcs	9.9 pcs

▶▶ = Two arrows mean annually until 2030. ▶| = Indicates when the target should be met.

ON AND AROUND THE DAIRY FARM

The Skånemejerier brand is a guarantee for 100 percent Swedish milk raw material. We buy our milk from 316 farms in Skåne and southern Sweden that put the health and well-being of cows in focus. With the cows we take advantage of agricultural land that cannot be used for the cultivation of food for humans. The cows provide manure to our fields and the grazing of cows plays a central role for biodiversity.





"Animal welfare is a top priority. Both cows and calves must be clean and injury-free."

Skånemejerier's farm specialist Annette Andersson visits one of our talented suppliers.



OUR MOST IMPORTANT SUPPLIERS

Swedish milk is the core of all operations under the Skånemejerier brand. Beverage milk is our single most important product, but from the same milk we also produce our wide range of everything from sour milk and yogurt to quark and Swedish quality cheese. Our milk comes from 316 dairy farms spread across the countryside in Skåne and southern Sweden and has an average of 150 cows per farm. Dairy farmers run their farms as their own companies, which together cooperate in a supplier organisation.

44 INSPECTION POINTS FOR FARM WORK

Since 2012, Skånemejerier has been working with the ISO 9001 certification system. This means that all farms that deliver milk to us undertake to continuously undergo about forty inspection points that are relevant from a quality and sustainability perspective.

The inspection points cover everything from the farm's working environment and energy consumption to how to handle residues and waste.

An important part of the farm controls is about animal welfare. The cows should be injury-free, in a normal condition and have good bone and hoof health. They should get the right amount of feed and fresh water and they should have clean and dry stalls. Medicinal products should be used restrictively and only after being prescribed by a veterinarian. For farms with their own feed production, there are rules on how, for example, manure and plant protection products can be used.

THREE-STEP CERTIFICATION

To ensure that farms comply with laws, rules and practices, we carry out the certifications in three stages.

As a first step, dairy farmers carry out annual self-checks and report in. At Skånemejerier we then have our own farm specialists, who have close contact with dairy farmers and regularly visit them for internal audits according to the protocol for ISO 9001.

The final step is a third-party certification, where an independent external company performs random stick checks among the farms for a further review of the inspection points. This enables us to catch deviations early and fix problems. Skånemejerier was the first in Sweden with third-party certification, and it is a way of working that gives us extra security in being able to guarantee goods produced with care and control at all stages.

GOOD ANIMAL WELFARE IN FOCUS

PRESERVING THE PROPORTION OF ORGANIC MILK

GOAL: 15%

STATUS 2020: 15%
(2019: 15%)

90%

of the farms that supply Skånemejerier have their cows in loose housing. The national average is 76%.



Healthy and sound cows are a key sustainability issue for the entire dairy industry. In Sweden we have a comprehensive animal welfare law and it is forbidden, among other things, to use antibiotics as a preventive measure. At Skånemejerier we want to go a step further and therefore we attach great importance to animal welfare.

On the farms that supply our milk, 90 % of the cows are in loose housing. This means that they are free-range during the period they are kept indoors and can move freely between cubicles, forage tables, water tubs and milking.

LONGER OUTDOOR SEASON

The cows' feed is 100 percent GMO-free at all our suppliers. In addition, for our organic range, at least 60 % of the feed is grown on its own farm or in cooperation with one or more KRAV-certified farms.

The mild climate in southern Sweden allows cows to have a longer outdoor stay during the summer months, and free grazing is a documented decisive factor for the well-being of cows.

The work of dairy farmers is based on a combination of formal knowledge and practical experience. With a well-trained observational ability, farmers can make sure every day that the animals are doing well. Today, there is also great help from digital solutions that provide ongoing information about how each individual eats, drinks and moves.

We at Skånemejerier are proud of the fantastic work of our milk suppliers!

GRAZING COWS ENGENDER BIODIVERSITY

Grazing cows contribute to open landscapes and biodiversity. If it were not for the pastures, large parts of the countryside would simply become overgrown.

When the cows graze on meadows and pastures, they help preserve a large variety of grasses and herbs, which attract a variety of insects, which in turn become food for many bird species. The biological diversity and pollination that is necessary for us to get food such as fruit and berries also benefits on land between farms and cultivated area.

Most valuable for biodiversity is the natural pastures, which account for about 17 percent of the area of the farms that supply milk to Skånemejerier. As a result of other societal interests, the amount of natural grazing land in Sweden has for many years been decreasing, and investments from several different sources are required if we are to be able to preserve what remains.

PRESERVING UNFERTILISED NATURAL PASTURES

GOAL: 15%

STATUS 2020: 17%
(2019: 14 %)



PASTURES TAKE ADVANTAGE OF NATURAL RESOURCES

Sustainable development requires us to make effective use of our natural resources. Nature conditions in Sweden mean that we have large areas of land that are not suitable for growing food for humans, but which are ideal for growing grass and clover for grazing cows.

The cow pastures also contribute to the storage of carbon. This means that carbon is stored in the soil mass instead of being released into the atmosphere, which is positive from a climate perspective. Having grass and clover in the crop rotation also improves the fertility of the soil, for the benefit of all crops grown on the farm.

Grazing animals are a critical piece of the puzzle in regenerative agriculture, which is a term for agricultural methods that increase

the ability of the soil and its micro-organisms to capture carbon. The methods involve reducing field ploughing in order to get soil that is covered with plants and that has living roots all year round. With a planned rotation of crops and grazing animals, it will also be possible to reduce the use of chemical fertilisers and pesticides. According to the IPCC*, carbon storage and the development of various forms of regenerative agriculture can significantly reduce global climate emissions.

MILK PRODUCTION HELPS THE PRODUCTION OF VEGETABLES

In an urbanised world with a lot of ready meals, many people have limited insight into basic raw material production.

For example, in discussions about eating habits and climate, there is rarely talk of the resource-efficient interaction in agriculture with both vegetable and animal food production.

Manure from cows plays an important role in the cultivation of grains and vegetables because it lacks the negative climate and environmental impact of fertilisers. It should also not be forgotten that dairy cows, in addition to milk, also provide high-quality beef from animals that have lived a good life.

Just as we humans benefit from a varied diet in which different foods contribute with different nutrients, our agricultural landscape thrives on the use of land for both cultivation and animal husbandry.

CLIMATE INITIATIVES TOGETHER WITH THE FARMS

Thanks to productive pastures and good animal welfare, Swedish milk production has 60 percent less climate emissions than the world average*. At Skånemejerier, we work closely with our milk suppliers on the issue of the climate and our focus is on reducing fossil emissions.

“KLIMATKOLLEN” LEADS THE WAY

In order to achieve effective emission reductions, we need to know where in milk production emissions occur. “Klimatkollen” is a tool for calculating climate emissions that our milk suppliers already use on a voluntary basis. In 2020, we decided to provide the farms with financial compensation to participate in the initiative and by the end of 2020, 312 of the 316 farms had registered their interest.

Through “Klimatkollen” – which is part of the Focus on Nutrients initiative and is run by the Swedish Board of Agriculture, LRF and the county administrative boards – dairy farmers can calculate their use of, for example, feed, manure and energy in relation to how much raw material they produce. The result is a figure for climate impact per kg of milk delivered and based on this, farms receive recommendations on how best to reduce their emissions.

For example, measures may involve phasing out the use of fossil fuels and mineral fertilisers. In addition, through carbon storage and biogas production, farms can make positive climate contributions. The industry association LRF Mjök aims for Sweden’s dairy farms to be fossil-free by 2035.

ALGAE CAN REDUCE METHANE EMISSIONS

A large part of the milk’s carbon footprint comes from non-fossil sources. These include the methane gas that is formed during a cow’s digestion process. At Skånemejerier, we work first and foremost to reduce fossil emissions, but in the long term we also strive to reduce methane emissions.

Foreign studies have shown that the use of tropical algae *asparagopsis taxiformis* as a feed supplement can reduce methane emissions by more than 80 percent**. A research project at SLU, where Skånemejerier is participating as an industrial partner, is now investigating whether it is possible to obtain a similar effect with Swedish, wild-growing algae, and we look forward with excitement to seeing the results.

IMPLEMENTATION OF CLIMATE CHECK

**GOAL: 30% OF FARMS IN 2020,
100% OF FARMS IN 2030**

STATUS 2020: 31%
(2019: 44%)

FROM DAIRY TO DINING TABLE

Skånemejerier's core business is to take advantage of the milk from the farms and transform it into a wide range of finished dairy products. This is where we have our direct environmental impact and the greatest opportunity to make a difference. Our goal is to become a completely fossil-free dairy business by 2025. Therefore, we work according to key performance indicators for, among other things, the energy supplies at our dairies, the packaging of our products and the transport to and from our facilities. The minimising of loss and waste is also an important issue.



RENEWABLE ENERGY AT OUR DAIRIES

At our dairies, we need, among other things, energy for the heat treatment and cooling that ensures the quality and sustainability of our products.

The goal is that we will have a fully renewable energy supply by 2025, and currently our four production facilities are powered by 97 percent renewable energy. In 2020, we concluded a new electricity contract with EDP-labelled (Environmental Product Declaration) hydropower, which gives us a complete environmental product declaration where we can see exactly where the electricity comes from and what resources are required to produce and deliver it.

By replacing a large number of old fluorescent lamps with LEDs in recent years, we have reduced our electricity consumption by two percent at Malmömejeriet. The LED tubes provide smoother and healthier lighting in our facilities and also have a significantly longer service life.

RESIDUES COVER PARTS OF THE NEED

We can cover some of the energy needs of our dairies with biogas derived from our own production. Residues that cannot be used in any other way, such as certain return products, sludge from wastewater treatment plants and grease from the grease separators in our plants, we pass on for biogas production. Two of our plants are operated entirely or partly on biogas. At the Malmö dairy we work according to the so-called green gas principle. This means that the supplier guarantees that there is always an equal amount of biogas produced for the gas we use at the dairy, so in this way we are involved in promoting the use of biogas in Sweden.

PROPORTION OF RENEWABLE ENERGY

GOAL: 100 % 2025

STATUS 2020: 97 %
(2019: 97%)



Discarded products are used for the production of animal feed or biogas.

WATER CONSUMPTION

Although we in Sweden have good access to water, it is a resource that we must make wise use of. Water consumption and emissions to water are considered a significant risk in Skånemejerier's production.

At our dairies, we need water for cleaning the equipment in our production lines. How much water is needed depends on what products we produce. More water is consumed in connection with the production of dairy products with more fat and an increased

demand for cheese, for example, has led to an increase in water consumption in recent years.

As a result of increased production and changes in the product mix, our water consumption increased by 16 percent in 2020. Measures to reduce our water consumption include recycling cleaning water where possible, streamlining our processes and investing in new technologies.

WATER CONSUMPTION

Year	Source	Surface water, m ³ /year (%)	Groundwater, m ³ /year (%)	Total (m ³ /year)
2018	Municipal water and own water supply	700 005 (63 %)	417 160 (37 %)	1 117 165
2019	Municipal water and own water supply	696 320 (66 %)	357 600 (34 %)	1 053 920
2020	Municipal water and own water supply	778 360 (69 %)	354 880 (31 %)	1 133 240

EFFLUENT DISCHARGE

Minimising the proportion of dairy products that end up in the sewers at our plants is an obvious way to reduce our waste. With its high nutrient content, dairy products in wastewater can cause disruptions at wastewater treatment plants and emissions are regulated in Skånemejerier's environmental permit. We continuously measure the content of fat and other organic substances in the wastewater in order to be able to make follow-ups and improvements.

In 2020, we installed a new treatment plant at Malmömejeriet,

which we will fine-tune and upgrade in 2021 for improved efficiency. In Hjo we have installed a new bio step in the treatment plant where we add freeze-dried bacteria and oxygen to even out the purification process. This has resulted in reduced emissions to the municipal treatment plant during the year.

In total at our plants, effluent emissions increased by 37 percent in 2020, which is explained by increased production, a flotation plant that has not yet been fine-tuned, and changes in the product mix.

EFFLUENT 2020

Facility	Effluent volume (m ³)	Recipient	BOD7** (tons)	Purification method
Malmö Mejeri AB	729 200	Municipal wastewater treatment plant	1090	Flotation
Kristianstads Mejeri AB	387 700	Municipal wastewater treatment plant	290	pH levelling
Hjördnära Mejeri AB	42 420	Municipal wastewater treatment plant	27	Flotation
Kristianstads Ostförrädlings AB*	9 350	Municipal wastewater treatment plant	0	–
Total	1 168 670	–	1 407	–

* Effluent emissions are not measured at Kristianstad Ostförrädlings AB. ** BOD7 (Biochemical Oxygen Demand) is a measure of how much soluble oxygen is needed for microorganisms to break down organic matter in water. COD (Chemical Oxygen Demand) is a measure of the amount of organic matter in the water.

Jacob Lindblad, operator in the process at Malmömejeriet



WATER CONSUMPTION

GOAL: 40% DECREASE 2016-2020

STATUS 2020: +16% COMPARED TO 2016
(2019: +12% COMPARED TO 2016)

EFFLUENT DISCHARGE*

GOAL: 40% REDUCTION IN COD* 2017-2020**

STATUS 2020: +37% COMPARED TO 2017
(2019: +42% COMPARED TO 2017)

GOOD PACKAGING REDUCES FOOD WASTE

We are constantly working to improve our packaging. The challenge is to develop the best packaging from an environmental perspective without compromising on food safety and user-friendliness. The most important task of packaging is to protect the contents for as long as possible, and to make it easy to access the contents, because then the packaging can help reduce food waste.

Skånemejerier has signed the Plastic Initiative from DLF (The Swedish Grocery Suppliers' Association) which commits us to working towards 100 percent recyclable packaging by 2022 and 100 percent renewable packaging by 2030. Within the framework of the Plastics Initiative, we report annually the proportion of recyclable and renewable packaging for newly launched products.

PACKAGING BECOMES NEW PACKAGING

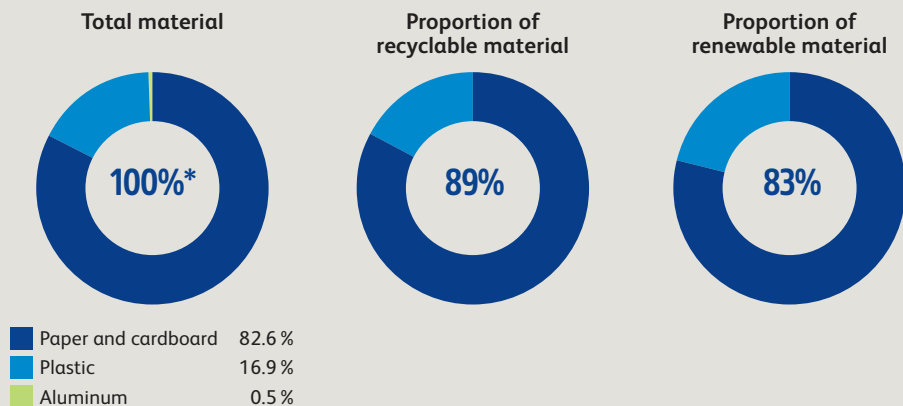
Recyclable packaging is what we have come the furthest with and we are continuously working to phase out the packaging that cannot be recycled. Paper, cardboard and most of the plastic in our packaging can be recycled into new material after sorting, which from a sustainability perspective is preferable to energy recovery.

Compared to 2019, the proportion of recyclable packaging has decreased from 96 % to 89 %, which is due to the fact that imported products previously reported in their own company are now included in Skånemejerier's report.



The tub for Salak's Cooking Yoghurt consists of almost 70 percent paper. A packaging that fits well with our development towards renewable materials.

PROPORTION OF RECYCLABLE AND RENEWABLE PACKAGING



* 100 % corresponds to 11,477 tons of material

PROPORTION RECYCLABLE

GOAL: 100 % 2022

STATUS 2020: 89 %
(2019: 96 %)

PROPORTION OF RENEWABLE

GOAL: 100 % 2030

STATUS 2020: 83 %
(2019: 79 %)



Bravo juice and smoothie 25 cl consists of 30 % recycled material and has an SEK 1 deposit.

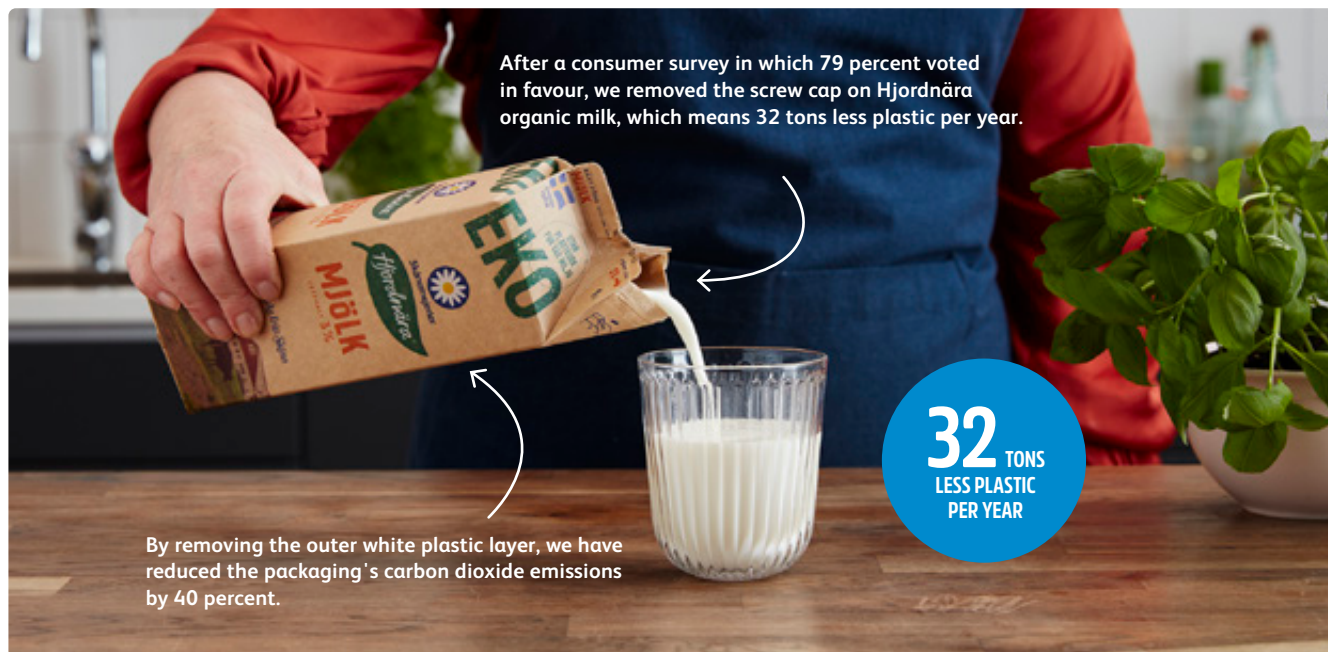
CHALLENGES AND OPPORTUNITIES WITH PLASTIC

Achieving renewable packaging throughout our range is more difficult. Plastic has the advantage that it is a material that can be optimised for a variety of properties such as low weight, wear resistance and imperviousness. Most of the plastic in our packaging can also be recycled into new material.

At the same time, plastic has the disadvantage that it is mostly made from fossil fuels, which, as is well known, means emissions of climate-impacting greenhouse gases. Plastic that ends up in nature is also a big problem as it can take hundreds of years for it to break down.

In order to achieve our goal of increasing the proportion of renewable packaging, we have introduced bio-based plastic made from sugar cane into some of our packaging. Some examples are juice from Bravo, our lactose-free milk with extended shelf life and our chocolate milk.

NEW SMART PACKAGING DURING THE YEAR



WELL ON THE WAY TO BEING FOSSIL-FREE

Skånemejerier's transport include both pick-ups from farms and deliveries to stores and other customers. Already today, 95 percent of transport is fossil-free and the main fuel is palm oil-free HVO (Hydrated Vegetable Oil).

Sweden's national target is a fossil fuel free vehicle fleet by 2030. At Skånemejerier we want to move faster, which is why we have signed up to the Transport Initiative from DLF (The Swedish Grocery Suppliers' Association). The goal of the Transport Initiative is for member companies' own and purchased domestic transport to be 100 percent fossil-free by 2025.*

RENEWABLE DIESEL AND BIOGAS

In Sweden, HVO fuel has become a key fuel on the road towards achieving a fossil-free vehicle fleet. One advantage is that it can be used in any diesel engine. HVO is a 100 percent renewable fuel that is chemically identical to fossil diesel, but which has almost 90 percent lower carbon dioxide emissions. HVO can, for example, be produced from forest waste and rapeseed, and since 2019 we only use certified palm oil-free HVO for our transport.

There is a lot going on in the development of alternative fuels and there are several types of solutions that may be of interest to Skånemejerier. In 2020, for example, we started using liquid biogas for transport. For the cooling of the vehicle cargo space when parked, we have begun a transition from diesel to electric power.

We are actively involved in the development of the fuel of the future and participate in regional and local projects that promote fossil-free development.

PROPORTION OF FOSSIL-FREE TRANSPORT

GOAL: 100% 2025

STATUS 2020: 95 %
(2019: 92 %)

FROM DAIRY TO DINING TABLE



Moa Ahlinder,
dairy driver.





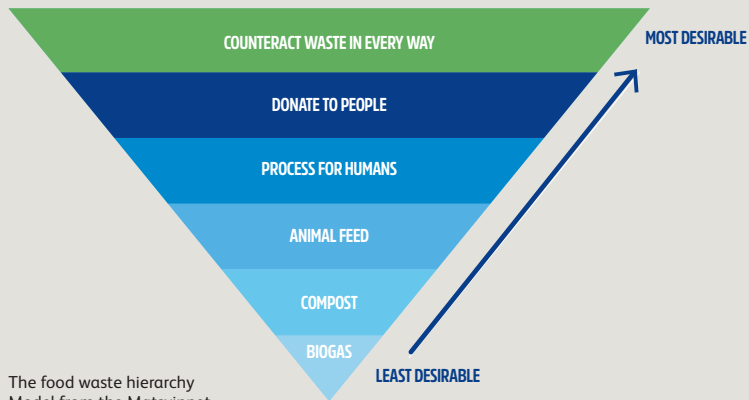
Salesperson Jens Rådelius together with Joakim Berg at ICA Supermarket Arons in Hjärnarp.

COLLABORATIONS FOR EFFICIENT LOGISTICS

For the climate, the best kilometre is the one we never have to drive. In order to reduce the number of kilometres driven per ton of products sold, we are therefore working to optimise the routes and loading of vehicles. This is also in the interests of the grocery trade and in 2020 we have strengthened our collaborations with the retail chains in order to deliver the same volumes on fewer runs. After a new segmentation, we can also adapt the vehicle type to store size, so that smaller trucks, for example, can handle deliveries in the inner cities.

Transport can also be streamlined through co-distribution. One example is that we as a procured supplier to the City of Helsingborg combine our deliveries with the city's supplier of fruit and vegetables. This has reduced the number of journeys to the municipality's preschools, schools and nursing homes by at least 30 percent.

CIRCULAR RESOURCE USAGE



The food waste hierarchy
Model from the Matsvinnet
(food waste) association, 2018.



AMOUNT OF COMBUSTIBLE WASTE

GOAL: 25% DECREASE IN 2014-2020

STATUS 2020: -40% COMPARED TO 2014
(2019: -27% COMPARED TO 2014)

PERCENTAGE OF DISCARDED PRODUCTS

GOAL: MAX 0.1% OF VOLUME SOLD

STATUS 2020: 0.18%
(2019: 0.19%)

Our milk cartons now say "best before, often good after".



According to the Swedish Environmental Protection Agency, at least one fifth of the climate impact of Swedish food consumption is linked to food that is thrown away. It is an unnecessary waste of resources and here lies a challenge in reducing waste at both the producer and consumer level.

Skånamejerier's work to reduce and prevent waste assumes that we want to reduce our negative environmental impact while at the same time being able to add positive values. The principles follow the so-called food waste hierarchy, which based on several previous editions has been developed by the Matsvinnet association.

THE BEST WASTE IS WHAT WE CAN AVOID

Waste should primarily be minimised and this is an environmental and economic sustainability issue. Discarded products mean increased environmental impact and lost revenue, and through

accurate forecasts we work hard to produce the right amounts of goods at the right times.

In order to reduce waste at consumer level, we tell you that our products often have a longer shelf life than the date mark says. Our milk cartons are now marked "best before, often good after". We also have products with an extended shelf life in the range, which provides an option for those who do not consume so much of a product.

In order for our goods to be useful even in the event of a production surplus, we cooperate with Skåne Stadsmission, where our products are used for breakfasts, lunches and grocery bags for those in need (read more on page 43).

DAIRY BY-PRODUCTS BECOME NEW PRODUCTS

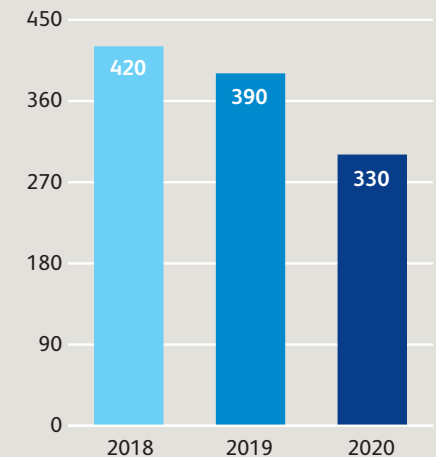
By-products and surplus products in the production of dairy products are skimmed milk, whey and lactose and we work to make the best use of

these. At our dairy in Kristianstad, we concentrate and evaporate surplus skimmed milk, which is then exported and sold to other industries. We sell whey from the production of cheese and quark for use in protein powder and animal feed.

Several of the residues in the chain from dairy to consumer, such as some return products from stores and cheese crumbs from our cheese cutting, we pass on for biogas production. We then use this biogas when we produce new products – and so on.

Combustible waste is material consisting of mixed fractions which cannot be recycled by other means than through energy extraction from incineration. Since incineration causes emissions of climate-impacting gases, we have a high priority on reducing this waste and during the period 2014-2020 we managed to reduce our combustible waste by about 40 percent.

COMBUSTIBLE WASTE FROM ALL FOUR PLANTS IN TONS/YEAR



HEALTHY PRODUCTS

Naturally healthy products are at the heart of Skåne-mejerier's business. Milk contains 18 out of 22 nutrients that we need every day and therefore dairy products are recommended as part of a complete diet by, among others, the Swedish National Food Agency. Our juices and smoothies are rich in vitamin C and our quark products provide extra protein supplements. Through a wide range of sustainably produced foods, and by spreading knowledge about diet and nutrition, we can play our part in human health and well-being.



A FANTASTIC RAW MATERIAL – JUST AS IT IS

18 OF 22 NUTRIENTS

Milk contains a whopping 18 of the 22 essential nutrients that we need every day. There are few other foods that can match that figure. The milk's benefits are also included in other dairy products.

Dietary recommendations around the world include dairy products as part of a healthy balanced diet. The Swedish National Food Agency recommends a daily intake of dairy products such as milk, sour milk, yogurt and cheese – and with particular emphasis on the high content of calcium. The reason is that cheese provides the same nutrients as milk but in a concentrated form, so two glasses of milk along with two cheese sandwiches cover our daily calcium requirements.



The food circle illustrates seven main groups of foods that should be eaten every day. 1. Fruit and berries. 2. Vegetables. 3. Potatoes and root vegetables. 4. Bread, cereals, grains, pasta and rice. 5. Food fats. 6. Milk and cheese. 7. Meat, fish and eggs.

DAIRY PRODUCTS, PART OF THE FOOD CIRCLE

The Nordic nutrition recommendations are the Nordic countries' official assessment of the overall scientific basis on how different nutrients, food and eating habits affect our health. The recommendations highlight the whole of the diet and the Swedish National Food Agency has translated the conclusions into the easy-to-read "food circle".

The model is a further development of what was previously called the "dietary circle", and shows how by covering all the groups of foods included in the circle, one can easily get a good and balanced diet. In the food circle, the dairy-products, with special focus on cheese, have their own piece of the circle and butter is included under "fat". Notable is that the food circle contains both vegetable and animal foods, which is also in line with the benefits of a varied agriculture (read more on page 19).

The natural nutrients of milk

ENERGY

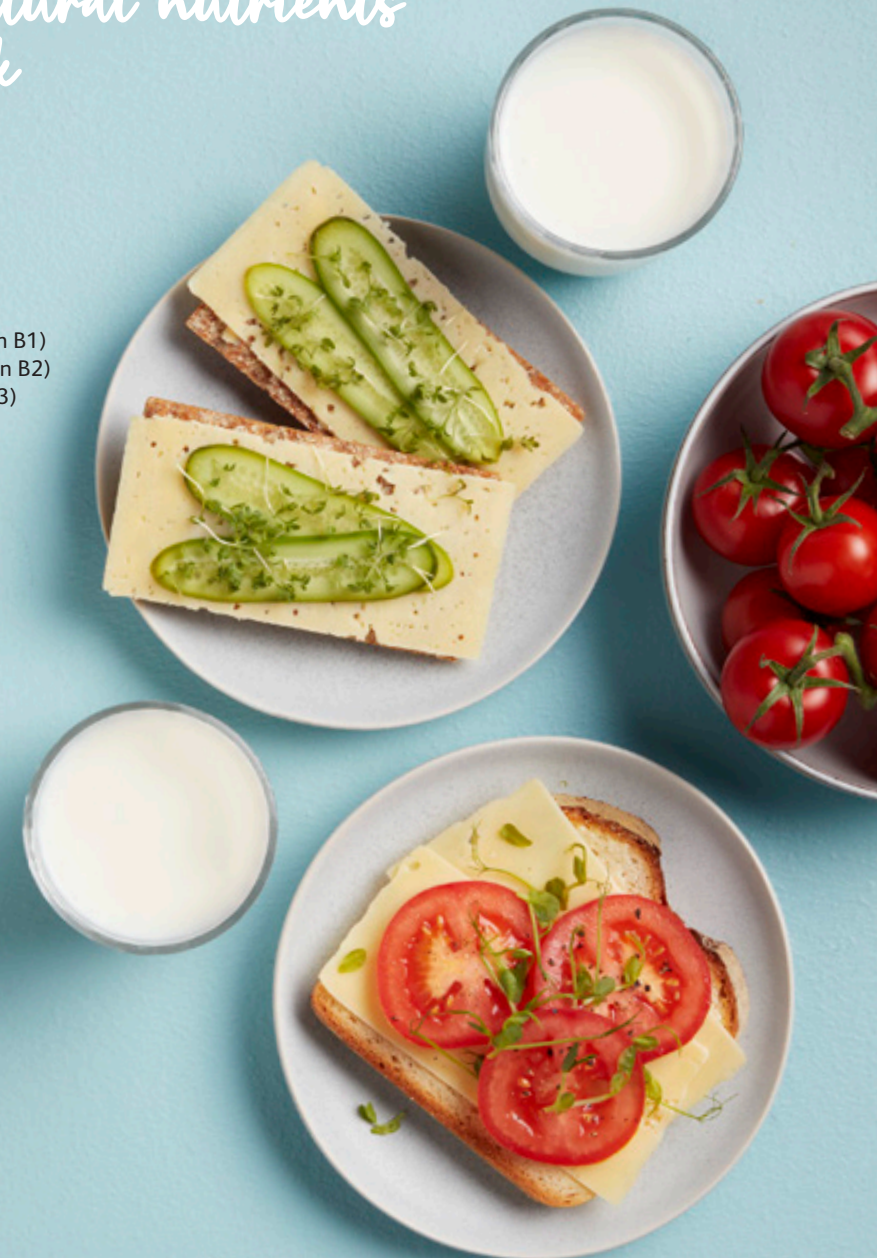
Protein
Fat
Carbohydrates

VITAMINS

Vitamin A
Thiamine (vitamin B1)
Riboflavin (vitamin B2)
Niacin (vitamin B3)
Vitamin B6
Vitamin B12
Vitamin D

MINERALS

Folate
Phosphorus
Iodine
Calcium
Potassium
Magnesium
Selenium
Zinc



NATURALLY HEALTHY



Hjordnära is our wide range of organic dairy products. On organically certified farms, at least 60 % of the feed must be grown on their own farm or in cooperation with one or more KRAV-certified farms. There are also specific rules for the length of time cows should be outdoors and no use of fertilisers or chemical pesticides is allowed. Skånemejerier's certification process and our requirements for animal welfare are the same for organic and conventional farms.

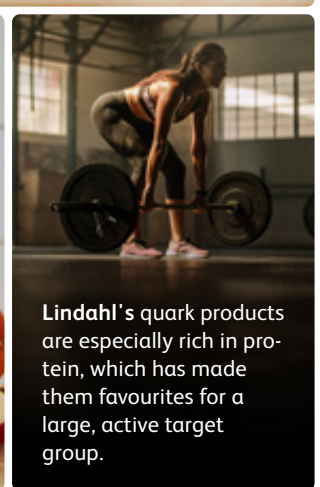
Bara is a line of premium products where a natural fat content and a high fruit content make the yogurt have a good taste, without added sugar.



MåVäl is our lactose-free range that allows those with lactose intolerance to enjoy our good and healthy dairy products.



Bravo juices and smoothies consist of 100 % pressed or mixed fruits and berries. With their natural content of vitamin C, they are an excellent part of a varied and healthy diet.



Lindahl's quark products are especially rich in protein, which has made them favourites for a large, active target group.

BETTER THAN ENRICHED ALTERNATIVES

There are a variety of vegetable drinks marketed as alternatives to milk. In order to obtain a nutritional value similar to that of milk, the products are enriched with industrially produced vitamins and minerals. The question, then, is whether the health effects will be the same? Research shows that milk, with its natural composition of nutrients, has greater positive health effects than the enriched alternatives.

We are talking here about the “food matrix”. In different foods, nutrients are connected in complex structures, and this affects how our bodies can absorb them. For example, clinical studies have shown that milk calcium has a greater health impact than the same amount of calcium added to a soy drink. Another example is that, despite a relatively high proportion of saturated fat and also salt, aged cheese has been shown to reduce the risk of cardiovascular disease and type 2 diabetes.

The new research shows that milk fat, contrary to previously thought, should not be seen as a “worse” type of fat, and this contradicts the usual recommendations to choose low-fat dairy products. Looking at the benefits of different foods as a whole, rather than individual nutrients, we believe is natural, and probably that is something that will be factored into future official dietary advice. More about studies on the food matrix and milk fat can be found on LRF Mjök's website mjolk.se.

WE INVEST IN SCHOOL AND ELDERLY CARE

The Swedish National Food Agency has compiled specific dietary advice for children and the elderly. In general, the food should be spread out over several small and nutrient-dense meals throughout the day, and we at Skånemejerier have taken this on board with tips and recipes that we have tailored for preschools and elderly care.

The starting point is protein-rich products such as quark, yoghurt and cottage cheese and the concept has been much appreciated.

In primary and secondary schools, many children and adolescents only eat part of their lunch or skip it altogether. For students who eat too little or too much of one thing, milk, with its natural nutrient density, can make up for the poor school lunch. Here, school milk has a function that cannot be replaced.



HEALTH AND SUSTAINABILITY IN OUR PRODUCT DEVELOPMENT

Skånemejerier's mission is to offer healthy products of high quality. We are constantly developing our range to meet consumer demand.

As part of the Lactalis Group, we have access to an extensive, global knowledge bank in product development and the opportunity to launch successful products from other markets.

In 2020, we have developed a new policy with principles that will guide our research and development team in the development of new products. The principles pay particular attention to nutrition, health and the environment and include goals such as prioritising local produce and reducing the amount of fat, sugar and salt.

A good example is the product series Bara, which, as the name suggests in Swedish, contains only yogurt and fruit, without sugar and additives.

HEALTHY PRODUCTS

- Minimise the proportion of sugar and salt without compromising on taste
- Do not use more fat in the product than is required for taste and functionality
- Offer products with particularly in-demand health characteristics (e.g. typical exercise products and lactose-free alternatives)
- Participate in health and nutrition research and networks

SUSTAINABLE PRODUCTS

- Ensure minimum environmental impact in the choice of additives (complementary ingredients in our dairy products) and prioritise locally produced raw materials
- Prioritise technical solutions over additives for extended durability
- Avoid ingredients that may have a negative environmental impact, such as palm oil and sucralose
- Use packaging made from renewable and/or recyclable materials



Healthy product news in 2020.

GUARANTEED FOOD SAFETY

As a consumer, you should always be able to expect quality and health-safe food. In order to guarantee this, Skånemejerier works consistently with HACCP (Hazard Analysis and Critical Control Points), which is a standardised and statutory risk analysis for food handling. HACCP is based on knowing the risks that exist in our production and for our products, so that we can prevent the risks at all stages.

Our milk raw material is checked both at the pick-up on the farm and on arrival at our dairies. The checks perform several analyses of fat, protein, cryoscopy, pH, somatic cells, antibiotics and bacteria content. In addition to technical quality assurance, we also carry out sensory tests for both raw material and finished product, where trained staff make a quality assessment by looking, smelling and tasting.

Our dairies are certified according to FSSC 22000 (systematic work with food safety), ISO 14001 (systematic work with environmental improvements) and KRAV (control of organic products).

Reporting of production disruptions and complaints for 2020 can be found on page 50.

**NUMBER OF COMPLAINTS
PER MILLION PACKAGES SOLD**

GOAL: MAXIMUM 7

STATUS 2020: 9.9
(2019: 10.9)

OUR SOCIAL RESPONSIBILITY

Social sustainability is about people and relationships, and is one of the focus areas in Skånemejerier's sustainability work. By safeguarding our employees' well-being and development opportunities, we can achieve long-term profitability, create new jobs and contribute to welfare. By working for good conditions throughout the supply chain and engaging in issues outside the company, we want to consolidate our role as a responsible social actor.



Niklas Weberg, Johanna Holmberg, Lisa Jalakas and Rikard Falk at Skånemejerier's head office in Malmö.

2020 BROUGHT A NEW KIND OF EVERYDAY LIFE

Like most companies, Skånemejerier has had to change working routines during the corona pandemic. In early 2020, we created a crisis management group with representatives of management and managers for work environment, safety and production. The goal has been to protect the health and safety of our employees and to maintain a disturbance-free production.

PANDEMIC MEASURES DURING THE YEAR

Right from the start we encouraged social distancing and for easy access we installed a large number of scattered dispensers with hand sanitiser. In May, requirements for face masks were introduced throughout the business according to Lactalis' guidelines.

Our staff was relatively spared from the infection during the spring and the total number of sick days for the year was in line with 2019. When the spread of the virus in Skåne increased during the autumn, we introduced rapid tests for staff and visitors to our facilities, which has significantly helped us to limit the spread of infection. In line with the guidelines of the Public Health Agency of Sweden, we have encouraged everyone who has been able to, to work from home and when possible we have replaced physical meetings with digital ones.

EVALUATION OF CHANGING WORKING METHODS

In May 2020, in order to get a good picture of how we have experienced the new working conditions, we conducted a so-called pulse check survey. The results showed that many people enjoyed working from home but that they missed the social interaction. 86 percent felt that they had the right conditions for working from home. 68 percent felt that there was a strong team spirit at the time. The results were discussed in groups for decisions on improvements in, for example, internal communication.

As a support in our remote work, our HR department offered a research-based course in self-leadership. The training has received a good reception and will also be offered in 2021. During the autumn, inspirational lectures on ergonomics were also offered for both office and home work.

At the beginning of 2021, the head office in Malmö moved to newly renovated premises. The new premises are designed to strengthen the we-feeling and cooperation in and between our different departments. We have also placed great emphasis on the premises radiating the values that our company and our brands stand for.



Anna Rajic, machine operator at Malmömejeriet.

TOTAL SICK LEAVE

GOAL: MAXIMUM 4 %

STATUS 2020: 3.74 %
(2019: 4.95 %)

86 %

experienced good
conditions for
home work

Malmö Dairy 06:05



ICA, Ösby 10:31



ICA, Åhus 12:07



Kristianstad Cheese Warehouse 10:26



Cheese Processing Kristianstad 14:30



Malmö Dairy 13:14



Hjördnära Dairy 08:55



Malmö Dairy 14:20



Malmö Dairy 18:34



ICA Maxi, Ängelholm 10:09



Cheese Processing Kristianstad 14:55



AN ORDINARY NOT SO ORDINARY DAY

On LinkedIn, we introduced the concept of "An ordinary not so ordinary day" in 2020. In order for us to deliver even in pandemic times, we depend on each of our employees – and we showed this with pictures from our everyday lives.

(The campaign was conducted before a decision on face mask requirements.)



Petra Hallin, Sofia Kronmann and Johanna Holmberg from the HR department.

VALUES AND CORPORATE CULTURE

The fact that our employees feel good and enjoy work is crucial for Skåne-mejerier's operations. The employees are our most important asset and within the company we work together for a culture of well-being, job satisfaction and security. As guiding principles in our daily work, we have defined ambition, commitment and simplicity as our values.



AMBITION

We work according to common and individual goals to develop ourselves as a company and people. We think nothing is so good that we cannot do it better.



COMMITMENT

We act as entrepreneurs and are responsible and loyal. We are passionate about our work and do everything we can to achieve our ambitious goals.



WITH SIMPLICITY

We are accessible, open and pragmatic. We do not make things harder than they need to be.

EMPLOYEE SURVEY AND COMPETENCE DEVELOPMENT

Once a year Skånemejerier's employee survey "Atmosfär" is conducted.* The aim is to continuously improve working conditions and the work environment. Based on the results of the survey, each team develops an action plan for their department's work. We monitor annually how much competence development has taken place within the company. Employee interviews identify the education needs in the departments, after which the HR department develops a plan for the coming year.

ENGAGE EMPLOYEES

Careers can mean different things to different people. This might be climbing up the organisation or developing and specialising in the role you have. As part of the international Lactalis Group, Skånemejerier's employees have great opportunities for career and competence development within the Group.

In 2020, Skånemejerier launched "Akademin", which is an internal, cross-functional talent programme for employees who have a few years of experience within the company and the ambition to grow and develop to take on new responsibilities. The aim is to identify and develop employees who show special potential. Another initiative we launched in 2020 is the "Ledstjärna" for the quarter and the year. The aim is to make individual employees visible and highlight people who have been responsible for particularly valuable contributions for colleagues and the company.



HONOURED AS AN ATTRACTIVE EMPLOYER

At the beginning of 2021, Skånemejerier received an award as one of Sweden's most attractive employers. The organisation "Karriärföretag" highlight employers who offer unique career and development opportunities for young people, and in the justification for the award as one of "Sweden's Career Companies" it said, among other things, that Skånemejerier "has a clear message where sustainability and gender equality are in focus". We see the award as a good testament for our personnel work during a demanding 2020.



Martina Pettersson, Andreas Nyberg, Viktor Johansson and Anders Ahlström in the marketing department.

OUR DIVERSITY IS AN ASSET

An inclusive corporate culture where all employees are treated with respect, consideration and appreciation is a matter of course. By taking advantage of individuals' differences, we at Skånemejerier gain access to a wide range of experiences and a broader understanding of our market and the world around us. In support, we have a diversity policy that underlines the importance of following up on any reports of discrimination and offensive discrimination.

In 2021, we have joined a mentoring programme for foreign-born women with an academic education. It often takes a long time for these women to get a job that corresponds to their skills, and here we hope to contribute to a faster way in. For Skånemejerier's employees, the programme provides an opportunity as mentors to make a difference in an important social issue.

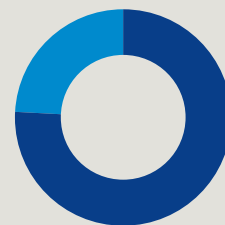
TRADE UNION COLLABORATION FOR DEVELOPMENT

We have signed collective agreements covering 100 percent of Skånemejerier's employees. Representatives from the company and the trade unions work together to develop the company's efficiency, profitability and competitiveness, which in turn creates conditions for employment, security and development for the individual. Skånemejerier also participates in the Lactalis Special Negotiation Board, which is a forum where employee representatives from different countries meet company representatives from the Group to discuss cross-country issues.



Eva Svenvallsson,
General Administration

EMPLOYEES



Men
Women

NUMBER OF EMPLOYEES

711

OF WHICH MEN

76%

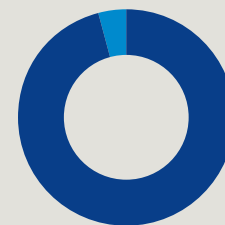
540

OF WHICH WOMEN

24%

171

FORM OF EMPLOYMENT



Permanent employees
Fixed-term employees

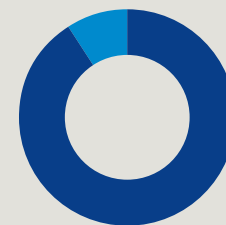
Permanent employees

Total 682
Of which are men 519
Of which are women 163

Fixed-term employees

Total 29
Of which are men 21
Of which are women 8

FULL-TIME/PART-TIME



Full-time employees
Part-time employees

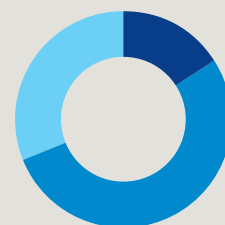
Full-time employees

Total 650
Of which are men 494
Of which are women 156

Part-time employees

Total 61
Of which are men 46
Of which are women 15

AGE DISTRIBUTION Total



under 30 years of age
30-50 years
over 50 years of age

2020

Age category	Total	Board	Management	Managers	Employees
<30	115	-	-	1	114
- men	94	-	-	1	93
- women	21	-	-	-	21
30-50	387	2	10	48	327
- men	288	2	8	40	238
- women	99	-	2	8	89
<50	225	3	4	42	176
- men	170	2	2	34	132
- women	55	1	2	8	44

EDUCATION

On average, 10 hours of training was carried out per employee.

BETTER REPORTING PROVIDES A SAFER WORKPLACE



ABSENCE DUE TO ACCIDENT

GOAL: INJURY RATE MAX 11 LTI

STATUS 2020: 17,81 LTI
(2019: 11.7 LTI)

BASIS FOR PREVENTIVE MEASURES

TARGET: AT LEAST 700 REPORTED INCIDENTS

STATUS 2020: 534
(2019: 536)

Christoffer Björnheimer,
warehouse worker Malmömejeriet.

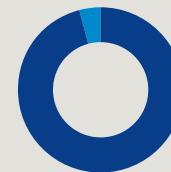
In addition to Lactalis' group-wide safety policy, Skånemejerier has a local policy for systematic work environment management. It describes how the business should be conducted through risk mapping, measures and action plans. There is also a safety committee that holds quarterly meetings where employers, safety representatives and trade union representatives participate.

In our work environment work, we work according to two key performance indicators. LTI (lost time incident) is a standardised measure of accident frequency and is measured by the number of accidents with more than one day's absence, times one million and divided by the total number of hours worked. The accident rate in our production has decreased in recent years. The result for 2020 was 18 LTI, compared to our target of 11 LTI and the increase is explained by the fact that we have become better at reporting even minor injuries. Onwards, we will focus on how individuals can contribute to improving safety.

Identifying and addressing shortcomings in the work environment is a prerequisite for us to be able to prevent occupational injuries in the best way and therefore we aim to increase the number of incident reports. The number of reports of incidents in 2020 was in line with 2019, which was a significant improvement on previous years. We are working to increase reporting in order to avoid accidents.

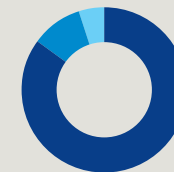
OCCUPATIONAL INJURIES 2020

INJURIES WITH ABSENCE



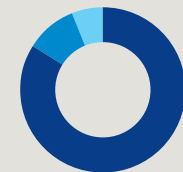
Addressed	23
Under investigation	1
Not addressed	0

REPORTED INCIDENTS



Addressed	457
Under investigation	49
Not addressed	28

INJURIES WITHOUT ABSENCE



Addressed	81
Under investigation	9
Not addressed	6

KPI Work Environment Skånemejerier	2019	2020	Goal
Injury rate (Number of injuries with absence * 1,000,000 / Number of hours worked)	11.65	17.81	<11
Severity of injuries (Number of days lost through sickness due to work injury * 1000 / Number of hours worked)	0.06	0.11	0.07
Number of incidents reported	536	534	700

SUPPLIER-LEVEL RESPONSIBILITY

In addition to our main raw material, milk, we at Skånemejerier buy everything from ingredients (such as fruit preparations) and packaging, to electricity and equipment that we need for our production. Here we have a great responsibility to ensure a responsible and sustainable supply chain, and our ambition is that our actions will have a positive impact on our suppliers.

We expect all our suppliers and business partners to conduct their business responsibly. This means that they must comply with Skånemejerier's Code of Conduct as well as international standards for human rights, such as the UN Declaration of Human Rights and the International Labour Organisation's (ILO) core conventions. We also require our suppliers to work actively to reduce their environmental impact.

Skånemejerier and its employees may never use bribes or unauthorised compensation in relation to customers, suppliers, authorities or other decision-makers for the purpose of, for example, creating or retaining business. Offers of representation may only be accepted if they are within the framework of good business practice. There have been no breaches in relation to bribery and corruption in 2020.

CODE OF CONDUCT FOR EMPLOYEES AND SUPPLIERS

Skånemejerier's Code of Conduct for Social, Economic and Environmental Responsibility is aimed at the company's employees as well as suppliers and partners. The Code of Conduct is based on the ten principles of the UN Global Compact and is available to download on our website.

We monitor annually how many of our suppliers have signed the Code of Conduct, as well as how many of our employees have been trained in it. It is important for us to systematically and proactively evaluate both new and existing suppliers and a further developed process for this will be introduced in 2021.



SIGNIFICANT SUPPLIER AGREEMENTS

GOAL: 100 % OF THE AGREEMENTS INCLUDE THE UN GLOBAL COMPACT AND CODE OF CONDUCT

STATUS 2020: 80 % OF OUR CONTRACT WITH CO-PACKERS*



COMMITMENT TO ISSUES CLOSE TO OUR HEART



Photo: Apelöga

GOOD FOOD FOR THOSE IN NEED

In 2020, we expanded our cooperation with Skåne Stadsmission, and Skånemejerier is now one of the organisation's main partners. In addition to donating 10.6 tons of surplus products during the year, we are now also making an annual financial contribution, so that more people can eat themselves full of good food.

With our initiative "Hälsöheten", we transformed our employees' health promotion efforts into breakfasts for those in need. The more each of us did to promote their health, whether it was a run, a moment of meditation or a digital coffee with a colleague, the more breakfasts we donated to Skåne Stadsmission.



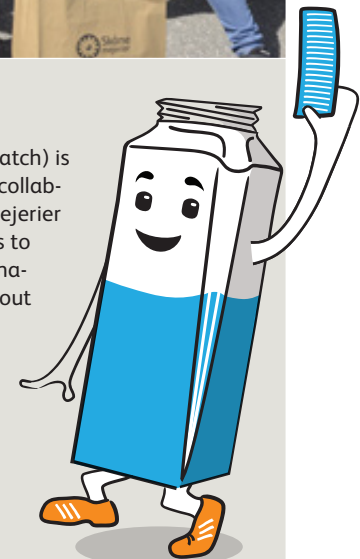
CORONA ADAPTED KALVINKNAT

Skånemejerier's popular event "Kalvinknatet", which is about inspiring a healthy life in motion, could not be arranged in 2020. In order to do our part, we decided to encourage the preschools themselves to arrange Kalvinknat. To each preschool that signed up for "Lilla Kalvinknatet" we sent a load of Skånemejerier Chocolate Milk and digital diplomas for the children to colour in. There was a lot of interest and we sent out about 13,000 packs of chocolate milk.



"KARTONGMATCHEN" INCREASES RECYCLING

"Kartongmatchen" (The Carton Match) is a project initiated by Tetra Pak in collaboration with WWF, where Skånemejerier is a local partner. The project aims to inform children with playful information and creative competitions about the importance of recycling drink cartons. Nearly 250,000 pupils and preschool children across Sweden have participated in the Carton Match in recent years and for each participant the project donates a penny to endangered animal species in WWF's conservation project.



APPENDIX

REPORTING PRINCIPLES

REPORTING PRINCIPLES

Skånemejerier reports its sustainability work for the ninth year in a row. New for this year is that the reporting is conducted in accordance with GRI Standards at core level. GRI's content principles (inclusion of stakeholders, sustainability context, materiality and completeness) have guided the scope and content of the sustainability report.

METHOD AND DECLARATION

The GRI index on pages 46 to 48 describes the specific content of each standard used. We embrace the reporting principles of precision, balance, clarity, comparability, reliability and time in order to ensure the quality of the report content.

The information, as well as the process for defining the content of the report, has been quality reviewed by Enact Sustainable Strategies. The sustainability report is established in accordance with ÅRL's guidelines for sustainability reporting and Ernst & Young has verified that the report meets the reporting requirements according to ÅRL. The reporting includes the sales units described on page 2 and those activities that have significant direct and indirect impact from a sustainability perspective, including the supply chain. The sustainability report follows Skånemejerier's financial year and relates to 1 January to 31 December 2020. The Sustainability Report for 2019 was launched in June 2020.

The sustainability report is approved at group level in connection with the annual report. This process takes place a little later than for listed businesses. The company's policy is not to publish public financial data until it is finalised.

DATA COLLECTION AND CALCULATION METHODS

The reporting of sustainability data takes place annually and Skånemejerier works continuously to document procedures for collecting, checking and verifying data.

Sustainability data has been collected centrally by the sustainability manager. Reporting is carried out by experts from different parts of the value chain. Environmental-related parameters are calculated by the environmental manager as well as other departmental and production managers. Figures representing sales and personnel are taken from financial and personnel systems. Parameters representing the improvement work on farms can be found in Skånemejerier's ISO 9001 farm certification system. In the case of emissions from transport, data has been collected from various transport companies and reported as WTW (Well To Wheel), i.e. from source to use. The entire life cycle of the fuel is included. Sick leave is calculated according to standard, i.e. number of absence hours divided by total hours worked times 100.

CHANGES SINCE THE PREVIOUS REPORTING PERIOD

As part of the changed reporting structure from 2019 for the Galbani, Président and Parmalat brands, an intra-group purchase of the shares for LASE¹ was carried out in May 2020. This is in order to fully merge the company into the Skånemejerier structure in November 2020, which has resulted in all self-made and intra-group cheese sales to the retail trade in Sweden being made through the same legal company. In September, SFAB² also completed an intra-group purchase of the shares in the Swedish sister company LMPAB³.

Information on the recycling of packaging materials is based on the information on the distribution of packaging materials reported to the Packaging and Newspaper Collection, FTL. The statistics are collected by the Department of Financial Monitoring.

THE PRINCIPLE OF COMPARABILITY

Skånemejerier strives to apply the same reporting principles year on year in order to be able to make comparisons and see trends. Over time, some data collection changes, often for the better, which can affect comparability. When this happens, it should always be commented on. Comparability is also affected by the fact that production is different today than it was a few years ago, mainly in terms of key performance indicators in water and energy.

GRI INDEX

GENERAL DISCLOSURE (2016)

GRI Standard	Disclosure	Description	Comments	Reference
Organisation profile				
	102-1	Organisation name		1, 45
	102-2	Operations, brands, products and services		4-5, 31
	102-3	Head office location		4
	102-4	Countries where the organisation operates	Scandinavia, Benelux, UK, France, Spain, Portugal, Czech Republic, USA	4, 46
	102-5	Ownership structure and form of organisation		4
	102-6	Markets in which the organisation operates		4
	102-7	Organisation size		4
	102-8	Information about employees and others working for the organisation		4, 40
	102-9	Supply chain		9, 13, 21
	102-10	Significant changes in the organisation and supply chain		45
	102-11	Precautionary principle	The precautionary principle is followed through preventive processes and is integrated into governing documents in the form of principles for product development, Environmental Policy and Packaging Policy.	46
	102-12	External sustainability initiatives supported/covered by the organisation	The UN's Global Sustainability Goals, the UN Global Compact, the ILO, the IDA, the Soys Dialogue, the action plan More People are doing More, SAMMA, the Plastic Initiative, the Transport Initiative, The Industry's Milk Policy, Sustainable Food Chain, LRF's Sustainability Agenda, Climate Check (Focus on Nutrients), City Mission and Carton Match.	46
	102-13	Membership in organisations	Partnership Alnarp, Education and Research in Dairy Technology Lund University, Swedish Juice Association (AIJN), Dairy Technical Forum Lund, South Sweden Industrial and Chamber of Commerce, Swedish Grocery Suppliers Association (DLF), CSR Skåne and the Swedish Food Federation.	46
Strategy				
	102-14	Statement from senior executives		6
Ethics and integrity				
	102-16	Values, principles and ethical guidelines		4, 38
Governance structure				
	102-18	Governance structure		10
Stakeholder dialogue				
	102-40	List of stakeholder groups		52
	102-41	Collective agreements		40
	102-42	Identification and selection of stakeholders		22, 52
	102-43	Stakeholder dialogue methods		6, 11, 52
	102-44	Important issues raised		52
Reporting practice				
	102-45	Entities included in the financial statements		2
	102-46	Definition of the content of the report and the topics Demarcation		11, 45
	102-47	List of material topics		11
	102-48	Changes in information		24, 45
	102-49	Changes in the report		45
	102-50	Reporting period		45
	102-51	Date of publication of the last report		45
	102-52	Reporting cycle		45
	102-53	Contact person for the report		2
	102-54	Reporting in accordance with GRI standards		45
	102-55	GRI Index		46-48
	102-56	External review		45

GRI INDEX

KEY SUSTAINABILITY ISSUES

GRI Standard	Disclosure	Description	Comments	Reference
Managing risks related to the climate				
Efficient transport				
GRI 103: Sustainability management 2016	103-1	Essential issue and its demarcation		21, 26
	103-2	Management of an essential issue		14, 26, 27
	103-3	Follow-up and evaluation of the sustainability management		20
GRI 305: Emissions to air 2016	305-1	Direct greenhouse gas emissions (Scope 1)		13
	305-2	Indirect greenhouse gas emissions, energy (Scope 2)		13
Offer healthy products				
GRI 103: Sustainability management 2016	103-1	Essential issue and its demarcation		9, 29, 33
	103-2	Management of an essential issue		14, 31-33
	103-3	Follow-up and evaluation of the sustainability management		32
GRI 416: Customer health and safety 2016	416-2	Cases of non-compliance with the health and safety impact of products and services		50
Offer career and skills development among employees				
GRI 103: Sustainability management 2016	103-1	Essential issue and its demarcation		9, 35, 39
	103-2	Management of an essential issue		35, 39
	103-3	Follow-up and evaluation of the sustainability management		35
GRI 404: Education 2016	404-1	Average time for training per employee per year	Skånemejerier lacks data on the average time of education by gender. The ability to collect and report data will be developed in the future.	40
Reduce climate impact and resource-consumption in our dairies				
GRI 103: Sustainability management 2016	103-1	Essential issue and its demarcation		23
	103-2	Management of an essential issue		14, 23
	103-3	Follow-up and evaluation of the sustainability management		23
GRI 303: Water and sewerage 2018	303-1	Interactions with water as a common resource		23
	303-2	Management of impacts related to water discharges		23
	303-3	Water extraction		23
	303-4	Water discharge		23
Work on packaging alternatives with a lower environmental impact				
GRI 103: Sustainability management 2016	103-1	Essential issue and its demarcation		24
	103-2	Management of an essential issue		14, 24
	103-3	Follow-up and evaluation of the sustainability management		24
GRI 301: Materials 2016	301-1	Material use by weight or volume		24

GRI INDEX

KEY SUSTAINABILITY ISSUES

GRI Standard	Disclosure	Description	Comments	Reference
Preventing wastage and food waste				
GRI 103: Sustainability management 2016	103-1	Essential issue and its demarcation		23-24, 28
	103-2	Management of an essential issue		14, 23, 28
	103-3	Follow-up and evaluation of the sustainability management		23
GRI 306 Waste 2018	306-1	Generated waste and significant waste-related effects		14, 28
	306-2	Management of significant waste-related effects		14, 28
	306-3	Generated waste		28
Maintaining biodiversity Reduce the environmental impact of the farm Support animal welfare on the farm				
GRI 103: Sustainability management 2016	103-1	Essential issue and its demarcation		9, 18
	103-2	Management of an essential issue		14
	103-3	Follow-up and evaluation of the sustainability management		18
GRI 304: Biodiversity 2016	304-2	Significant impact of activities, products and services on biodiversity		9, 14, 18, 19
Evaluate suppliers based on environmental, ethical and social responsibility				
GRI 103: Sustainability management 2016	103-1	Essential issue and its demarcation		35, 42
	103-2	Management of an essential issue		14, 42
	103-3	Follow-up and evaluation of the sustainability management		42
GRI 308: Supplier assessment environment 2016 and GRI 414: Social supplier assessment 2016	308-1	Proportion of new suppliers evaluated according to environmental criteria	Exceptions have been made due to a lack of data. Skånemejerier annually monitors how many of the suppliers have signed our Code of Conduct, which contains environmental requirements. It is the ambition of Skånemejerier to next year present data for the proportion of new suppliers that have been reviewed.	48
	414-1	Proportion of suppliers scrutinised on the basis of social criteria	Exceptions have been made due to a lack of data. Skånemejerier annually monitors how many of the suppliers have signed our Code of Conduct that contains social requirements. It is the ambition of Skånemejerier to next year present data for the proportion of new suppliers that have been reviewed.	48
GRI 307: Environmental compliance 2016	307-1	Cases of non-compliance with environmental laws and regulations		50

AUDITOR'S OPINION

AUDITOR'S OPINION ON THE STATUTORY SUSTAINABILITY REPORT

To the Annual General Meeting of Skånemejerier AB, org.no. 556820-8317.

ASSIGNMENTS AND DIVISION OF RESPONSIBILITIES

The Board of Directors is responsible for the sustainability report for 2020 in this document and for its drafting in accordance with the Annual Accounts Act.

FOCUS AND SCOPE OF THE REVIEW

Our review has been carried out in accordance with FAR's recommendation RevR 12 The auditor's opinion on the statutory sustainability report. This means that our review of the sustainability report has a different focus and a significantly smaller scope compared to the focus and scope of an audit according to International Standards on Auditing and good auditing practice in Sweden. We believe that this review provides us with sufficient basis for our statement.

STATEMENT







A sustainability report has been prepared.

Malmö, 18 May 2021 Ernst & Young




Martin Henriksson Authorised Public Accountant

CONTRIBUTION TO THE GLOBAL SUSTAINABILITY GOALS

HERE WE CAN MAKE POSITIVE CONTRIBUTIONS

Global Sustainability Goal (SDG)	Description of the goal	Intermediate goal	Skånemejerier's contribution to the intermediate goal
2. Zero hunger 	Eliminate hunger, achieve food security and improved nutrition, and promote sustainable agriculture.	2.4 Achieving sustainable food production systems and introducing resilient agricultural practices that increase productivity and production. This helps to maintain ecosystems, strengthening adaptability to climate change and progressively improving soil and soil quality.	An increased population requires us to use the earth's resources responsibly. Sweden is a natural dairy country with access to land, open landscapes, biodiversity, good animal husbandry, efficient production and skilled farmers. The dairy industry and its working methods and ethics shall contribute to the development and security of food security in a sustainable perspective.
8. Decent work and economic growth 	Promote sustainable, inclusive and sustainable economic growth, full and productive employment with decent working conditions for all.	8.4 By 2030, progressively improve the global resource efficiency of consumption and production and aim to break the link between economic growth and environmental degradation, in line with the 10-year framework for sustainable consumption and production, with developed countries at the forefront. 8.5 Achieve full employment and decent working conditions with equal pay for all. By 2030, achieve full and productive employment with decent working conditions for all women and men, including young people and people with disabilities, as well as equal pay for equal work.	Our Code of Conduct and Diversity Policy will protect workers' rights and improve the working environment for all employees. We want to improve diversity and ensure equal treatment of women and men, achieve greater economic productivity through diversity, technological development, education and innovation. Our role in society should be reflected in our arrangements and the partnerships we initiate will lead to sustainable growth.
9. Industry, innovation and infrastructure 	Build resilient infrastructure, promote inclusive and sustainable industrialisation and promote innovation.	9.4 Upgrade all industry and infrastructure for increased sustainability. By 2030, refurbish infrastructure and adapt industry to make them sustainable, with more efficient use of resources and more clean and environmentally friendly technologies and industrial processes. All countries take action in accordance with their respective conditions.	By focusing on the best possible technology. Work towards renewable fuel for transport, energy supply (biofuel, green electricity). Reduce raw material waste, product reuse and inputs.
12. Responsible consumption and production 	Ensure sustainable consumption and production patterns.	12.5 Work to significantly reduce the amount of waste by preventing, reducing, reusing and recycling. The responsibility ranges from resource management and waste management to production and consumption.	Through close cooperation with suppliers, customers and consumers, we work to prevent waste linked to both our production and our products. Skånemejerier also supports milestone 12.3, which involves halving food waste per person in stores and the consumer and reducing food waste along the entire food chain.
15. Life on land 	protect, restore and promote the sustainable exploitation of land-based ecosystems, sustainably farm forests, halt and reverse land degradation and halt biodiversity loss;	15.5 Protecting biodiversity and natural habitats. Take immediate and significant measures to reduce the destruction of natural habitats, halt biodiversity loss and, by 2020, protect and prevent the extinction of endangered species.	Grazing livestock provides benefits that are difficult to emulate. Ecosystem services and biodiversity are important for sustainable development and natural pastures are one of the most species-rich environments in the Swedish agricultural landscape. A large proportion of this land is grazed by dairy cows and we must preserve this.
17. Partnerships for the goals 	Strengthen the means of implementation and revitalise the Global Partnership for Sustainable Development.	17.16 Strengthening the Global Partnership for Sustainable Development and complementing it with multi-party partnerships mobilising and exchanging knowledge, expertise, technology and financial resources, to contribute to the achievement of the SDGs in all countries, in particular developing countries.	Achieving the SDGs requires a common sustainability agenda with more stakeholders and partnerships between government, private, NGOs, universities and society. Skånemejerier wants to be part of the sustainability agendas that are relevant to the industry and together exchange knowledge and strategies to strengthen the implementation of the global sustainability goals. We want to be part of the solution to, among other things, reduce the industry's climate impact in collaboration with research.

HERE WE CAN REDUCE OUR IMPACT

Global Sustainability Goal (SDG)	Description of the goal	Intermediate goal	Skånemejerier's contribution to the intermediate goal
6. Clean water and sanitation 	Ensure access to sustainable water and sanitation management for all.	6.3 By 2030, improve water quality by reducing pollution, stopping dumping and minimising emissions of hazardous chemicals and materials, halving the proportion of untreated waste water and significantly increasing recycling and safe reuse globally.	We invest in water treatment, measurements and follow-up of emissions. We produce our products according to the best possible methods and technologies.
13. Climate action 	Take direct and indirect action to combat climate change and its consequences.	13.3 Increase knowledge and capacity to tackle climate change through improved education, awareness and human and institutional capacities in climate change mitigation, climate adaptation, climate change mitigation and early warning.	We invest in green energy, efficient logistics chains, fossil-free fuels and supply agreements. We follow up the improvement work on the farm and train employees to ensure control over environmental aspects in relation to carbon dioxide emissions.
14. Life below water 	Preserve and use the seas and marine resources in a sustainable way in order to achieve sustainable development.	14.1 By 2025, prevent and significantly reduce all types of marine pollution, in particular from land-based activities, including marine litter and nutrient supply.	We ensure control of plant nutrient balances, water use and chemical management to set a high standard and achieve sustainable agriculture.

DISRUPTIONS TO PRODUCTION AND COMPLAINTS

GOOD RISK MANAGEMENT CREATES VALUE

Compliance with the law is fundamental for Skånemejerier. Good corporate citizenship means that we will minimise the negative impact that the business can cause.]'Our commitment to a sustainable business involves producing safe, high-quality products and continuously reducing our environmental impact.

Skånemejerier's commitments regarding responsibility and integrity, as well as our products, services and collaborations, shall always be compatible with applicable regulations, international declarations and conventions and national legislation.

Good risk management is a prerequisite for a long-term sustainable business that creates value for us and our stakeholders. Therefore, we work focused on managing our most significant risks through ongoing self-monitoring. Tasks related to compliance with the law are broken down by competence and area of responsibility within the organisation. Team compliance is part of our internal audit, which is updated regularly by Notisum13.

Our legal compliance and management system are also reviewed by external parties. Supervision is carried out by the food, feed, environment and health and safety authorities and external auditors visit us for audit according to FSSC 22000, ISO 9001, KRAV and ISO 14001.

REDUCED NUMBER OF COMPLAINTS

We record and follow up all complaints from our consumers. We work systematically to identify and correct the causes of the deviations. In 2020, we introduced an IT tool from Canea to further streamline our handling of complaints.

Our target for 2020 was a maximum of seven complaints per million packages sold. The result was 9.9, compared to 10.9 for

2019. There have been no product recalls during the year. Withdrawals of product from stock, due to quality deficiencies, have been made on seven occasions. Measures to reduce the number of withdrawals have been taken.

During the year, our facilities have been supervised by the food and feed authorities on 12 occasions. On these occasions, the supervisory authorities drew attention to a total of seven deviations. All deviations are closed and approved and none of the deviations have prompted legal sanctions.

RESPONSE TO REPORTS ABOUT HOUSEHOLD CHEESE

In December 2020, Aftonbladet published reports that Skånemejerier has sold household cheese where mould has been scraped away and then sold. The report was misleading as the pictures show household cheese with large amounts of mould. This was cheese that was discarded, but which in the report is portrayed as going on sale to the consumer.

According to the dairy industry guidelines, approved by the Swedish Farmers' Association and the Swedish National Food Agency, if mold appears during the maturation process, it may be removed at the dairies. In these rare cases of smaller dots of surface mould (according to our routine less than 1 mm), we have removed the dots, packaged and then quality-checked the cheese.

The reason why some household cheeses developed a larger amount of mould and had to be discarded was an incorrectly designed tool in the packaging machine. This issue was addressed in April 2020. The Swedish National Food Agency and KIWA, our certification body for FSSC 22000, have since carried out checks at the Kristianstad plant and found that there are no shortcomings in the handling.

PRODUCTION DISTURBANCES IN 2020

Skånemejerier had six environmental cases that were considered to require notification to the supervisory authority in 2020. No case in 2020 has been classified as a violation of the law and no fines or penalties have been handed out.

At Malmömejeriet there was a leak from an effluent tank that caused several cubic metres to flow out into the farmyard. The spill was quickly confined with rubber mats covering nearby storm water wells. The discharge was due to pipework that came loose and dragged a gasket into the tank. Only about a hundred litres of wastewater were able to escape.

Kristianstads Mejeri had five reported cases during the year. One was a contingency case when a mobile tank overturned when being turned and about 10,000 litres of milk spilled into the storm water system. The investigation showed that there had been no breach of the procedures during the incident. Staff inspected the storm water downstream of the accident and no product residues could be found in Helge Å.

To speed up the covering up of drains in such incidents, special rubber mats are ready in the trucks to be used. The risk of this type of incident is small, but in order to further minimise the risk, Skånemejerier will eventually replace mobile tanks with fixed tanks.

The other four cases at Kristianstads Mejeri concerned product waste, two into the storm water system and two into the process effluent. The unplanned spills were caused by unclosed gaps and leaky gaskets and new procedures have been developed to prevent similar events from happening again. Emissions have been limited, no chemicals have escaped, and our assessment is that they have not had any negative effects on the environment.

PRODUCTION DISRUPTIONS AT SKÅNEMEJERIER'S FOUR PRODUCTION FACILITIES IN 2020

Number of minor deviations	Number of incidents reported to regulators	Number of environmental preparedness cases
31	6	1

MATERIALITY ANALYSIS METHOD

Skånemejerier's latest materiality analysis was carried out in 2018 (the results are presented on page 11). The materiality analysis was carried out through a combination of qualitative in-depth interviews and a questionnaire with quantitative questions. The qualitative part consisted of open questions about sustainability, specific issues related to the stakeholder's role or organisation, and questions about how skånemejerier's sustainability work was perceived.

The quantitative part consisted of 27 selected sustainability issues, which were taken from Skånemejerier's previous materiality analysis. In order for the analysis to capture both an internal and external perspective, the stakeholders' grading of the 27 selected questions was asked in relation to the corresponding grading carried out by Skånemejerier's sustainability group.

The sustainability group's perspective was compared with the perspective of all stakeholder groups and the basis was then used for discussions during a workshop with the management team. The participants had to assess the positive or negative impact of sustainability issues on the economy, the environment and society from low to high impact and how much opportunity for impact Skånemejerier has on the various issues.

STAKEHOLDER OVERVIEW

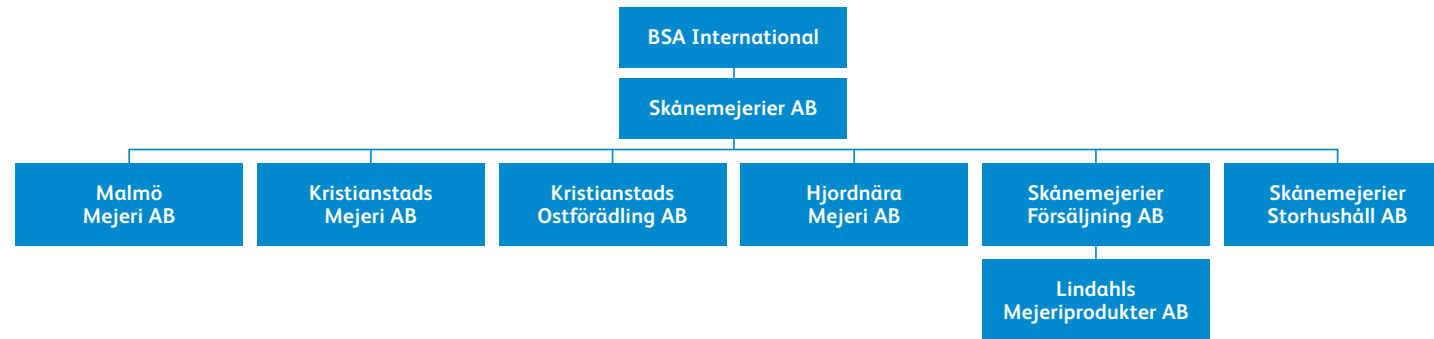
Having a close, honest and open dialogue with our stakeholders is crucial for our business. In order to include a broad stakeholder perspective in our materiality analysis, representatives from a number of groups that have a relationship with Skånemejerier were involved: food business operators, customers from the private sector, suppliers of packaging and transport services respectively, dairy farmers, interest groups, municipalities, employees, students and consumers.

The table shows the groups of stakeholders that we have the greatest impact on and/or have the greatest impact on us, what issues they raised and how we collaborate and communicate with them.

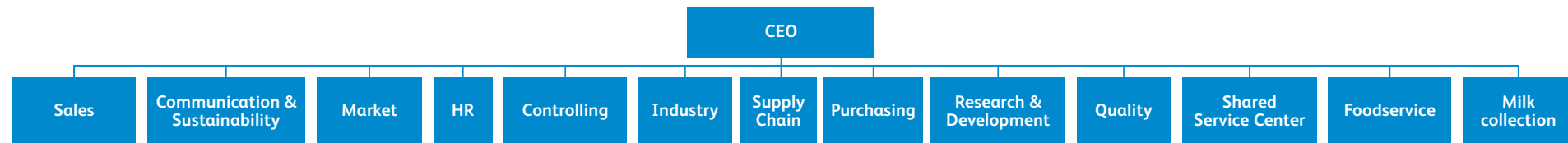
Stakeholders	Important issues raised*	Channels of dialogue	Our response
FARMERS	Strong cooperation More efficient use of resources Efficient and safe transport	Visits, training and internal audits as well as third-party certification within the ISO 9001 farm certification. Joint action on joint initiatives. Code of conduct	We work closely and strongly with the farmers who are our most important suppliers of raw materials. Through collaborations with both farmers and researchers, we work to strengthen initiatives that promote co-operation between Skånemejerier and the farmers in a sustainable direction. Read more about how we work on the more efficient use of resources and efficient and safe transport on pages 21-28.
INDUSTRY	Transparency regarding sustainability impact, introducing "Sustainability Footprint" Sustainable feed Biodiversity Fossil-free production Implementation of Science Based Targets Animal welfare Food waste	Participation in LRF Mjölks reference groups on specific issues related to communication, sustainability and nutrition. Collaboration and funding of research. Participation in DLF's industry association through committees for logistics, marketing and sales, and law. Other trade associations we work with are the Swedish Food Federation, Skåne Food Academy, FTI and KRAV.	Skånemejerier wants to contribute to developing the industry in a sustainable direction by interacting with others and participating in important collaborations. We have ongoing dialogue and collaborations with various organisations in the area of sustainability. Read more about how we work with the questions on pages 13, 17, 18, 20, 21-28 and 42.
CUSTOMERS	Sustainable packaging materials and reduce plastic in packaging Preventing consumer food waste Collaborate on transport optimisation	Ongoing customer contact in areas such as product development, marketing, sales and logistics. Special collaboration projects with customers in sustainability. Continuous work to improve packaging for reduced food waste. Develop contact areas in logistics, sales and product development.	Skånemejerier has a close and close dialogue with its customers and works together to contribute to solutions to various sustainability challenges. We participate in various industry initiatives, such as the Plastics Initiative and the Transport Initiative (DLF). Read more about how we work with the topics on pages 21-28.
EMPLOYEES	Act for good animal welfare Strengthen sustainability requirements for suppliers Climate neutrality Minimise the amount of plastic Fuel use Work environment and health Good working conditions	Employee survey and follow-up. Daily reconciliation and interaction. Conferences and trainings. Annual development talks. Health and safety audits. Strategy work, management systems and target numbers. Code of conduct	Skånemejerier should have a good physical, mental, social and organisational work environment, where a close dialogue with the employees is the basis. For more information, read more about how we work with the topics on pages 16, 21-28, 34, 35 and 42.
SUPPLIERS	Holistic view of the value chain Measure and show greenhouse gas emissions throughout the chain Traceability Working	Code of conduct Separate meetings in the purchasing process. Annual supplier meeting. Specific cooperation projects in the field of sustainability. Supplier assessments within the framework of Lactalis and Skånemejerier's evaluation templates. Quality audits. Climate calculation of milk.	By making demands and dialogue, Skånemejerier contributes to raising the level of our suppliers' sustainability work and improving the traceability of our raw materials. We work to strengthen transparency regarding ISO certification of our milk suppliers and that animal welfare remains high on our farms. Read more about how we work with the topic on pages 13 and 35-43
CARRIERS	Value chain perspective Circular perspectives Energy efficiency	DLF forum. Daily reconciliation and interaction. The purchasing process	The dialogue with our carriers takes place on an ongoing basis and we work together to help solve various challenges. We participate in industry initiatives such as the Transport Initiative (DLF) among others. Read more about how we work with the topics on pages 21-28.

OVERVIEW ORGANISATION AND PRODUCTION

ORGANISATION BSA INTERNATIONAL/SKÅNEMEJERIER AB






ORGANISATION AND GOVERNANCE



SKÅNEMEJERIER'S BUSINESS PARTNERS LINKED TO THE VALUE CHAIN AND OUR PRODUCTS AND BRANDS

This figure does not include the brands Président, Galbani and Parmalat, which since 2019 are sold under Skånemejerier Försäljning AB. The reason why they are not included is that an inventory of the number of suppliers for these brands has not yet been carried out.

Product group	Product group supplier (type and quantity)	Production	Type of product/raw material/service	Brands
Finished products	23 contract manufacturers of products	Scandinavia, Central Europe, Eastern Europe	Juice, Smoothie, Yogurt, Cheese, Cream, Butter, Other dairy products	LINDAHL'S  BRAVO
Milk	316 Swedish dairy farms 2 carriers	Sweden	Yogurt, Cheese, Cream, Milk	 ALLERUM® LINDAHL'S
Other	553 suppliers, producers and service companies 12 carriers	Scandinavia, Central Europe, Eastern Europe, South Asia, Brazil	Packaging, ingredients, machinery, maintenance, premises, fuel, energy, water, cleaning, transportation, etc.	 ALLERUM® LINDAHL'S



Skånemejerier

Follow us!

→ foretag.skanemejerier.se

→ LinkedIn

Feel free to contact us with questions,
tips and comments!

