

# MIDSONA'S CLIMATE TRANSITION PLAN THAT ALIGNS WITH A 1.5°C WORLD – OVERVIEW 2023

Midsona's Climate Transition Plan is divided into 19 Transition Plan Elements.

## Midsona's Transition Plan Elements

Each element is divided by description, TCFD pillar and link to any relevant documents detailing Midsona's Climate Transition Plan.

### 1. Introduction to Midsona's Climate Transition Planning

**Description:** Midsona use transition planning for business strategy and financial planning. Transition planning is an important tool to analyse how our sustainability work affects our financial performance and strategic environmental planning. For example, for climate, this includes all the relevant changes that need to be made to the company's business model before the company can adjust to a net-zero future. This is especially relevant for companies operating in high impact sectors. Midsona's main business is within the food industry, which accounts for a significant share of global greenhouse gas emissions, and therefore belongs to a sector with a high impact. A climate transition plan is a time-bound action plan that describes how an organization will pivot its existing assets, operations, and entire business model towards a path aligned with the latest science and most ambitious climate recommendations. Midsona's climate strategy include a transition plan that aligns with a 1.5°C world, also referred to as CTP (Climate Transition Plan). Read about our business strategy in the CDP report 2022 from page 19 and annual report 2022 on page 36-39.

**TCFD pillar:** Best practice

**Link:** CDP: <https://www.midsona.com/globalassets/midsona/sustainability/midsona-ab-cdp-report-2022.pdf>Annual

Annual report: <https://www.midsona.com/hallbarhet/midsonas-hallbarhetsmal/hallbarhetsrapporter/cdp-rapporter/>

### 2. Company wide

**Description:** Midsona's Climate Transition Plan covers the whole organization i.e., any exclusions from the transition plan shall not be material to the company and/or the environment. Therefore, it is essential to ensure coverage of double materiality principle on exclusions.

**TCFD pillar:** Best practice

### 3. Reporting & Disclosure

**Description:** Midsona's Climate Transition Plan is integrated into our annual report. In addition, Midsona disclosure CDP (Climate Disclosure Project) and TCFD (Task Force on Climate-related financial disclosure), which are global recommendations for best practice. In the annual report, we report our governance, climate change strategy, scenario analysis, climate-related risks and opportunities, targets, and metric according to TCFD pillars. Read

how Midsona work with our Climate Transition Plan and achievement of the various targets (progress and status) on page 32-130 in our annual report 2022. CDP is a global non-profit organization that runs the world's leading environmental information platform. CDP pursues a climate change agenda in accordance with the UN's latest science and global development with new requirements for progress every year. According to the UN, climate change is the greatest threat modern humans have ever faced, and the UN has urged all actors to strengthen their action plans with updated targets with even greater efforts (COP 26, 2021/ COP 27 2022). Therefore, Midsona devote a lot of focus on our climate change strategy, while we take actions in all the other material areas as well.

Midsona use the recommendations from TCFD and CDP for best practice to set our forward-looking sustainable business strategy and environmental agenda, closely linked to the financial planning and financial performance. For the second year in a row, Midsona achieves the grade A- from CDP 2022 scoring. It means that Midsona places among the top 8% reporting stock exchange company in the world (18,700) when it comes to climate strategies. Midsona ranks also among the top 8% of the 18,700 companies that responded to CDP's annual survey for our supplier involvement about climate change. In 2022, a record-breaking 18,700+ companies representing half of global market capitalization disclosed through CDP.

**TCFD pillar:** Best practices and transparency

**Link:** CDP: <https://www.midsona.com/globalassets/midsona/sustainability/midsona-ab-cdp-report-2022.pdf>

Annual report: <https://www.midsona.com/hallbarhet/midsonas-hallbarhetsmal/hallbarhetsrapporter-cdp-rapporter/>

#### 4. Publicly available/ Published documents

**Description:** Midsona's climate transition plan is publicly available in line with best practice for the best possible transparency. Our Climate Transition Plan is published on Midsona.com available to all our shareholders and stakeholders, both to be transparent but also to have an opportunity to get feedback on the plan from all our stakeholders. By making the CTP publicly available we provide certainty to our stakeholders that Midsona is aligning to the long-term climate goals and that its business model will continue to be relevant in a net-zero carbon economy (ref CDP). This document provides a summary of Midsona's transition plan with references to more detailed documents. Details on Midsona's transition plan is described in our annual report as well as Midsona's Climate Disclosure Project (CDP).

**TCFD pillar:** Transparency

**Link:** CDP: <https://www.midsona.com/globalassets/midsona/sustainability/midsona-ab-cdp-report-2022.pdf>

Annual report: <https://www.midsona.com/hallbarhet/midsonas-hallbarhetsmal/hallbarhetsrapporter-cdp-rapporter/>

#### 5. Board-level oversight

**Description:** Midsona has board-level oversight on the climate transition plan, and we have defined governance mechanisms in place to ensure delivery of the set targets. Our

Sustainability Strategy, incorporating climate strategy, is closely related to our mission, and anchored with the Board Chair and Board of Directors. Midsona's board, and hence the Board Chair, has the overall responsibility to ensure that Midsona works with a realistic agenda for sustainable development. Midsona's board and the Board Chair has tasked the group management through the CSO (Chief Sustainability Officer) and Midsona's Sustainability Steering Group with setting a sustainability agenda with a sustainability operation that ensures that Midsona is "best-in-class" in our sector within sustainability. Read about our board-level oversight under governance for climate-related issues on pages 3-5 of Midsona's Climate Disclosure Project, CDP report 2022. A shorter version can also be read in the annual report 2022 on page 40-43.

**TCFD pillar:** Governance

**Link:** CDP: <https://www.midsona.com/globalassets/midsona/sustainability/midsona-ab-cdp-report-2022.pdf>

Annual report: <https://www.midsona.com/hallbarhet/midsonas-hallbarhetsmal/hallbarhetsrapporter/cdp-rapporter/>

## 6. Highest management-level positions and committee with responsibility for climate-related issues

**Description:** The highest management-level and committee with responsibility for Sustainability- related issues and to set the strategy and agenda is CSO/CEO and the Sustainability Steering Group. Midsona's Sustainability Committee also called Sustainability Steering Group, includes Chief Executive Officer (CEO), Chief Sustainability Officer (CSO) as main responsible, Chief Legal Officer (CLO), Chief Operating Officer (COO) and Division Director Nordic. In addition, the CFO is involved in relevant questions and data, and is also involved in the assessments of OPEX, CAPEX, turnover of Taxonomy and incentives as well as substantial financial impact on climate-related financial risks and opportunities. The CEO reports to Midsona's Board and is the highest manager position with responsibility for climate-related issues. The CEO sits on the Company's Sustainability Steering Group and regularly reports the group's decisions to the Board of Directors in addition to the CSO or CLO who report on sustainability 1-2 times a year. All important decisions are approved by the Board. The CSO is overall responsible for Midsona's sustainability work and reports sustainability related issues to CLO and CEO in regular basis. CSO sits, leads, and reports to the Sustainability Steering Group quarterly.

The CSO is tasked with setting out the Group's sustainability strategy with a credible climate transition plan, strategic measures and long-term targets and metric, carry out TCFD risk and opportunity analysis and scenario analysis to regularly ensure that we base our efforts on the best practice global recommendations. CSO secure annual sustainability reporting in form of the CDP report and the sustainability reporting in our annual report. Read about our governance for climate-related issues on pages 3-8 of Midsona's Climate Disclosure Project, CDP report 2022. A shorter version can also be read in the annual report 2022 on page 40-43.

**TCFD pillar:** Governance

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Annual report: <https://www.midsona.com/hallbarhet/midsonas-hallbarhetsmal/hallbarhetsrapporter/cdp-rapporter/>

## 7. Competence in climate-related issues among the board and senior management

**Description:** Midsona has climate-related expertise within its decision-making bodies to ensure a successful transition of its business to a sustainable future. Climate-related knowledge at board level as well as senior management signals the company's commitment to understanding and responding to risks, opportunities, and impacts to secure Midsona's business for the future. The board is committed to our responsibility when it comes to sustainability and climate and has a good engagement, competence, and understanding of our responsibility. One of the board members has particularly good climate expertise based on a long-term focus on sustainability and climate within his own work experience, with great understanding of the transition to renewable energy and recycling.

The board has appointed CSO as its representative to manage the climate challenges in Midsona, where the CSO regularly advises and reports to the board regarding climate strategy, targets, challenges, and requirements for upgrading according to global developments. The CSO has a PhD/ Dr. Scient as formal education, with a background in analysis and research, and a long-term experience in both quality, regulatory, and sustainability work and has thorough competence in climate issues.

**TCFD pillar:** Governance

**Link:** CDP: <https://www.midsona.com/globalassets/midsona/sustainability/midsona-ab-cdp-report-2022.pdf>

Annual report: <https://www.midsona.com/hallbarhet/midsonas-hallbarhetsmal/hallbarhetsrapporter/cdp-rapporter/>

## 8. Feedback mechanism

**Description:** Midsona has a feedback mechanism in place where feedback is collected from top management, the board, shareholders and other stakeholders regarding our transition plan. Collecting feedback allows shareholders to make decisions related to the progress of our transition plan, and in this way our CTP will be continuously adjusted from the shareholders (instead of a one-off signature). First our climate transition plan is voted on in Midsona's Sustainability steering group (sustainability committee) and the board. Midsona's transition plan for sustainability, including our climate transition plan, is described and published as part of our annual report. This annual report is then voted at the general meeting (AGM). Both the content and progress of our CTP will be voted on at Midsona's general meeting. The frequency of feedback from the general meeting is annual. For 2022, this can be found on pages 35-76 with the corresponding appendix from pages 78-96.

**TCFD pillar:** Governance

**Link:** CDP: <https://www.midsona.com/globalassets/midsona/sustainability/midsona-ab-cdp-report-2022.pdf>

Annual report: <https://www.midsona.com/hallbarhet/midsonas-hallbarhetsmal/hallbarhetsrapporter/cdp-rapporter/>

## 9. Scenario analysis

**Description:** Midsona's climate transition plan is supported by a robust scenario analysis to identify potential material climate-related risks and opportunities. This means risks and opportunities that Midsona can expect in a potential future based on two different scenarios, i.e., a future with a 1.5 degree or a future with a 4 degree increase in the global average temperature. The aim of the analysis is to gain insight into the potential strategic and financial consequences that may arise for Midsona given various future scenarios. We have therefore analysed various scenarios in a short, medium, and long-term perspective. Midsona seeks to uncover any underlying risks or opportunities that may materialize through climate-related scenarios both depending on internal and external global path choices. Prioritization of risks and opportunities follows a time horizon and is based on probability and the extent of an impact assessment. These tools are used to analyse how our sustainability efforts affect our financial performance, and to set our sustainability strategy and agenda. Given the importance of forward-looking assessments of climate-related risks and opportunities, scenario analysis is an important and useful tool for us to use, both to understand strategic implications of climate-related risks and opportunities, and to inform our stakeholders about how we position ourselves in relation to these challenges. It is also an important information base for our investors, lenders, and insurance companies to be able to make their own financial decisions.

In our further work to strengthen our climate strategy to be aligned with a 1.5°C world, we have based our scenario analysis of 1.5°C above pre-industrial levels on the internationally recognized IEA Net Zero pathway. IEA Net Zero pathway is a special report on the actions needed to limit global warming to 1.5°C and related global greenhouse gas emission pathways, developed to strengthen the global response to the threat of climate change and sustainable development (<https://www.iea.org/reports/net-zero-by-2050>). Midsona has in this scenario analysis also examined physical risks with a 4°C world based on IPCC's Shared Socioeconomic Pathways (SSP5-8). Read about our scenario analysis on pages 19-22 of Midsona's Climate Disclosure Project, CDP report 2022. A shorter version can also be read in the annual report 2022 on page 128-129. (Some of the information has been updated since submission to CDP 2022 and annual report 2022 and can be read in CDP 2023, which will be published in December 2023/ January 2024.

**TCFD pillar:** Strategy

**Link:** CDP: <https://www.midsona.com/globalassets/midsona/sustainability/midsona-ab-cdp-report-2022.pdf>

Annual report: <https://www.midsona.com/hallbarhet/midsonas-hallbarhetsmal/hallbarhetsrapporter/cdp-rapporter/>

## 10. Focal questions

**Description:** Midsonas scenario analysis is based on concise focal questions that provides direction for the analysis, and the results help us to inform Midsona's decisions and actions. Providing this information gives insight into why Midsona is using scenario analysis and how the results have impacted our strategy. Midsonas focal questions for the latest scenario analysis are:

- i) What forces and developments could be of influence on Midsona's strategic initiatives and targets to contribute towards a 1.5°C world?
- ii) What physical risks could Midsona's current raw material sourcing strategy exposed to in a 4 °C-future?
- iii) What variables might affect the resilience of Midsona's portfolio in a 1.5°C – future?

Read about our focal questions and the results from the previous scenario analysis on pages 20 of Midsona's Climate Disclosure Project, CDP report 2022. Read about our focal questions on the latest scenario analysis in the updated CDP report, which will be published in December 2023/ January 2024.

**TCFD pillar:** Strategy

**Link:** CDP: <https://www.midsona.com/globalassets/midsona/sustainability/midsona-ab-cdp-report-2022.pdf>

## 11. Strategy alignment Midsona's Climate Change Strategy

**Description:** Midsona's strategy includes a transition plan that aligns with a future where climate change does not exceed a temperature increase of 1.5°C. Midsona uses climate-related scenario analysis to inform its strategy, where climate-related risks and opportunities have influenced both Midsona's strategy and financial planning. Midsona's CTP is aligned with the overall business strategy, TCFD recommendations and refers to Midsona's desired future state. Our CTP should give us a basis for improvement to reach the desired conditions for the future, which we can monitor and measure.

Strategy design in line with the UN's 1.5°C target generally involves establishing the purpose and scope of our activities, considering the risks and opportunities we face and the environment in which we operate. According to the UN and the latest climate summits (COP26 and 27), science shows that more needs to be done to avoid the worst effects of climate change while ensuring a thriving, sustainable economy. According to the UN, climate change is the greatest challenge we face in modern times and extensive global cooperation from all sides is needed. Our ambition is to drive Midsona's climate work and strategy in line with the Paris Agreement, the EU's goals and the Swedish Government's goals to reach net zero emissions by 2045. We have assessed the measures necessary to accelerate the reduction of Midsona's climate impact to being able to set up a long-term Low-carbon (Climate) Transition Plan for Midsona. Read about our strategy on pages 19-22 of Midsona's Climate Disclosure Project, CDP report 2022 as well as annual report on page 36-41.

**TCFD pillar:** Strategy

**Link:** CDP: <https://www.midsona.com/globalassets/midsona/sustainability/midsona-ab-cdp-report-2022.pdf>

Annual report: <https://www.midsona.com/hallbarhet/midsonas-hallbarhetsmal/hallbarhetsrapporter/cdp-rapporter/>

## 12. Financial planning

**Description:** As part of our strategy to achieve net zero emissions by 2045, Midsona outlines time-bound financial plans for the transition. This is in the form of capital expenditure (CAPEX), operating expenditure (OPEX) or income. In line with the TCFD recommendations, Midsona has assessed how we will finance our strategic goals. Financial planning is important to be able to decide how resources should be prioritized to achieve both short-term and long-term goals. Climate-related financial planning is broader than the development of a traditional financial plan, as it includes long-term capital allocation and other considerations that may extend beyond the typical 3–5-year financial plan (e.g., investment, research and development, production and markets).

Our climate-related risks, opportunities and targets affect both our direct and indirect costs as well as income, which has influenced our financial planning. Several of our targets that contribute to reducing our greenhouse gas emissions can affect our costs in both a negative and positive sense. Although some climate-related risks may in the long run cause financial challenges, the challenges will be transformed into an economic upside and opportunity if we reach our climate-related targets. As an example, our target for recyclable plastic packaging by 2025, shows how we consider achieving and fund our strategy for low carbon packaging. All the products sold by Midsona include some degree of packaging, among other plastic. This is associated with both upstream emissions from the production of the packaging materials, and downstream emissions from the waste disposal of the materials. Our target for recyclable plastic packaging increases our purchasing cost of packaging for in-house production of our own brands compared to non-recyclable packaging. This must therefore be included in the different sourcing departments' budgets and total operating costs as it affects our direct cost for raw materials and products. As part of our financial planning, we make financial plans that outline the specific actions, assets, and resources (including capital) necessary to achieve set targets. Read about our financial planning for climate-related issues on pages 22 of Midsona's Climate Disclosure Project, CDP report 2022.

**TCFD pillar:** Strategy

**Link:** CDP: <https://www.midsona.com/globalassets/midsona/sustainability/midsona-ab-cdp-report-2022.pdf>

## 13. Spending/revenue that is aligned with Midsona's transition to a 1.5°C world

**Description:** Midsona have taken the first step to identify spending/revenue that is aligned with our organization's transition to a 1.5°C world. From a climate point of view, identifying the spending and revenue that is compatible with a 1.5°C world is a prerequisite to understand the extent to which Midsona are aligning its finances with its climate transition plan, in financial terms of Revenue, CAPEX and/or OPEX. By quantifying the percentage share



of our spending/revenue,, we are able to understand how our current and future spending and revenue is aligned with a 1.5°C world.

**TCFD pillar:** Strategy

#### 14. Value chain engagement & low carbon initiatives

**Description:** Midsona's climate transition plan includes time-bound actions to decarbonize business processes and those of our value chain, with time-bound KPIs. This includes four distinct elements: (1) supply chain engagement (2) customer engagement (3) increasing portfolio of low carbon products and services and (4) Other partners in the value chain. Midsona has implemented different emission reduction initiatives for our direct operation (Scope 1 and 2). Read about our initiatives at C3.5, page 23 and C4.3 page 27-30 at Midsona's CDP report 2022 as well as page 69 in annual report 2022. More than 90% of our scope 3 comes from purchased products, transport, and packaging. Therefore, we work with our value chain, including the supply chain and our customers to drive best practices and improve climate-related issues.

*1. Supply chain engagement:* Supplier Engagement Target for Scope 3, category 1 "Purchased goods and services" which is considered best practice across the industry to reduce value chain emissions. Read the details of Midsona's climate-related supplier engagement strategy on pages 53 of Midsona's Climate Disclosure Project, CDP report 2022.

*2. Customer engagement:* DLF Sweden is a trade association for companies that produce or import goods for resale to the grocery retail and foodservice markets in Sweden. DLF fosters collaboration between Midsona and our customers (retailers), where we work together to reduce emissions from e.g., transport and packaging via DLF's initiatives. Midsona's Nordic director is a member of DLF's board, committee, working group, and development program for partnerships to reduce negative climate impacts from transports, products and services. These are formal campaigns for partnerships as well as informal opportunities to reduce negative impacts. Read the details of Midsona's climate-related engagement strategy with our customers on pages 54 of Midsona's Climate Disclosure Project, CDP report 2022.

*3. Increasing portfolio of low carbon products and services:* Midsona's strategy is to increase the portfolio of low-carbon products and services by increasing the selection of plant-based products with an absolute goal of 100% plant-based/vegetarian by 2030. This is an economic opportunity for Midsona as the demand for plant-based products with low carbon will increase in the future. Production of plant-based animal alternatives increased by 8% at Midsona's Spanish factory. To read more, see Midsona's CDP report for 2022 page 31.

*4. Other partners in the value chain:* Our main goal is to get people to eat food that is both healthy for people and healthy for the planet. This requires collaboration with both certification bodies, key suppliers and community services that provide food to children, schools and institutions. Therefore, we work together at various levels to achieve this goal. Read the details of Midsona's climate-related engagement strategy with other partners in the value chain on page 55 of Midsona's Climate Disclosure Project, CDP Report 2022 as well as annual report 2022 page 58-61.

**TCFD pillar:** Strategy



**Link:** CDP: <https://www.midsona.com/globalassets/midsona/sustainability/midsona-ab-cdp-report-2022.pdf>

Annual report: <https://www.midsona.com/hallbarhet/midsonas-hallbarhetsmal/hallbarhetsrapporter/cdp-rapporter/>

## 15. Policy engagement

**Description:** Midsona's climate transition plan demonstrate that our public policy engagement aligns with Midsona's climate ambitions and strategy. Read about Midsona's engagements on page 53-61 on Midsonas (Climate Disclosure Project) CDP-rapport.

**TCFD Pillar:** Strategy

**Link:** CDP: <https://www.midsona.com/globalassets/midsona/sustainability/midsona-ab-cdp-report-2022.pdf>

## 16. Risks & opportunities

**Description:** Midsona's climate transition plan outlines our process for minimising identified climate-related risks and maximising substantive climate related opportunities. Midsona's business operations are affected by climate change. Therefore, we map what risks and opportunities climate change can provide based on the recommendations in TCFD (Task Force on Climate related Financial Disclosure). Read about our process for identifying, assessing, and responding to climate-related risks and opportunities on pages 11-19 of Midsona's CDP report 2022, as well as in the annual report 2022 pages 120-130. Read our description of where and how climate-related risks and opportunities have affected Midsona's strategy on page 20 of Midsona's CDP report 2022 as well as pages 34-37 and 66-67 of the 2022 annual report.

**TCFD pillar:** Risk management

**Link:** CDP: <https://www.midsona.com/globalassets/midsona/sustainability/midsona-ab-cdp-report-2022.pdf>

Annual report: <https://www.midsona.com/hallbarhet/midsonas-hallbarhetsmal/hallbarhetsrapporter/cdp-rapporter/>

## 17. Targets

**Description:** Midsonas Climate Transition Plan contains verified science-based targets which are in line with the latest climate science. Midsona has set SBTs, which are approved by SBTi. Midsona have also committed to SBTi that our Net Zero targets will be approved by SBTi. Midsona's strategic decision is to further develop our climate change strategy, by adapting our climate-related goals according to global developments and best practices. This to increase GHG reduction in accordance with our climate change plan and to further strengthen our focus towards a more climate-friendly product portfolio. Incorporated into these targets are Midsona's commitment to reduce emissions in line with the 1.5°C world and Net Zero criteria. These goals include, for example, 100% renewable energy in Scope 1 & 2, 100% fossil-free transport of goods, 100% recycled and recyclable packaging, 90% recycled waste, 100% reuse of food waste, and targets that ensure that our suppliers will set SBTs within the next 5

years. In addition, we strengthen our climate-related work in line with the CDP and TCFD recommendations annually. Read about Midsona's commitments to reduce climate emissions and associated targets for climate-related issues on pages 23-31 in Midsona's Climate Disclosure Project, CDP report 2022 and in the annual report 2022 on pages 36, 38-39, 44-76.

In addition, from 2023, Supplier Engagement Target and FLAG Emission Target from Forest, Land, Agriculture described on page 67 of the annual report as well as page 53 of the CDP. Read our description of how we will achieve our targets, our progress towards our goals, and the status for 2022 in the annual report on pages 44-76 with the corresponding appendix with data on pages 79-97.

**TCFD pillar:** Metrics & Targets

**Link:** CDP: <https://www.midsona.com/globalassets/midsona/sustainability/midsona-ab-cdp-report-2022.pdf>

Annual report: <https://www.midsona.com/hallbarhet/midsonas-hallbarhetsmal/hallbarhetsrapporter-cdp-rapporter/>

## 18. Action Plan

**Description:** Midsonas Climate Transition Plan consists, among other things, of an action plan. It includes analyses of the internal emission reduction initiatives, and the external societal developments that will lead Midsona toward a set emission reduction target. Read our description of our action plan under "how to reach targets" in the description of each respective target in the annual report page 44-76 with the appendix from page 79.

**TCFD pillar:** Metrics & Targets

**Link:** Annual report: <https://www.midsona.com/hallbarhet/midsonas-hallbarhetsmal/hallbarhetsrapporter-cdp-rapporter/>

## 19. Scope 1, 2 & 3 accounting with verification

**Description:** Midsonas Climate Transition Plan contain verifiable and quantifiable key performance indicators (KPIs) that are tracked regularly. Midsona Climate Transition Plan is accompanied by an annual Scope 1, 2 and 3 emissions inventory that is complete, accurate, transparent, consistent, relevant, and verified by a third-party. Read about Midsona's current emissions in Midsonas annual report 2022 at page 67 and 90-91. Read our detailed description about our greenhouse gas emissions and breakdowns of data in our CDP on pages 31-51 in Midsonas CDP report 2022.

**TCFD pillar:** Metrics & Targets

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