

Sustainability Report 2017/2018

Sveriges Stärkelseproducenters förening, u.p.a. (SFF)



CEO's comments

Sveriges Stärkelseproducenter (SFF) is an economic association that is now 90 years old. The association is developing well and serves an important purpose for its owners, with its ability to offer starch potato cultivation at a competitive price. We work according to a long-term strategy, the foundation of which is to develop our business areas in a way that keeps them competitive on a local and global market. Competitiveness is based partly on efficiency, but also on our producing and delivering products which our customers and consumers demand. We are pleased to see that sustainability in various respects is today an important demand among consumers. We have decided to work according to Agenda 2030 and to make sustainability a part of our business development.



Hans Berggren, CEO, Swedish Starch Producers

In all of our business areas, our main raw ingredients are grown crops, which are then refined by us and our suppliers. This means that the biological ecocycle is a natural part of our operation.

When it comes to our extensive purchasing of spices from different parts of the world, we audit our suppliers and go to great lengths to ensure that we use ingredients that are grown, harvested and handled in a responsible, sustainable way.

In our own operation, we work actively to limit the use of pesticides in our farming. In our industrial refinement of starch for foodstuffs, we have developed refinement technology that does not depend on chemicals. Thanks to modern plant breeding using Crispr-Cas9 technology, we have now produced new potato varieties that have natural, storage-stable starches. All in all, we are a world leader in the sustainable development of starch potatoes.

We are proactively striving to reduce the carbon footprint of our operations. Great energy savings have been possible thanks to heat pump technology and various types of efficiency programme, but there is still a long way to go.

Our aim is for Sveriges Stärkelseproducenter (SFF), via brands like Lyckeby, Solam, Culinar and Kockens, to be an active participant in efforts towards a sustainable society.

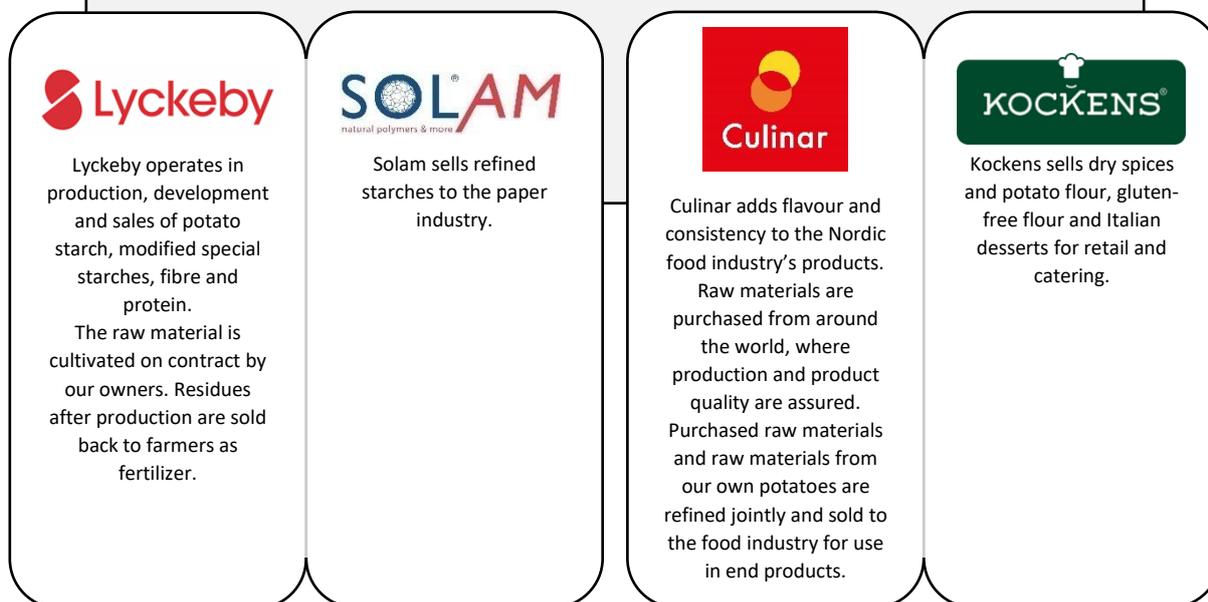
*With sincere best wishes,
Hans B.*

Business model, Sveriges Stärkelseproducenter (SFF)

The business model used in SFF is to buy potatoes from our farmers and owners, to refine and harness the potatoes' contents in the best possible way, and to then sell the products we extract to customers on selected markets. Some of the contents are mixed with other functional ingredients and flavourings before being sold on. We then sell the rest of the potatoes back to our farmers as a concentrated fertilizer for next year's crop. This makes the overall operation a 'circular economy'.

SFF's operations are divided into four business areas, managed under different brand names: Lyckeby, Solam, Culinar and Kockens. These business areas are split into two producing businesses, with Lyckeby and Solam producing and refining starch, while Culinar and Kockens focus on flavouring by refining spices and blends. Lyckeby and Solam have shared factories, as do Culinar and Kockens.

Sveriges Stärkelseproducenter, SFF



About our Sustainability Report

This is SFF's first Sustainability Report, which outlines our sustainability work as it is at present. The report encompasses all our business areas in the Swedish arm of the business, and constitutes the formal Sustainability Report in accordance with the Swedish Annual Accounts Act. We intend to publish a Sustainability Report annually based on our financial year, which runs from September to August.

We have chosen to divide our sustainability work into five focus areas. These focus areas are common to all our business areas, and they follow our value chain which is centred on cultivation and refinement. To ensure that our focus areas are in line with national and global guidelines for sustainable development, we link our work in each focus area to one or more of the Sustainable Development Goals (SDG's) in the United Nations 2030 Agenda for Sustainable Development.

The 17 global Sustainable Development Goals (SDGs) of the UN's 2030 Agenda.
Image source:
<http://www.globalamalen.se/wp-content/uploads/2016/05/globala-malen-pdf.pdf> 2018-09-23



SSF'S FOCUS AREAS	2030 AGENDA SDG'S
RESPONSIBLE EMPLOYERS AND COMMITTED EMPLOYEES	(5) Gender Equality (8) Decent Work and Economic Growth (10) Reduced Inequalities
RESPONSIBLE BUSINESS PARTNER	(16) Peace, Justice and Strong Institutions
SUSTAINABLE FARMING	(2) Zero Hunger
PRODUCTION WITH OPTIMISED USE OF RESOURCES	(7) Affordable and Clean Energy (12) Responsible Consumption and Production
DEVELOPMENT OF SUSTAINABLE PRODUCT AND PACKAGING SOLUTIONS	(3) Good Health and Well-Being (9) Industry, Innovation and Infrastructure

Within each of the five focus areas, we have carried out a risk assessment and formulated goals to prevent and reduce the risks. The risk assessments were conducted in small groups of employees with varying relevant areas of expertise, and decisions were then made by the management groups in each business area.

Since our various business areas operate in different fields, the risks and objectives vary between business areas. Even so, there are many points of contact with a joint foundation in farming, as well as refinement which partly takes place in the same factories. For more specific information regarding each business area, please refer to our websites where we publish details on an ongoing basis.

At SFF, we maintain an ongoing dialogue with our various stakeholder groups. These dialogues build an understanding of the demands and expectations our stakeholders place on our operation, which has provided valuable guidance in the process of prioritising and deciding on risks and objectives in our focus areas for sustainability.

STAKEHOLDER GROUP	COMMUNICATION CHANNEL
BOARD OF DIRECTORS	Board meetings
OWNERS	Local meetings, shareholder meeting, member magazine, farmer meetings, experience exchange groups, weekly newsletters
MANAGEMENT GROUPS	Management group meetings
EMPLOYEES	Employee survey, performance reviews, intranet
CUSTOMERS	Customer visits, customer survey, customer audits
SUPPLIERS	Supplier visits, supplier audits, supplier survey
AUTHORITIES	Environmental Report, licence visits, licensing issues

Responsible employers and committed employees

Our approach and actions in relation to our employees are based on Swedish legislation, Swedish practices and central collective agreements. We are members of the Confederation of Swedish Enterprise, employer organisation the Swedish Food Federation, which enables us to stay updated on what is happening on the Swedish labour market and make sure our conduct complies with industry standards. In addition to this foundation, there are local agreements on terms and conditions, as well as local policies regulating rules, procedures and benefits. We want to be an attractive employer to both new and existing employees. Our corporate culture is characterised by pride, loyalty and commitment.

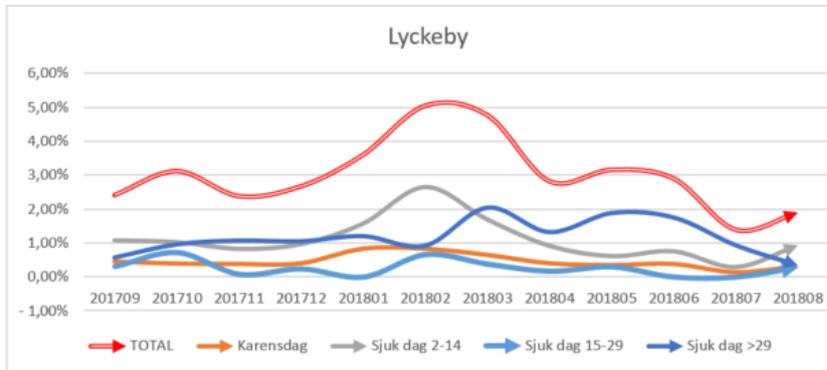
IDENTIFIED RISKS	RISK PREVENTION	METRIC	OBJECTIVE
SICKNESS AND ILL HEALTH	Preventive health and fitness Present leadership Employee survey Performance reviews Early initiatives	Sick leave	➔ Keep sick leave at current level
WORKPLACE ACCIDENTS	Increased reporting of near-misses	Number of accidents Number of near-misses	➔ Vision Zero for workplace accidents
VICTIMISATION	Employee survey Performance reviews	Number of people who have been or have seen others be victimised	➔ Vision Zero for victimisation
WELL-BEING	Joint activities Ongoing information Employee survey Performance reviews	Number of people who don't feel proud to work for the Group	➔ Vision Zero for number of people who don't feel proud

SICKNESS AND ILL HEALTH

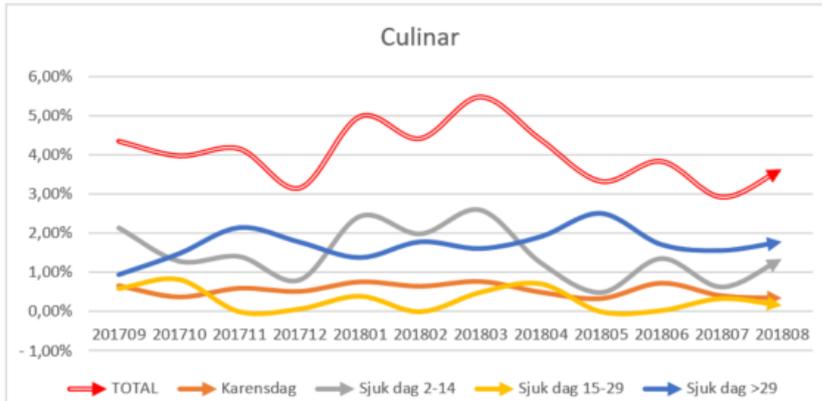
We take care to be supportive of our employees in different phases related to health. There is a functioning system in place to capture early signs of ill health, through:

- preventive health care and fitness, systematic health & safety work and present leadership
- discovering and acting on early signals of something not being right
- managing ill health/sick leave in a respectful, effective manner

Sick leave in the various business areas is low compared to the industry average. Since lower sick leave can lead to higher sick attendance, we have no explicit goal to further reduce sick leave; instead our focus is on maintaining the current level.



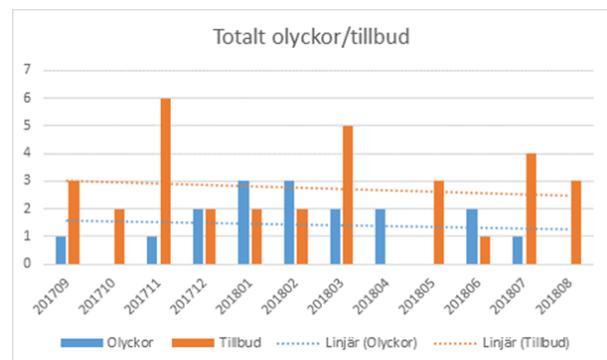
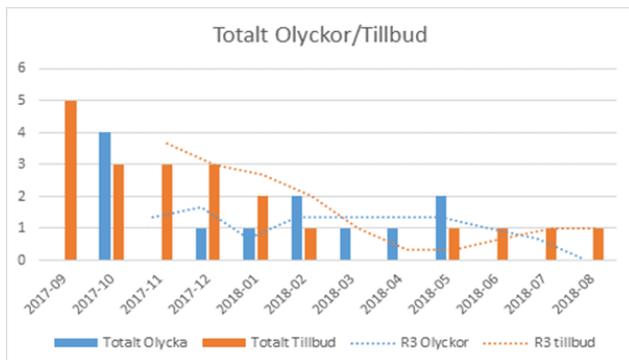
The graphs show sick leave in % during the 2017/2018 financial year for business areas Lyckeby and Solam (top) and Culinar and Kockens (bottom).



Explanation:
 Red – Total Sick Days
 Orange – Qualifying Day
 Grey – Sick Day 2-14
 Light blue – Sick Day 15-29
 Dark blue – Sick Day >29

WORKPLACE ACCIDENTS

We strive to ensure that all our employees feel safe at their workplace, which is why we have a Vision Zero for workplace accidents. Moreover, ongoing efforts to increase reporting of near-misses increase our ability to prevent workplace accidents. Systematic health and safety work, with formal procedures for safety rounds, action plans and follow-up, is well implemented and is a natural aspect of our work. Risk and consequence analyses are conducted in all changes, and close cooperation with the unions helps to ensure that risks are detected early.

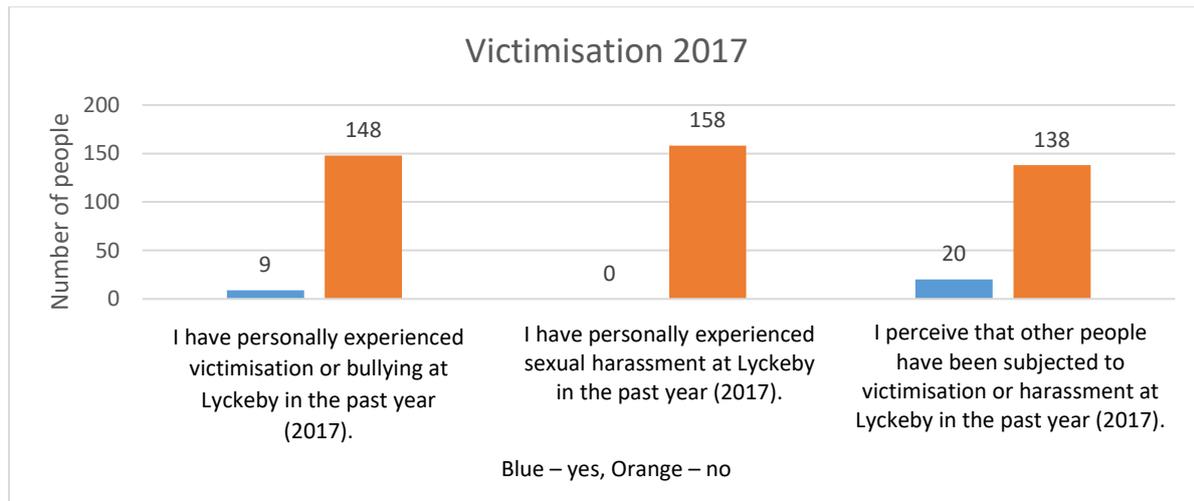


Number of accidents and near-misses reported during the 2017/2018 financial year for business areas Lyckeby and Solam (left) and Culinar and Kockens (right). Blue bars present Total accidents and orange bars Total near-misses. The dotted lines are trend lines.

VICTIMISATION

Our workplace shall be characterised by respect. Victimisation and sexual harassment are not tolerated and we regulate this in our policy. It is always the subject of the treatment who determines what behaviour is unacceptable.

In our employee survey, we monitor whether any of our employees have experienced or witnessed victimisation or harassment. The latest employee survey at Lyckeby/Solam was conducted in 2017 (results in chart below). A new employee survey is planned for Culinar/Kockens during winter 2018, and this will include a section on victimisation for the first time.



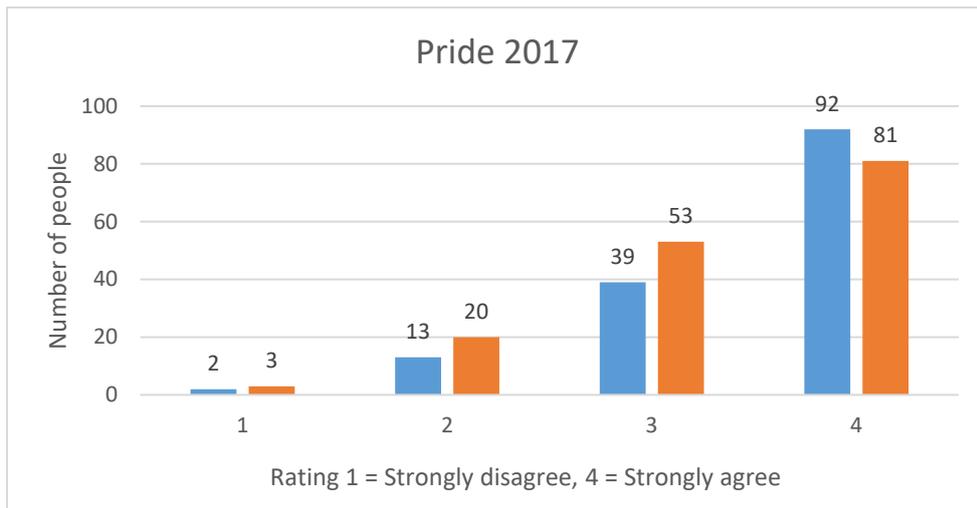
WELL-BEING

The average period of employment at Swedish Starch Producers is long, which means our staff turnover is low. We are proud to see that many of our employees choose to develop with us, move internally and stay with us. Measurements of how our employees perceive their work situation and well-being are conducted regularly through an employee survey, as well as in discussions between managers and employees.

We further bolster our employees' commitment, loyalty and sense of pride with staff activities on different themes, joint celebration of successes, and ongoing information on goal accomplishment and the latest developments.

Another way in which we measure well-being is that in our employee survey, we ask our staff if they feel proud to work for us. The aim is that no one should give the lowest rating for this question, i.e. 1 which means not proud at all. This is a challenging goal, but we do not think the issue should be measured in any other way since our aim is that everyone should feel proud. The bar chart below shows the results of this question from 2017, with a total of 5 employees giving the lowest pride rating.

Through low staff turnover and a high degree of pride among employees, we believe that we are achieving our goal of being an attractive employer to our employees. Our work in this area, however, never ceases, and we are striving continuously to ensure that working life remains sustainable for everyone who works for us.



The 2017 employee survey shows the sense of pride felt by our employees at Culinar/Kockens (blue) and Lyckeby/Solam (orange) respectively.

Responsible business partner

We conduct our business with suppliers and customers both nationally and globally. Our common core values exist in our corporate culture, a culture that has developed alongside our customers and business partners over many years in the industry, and in our high level of activity in our industry organisations.

IDENTIFIED RISK AREA	RISK PREVENTION	METRIC	OBJECTIVE
BUSINESS ETHICS	Our corporate culture Business entertainment policy Introductory training Long-term customer relations	Number of known cases of corruption	➔ Code of Conduct to be updated no later than 2019

BUSINESS ETHICS

Our corporate culture means that it is our responsibility to ensure that we follow prevailing legislation both as regards product safety and financial rules and requirements. Our ambition when it comes to conducting sustainable, responsible enterprise encompasses our conduct in everything related to business ethics, human rights, corruption and working conditions, and we communicate this to our customers in all our business dealings.

We shall strive to ensure that our products do not contribute to corruption at any stage, and we have no known cases of corruption in any of our business areas. The risk of bribery is prevented through our business entertainment policy. Compliance with the policy is checked partly by the employee's immediate manager who is primarily responsible, and partly by the HR department which checks the mandatory verifications that are submitted.

Culinar/Kockens have a large number of global suppliers which are checked against our Code of Conduct, which includes requirements on human rights, employee working conditions, discrimination,

forced labour and child labour. We also carry out audits of our suppliers. We see a need to continuously update our Code of Conduct for Culinar/Kockens, and also to introduce a written policy for Lyckeby/Solam, and we aim to do this during 2019 at the latest.

All our employees who do business in our business areas undergo an introduction process to ensure they understand how we behave towards customers, the importance of building long-term business relations, and valuing and complying with our business ethics/Code of Conduct. We strive to continuously improve in our ethical approach and how we conduct ourselves with customers on the market. This lays a good foundation for continuing to conduct responsible sales work which leads to our customers feeling safe with us as a supplier, and also to our staff feeling confident in dealing with our customers.

We prioritise strong, long-term relations with our customers. By offering a high level of support in sales, logistics and product development, we create further peace of mind with our customers and our own employees, thus laying the foundation for good business and mutual trust. We think of ourselves as a partner to our customers, and through cooperation we build understanding for the wishes and requirements of customers and the market as a whole.

We like to invite our customers to visit us and see our production process at first hand, enabling them to fully evaluate the product they are buying. This applies not only to the physical process, but also our expertise in food safety, legal compliance, health and safety, environmental consideration, product knowledge and so on. By opening up and being transparent to our customers, we ensure that we live up to their demand and enable them to help influence and develop us towards being a more sustainable company.

Sustainable farming

IDENTIFIED RISK AREA	RISK PREVENTION	METRIC	OBJECTIVE
USE OF PLANT PROTECTION IN POTATO FARMING	Cultivation advice Letters to farmers Cultivation trials Experience exchange meetings Industrial PhD student employed	Amount of active substance used per tonne of commercial starch	➔ 50% reduction in amount of plant protection products used, while maintaining the yield of starch by 2020/2021
FARMING AND WORKING CONDITIONS AT GLOBAL SUPPLIERS	Code of Conduct Audits Fairtrade Organic	None at present	➔ Joining Sustainable Spices Initiative in autumn 2018 ➔ 30% of Kockens’ sales are organic by 2025 ➔ 10% of Kockens’ sales are Fairtrade by 2025

The main raw material for SSF in all our business areas are cultivated crops, so sustainable farming is pivotal to the entire Group’s business. Our business areas face different challenges in this area. Our

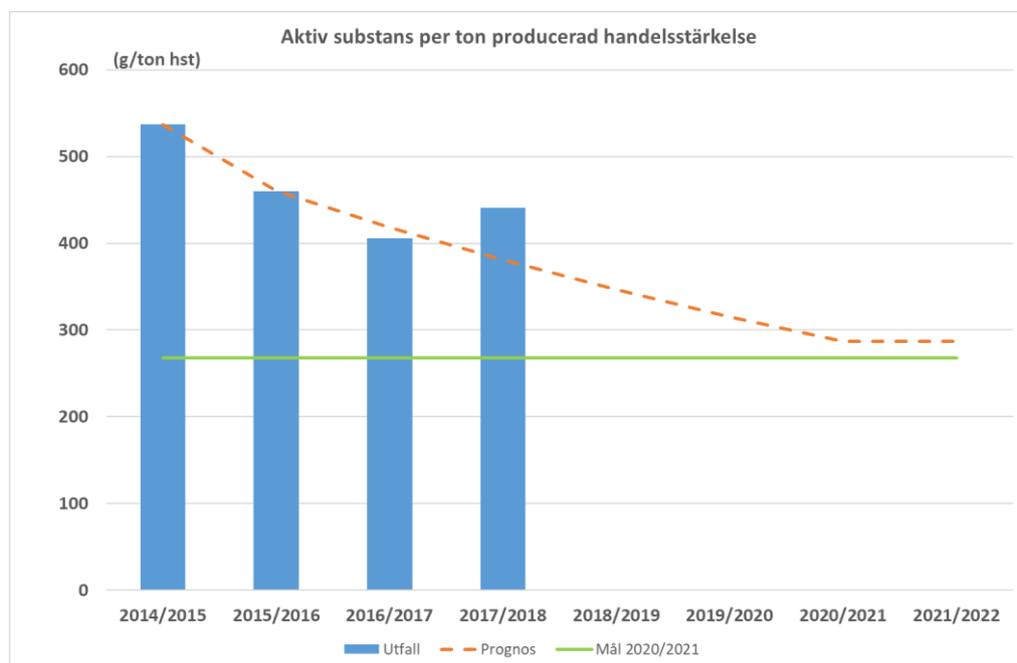
cultivation of starch potatoes takes place locally by our owners, which means that we have excellent potential to check that the farming is being managed sustainably. Culinar/Kockens buys spices from around the world, which means that it's a lot more challenging to check food safety, farming conditions and employee working conditions.

USE OF PLANT PROTECTION PRODUCTS IN OUR POTATO FARMING

Plant protection products are used in starch potato cultivation so as to stop/hinder weeds and prevent disease from attacking the plant, primarily blight and the fungal disease alternaria. Research being conducted in the area, as well as our own cultivation trials, suggest that the amount of plant protection products can often be reduced considerably with little or no impact on the growing outcome. Based on this, we at Lyckeby/Solam have a goal that our suppliers should reduce the amount of plant protection used per tonne of produced starch by 50% within the time frame 2014/2015 to 2020/2021.

We are conducting various activities to ensure that we achieve this goal:

- Crop cultivation advice to our farmers, with recommendations on dosing of plant protection, via weekly letters
- In-house cultivation trials to assess the effects of plant protection products in different conditions
- Experience exchange meetings where farmers share information and experiences
- Newly employed industrial PhD candidate who runs projects in needs-led alternaria forecasting



This chart shows the total amount of plant protection products used by our potato suppliers since the project began in 2014/2015. The blue bars presents the outcome of active substance per tonne of commercial starch for each year, the green line is our target, and the dotted line is the forecast outcome.

The outcome compared to our target is currently looking very good; after two years, in 2016 we were already half way, although we had a setback in 2017 due to the unusually high rainfall during the summer.

FARMING AND WORKING CONDITIONS WITH GLOBAL SUPPLIERS

Culinar and Kockens import large amounts of herbs and spices from around the world every year. The spice trade is a complex world, with the highest proportion being produced by small farmers. Since spices are used in most food products and are consumed globally, demand is expected to increase in order to satisfy the growing world population. A reliable supply of spices for a growing population is only possible if producing spices is economically viable and sustainable for the farmers, as they are increasingly moving away from agriculture for more secure sources of income. Consequently, sustainable growing among our suppliers is also linked to the long-term survival of our business.

Some of the sustainability risks associated with growing herbs and spices are:

- Inadequate profitability for the farmer.
- Poor working conditions for the farmer, their families and employees.
- Child labour.
- Environmental pollution.
- Soil and water depletion.

Culinar/Kockens manages these risks through our Code of Conduct, which clarifies our demands on suppliers in these areas. Also see the section on being a responsible business partner. We also carry out audits of our suppliers.

Some of the risks linked to buying herbs and spices are managed by our control system, which includes incoming control and chemical analyses at our accredited laboratory. This is where we assure the quality of the spices and check that they do not have too high a content of plant protection products or are contaminated by allergens, microorganisms or too high levels of other species.

In order to secure a safe, reliable supply of herbs and spices also in the future, Culinar and Kockens intend in 2018 to join the Sustainable Spices Initiative (SSI). SSI is a global platform bringing together business areas in the food industry that trade in herbs and spices, and that are willing to work together to create sustainable supply chains.

SSI supports the Sustainable Agriculture Initiative's definition of sustainable agriculture, which is: "The efficient production of safe, high quality agricultural products, in a way that protects the natural environment, improves the social and economic conditions of farmers, their employees and local communities."

SSI's vision is to achieve 100% sustainable purchases of herbs and spices from its member business areas. Members commit to the following:

- To achieve or exceed 10% point growth for the top 3 herb and spice categories by 2021, compared to 2016.
- To reach or exceed 25% sustainable sourcing in the top 3 herb and spice categories by 2025, compared to 2016.
- To continuously report their progress to the SSI.

In addition to its work with SSI, it is Kockens' ambition to continually increase its organic range, and where possible to choose Fairtrade certified ingredients. It is therefore Kockens' objective to increase the sale of organic spices to 30% by 2025, and of Fairtrade-labelled spices to 10% over the same period.

Production with optimised use of resources

Our fundamental strategy for our potato operation in Lyckeby/Solam is to optimise the degree of refinement and the profit for the growers. With a high degree of refinement and by fostering sidelines, we create sustainable production with high circularity.

The potatoes which the growers supply to the starch factory are separated into starch, fibre and protein. Starch and fibre are processed into quality-assured products which are then used as raw product for continued refinement into food ingredients or for the paper industry, or they are sold on as food products with no further treatment. The protein is concentrated and quality assured to a high-quality feed protein. The remainder of the potato is comprised of potato pulp, which is sold as animal feed to local farmers, and fruit juice which is concentrated and stored over the winter, to then be returned to the growing area as a fertilizer. This means that it helps to increase resource efficiency in the next year's potato crop.

Refinement of the grown potatoes is thus a good example of a circular system, where everything is exploited in a resource-efficient way. At our factories, we also strive to ensure that separation, cleaning and refinement take place with the lowest possible input of energy and chemicals.



An outline of our circular flow in starch production.

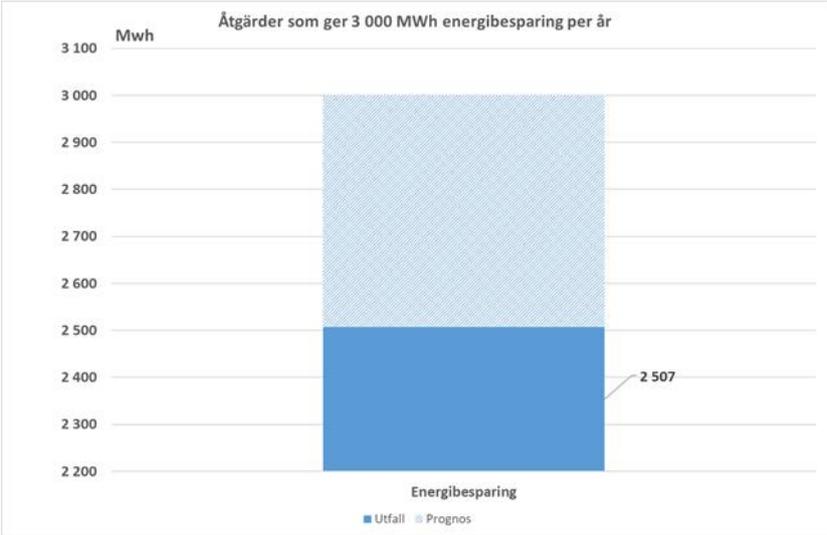
At Culinar, parts of the potato starch are mixed with spices and other ingredients to make finished flavouring and texturing ingredients, which are supplied to the food industry. Culinar’s role in the value chain is to simplify and streamline the logistics and the mixing in the final process for our customers.

IDENTIFIED RISK AREA	RISK PREVENTION	METRIC	OBJECTIVE
CLIMATE IMPACT FROM OWN PRODUCTION	Energy management programme	Energy use MW per produced tonne of product	<ul style="list-style-type: none"> ➔ Culinar Fjälkinge plant fossil free by 2019 ➔ Total energy consumption Culinar Fjälkinge 380 kWh/tonne by 2020 ➔ Energy saving 3000 MW within Lyckeby plants by 2020/2021

CLIMATE IMPACT FROM OWN PRODUCTION

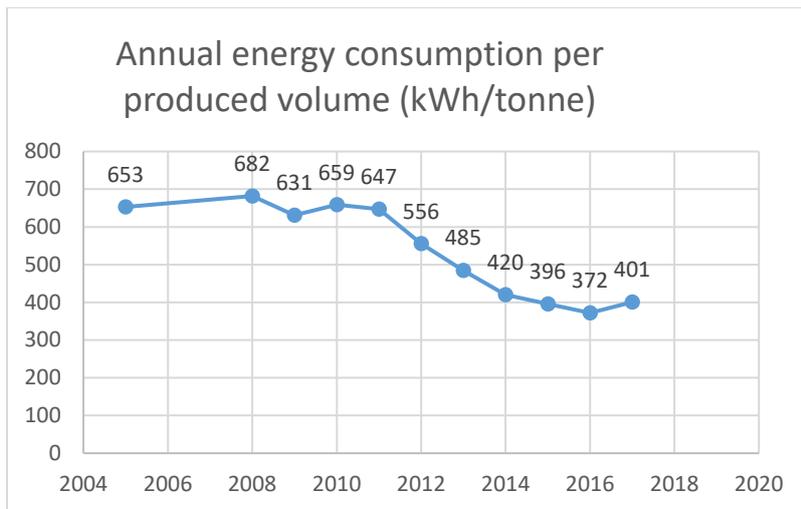
All producing business areas within Swedish Starch Producers are certified to ISO 50001 and have the aim of reducing their energy use through continuous improvements and efficiencies.

Starch production and refinement are energy-demanding processes. According to our energy management programme, Lyckeby/Solam shall carry out energy-saving measures totalling 3 GWh a year up to and including 2020/2021. This saving equates to around 5% of annual consumption in 2015. Up to and including August 2018, the accumulated outcome was 2.5 GWh.



Achieved annual energy saving 2017/2018 compared to the target for 2021. Applies to Lyckeby/Solam production units in Sweden.

When it comes to our production plant for Culinar/Kockens in Fjälkinge, our target is 380 kWh/tonne of produced product by 2020, assuming the same production volume as 2017. In addition, all energy should be fossil free by 2019.



Energy consumption per tonne of produced product for the Fjälkinge production unit, for Culinar and Kockens.

Development of sustainable product and packaging solutions

With continuous work on new technologies and processes, along with new uses for our main products and sidelines, we are a world leader in the sustainable development of starch products. We work often and willingly alongside our customers. Through support for our industrial customers, we are working together to develop the sustainable food products of the future.

IDENTIFIED RISK AREA	RISK PREVENTION	METRIC	OBJECTIVE
CLIMATE IMPACT OF POTATO STARCH	Long-term product development Projects in modern plant breeding	Proportion of starches with E numbers in our product portfolio	<ul style="list-style-type: none"> ➔ Produce an LCA for potato starch by 2020 ➔ Screening of how potato starch affects the climate, environment and health in our key applications by 2020 ➔ Developed techniques to replace 80% of our E number starches by 2030
PACKAGING SOLUTIONS AT KOCKENS	Packaging development	Proportion of plastic of total volume of packaging material	<ul style="list-style-type: none"> ➔ Only use recyclable plastic materials by the end of 2022

CLIMATE IMPACT OF POTATO STARCH

Our development work has an overriding focus on developing products, processes and concepts that help to increase our sustainability. It is about creating new, climate-smart starch products that require less energy and fewer chemicals, new production techniques that enable more resource-efficient manufacturing, product solutions that help to create safe, healthy, climate-smart foods. The long-term vision in our development work is to create the green starch factory. Our work towards our long-term vision is based on achieving the goals in several of our long-term development projects, and the sum of the goals will lead to the vision being realised.

One great challenge has been creating new starches that meet the food industry's requirements on process stability and storage stability, while also living up to the demands that increasingly conscious consumers place on the products. At present, chemical modification is used to make our products stable, an energy and chemical-intensive process which produces starch products declared with E numbers in the final ingredients list. We want to make environmentally, quality and health-friendly products that meet the needs of our customers, and ultimately of consumers.

We have decided to focus on modern plant breeding to combat this problem. Our chosen approach has been to work actively alongside the Swedish University of Agricultural Sciences in Alnarp to develop potatoes with new starch properties. This has been possible using the CRISPR-Cas9 gene editing system. Despite a great many setbacks in the initial phases, this work has resulted in new potatoes with starch properties that deal with the food industry's challenges in a natural way. With the new potatoes developed with CRISPR-Cas9, we will be able to reduce our use of chemicals considerably, fully in line with our sustainability work. The first outdoor plantations began in 2017, and in 2018 we have taken a great leap forward with developments. The next stage is to start the production of seed potatoes, so that in 2022 we can begin production of the starch on a large scale, enabling the food industry to benefit from these new, climate-smart starch products.

We are proud to say that thanks to modern plant breeding, we have now made great strides in our endeavour to create eco-friendly, climate-smart food starches, and we very much look forward to continuing on this journey.

It is also clear that this project is a shining example of what can be achieved when the industry works alongside Swedish academic research, in this case the University of Agricultural Sciences in Alnarp, whose expertise and collaborative skills have been crucial in achieving our goals.

We are also working to develop methods to measure the climate impact of our current products, and to map how the use of starch affects the end product from a climate, environment and health perspective.

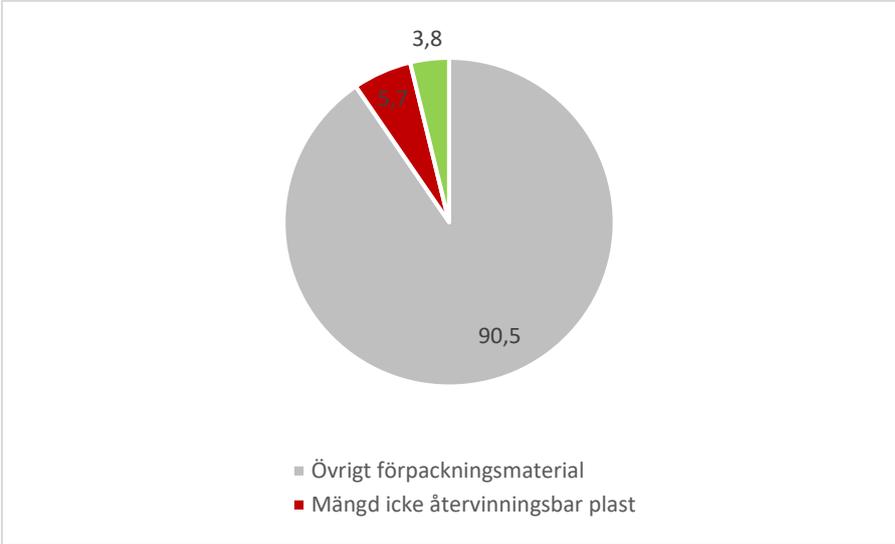
PACKAGING SOLUTIONS AT KOCKENS

Since we produce food products, we place high demands on our packaging from a food safety perspective. The following aspects are requirements in all packaging developments:

- The products must last a long time.
- The packaging must protect against dirt and moisture.
- The packaging must protect against knocks during transport and handling.
- The product must be easy to use and dose from.

Our objective in packaging development is gradually to strive towards reduced climate impact, and we have decided to begin by focusing on packaging in the Kockens business area. We are currently working on targeted measures where it is evident that, without compromising on our food safety standards as outlined above, we can reduce the amount of packaging material or move over to fossil-free material alternatives. We currently have no metric showing the total material saving from the projects we have conducted.

Kockens is also linked to DLF Sweden’s ‘Plastic Initiative 2022’. In it, we and other companies in the grocery industry commit to strive towards a circular economy in line with the European Commission’s launch of *A European Strategy for Plastics in a Circular Economy* in January 2018. The aim of the initiative is that plastic packaging which member business areas put onto the market, and which comes under Extended Producer Responsibility regulations, should be able to be used for material recycling by 2022. As members of the initiative, we commit to conducting an analysis of the current situation to estimate how large a proportion of Kockens’ plastic packaging can be recycled for materials, and to follow up and report to DLF Sweden on an annual basis.



The pie chart shows the proportion of plastic of the total volume of packaging material for products bearing the Kockens brand. It also shows what percentage of the plastic is recyclable for

At present, the development of sustainable packaging at Kockens is limited as there are no analyses of the overall climate impact of our packaging, but we have begun to look at which relevant method we can use to assess this accurately and effectively moving forward.

A few words in closing

This Sustainability Report has been examined and approved by KPMG in line with prevailing legislation.

If you have any questions regarding the Swedish Starch Producers Sustainability Report or how we conduct our sustainability work in our business areas Lyckeby, Solam, Culinar and Kockens, please contact Mia Henrysson, Sustainability Specialist, mia.henrysson@lyckeby.com.

