

BIOGAIA SUSTAINABILITY REPORT 2020



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ABOUT BIOGAIA

World leader in probiotic products

BioGaia is a Swedish world-leading probiotic company that has been at the forefront of microbiome research for more than 30 years. BioGaia develops, markets and sells probiotic products with documented health benefits. The company operates throughout the value chain, partly within the company and partly through global networks of leading, independent researchers and specialists, production experts and local distribution partners. The distribution partners are nutrition and pharmaceutical companies, selling BioGaia's products in more than 100 countries.

BioGaia's products contain strains of the lactic acid bacterium *L. reuteri* (*Limosilactobacillus reuteri*, formerly known as *Lactobacillus reuteri*). *L. reuteri* is one of few bacteria that has co-evolved with humans and because of this it naturally colonises and has a strong adaptation and interacts with us. To date, results from clinical studies with BioGaia's probiotic strains have been published in 214 articles in scientific journals, proving it effective and safe in children and adults.

BioGaia wants to contribute to better health in the world by developing and offering clinically-proven and user-friendly probiotic products.

► Mission

BioGaia's mission is to be the ground-breaking leader in probiotics and contribute to improved health by educating people and providing probiotic products for defined indications.

► Positioning

Food supplements with clinically-tested, high-quality probiotics that are sold through pharmacies and via online retail platforms. In most markets the products are recommended by doctors or other healthcare professionals. However, BioGaia is also meeting rising demand directly from consumers.

► BioGaia's class B shares

are listed on the Mid Cap segment of the Nasdaq OMX Nordic Stockholm exchange.

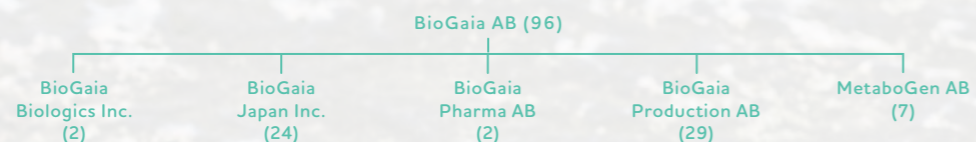
► Founded in 1990

by Peter Rothschild and Jan Annwall.

BIOGAIA GROUP

(number of employees December 2020)

BIOGAIA-GROUP (160)



MESSAGE FROM THE CEO

Promoting health is in our DNA. At BioGaia, we look beyond the direct health benefits of our products to include the impact of our business on the health of society as a whole as well as the health of our planet.

BioGaia's products are recommended by paediatricians and other healthcare professionals in more than 100 countries. Good health and well-being and the global development goal of "ensuring healthy lives and promoting wellbeing for all at all ages", are the very foundation of our business. But our sustainability work also includes efforts to reduce material consumption, improve resource efficiency and ensure an ethical approach to everything from research to business relations and marketing.

2020 put the spotlight on global health in an unprecedented way and the pandemic has placed limitations on BioGaia's employees and our partners across the globe. Nevertheless, in terms of sustainability 2020 has been a year of many decisive steps forward. We engaged employees across the company in defining the values that guide our business, which are reflected in the internal Code of Conduct implemented during the year. The Code not only includes our important ethical standards but also our sustainability ambitions and commitments. These are aligned with the UN Sustainable Development Goals (SDG), focusing on areas where BioGaia has the greatest potential to contribute. During 2020, we also implemented a whistleblower function and reached out to all employees in the Group with anti-corruption training.

A new life-cycle assessment of our products carried out during the year provides us with a better understanding of BioGaia's environmental impacts. This will enable us to focus our efforts on where the biggest changes can be made. The assessment has also allowed us to report an updated, more comprehensive carbon footprint and – as we have done since 2013 – we compensate for our emissions by buying offsets. But our responsibility does not end by buying offsets, we must also reduce our own emissions in the value chain.

To reduce our own emissions, our work to phase out palm oil is essential. In 2020 we have been able to introduce additional palm oil free products. We have also launched several new products, including vegan capsules and products free from gluten, lactose and milk protein. An increasing use of mono-material in the packaging and consumer communication to increase recyclability rates are other examples of small changes we have introduced during the year to improve our impact. We have also switched to renewable electricity for all of the Group's operations in Sweden.

Going forward, BioGaia will continue to work to completely phase out palm oil by 2025. Innovating sustainable packaging remains a priority, where our biggest challenge is to

reconcile the need to preserve the sensitive bacteria with an environmentally friendly packaging solution. In addition, we will also focus on achieving our new goal to reduce our emissions from business travel by 30%.

BioGaia's community engagement efforts remain important to us and we continue to support the Foundation to Prevent Antibiotic Resistance (PAR), as well as the Children's Mission and Dr Denis Mukwege, who was awarded the Nobel Peace Prize in 2018, with his important work at the Panzi Hospital in the Democratic Republic of Congo.

This is BioGaia's first stand-alone sustainability report, prepared in accordance with the Global Reporting Initiative Standards for sustainability reporting. We know that sustainability issues are of great interest to our stakeholders, and we are committed to providing transparent information on our work.

Our values are the cornerstone of our business and sustainability at BioGaia is the responsibility of everyone working for the company. I look forward to sharing our progress with you.

Isabelle Ducellier,
President and CEO, BioGaia



"BioGaia is committed to providing healthy products by continuously improving our sustainability performance, reducing the environmental impacts and ensuring products are researched, produced and sold in an ethical manner. To us, that is the hallmark of a healthy business."

BIOGAIA'S VALUE CHAIN

BioGaia conducts its own research as well as collaborating with a large external researcher network. Research includes everything from developing and improving methods for how probiotic cultures are produced to extensive pre-clinical and clinical research.

BioGaia also works strategically to identify new bacteria strains for the probiotics of the future.

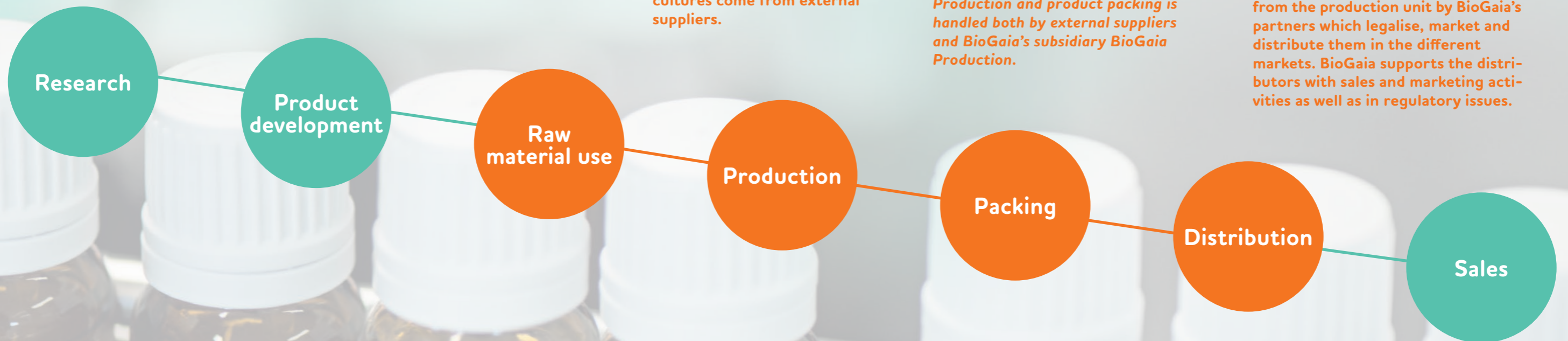
BioGaia's product strategy establishes the direction of the company's development. This includes identifying and deciding which new indications the company should invest in, handling and creating new patents and finding and analysing new product formulas and packaging solutions.

Raw materials, including product ingredients, material for packaging and bacteria cultures come from external suppliers.

In the supply chain, BioGaia takes care of logistics as well as quality assurance and control of products and production.

Production and product packing is handled both by external suppliers and BioGaia's subsidiary BioGaia Production.

The finished products are collected from the production unit by BioGaia's partners which legalise, market and distribute them in the different markets. BioGaia supports the distributors with sales and marketing activities as well as in regulatory issues.



Key sustainability events 2020



100% renewable electricity for the whole Group in Sweden

New life-cycle assessment and life-cycle tool to calculate environmental impacts from products



Greenhouse gas reporting developed and updated for 2020

BioGaia climate compensates for its emissions both for 2019 and 2020



A target is set to reduce emissions from travel by 30% with 2019 as base year



Everyone in BioGaia Group trained in anti-corruption



Whistleblower service implemented



New more sustainable products launched – vegan capsules, tablets and drops without palm oil and free from milk protein, gluten and lactose



Internal Code of Conduct implemented



BioGaia reports in accordance with the GRI Standards: core option



SEK 3.7 million to community involvement

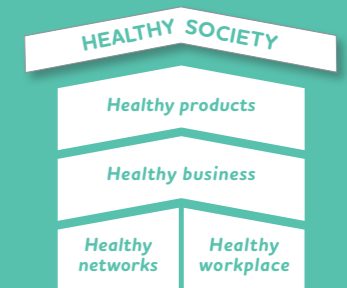


BIOGAIA CONTRIBUTES TO A HEALTHIER SOCIETY

BioGaia contributes to improved health by developing existing or creating completely new products, which are launched in new or existing markets, selling more “doses” and contributing to research within probiotics.

BioGaia strives for sustainability in all areas of the business and throughout the value chain and to make a positive impact at every stage.

BioGaia’s sustainability work is based on offering healthy products, which are developed through sound operations where BioGaia’s networks and employees provide the foundation.



	2018	2019	2020
INVESTMENTS IN R&D¹			
SEKm	100	105	105
SEK % of sales	13	14	14

	2018	2019	2020
SALES			
Number of markets	100	107	109
Number of doses sold (millions)	1,300	1,300	1,400 ²
Number of doses sold as finished products (millions)	526	547	537

¹ Costs by function including personnel expenses for BioGaia Group.

² Part of the difference from previous years is due to a difference in the amount of doses counted per weight of culture sold.

	2019	2020
COMMUNITY ENGAGEMENT		
Panzi Hospital	SEK 100,000	SEK 100,000
The Foundation to Prevent Antibiotic Resistance	SEK 3,200,000	SEK 2,800,000
Children’s Mission	SEK 500,000	SEK 500,000
Carbon Offset Project	SEK 244,000	SEK 322,000



HEALTHY PRODUCTS FOR EVERYONE

BioGaia contributes to the health and wellbeing of consumers around the world. By offering clinically-proven and user-friendly probiotic products that also consider environmental and social impacts, BioGaia strives to ensure products are healthy in every way.

Well-documented products & transparent product information

GRI 103-1

Materiality and boundaries

One of BioGaia's key strengths is the large number of well-executed independent clinical studies on the products. BioGaia invests in research on both new and existing products. Providing transparent information about the research strengthens stakeholder confidence in the brand and ensures consumers receive safe products with the benefits they seek. BioGaia's probiotic strain, *L. reuteri* DSM 17938, is the world's most scientifically studied probiotic bacterium that remains patented.

GRI 103-3

Progress and priorities going forward

BioGaia has been able to continue ongoing research as planned throughout 2020 with only some delays due to the COVID-19 pandemic. 16 additional articles have been published. As a member of IPA EU, during the year BioGaia has also worked to establish a harmonised legal status for probiotics in the EU, framing the communication on probiotics towards consumers.

GRI 103-2





Assessed according to international scientific criteria

BioGaia requires robust clinical scientific documentation on safety and efficacy of the strain or strain combination used in a product. To ensure that the company's products are of the highest quality and that they comply with international criteria for probiotics, BioGaia applies the International Scientific Association for Probiotics and Prebiotics (ISAPP) criteria for probiotic products, including how these should be labelled, see table to the right "Criteria for probiotics and BioGaia's assessment of level of compliance".



BSD 1

Published clinical articles per strain combination

	Strain or strain combination	Published articles	
		2019	2020
Protectis 	<i>L. reuteri</i> DSM 17938	144*	153*
Prodentis 	<i>L. reuteri</i> DSM 17938 & <i>L. reuteri</i> ATCC PTA 5289	45	53
Gastrus 	<i>L. reuteri</i> DSM 17938 & <i>L. reuteri</i> ATCC PTA 6475	6	6
Osfortis 	<i>L. reuteri</i> ATCC PTA 6475	1	1
Published articles on studies with BioGaia's probiotic strains**			
Total studies (including studies of products yet to be commercialised)		198	214

* Including articles with the mother strain *L. reuteri* ATCC 55730

** Total number of published studies as of end of 2020.

BSD 2

Criteria for probiotics and BioGaia's assessment of level of compliance

ISAPP's criteria	BioGaia's level of compliance with the criteria	ISAPP's criteria	BioGaia's level of compliance with the criteria
Backed by science	✓ All BioGaia's products are well documented in a total of more than 214 published clinical studies in all age groups, of which over 30 are safety studies.	Names of the microbes	✓ BioGaia always states the genus, species and strain on the package, in scientific contexts and in market communication.
Provides an effective dose	✓ BioGaia always uses the same quantity of bacteria per dose in products as has been used in clinical studies.	CFU	✓ BioGaia guarantees the quantity of live organisms (CFU content**) per dose at the expiration date for all products.
Provides the benefit I'm seeking	✓ BioGaia's probiotic strains have been studied for several different conditions, such as colic, functional abdominal pain, constipation, side effects of antibiotics, diarrhoea and to prevent infection.	Suggested dose or serving size	✓ BioGaia always states the suggested dose on the package.
It's safe for me	✓ All BioGaia's strains have Qualified Presumption of Safety status (QPS), for more information see EFSA*. Safety for BioGaia's strains has been the subject of more than 30 studies.	Proper storage conditions	✓ BioGaia always specifies how the product should be stored.
		Company contact information	✓ Contact information is always on the package.

* EFSA, the European Food Safety Authority is an agency with the primary purpose of advising legislators in the European Union on matters relating to food safety.

** CFU = Colony Forming Units.



Product safety and quality

GRI 103-1

Materiality and boundaries

For consumer confidence and the experience of using BioGaia's products it is critical that the products are safe and meet quality demands and expectations. BioGaia's view is that quality contributes to competitive products and customer loyalty as well as efficient processes.

Quality is a key consideration throughout the value chain, from ensuring that research on product benefits is reliable, that there is a consistent production process to the fact that the product maintains its high quality when delivered to the customer.

BioGaia's applied control in the value chain commensurate with the risk of impacting the safety and quality of the product. Therefore, BioGaia applies significant direct control in the production phase, and more indirect control once the finished product has been sold to distributors and then later sold at resellers' outlets.

GRI 103-2

Quality Management

BioGaia Quality Management System defines the company's way of working to ensure the safety and quality of the products and is described in the BioGaia Quality Manual. This includes ensuring high quality clinical studies, quality assurance of daily systems and activities, building quality aspects into product development and production processes, as well as for outsourced activities and purchasing.

BioGaia Quality Standard is a component within the Quality Management System and defines the attributes that BioGaia takes into consideration. These include, for example, how BioGaia complies with applicable laws and regulations related to safety and quality of food supplements, customer demands, raw material requirements and manufacturing standards, as well as scientific and technical requirements.

In addition to the BioGaia Quality Standard, BioGaia also applies the systematic preventive approach to food safety known as HACCP (Hazard Analysis and Critical Control Points) in which the production processes are analysed with respect to biological, chemical and physical hazards that may cause the product to be unsafe and control measures taken to reduce these risks to a safe level.

Controls in production

Production and related controls, at contract manufacturers as well as in our own production unit, BioGaia Production, take place according to standardised processes and routines and by employees with relevant training in quality and product safety.

BioGaia checks every single batch that is produced against the applicable requirements and determines whether it is fit for intended use. When applicable, precautionary testing for aspects impacting the quality and safety is carried out. For example, such testing can include, but is not necessarily limited to, verification that the products contain the specified quantities of probiotic bacteria and are not contaminated with objectionable contaminants. The testing is either performed by qualified third parties or by BioGaia's in-house laboratories.

Audits

BioGaia monitors contract manufacturers' compliance with the applicable quality requirements through documented reviews and periodic audits, where any identified non-conformances, complaints and quality issues are reviewed and acted upon as appropriate. These audits also ensure that any action plans are satisfactorily developed and progressed as necessary. The focus is on preventive measures as well as verifying that appropriate training is performed. Technology and knowledge transfer are provided to suppliers when a new or modified product, process or methodology so requires.

Certifications

BioGaia's manufacturers are, when applicable, certified according to the appropriate standards for good manufacturing practice for the product in scope. BioGaia's internal production facility, BioGaia Production, is certified by the Swedish Medical Products Agency according to the appropriate standard for good manufacturing practice (GMP) for pharmaceutical products. BioGaia's contract manufacturers are certified either according to good manufacturing practices for food supplements (e.g. ISO 22000) and/or pharmaceuticals.

BioGaia has never needed to recall products already distributed to consumers.

GRI 103-3

Evaluation of the management approach

During the year, significant efforts were made to verify the suitability of the applied BioGaia Quality Standard, the HACCPs and the monitoring programme for contaminants. By reviewing these programmes several improvement opportunities were identified to make the work more effective and efficient while maintaining and further improving product safety and quality. The work has in 2020, for example, resulted in the implementation of a process that enabled BioGaia to ensure that the majority of the Protectis portfolio meets the requirements for labelling of free from lactose, milk and gluten according to requirements in EU regulations. In 2021 this work continues for the remaining product families as well as the implementation of additional improvements identified through the work.

BSD 3

Number of recalls

	2018	2019	2020
PRODUCT QUALITY AND PRODUCT SAFETY			
Number of recalls*	0	0	0

*Definition: Withdrawals of products from customers due to product safety issues





Material and raw material use

GRI 103-1

Materiality and boundaries

In order for BioGaia to contribute to a healthier society, it is essential that the products are not just health-promoting for the user, but also that the impacts on the surrounding community are considered.

The impact of BioGaia's products largely arises in the supply chain. Through BioGaia's choice of raw materials and raw-material suppliers, BioGaia can influence both social issues and environmental impact. A significant part of BioGaia's environmental impact is also derived from the production of the products (processing and packaging of the products and used raw material).

GRI 103-2

Product development

BioGaia strives to improve the products from an overall sustainability perspective. The ambition to integrate social and environmental considerations in product development is stated in BioGaia's internal Code of Conduct.

To guide this process, BioGaia together with external consultants conducted a new life-cycle assessment during 2020, covering both the packaging and the ingredients used in the products. In connection with this work, a tool has been developed to enable the assessment of the environmental impact of a product. The tool will enable BioGaia to better assess environmental impacts of decisions made early in product development. The initiative has also resulted in more accurate data on the company's environmental impact.

Packaging

The result from the life-cycle assessment confirmed that a significant part of BioGaia's environmental impact stems from product packaging. More sustainable packaging is therefore a prioritised area and work to identify new solutions continued during 2020. The challenge is to find a packaging solution that can be produced in a more sustainable way, with sustainable materials and with low negative impact at end-of-life, without compromising on the need to safeguard product quality and shelf-life.

During 2020, the recyclability of each packaging was assessed for improvements. Initiatives have been taken to improve recyclability by moving towards more mono-materials. For instance, the material of the product label on the container was changed to reduce the risk of the packaging ending up in the wrong waste stream. The recycling information on the packaging has been improved in Sweden and the ambition is to implement this in other markets in the coming years.

Raw material – phase-out of palm oil

The life-cycle assessment also concluded that a significant part of BioGaia's environmental impact stems from the production of product ingredients. This part is almost as big as the impact from packaging. The ingredient with the biggest total impact by far is palm oil, which is currently used in some of BioGaia's products. The production of the ingredient has a significant impact on both people and the environment. However, BioGaia is working on phasing out palm oil completely. In 2020, several new versions of tablets and oils that previously contained palm oil as an ingredient were launched without this raw material. Remade product versions without palm oil were launched in Sweden, Finland, Australia, the USA and the Czech Republic. At the end of 2020, BioGaia could offer approximately 70% (35%) of the company's product range in variants without palm oil. For the amount of palm oil used today, BioGaia buys credits from RSPO-certified independent smallholders in accordance with RSPO's Book and Claim system.

BioGaia aims to have developed new versions of all products that currently contain palm oil by 2023, and to stop selling any products with palm oil as an ingredient by 2025. The task of phasing out palm oil is challenging since BioGaia must ensure that the transition does not compromise the products' quality or stability. With operations in over 100 markets, phasing out also takes time.

GRI 103-3

Progress and priorities going forward

The conducted life-cycle assessment has provided valuable insights into how BioGaia can work to reduce the company's environmental impact. BioGaia aims to utilise the knowledge gained to continue to improve the company's impacts. This includes for example using more sustainable ingredients, choosing suppliers with more sustainable processes and identifying a new, more sustainable packaging solution for the products.

GRI 305-1 & BSD 4

Emissions from ingredients

	2018	2019	2020
Ingredients **			
Tonnes CO ₂ equivalents	656	644	637
Grams CO ₂ equivalent per dose	1.2	1.2	1.2

GRI 305-1 & BSD 5

Emissions from packaging materials

	2018	2019	2020
Emissions from the production of packaging materials (Tonnes CO ₂ equivalents)*	664	694	647
Emissions including end-of-life and transport	825	874	812
Grams CO ₂ equivalent per dose*	1.2	1.3	1.2
Grams CO ₂ equivalent per dose including end-of-life and transport	1.5	1.6	1.5

** Average quantity of palm oil per dose (mg) for all products, including products without palm oil, has not changed as sales of products without palm oil have not yet been introduced in most markets and are now still about 68-69 mg per dose on average between 2017-2020.

* Data revised from previous report due to new result from new life-cycle assessment

GRI 301-1

Materials used by weight or volume

	2018	2019	2020
Glass (tonnes)	279	264	230
Plastics - mainly PE (tonnes)	75	79	76
Paper (tonnes)	180	190	177
Aluminium (tonnes)	25	24	23

GRI 301-2

Recycled input materials used

The amount of recycled glass used was 54% in 2019 and 2020. The data is based on sales. Waste during production is not included. Data includes primary and secondary packaging as well as packaging used in intermediate processes.



SUMMARY HEALTHY PRODUCTS

WELL-DOCUMENTED PRODUCTS AND TRANSPARENT PRODUCT INFORMATION

RISKS

- Confidence and brand risks related to the products' health effects, inadequate information and labelling of BioGaia's products

GOVERNANCE/POLICIES

- Prior to a product launch, BioGaia requires robust clinical documentation, including randomised placebo controlled trials
- Compliance with ISAPP's criteria for probiotic products
- Contractual conditions that require distributors' labelling of the product to be correct and in accordance with existing scientific documentation

OUTCOME 2020

- In BioGaia's opinion, 100% of products comply with ISAPP's criteria
- During the year 16 new articles with BioGaia's strains have been published which has led to further improved knowledge about these strains and how they contribute to wellness

OBJECTIVES 2021

- Continue the work to establish a harmonised legal status for probiotics in the EU, framing the communication on probiotics towards consumers

PRODUCT QUALITY AND PRODUCT SAFETY

RISKS

- The product does not fulfil legal requirements for food supplements, objectional contaminants and/or BioGaia's Quality Standard

GOVERNANCE/POLICIES

- A formalised Quality Management System, including:
 - BioGaia Quality Standard for product development and manufacture
 - Formalised risk assessments of product safety and quality e.g. HACCPs
 - Formalised supplier assessments and audits
 - Supplier Code of Conduct
- Independent Quality unit

OUTCOME 2020

- The majority of the Protectis portfolio meets the requirements for labelling of free from lactose, milk and gluten according to requirements in EU regulations
- 0 (0) product recalls

OBJECTIVES 2021

- Remaining product portfolios to be formally determined to be declared allergen free

MATERIAL USE, RAW MATERIALS

RISKS

- Purchase of certain ingredients indirectly supporting environmental degradation and violations to human rights
- Using certain packaging materials that contribute to pollution and waste generation, affecting the environment and human health negatively

GOVERNANCE/POLICIES

- Internal Code Of Conduct
- Targets and follow-up to phase-out of palm oil in products
- Targets and follow-up of development work on sustainable packaging
- Internal communication about the impacts of different ingredients and packaging materials

OUTCOME 2020

- Launched five new products in 2020, all without palm oil
- At year-end 2020, BioGaia could offer 70% (35%) of the company's product variants without palm oil as an ingredient
- Project team established and project initiated to identify more sustainable packaging solutions
- Conducted an updated life-cycle assessment that also included ingredients
- Built tool to assess life cycle impact of future products
- Assessed recyclability of current packaging solutions

OBJECTIVES 2021

- Continue to develop all products that currently contain palm oil to variants that are palm oil free
- Continue to introduce palm oil free product versions in all markets
- Continue work on strengthening the product development process to more clearly take sustainability aspects into account
- Further evaluate recycling features of packaging solutions used
- Continue development work within more sustainable packaging

ACHIEVEMENTS 2020 COMPARED TO SET AMBITIONS/GOALS

	DID WE DO IT?	COMMENT
Continue to work towards being able to better inform consumers about product benefits and areas of application.		Ongoing work to establish a harmonised legal status for probiotics in the EU, framing the communication on probiotics towards consumers.
Phase out all products that contain palm oil as an ingredient in all markets by 2025.		Five new product without palm oil launched in five markets.
Evaluate sustainability impacts of raw materials.		A life-cycle assessment was conducted on ingredients and packaging materials used for the products.
Start work on strengthening the product development process to more clearly take sustainability aspects into account.		<ul style="list-style-type: none"> • Ambition stated in the internal Code of Conduct • Life-cycle assessment conducted that provides insights into the impact of different raw materials used • Life-cycle assessment -tool developed to facilitate assessment of future products, ingredients and packaging solutions
Continue development work within packaging.		A project team has been established and project initiated.
Develop a strategy for more sustainable packaging.		The life-cycle assessment was the initial step. The next step will be to develop a strategy based on acquired knowledge.



A HEALTHY BUSINESS

Ensuring good business ethics, taking a clear stand on respect for human rights and taking responsibility for the impact of the company's operations are fundamental to sustainable growth and value creation.

BioGaia's values are the cornerstones of the business and help to ensure that all employees embrace the highest standards in all actions. During 2020 BioGaia has invested in company culture, values and leadership development. All employees have been engaged in the work of defining new company values (see Healthy Workplace, page 32).

In 2020 BioGaia also developed and presented an internal Code of Conduct for employees. This includes the company's ethical standards, sustainability ambitions and commitments. The code serves as a guideline for all employees and is also a statement of corporate values and commitments.

Responsible marketing

BioGaia is committed to only make claims about its products that are truthful, accurate, clearly distinguishable and balanced, as well as only market its products with health claims and health benefits that are legally allowed and supported by clinical studies. BioGaia also requires distributors of its products to only make claims that are legally allowed and supported by research. If BioGaia becomes aware of any risks related to using its products the company is committed to being transparent to the market and consumers.

Anti-corruption and anti-bribery

GRI 103-1

Materiality and boundaries

Corruption is universally regarded as one of the major threats to both social and economic development, as it leads to the misallocation of resources, as well as undermining the rule of law and trust among stakeholders.

BioGaia is a global company, present in markets across the world with varying degrees of corruption risk*. It is essential that employees are aware of and prepared to manage these in relation to the industry and the regions in which the company operates.

* BioGaia does not have any revenue from government contracts

GRI 103-2

Policy and training

To guide employees, BioGaia has a policy for anti-bribery and anti-corruption that covers the whole Group. The policy includes the company's definitions of bribes, corruption and conflict of interest as well as overall guidelines for what is acceptable behaviour and channels for incident reporting.

Anti-corruption is highly prioritised and is the operational responsibility of a member of Executive Management. The Board of Directors holds the ultimate responsibility for business ethics and anti-corruption in the organisation.

Training of employees in anti-corruption is held annually. This includes information on the impact of corruption on societies, the anti-corruption policy, existing laws and regulations and open discussions to give employees an opportunity to discuss challenging situations and identify risks.

BioGaia's target is for all employees in the Group to receive training annually. During 2020, 100% (97%) of the Parent Company and 100% (86%) of employees in the Group received training. No corruption incidents were reported in 2020.

Whistleblower system

In 2020, BioGaia implemented a whistleblower system where employees and external parties can report perceived anomalies anonymously. The system is available through BioGaia's external website in Swedish and English. The system, and the company's guidelines for the system, were presented to all employees during the spring. The team responsible for managing reported incidents in the system includes a representative from the board of directors and representatives from the human resources, legal and sustainability departments. No substantiated incidents were reported to the system during 2020.

GRI 103-3

Progress and priorities going forward

The anti-corruption training has reached more employees this year, in part due to the training being conducted online as a consequence of the pandemic. BioGaia's ambition for 2021 is to further develop the training, and develop a web-based training. Additional steps will also be taken to evaluate specific risks in different parts of the business and for different roles in the organisation. Communication to employees regarding the whistleblower system will continue.

GRI-205-2

% of employees communicated to and trained in company anti-corruption and anti-bribery policy

	2018	2019	2020
BIOGAIA AB			
BioGaia AB	100%	97% (94)	100% (96)
Management team	100%	100% (10)	100% (10)
Employees	100%	97% (84)	100% (86)
BioGaia Group			
BioGaia Group	63%	86% (135)	100% (160)
Management*	-	100% (12)	100% (18)
Employees	-	78% (123)	100% (142)

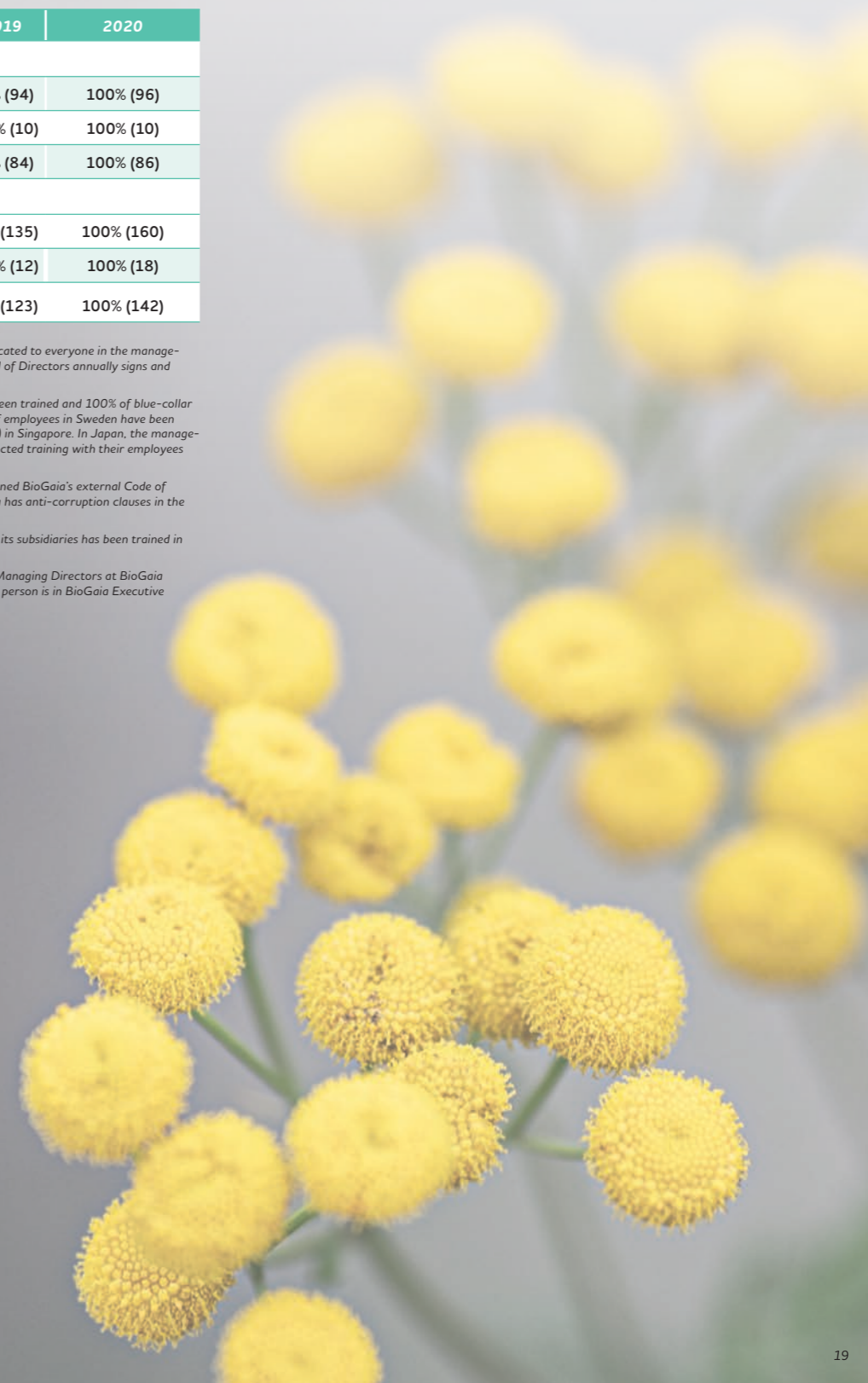
• Anti-corruption policies and procedures have been communicated to everyone in the management teams both at BioGaia AB and its subsidiaries. The Board of Directors annually signs and reviews all policies.

• 100% of all white-collar employees in BioGaia Group have been trained and 100% of blue-collar employees (at BioGaia Production) have been trained. 100% of employees in Sweden have been trained and 100% (2 persons) in the USA and 100% (2 persons) in Singapore. In Japan, the management team has been provided with training material and conducted training with their employees in Japanese.

• See data on suppliers, distributors and partners that have signed BioGaia's external Code of Conduct including anti-corruption clauses. In addition, BioGaia has anti-corruption clauses in the standard contract templates.

• Everyone in the management teams both at BioGaia AB and its subsidiaries has been trained in company anti-corruption policies and procedures.

* Management is Executive Management at BioGaia AB (10), Managing Directors at BioGaia Pharma (1), MetaboGen (1) and BioGaia Production (0 - same person is in BioGaia Executive Management) as well as the management team in Japan (6).





Environmental impact of operations

GRI 103-1

Materiality and boundaries

Climate change is one of the most defining issues of our times. It is evident that taking action to reduce greenhouse gas emissions is crucial for long-term survival, for businesses and for society at large.

BioGaia aims to get a comprehensive understanding of the company's emissions throughout the whole value chain with the main purpose of identifying and acting where the company can have the biggest impact.

GRI 103-2

Consideration and continuous improvements

The new internal Code of Conduct includes the principle of considering environmental impact in all decisions, when choosing suppliers and raw materials for instance. BioGaia also conducts annual calculations of the company's greenhouse gas emissions, which result in a better understanding of where the biggest impacts on the environment occur which helps to identify improvement possibilities.

100% renewable electricity

As of 2020, all electricity delivered to BioGaia Group's operations in Sweden is renewable. This switch amounts to a reduction of about 30 tonnes of CO₂ equivalents or more per year based on energy used in offices and production facilities in 2019.

A tool to better assess environmental impacts

In 2020, a new life-cycle assessment was conducted that has provided a more comprehensive understanding of the impact from the business. A tool based on these findings was developed which enables BioGaia to assess the environmental impact of future products and estimate the impact from the company's total range of products. The assessment also includes data on other environmental impacts such as acidification, eutrophication, etc., that enable BioGaia to consider a wider range of impacts. The life-cycle report and tool are expected to be valuable in developing the company's strategy to reduce environmental impacts going forward.

Improved greenhouse gas reporting

Improvements in reporting capabilities mean that BioGaia can now report emissions from the most recent year, 2020, which will make it easier to integrate environmental considerations in the current business strategy.

Company reporting of emissions from business travel has been improved for more timely access to data. The calculations on emissions from products have also been reviewed with the help of the new life-cycle assessment. Emissions from ingredients that have previously not been included in the company's estimated carbon emissions have been included based on the result from the assessment. The estimated carbon footprint for 2019 and forward is therefore significantly higher than that reported in previous years (emissions in 2018).

BioGaia will continue to develop and improve the reporting and accuracy of data, focusing on emissions from transportation, waste and emissions at BioGaia's suppliers.

BioGaia buys climate offsets for both 2019 and 2020

The Group's climate impact is mainly caused by product packaging, ingredients and business travel (air travel). Calculations show that during 2019 the Group caused emissions amounting to 2,660 tonnes (2,500 in 2018) and 1,683 tonnes in 2020. The significant decrease in 2020 is mainly due to less travel as a result of the pandemic but the switch to renewable energy also contributes. For more details about emission categories included and estimation methods, see page 52.

All of the estimated emissions for both 2019 and 2020 were offset by buying offsets from Burn Manufacturing, a Gold Standard certified project that provides people with fuel-efficient cooking appliances. The Gold Standard is a standard that works to ensure that carbon credits are real and verifiable and that projects make measurable contributions to sustainable development. BioGaia has purchased climate offsets for the company's emissions since 2013. For more information about the climate offset project, see section *Community Engagement* on page 43.

GRI 103-3

Progress and priorities going forward

Ingredients As palm oil is a major contributor to BioGaia's carbon footprint the work to phase out palm oil is a priority. The phase-out of palm oil from the products is estimated to result in a reduction of more than 150 tonnes greenhouse gas emissions per year, based on sales figures in 2019. The reductions in emissions from the new palm oil free products launched in 2020 have not yet been realised but are expected to be more visible as sales of these products increase.

Packaging Product packaging is also one of the main emission sources from BioGaia's business and as described on page 14-15, *Material and raw material use*, the work to identify packaging solutions that are more environmentally friendly was intensified during 2020. However, the total environmental impact of the work is at this stage too early to predict. In addition, improvements made during 2020, mentioned in the same section, are difficult to quantify.

Business travel Another major part of BioGaia's climate emissions normally stems from business travel but due to the pandemic this has been very limited during 2020. The situation has fast forwarded the digital transformation and BioGaia aims to maintain certain activities online to a greater extent even after restrictions are relaxed. For this, BioGaia has invested in a new video conferencing system that is more appropriate for remote access than the former one. Additional improvements and investments to make remote meeting and working more seamless and flexible will be made in 2021. Clear policies for business travel are also planned for 2021. To ensure emissions from travel stay low also after the pandemic the management team has decided to set a target of reducing emissions from travel by 30% with base year 2019⁴.

Other emissions in the supply chain When conducting the life-cycle assessment several additional potential opportunities for improvement were identified, both at direct suppliers and by changing certain input materials for the products. These opportunities will be further explored in 2021.

³ Previous year 1,874 tonnes of CO₂ equivalent were reported but that calculation did not include the emissions from production of ingredients in the products. New estimates based on life cycle data have been able to calculate emissions from ingredients in previous years as well, e.g. 2018.

⁴ Goal definition: Average emissions per sales volume should be 30% lower between 2021-2025 than in 2019.





GRI 305-1, GRI 305-2, GRI 305-3

Greenhouse gas emissions

TONNES CO ₂ EQ.	SCOPE 1			SCOPE 2			SCOPE 3		
	2018	2019	2020	2018	2019	2020	2018	2019	2020
BioGaia AB	0	0	0	7	9	2	2,350	2,558	1,605
BioGaia subsidiaries	7	9	9	54	57	30	88	52	55
BioGaia Group total	7	9	9	61	66	32	2,438	2,609	1,661
Total after carbon offsetting	0	0	0	0	0	0	632***	0	0

EMISSIONS PER CATEGORY (scope and scope 3 category in parenthesis)

TONNES CO ₂ EQ.	2018	2019	2020
Electricity, cooling and heating - market-based* (scope 2, 3)	64	69	36
Product ingredients (1, 10)	656	644	637
Product packaging** (1)	664	696	647
End-of-life treatment of packaging (12)	96	108	102
Transportation of raw materials (4)	65	69	63
Commuting (7)	121	143	33
Business travel (6)	828	939	170
Other (office materials & owned cars) (1, 2 & scope 1)	13	14	15
BioGaia Group total***	2,506	2,684	1,702
Total climate impact after carbon offsets	632***	0	0

	2018	2019	2020
Electricity, cold and heat - location-based	41	58	56

* includes scope 2 and 3 emissions from electricity, heating and cooling.

** Includes emissions from both direct and intermediate packaging used when producing products.

*** In 2018 BioGaia compensated for all known emissions but in 2018 emissions from ingredients were not known and therefore not compensated for.

CALCULATION METHODS

- The calculation method was updated in 2020 and emissions differ significantly from what has been reported in previous years because new estimates have been developed and the additional emissions from ingredients have been added.
- Emissions have been calculated based on the GHG-protocol guidelines.
- Average emissions per employee were, before carbon offsets are accounted for, 17.5 tonnes per person in 2019 and 10.8 in 2020
- Emission factors that normally include the following greenhouse gases: carbon dioxide (CO₂), carbon monoxide (CO), methane (CH₄), nitrous oxide (N₂O) and hydrofluorocarbons (HFC) have been used. Emission factors used come from IEA, DEFRA, AIB and factors from sources used by the life-cycle tool, SimaPro. The life-cycle assessment uses the IPCC Global Warming Potential (GWP) 2013 100-year method.
- BioGaia applies operational control as the consolidation approach for emissions.



SUMMARY HEALTHY BUSINESS

ANTI-CORRUPTION AND ANTI-BRIBERY

RISKS

- Corruption/bribes when selling products to distributors
- Corruption/bribes when making large purchases
- Lack of independence from researchers and doctors

OUTCOME 2020

- 100% (100%) of employees in BioGaia AB and 100% (86%) in the BioGaia Group have attended anti-corruption training
- Whistleblower system implemented and presented to employees
- 0 (0) incidents related to corruption were reported

GOVERNANCE/POLICIES

- Policy for anti-corruption and anti-bribery
- Annual training in anti-corruption for employees
- Whistleblower service

OBJECTIVES 2021

- Further develop anti-corruption training and continuously assess related company risks

ENVIRONMENTAL IMPACT OF OPERATIONS

RISKS

Environmental risks

- BioGaia's operations emit greenhouse gases that cause climate change with temperature increases, extreme weather, increased water levels, crop failure, etc.

Company risks

- Reduced confidence in the brand if climate work is perceived as inadequate
- Increased costs for emissions due to changes in legislation, raw material prices, etc.
- Physical risks caused by climate change especially in the supply chain (e.g. droughts that lead to crop failure and thereby availability of raw materials, water scarcity, storms and flooding that damage buildings and infrastructure)

OUTCOME 2020

- Operations have caused greenhouse gas emissions corresponding to 2,500 tonnes CO₂ equivalent in 2019 and 1,600 tonnes CO₂ equivalent in 2020, which have been climate compensated for
- The calculation model for emissions was updated based on new data from life-cycle assessment
- For 2020 and forward BioGaia buys green electricity for all operations in Sweden
- Ongoing development project for more sustainable packages
- During 2020 the company reporting of business travel has been improved for more accurate and timely data on carbon emissions from the business

GOVERNANCE/POLICIES

- Annual calculation of the company's greenhouse gas emissions
- Target to reduce business travel by 30% with base year 2019
- Targets and follow-up of development work with sustainable packaging
- Targets and follow-up of phasing-out palm oil in products

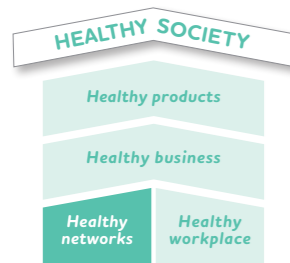
OBJECTIVES 2021

- Develop guidelines for business travel
- Continue development work within more sustainable packaging
- Continue work to phase out all products that contain palm oil
- Further develop BioGaia's understanding of the company's carbon emissions
- Further explore improvement opportunities at suppliers identified through life-cycle assessment

ACHIEVEMENTS 2020 COMPARED TO SET AMBITIONS/GOALS

	DID WE DO IT?	COMMENT
Further develop anti-corruption training.	✓	The anti-corruption training has been further developed and all subsidiaries have been trained this year.
Implement a whistleblower function.	✓	A whistleblower system for the whole Group was implemented in the spring of 2020 and can be accessed through the external BioGaia website.
Review and further develop existing video conferencing systems.	✓	BioGaia has invested in a new video conferencing system that is more appropriate for remote access than the former one.
Set targets for reduction of greenhouse gas emissions with concrete initiatives.	🔄	<ul style="list-style-type: none"> • A target has been set to reduce travel by 30% from emission levels in 2019 in the next five years • It has not yet been possible to set aspecific target for packaging. • The quantitative effect from phasing out palm oil is now better known (more than 150 tonnes per year).
Develop policy for business travel.	✗	Due to the pandemic, finalising a travel policy was not given priority. The aim is to introduce this in 2021.





HEALTHY NETWORKS

BioGaia's international networks of researchers, suppliers and distributors are key to the business model and the company strives to increase sustainability performance through partnerships and collaborations in the value chain.

Responsible suppliers

GRI 103-1

Materiality and boundaries

It is important that BioGaia contributes to the improvement of suppliers' sustainability work since most of the company's impact stems from the supply chain. By placing demands on suppliers and prioritising the use of more sustainable materials BioGaia can have a significant positive impact. By contrast, a lack of risk management in the supply chain may result in the company unintentionally supporting operations not in line with the company's values.

In addition to the subsidiary BioGaia Production, BioGaia has external suppliers for production and product packaging as well as culture manufacture and analysis services in Sweden, Denmark, Belgium, Italy, Spain and the USA. The direct suppliers of ingredients for the products are mainly in Europe and the USA. However, BioGaia has second-tier suppliers from other parts of the world. Research is conducted mainly together with universities located in Europe and North America.

GRI 103-2

Responsibility for impacts along the value chain

According to BioGaia's Code of Conduct, impacts along the value chain should be subject to continuous improvement. BioGaia is committed to working to ensure that suppliers and partners adhere to standards of business conduct consistent with those of BioGaia. This includes compliance with laws, regulations, international agreements on human rights and decent working conditions according to internationally accepted labour standards (e.g. ILO). If unethical behaviour and/or non-compliance is detected in the value chain, it should be reported and acted upon. Improvements within sustainability at BioGaia's suppliers or partners should be recognised and encouraged.

Risk assessments and follow-up

Having long-term, close relationships with a relatively small number of suppliers, allows closer collaborations and greater insight, which reduces sustainability risks in BioGaia's supply chain.

BioGaia conducts its work on sustainable sourcing through a risk-based assessment, the Supplier Code of Conduct, dialogue and monitoring. The Supplier Code of Conduct specifies BioGaia's minimum requirements within areas such as human rights, working conditions, environment, business ethics and anti-corruption and forms part of the contract with BioGaia's suppliers for analytical services, critical ingredients and contract manufacturers.

Suppliers with an assessed higher risk, based for example on spend or region of operation, are requested to complete a self-assessment in respect of the requirements in the Supplier Code of Conduct. These are then monitored jointly by BioGaia and the supplier and followed-up as part of the periodic audits (*Product safety and product quality*, page 12). Sustainability impacts are also managed continuously in the ongoing dialogue with the suppliers.

5. Suppliers of chemical and microbiological analyses for BioGaia AB

GRI 103-3

Progress and priorities going forward

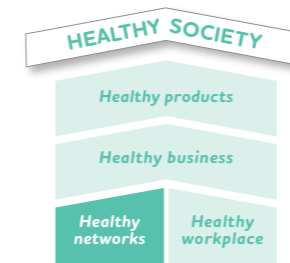
By the end of 2020, 100% (100%) of BioGaia's suppliers of analytical services, contract manufacturers and culture producers had signed up to the Code of Conduct or presented their own equivalent version. During 2020 no new suppliers of these services were contracted in regions with higher risk, which means no new assessments have been carried out.

As part of the life-cycle assessment conducted during the year, a large amount of data was collected from BioGaia's suppliers. In the process, significant impact areas and possible opportunities for collaborations to reduce greenhouse gas emissions were identified and will be further explored during 2021.

BSD 6

% Key suppliers that have signed the Supplier Code of Conduct that have signed the Supplier Code of Conduct

	2018	2019	2020
Contract manufacturers	100%	100%	100%
Analysis services	85%	100%	100%



Responsible partners

GRI 103-1

Materiality and boundaries

It is important that BioGaia's distributors conduct their business responsibly since they directly impact how the products are distributed and marketed to consumers. The distributors are, among other things, responsible for ensuring that BioGaia's products comply with local laws and regulations in their respective markets.

Compliance with local laws and regulations

As part of BioGaia's distribution agreements, distributors commit to, and assume full responsibility for, meeting all legal requirements in the local markets. However, to support distributors and ensure compliance in the respective markets, BioGaia's experts collaborate closely with their opposite numbers at the local distributors. Additionally, BioGaia requires that distributors only make claims supported by research, regardless of whether any other claims are allowed in the local market.

Code of Conduct for partners

In 2018, BioGaia implemented a Code of Conduct for its approximately 80 distribution partners, which further specifies BioGaia's expectations and requirements. At the end of 2020, 90% (85%) had signed up to the Code of Conduct. The ambition is that the remaining partners will have signed up to the Code of Conduct or presented their own equivalent by the end of 2021.

Progress and priorities going forward

BioGaia is currently working on developing the sales process to be able to further assess distributors' sustainability performance. During 2020 BioGaia implemented a formal process to assess distributors in high-risk regions using an external tool.

BSD 7

% Distributors that have signed the partner Code of Conduct

	2018	2019	2020
Distributors	40%	85%	90%





**Responsible research
(ethics and safety in clinical trials)**

GRI 103-1

Materiality and boundaries

BioGaia has built a unique network of international researchers with whom the company collaborates to conduct research. It is important that the research BioGaia is involved in is carried out in a transparent, independent and ethical manner, both for the sake of the participants and for the reliability of the results. BioGaia's level of control over the research conducted with the company's strains and products varies, from being highly involved, to only providing study products, to in some circumstances not having any influence at all.

GRI 103-2

Code of Conduct and international principles guiding ethics

All research, pre-clinical and clinical, which BioGaia is involved in should comply with the highest possible ethical standards. The researchers should adhere to international and national legislation as well as the Helsinki Declaration's ethical principles for medical research when applicable.

BioGaia's high level ethical research policies are stipulated in the company's internal Code of Conduct and the specific requirements are stipulated in the research contracts. BioGaia's research partners are encouraged to apply the highest ethical standards in all pre-clinical and clinical research.

For research in humans sponsored by BioGaia, local ethical approval must be obtained prior to study start. All participants must be informed of the study and be willing and able to give written informed consent for participation. Participants can discontinue freely at any time, for whatever reason, without affecting their right to an appropriate follow-up investigation or future care. Pre-clinical studies in animals must be justified and the principles of the 3R's – replacement, reduction and refinement – must be applied.

BioGaia encourages transparent results from researchers. The studies must be registered on a public website such as ClinicalTrials.gov prior to study start.

GRI 103-3

Progress and priorities going forward

During 2020, BioGaia has further developed the company's policies in relation to research and specified in greater detail what BioGaia and its research partners should comply with and aim for. This work has resulted in additions to policy documents and updates of standard research contract templates.

Additionally, BioGaia's patent team has implemented a process where the potential adverse health impacts due to patent enforcements are considered in the patent registration process. However, due to the type of product and a focused patent registration strategy the risk of adverse impacts is considered low.

Moving forward, BioGaia will evaluate how it can further develop and specify its own policies as well as the need for implementing additional methods to ensure and/or influence its research partners to comply with the highest ethical standards within research.



SUMMARY HEALTHY NETWORKS

RESPONSIBLE SUPPLIERS

RISKS	GOVERNANCE/POLICIES
<ul style="list-style-type: none"> Indirectly supporting companies that violate human rights or provide insufficient labour and safety standards 	<ul style="list-style-type: none"> Supplier Code of Conduct and internal Code of Conduct Process to send out self-assessments and conduct audits of managed suppliers in regions with higher risk Ongoing dialogue with suppliers
OUTCOME 2020	OBJECTIVES 2021
<ul style="list-style-type: none"> 100% (100%) of contract manufacturers, culture producers and 100% (100%) of suppliers of analysis services have signed the Code of Conduct or have an equivalent 	<ul style="list-style-type: none"> Assess need for further development of how sustainability risks in the supply chain are managed Further explore improvement opportunities at suppliers that were identified in the life-cycle assessment process Further improve data quality from suppliers for more accurate life-cycle result

RESPONSIBLE PARTNERS

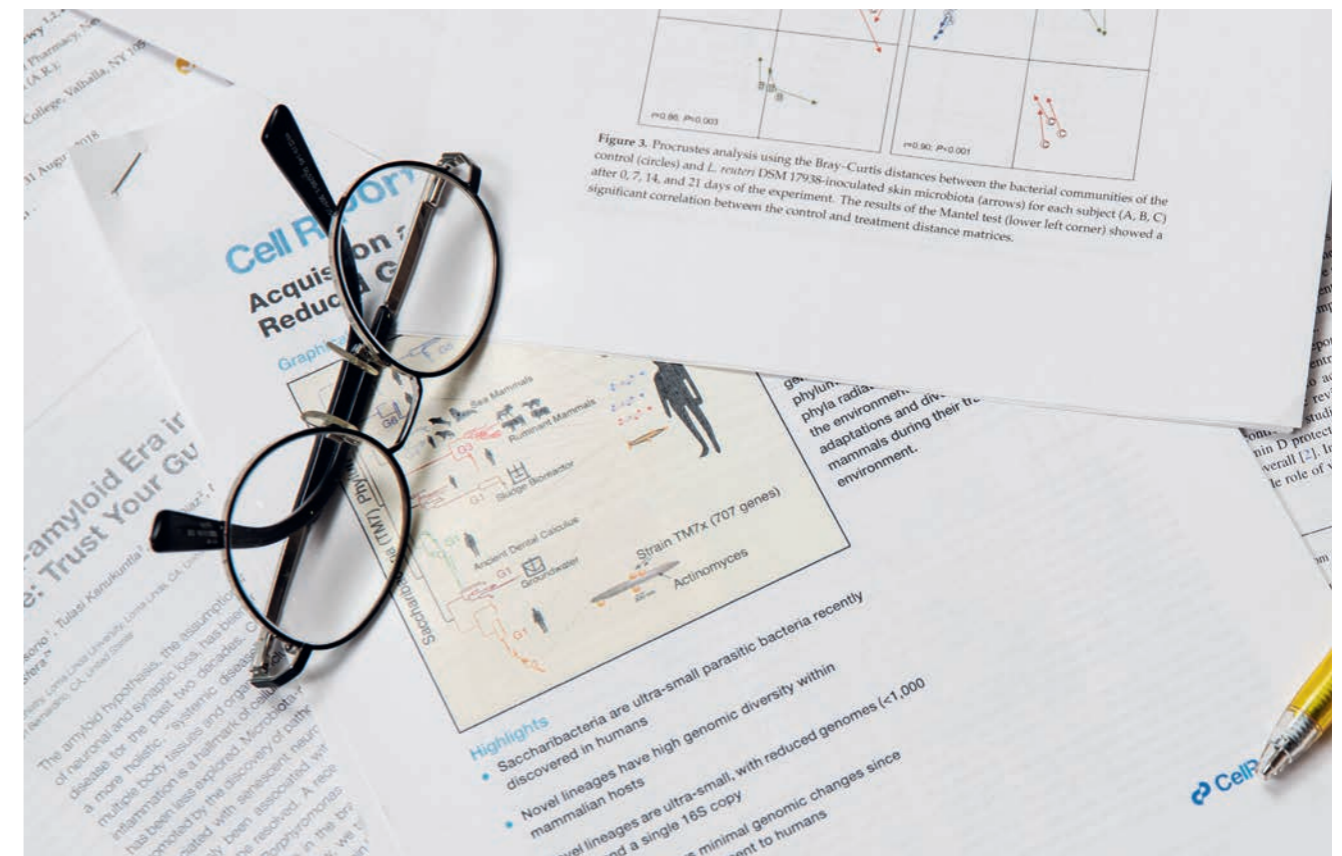
RISKS	GOVERNANCE/POLICIES
<ul style="list-style-type: none"> Confidence and brand damage related to distribution partners' operations 	<ul style="list-style-type: none"> Distribution / Partner Code of Conduct Contractual conditions that require distributors' labelling of the product to be correct and in accordance with local regulations and existing scientific documentation Ongoing dialogue with partners
OUTCOME 2020	OBJECTIVES 2021
<ul style="list-style-type: none"> 90% (85%) of BioGaia's partners have signed the Code of Conduct 	<ul style="list-style-type: none"> Evaluate and improve new process to assess distributors 100% of partners must have signed BioGaia's Code of Conduct

RESPONSIBLE RESEARCH

RISKS	GOVERNANCE/POLICIES
<ul style="list-style-type: none"> Reduced confidence in the brand if support is given to studies where ethical guidelines are not followed 	<ul style="list-style-type: none"> For studies where BioGaia provides study product or sponsor, the study protocol must be approved by BioGaia and local ethics committee Compliance with the Declaration of Helsinki Encourage publication of study results Internal Code of Conduct
OUTCOME 2020	OBJECTIVES 2021
<ul style="list-style-type: none"> BioGaia has further developed the company's policies in relation to research and specified in greater detail what BioGaia and its research partners should comply with and aim for 	<ul style="list-style-type: none"> Further development of work to promote independent studies with BioGaia's strains Continue to evaluate the need for additional policies and processes

ACHIEVEMENTS 2020 COMPARED TO SET AMBITIONS/GOALS

	DID WE DO IT?	COMMENT
Send out self-assessment questionnaires to and conduct audits of suppliers in risk regions.	NA	No new suppliers with higher assessed risks were used in 2020.
100% of partners must have signed BioGaia's Code of Conduct.	🔄	Target was not reached but the work continues. BioGaia has also implemented a process to assess distributors.
Start an initiative for collaboration with selected partners for increased sustainability impact	❌	Opportunities identified during the life-cycle assessment process will be further explored in 2021.





A HEALTHY WORKPLACE

In order to stay competitive, BioGaia needs to both retain the right skills in the company as well as attract new talent. A healthy workplace, in which talent thrives, is an attractive workplace.

Employee wellbeing

GRI 103-1

Materiality and boundaries

BioGaia strives to promote a physically and mentally healthy environment in the workplace, to enable the employees to thrive. By empowering, engaging and inspiring the employees to be the best version of themselves, both employees and the business will benefit.

GRI 103-2

Culture and values

BioGaia's culture is a strong motivating factor for the employees and lies at the heart of what drives the business. It is summarised as "Do good and have fun". During the year BioGaia invested further in developing this culture, and employees across the company have been involved in shaping the definition of BioGaia's core values. A survey was carried out among all employees, about their own values as well as their view of the company and discussions were held with the management team. This work formed the basis for the updated definition of the common corporate values:

INNOVATION

We strive for breakthrough solutions that make a difference in peoples' lives

COLLABORATION

Trust, helpfulness and curiosity define our way of working

PASSION

We are committed and put our hearts into everything we do

Employment benefits

The foundation of the efforts to secure workplace health is BioGaia's Code of Conduct and the working environment policy. In addition, BioGaia has an employee handbook which details benefits and guidelines when working in the company.

All employees are offered free health checks, additional healthcare insurance⁶ and fitness allowances. Employees are also provided with external support if psychological stress is perceived. Further, BioGaia arranges various wellness activities, which can include both physical exercise and social arrangements.

GRI 103-3

Progress and priorities going forward

Our work on implementing the values further will continue in 2021. Due to the pandemic, physical meetings with dialogues and discussions that are needed to truly strengthen corporate culture have not been possible. Activities to build a strong value-driven leadership culture are planned and will be carried out as soon as the situation allows. During 2020, a positive trend with a slightly decreasing employee turnover was noted at BioGaia AB, 7.3% as compared to 8.2% in 2019. Sickness absence was in general still low, at 1.9% (1.3%), but slightly higher than in the previous year.

6. The majority of employees live in Sweden with a widespread state provided healthcare system and the benefits BioGaia provides are additional to this.

GRI 401-1

New employee hires and employee turnover

	2020
BIOGNEW EMPLOYEES	
BioGaia AB - total	8
Men	4
Women	4
< 30 years, %	0
30–50 years, %	75% (6)
> 50 years, %	25% (2)

• Total numbers of employees in parentheses

	2018	2019	2020
EMPLOYEE TURNOVER			
BioGaia AB - total	11.1%	8.2%	7.3% (7)
Men	-	-	3.1% (3)
Women	-	-	4.2% (4)
< 30 years, %	-	-	0%
30–50 years, %	-	-	5.2% (5)
> 50 years, %	-	-	2.1% (2)

• Data on all subcategories has not been reported in previous years and is therefore not available for 2018 and 2019.

• Total numbers of employees in parentheses

	2018	2019	2020
SHORT-TERM SICKNESS ABSENCE			
BioGaia AB total	1.8%	1.3%	1.9%
Women	-	-	2.5%
Men	-	-	0.7%

• Data on all subcategories has not been reported in previous years and is therefore not available for 2018 and 2019.

GRI 401-1

Information on employees and other workers

	2019			2020		
	Men	Women	Total	Men	Women	Total
Average number of employees						
BioGaia AB	29	66	95	30	65	95
Subsidiaries						
Sweden	22	14	36	22	15	37
Japan	10	10	20	10	13	23
USA	2	0	2	2	0	2
Total BioGaia Group	63	90	153	64	93	157

	2019		
	Men	Women	Total
BIOGAIA AB – employees at end of year per employment type			
Total employees at end of year	32	65	97
Employees with permanent contracts	32	64	96
Employees with temporary contracts	0	1	1
Full-time employees	30	64	94
Part-time employees	2	1	3

• BioGaia also has 2 people employed in the US subsidiary BioGaia Inc., 1 person is located in South Africa and 2 people work in Singapore

• An insignificant portion of the organisation's activities are performed by people who are not employees.

• BioGaia does not have any significant variations in the numbers reported

• Data is derived from a combination of the human resource and salary system

• Data on BioGaia Group per employment type has not been available



Training and Development

GRI 103-1

Materiality and boundaries

All of BioGaia's employees shall be offered good development opportunities. It is essential for BioGaia to retain and develop talent, and employees who feel that they develop also tend to be more motivated and engaged.

GRI 103-2

Structured performance reviews

The company has a tool for structured performance reviews which is used to ensure the quality of follow-up from both managers and employees. Carrying out these reviews is a key component in ensuring that employees perceive that their efforts are appreciated. The performance review process was updated this year to be more focused and relevant for each specific role, as well as including additional questions to provide input for future succession planning. In 2020, 84% (81%) of employees had such a review with their immediate manager.

BioGaia implemented a new HR system at the end of 2019 which enables better follow-up of employees' development. For example, training activities are documented in a more structured manner. During 2020 the system was further developed.

GRI 103-3

Progress and priorities going forward

In line with BioGaia's strategy, a Leadership Development programme was initiated during 2020. The roll-out of the training was unfortunately limited by the pandemic, as physical meetings are a prerequisite for successful implementation of cultural changes. Instead, the focus was put on modules that can be managed in a digital setting.

GRI 404-3

Percentage of employees receiving regular performance and career development reviews

	2018	2019	2020
BioGaia AB	100%	81%	84% (75)
Women			88% (52)
Men			77% (23)

• Data on gender has not been reported previously and is therefore not available for 2018 and 2019. Data only available for BioGaia AB.

• Total numbers of employees in parentheses





Diversity and equal opportunities

GRI 103-1

Materiality and boundaries

BioGaia aims to be an attractive workplace for everyone. An organisation characterised by diversity and inclusion is not only reflective of BioGaia's values, but important for commercial success. BioGaia has a zero-tolerance policy for discrimination. Regardless of age, gender, ethnicity and religious beliefs everyone must be treated with the same respect and dignity.

GRI 103-2

Action plan against discrimination, harassment or victimisation plan and diversity policy

BioGaia's action plan and policy for diversity and non-discrimination are the basis for the company's diversity work. In 2020 a new policy and plan for 2020 to 2023 was adopted. In the new plan BioGaia has set the following objectives for the organisation:

- Equal rights and opportunities in terms of work and development opportunities
- As equal a gender distribution as possible
- No one shall feel harassed, offended or bullied
- No one shall feel discriminated against in the recruitment process or in the appointment of positions
- Salary differences due to gender shall not exist
- Diversity aspects shall always be included as a parameter in assessments and decisions
- All employees shall be informed about and be well familiar with BioGaia's diversity policy so that they can participate in and accept personal responsibility for diversity work

To create awareness of the work and the goals the diversity plan was presented to employees in the end of 2020.

A new action plan for discrimination, harassment or victimisation was also introduced. In addition, a whistleblower system, where employees can report discrimination incidents anonymously, has been implemented. To allow more accurate and timely identification of unjustified pay gaps in the organisation, a new tool to carry out payroll mapping was procured. The on-boarding process for new employees was also developed to draw special attention to the benefits provided by BioGaia in relation to parental salary and the company's positive attitude to parenthood.

GRI 103-3

Progress and priorities going forward

In the payroll mapping done in 2020, only small salary differences that lacked a factual explanation were identified. The identified differences will be adjusted in 2021.

In 2020, BioGaia was among the 65 (out of 335) companies ranked on the green list by Allbright, an organisation that ranks Swedish listed companies from best to worst in terms of promoting women to management teams⁷. No discrimination incidents were reported to BioGaia during 2020⁸.

Additional steps to improve further will be undertaken in 2021. These include incorporating equality and diversity components in management development training. BioGaia also aims to increase efforts to communicate the diversity ambitions to external recruitment partners and managers.

7. Allbright is a Swedish politically independent, non-profit foundation that promotes equality and diversity at the executive business level in Sweden. The foundation continually reviews executive management teams and Boards and actively works to influence decision-makers to increase the proportion of women in senior positions. The most equal companies are listed on Allbright's green list, the average ones on the yellow list and the male-dominated companies end up on the red list.

8. Grounds for discrimination are gender, gender identity or expression, ethnicity, religion or other belief system, functional impairment, sexual orientation and age.

GRI 405-1

Diversity of governance bodies and employees

	2020	
	Board of Directors	Executive Management
AGE DISTRIBUTION		
BioGaia AB – total number	8	10
< 30 years	0	0
30–50 years	4	3
> 50 years	4	7

	2018		2019		2019	
	Men	Women	Men	Women	Men	Women
GENDER DISTRIBUTION						
BioGaia AB – Board	57%	43%	57%	43%	62%	38%
BioGaia AB – Executive Management	33%	67%	50%	50%	60%	40%
BioGaia AB – all employees	30%	70%	33%	67%	32%	68%
BioGaia Group	42%	58%	41%	59%	40%	60%

• All employees at BioGaia Group are white-collar workers except 20 employees at BioGaia Production.

GRI 401-3

Parental leave⁹

	2020	
	Men	Women
BIOGAIA AB		
Total number of employees who were entitled to parental leave, by gender.	0	6
Total number of employees that returned to work in the reporting period after parental leave ended, by gender.	0	2
Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work, by gender.	0	2
Return to work and retention rates of employees that took parental leave, by gender.	0	2

9. Everyone with a child younger than 8 years old are entitled to parental leave



Safety in production

GRI 103-1

Materiality and boundaries

BioGaia's own production facility, BioGaia Production and the laboratory are a relatively small part of the operations. However, here the risk of physical injury is elevated in comparison to the rest of the organisation. Accidents may potentially occur if employees are not properly trained for handling chemicals or machines and repetitive physical work may result in strain injuries.

The majority of BioGaia's production takes place at contract manufacturers. Risks at these external facilities are managed as part of BioGaia's work with suppliers, see *Healthy Networks*, page 26.

GRI 103-2

Policies and training

BioGaia manages safety in the workplace through the working environment policy, which is supplemented by specific instructions for each operation. Risk analyses of operations are performed regularly and BioGaia continuously works with improvements, for example by investing in equipment that minimises the risk of injuries. A mandatory working environment training for all managers at BioGaia Group in Sweden was developed during the year, with training conducted in the beginning of 2021.

BioGaia's suppliers are required to commit to the Supplier Code of Conduct which covers safety and working conditions. Safety is also an aspect that is followed-up in ongoing discussions and in connection with audits.

GRI 103-3

Progress and priorities going forward

In 2021, BioGaia will continue reviewing current management and routines related to the working environment. Further, BioGaia plans to set up a safety committee with both employee and employer representatives. The committee will meet regularly to identify opportunities for improvements related to both physical and psychological working environments. BioGaia is also planning to launch an internal website in 2021 which will contain information about working environment issues for both employees and managers.

During the year, BioGaia-koncernen had 0 (1) injuries resulting in absence (LTI). One incident without injury occurred in 2020 and has been managed at the site by additional training of staff in this part of the work.

GRI 403-9

Work-related injuries¹⁰

	2018	2019	2020
ACCIDENTS AT WORK RESULTING IN ABSENCE*			
Number of lost time incidents (LTI)	1	1	0
Number of incidents per 1,000,000 working hours (LTIF**)	3.7	3.1	0
Degree of seriousness (days of absence per LTI)	5	5	0

10. Number of incidents in the BioGaia Group. There has never been a fatal accident in the Group. LTIF: (LTI x 1,000,000)/(average number of employees x 2,080 hours).



SUMMARY HEALTHY WORKPLACE

EMPLOYEE WELLBEING

RISKS

- Inadequate skills provision
- Employees with low motivation and loyalty
- Increased employee turnover

OUTCOME 2020

- A survey about employees' values was conducted
- Employee turnover 7.3%
- Sickness absence 1.9%

GOVERNANCE/POLICIES

- Working environment policy
- Employee handbook
- Internal Code of Conduct

OBJECTIVES 2021

- Continue health activities
- Continue with performance reviews focusing on employee wellbeing
- Continue to offer employees an annual health examination

TRAINING AND DEVELOPMENT

RISKS

- Inadequate skills provision
- Employees lack correct or sufficient competence
- Increased employee turnover

OUTCOME 2020

- 84% (81%) of employees had a performance review
- BioGaia initiated an internal leadership programme
- Developed the performance review with additional questions for input to developing succession planning

GOVERNANCE/POLICIES

- HR system for structured performance reviews which ensures quality in follow-up from both managers and employees

OBJECTIVES 2021

- Continue work to conduct and develop leadership training
- Continue to develop an organisation-wide succession planning

DIVERSITY AND EQUAL OPPORTUNITY

RISKS

- Diverse views are not considered and result in worse decisions (groupthink)
- Low employee loyalty and motivation
- Discrimination

OUTCOME 2020

- A review of the new diversity plan was presented to employees to create awareness of the work and the goals
- A new action plan for addressing discrimination, harassment and/or victimisation was introduced
- Whistleblower function presented and implemented
- The on-boarding process was developed to draw special attention to new employees about benefits provided by BioGaia related to parental salary and the company's positive attitude to parenthood

GOVERNANCE/POLICIES

- Diversity plan
- Diversity policy
- Action plan to prevent discrimination, harassment or victimisation

OBJECTIVES 2021

- Include equality and diversity components in upcoming leadership training
- Further develop processes to ensure equality and diversity are included in the recruitment process

SAFETY IN PRODUCTION

RISKS

- Risk of accidents due to inadequate handling of e.g. chemicals or machines
- Poor working conditions at suppliers

OUTCOME 2020

- 0 (1) incidents of lost time injuries in 2020
- New working environment policy introduced at BioGaia AB
- Mandatory working environment training for all managers at BioGaia Group in Sweden developed

GOVERNANCE/POLICIES

- Working environment policy
- Working environment instructions
- Code of Conduct and supplier audits

OBJECTIVES 2021

- Continue reviewing current handling and routines
- Launch a website with info / instructions / supporting documents for managers and employees about the working environment
- Set up a safety committee with employees and employer representatives

ACHIEVEMENTS 2020 COMPARED TO SET AMBITIONS/GOALS

	DID WE DO IT?	COMMENT
Carry out a survey about values and run an internal leadership programme.		In 2020 a survey about employees' values was conducted and the result was used to develop new company values and included in the new leadership training programme.
Create a process for succession planning.		The performance review was updated to include questions that will be valuable input for an organisation-wide succession planning.
Implement a new diversity policy and plan.		In 2020 a new policy and diversity plan for 2020 to 2023 was adopted and presented to the employees.
Implement a whistleblower system in the organisation.		A whistleblower system for the whole Group was implemented in the organisation in the spring of 2020. The system ensures anonymity for the whistleblower and can be accessed through the external BioGaia website.
Review current handling and routines related to the working environment.		New working environment policy introduced at BioGaia AB. Mandatory working environment training for all managers at BioGaia Group in Sweden developed. Work initiated on developing an internal information page about the working environment.

COMMUNITY INVOLVEMENT

During 2020 BioGaia invested SEK 3.7 million to support organisations that work with health-promoting activities in areas that are linked to BioGaia's business.

PAR Foundation (The Foundation to Prevent Antibiotic Resistance)

Bacteria that develop resistance to antibiotic treatment risk undermining modern healthcare. Resistance to antibiotics is a threat to people in the whole world, where everything from pneumonia and small wounds to organ transplants and caesarean sections are at risk from life-threatening, untreatable infections.

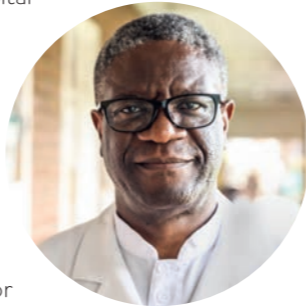
In 2017, BioGaia founded PAR Foundation (The Foundation to Prevent Antibiotic Resistance), an independent foundation with the aim of preventing antibiotic resistance through support to research, education and information activities. This area is related to BioGaia's business since probiotics can contribute to strengthening the immune system and thus to reduced use of antibiotics. PAR Foundation has so far granted a total of SEK 6.15 million in funding for seven projects.

During 2020, BioGaia allocated SEK 2.8 million (3.2) to the Foundation. This contribution will mainly support the grant call for projects to prevent infections among the elderly. The grant call opened in January 2021.



Panzi Hospital

Through the organisation Friends of Panzi, BioGaia supports Dr Denis Mukwege, awarded the Nobel prize 2018 for his important work at the Panzi Hospital in the Democratic Republic of Congo. During 2020 this support amounted to SEK 100,000. Over the years, the Panzi Hospital has helped more than 50,000 women and child rape victims, both with their physical injuries and with building a new future. Panzi also offers maternity care, family planning and healthcare. For example, the lives of premature babies and undernourished children are saved on a daily basis.



In 2020 BioGaia was also involved in an initiative to send test kits for Covid-19 to the hospital. The delivery consisted of 15,000 test kits and two qPCR-machines to analyse the tests. The delivery arrived at the hospital in September. The initiative was a result of a collaboration between Läkarmissionen, Friends of the Panzi Hospital, Karolinska Institutet, Pingstmissionens Utvecklingsarbete, Human Bridge, the Rotary Clubs in Örebro, Mission Aviation Fellowship and BioGaia.

Children's Mission

BioGaia supported Children's Mission with SEK 500,000 for their work with poor children and families in the Philippines. Children's Mission runs schools, offers children opportunities for education and healthcare and runs children's homes as well as a support programme for poor women and their families.



Carbon Offset Project - Burn Manufacturing

Since 2013 BioGaia has bought carbon offsets for a large part of the Group's climate emissions in the value chain. However, due to findings in the life-cycle assessment conducted in 2020 the extent of the compensation will expand, to include emissions sources previously not included. In addition, due to improved data gathering processes in 2020, BioGaia has also been able to estimate emissions for the most recent year (2020), which has also been compensated for. Emissions in 2019 and 2020 of 4,342 tonnes carbon dioxide equivalent were compensated with SEK 322,000 to Burn Manufacturing, an organisation recommended by geeffektivt.se and givinggreen.earth. Burn Manufacturing designs, manufactures, and distributes a line of improved cooking appliances in East Africa, the use of which results in reduced emissions. Randomised controlled studies done on 1,000 households in Kenya have established a 39% reduction in charcoal use, which has been confirmed as persisting 18 months later. In addition to climate benefits, the project contributes to the livelihood for the users at a value of \$ 119 / year, which is equivalent to a full month's income for those who participated in the study. This provides significantly more scope for using the money for things that can take the people out of poverty. The project is certified by Gold Standard, which is a standard that intends to ensure that carbon credits are real and verifiable and that projects make measurable contributions to sustainable development.



Supporting local businesses and healthcare workers during the pandemic

During the pandemic BioGaia decided to support a local restaurant as well as show appreciation for the amazing work healthcare workers are doing during the pandemic by purchasing and delivering 1,500 meals to the Karolinska Hospital in Stockholm. The subsidiary BioGaia Production also supported the local hospital in Lund by providing disinfection at a time when this was in short supply.



Materiality Assessment

The basis for BioGaia's sustainability work is the materiality analysis carried out in 2016. This identified where BioGaia has its main impact and where the company can make the biggest difference. The materiality assessment involved interviewing stakeholders, reviewing investors' assessment of BioGaia's sustainability work, reviewing various sustainability reporting frameworks (including GRI, SASB and the UN Sustainable Development Goals) and reports.

During the year the materiality assessment and the company's sustainability strategy have been developed by further detailing the various issues within each material topic. Major steps in this work have been taken to better understand the company's impact e.g. through a life-cycle assessment but also through in-depth discussions with process owners. Information gathering from suppliers has also been an important part of better understanding where BioGaia has and can have the biggest impact. This work will continue in 2021 by further investigating impacts and opportunities in the value chain and deciding on additional company ambitions and objectives.

Stakeholder dialogue

To ensure that sustainability initiatives remain relevant and focused on the areas where BioGaia can make the biggest difference, an ongoing dialogue about these issues is held with prioritised stakeholders. Prioritised stakeholders are those assessed as having the greatest influence on and interest in BioGaia.

STAKEHOLDER	PRIORITISED ISSUES	DIALOGUE TYPE
Consumers	<ul style="list-style-type: none"> • Safe products • Products with positive health effects • Products containing sustainable ingredients 	Direct and ongoing dialogue with consumers via social media and email.
Owners/shareholders	<ul style="list-style-type: none"> • Returns and dividends • Value creation • Reliable and responsible operations 	Quarterly reports, capital market days, investor presentations.
Employees	<ul style="list-style-type: none"> • Skills development and career path • Healthy working environment • Non-discrimination 	Close dialogue between employees and managers, regular performance reviews, internal conferences, employee surveys (e.g. survey on company and personal values).
Suppliers	<ul style="list-style-type: none"> • Long-term and evolving collaboration 	Direct and ongoing dialogue via the Sales, Marketing and Operations departments. Discussions with suppliers in connection to sustainability data requests.
Distributors	<ul style="list-style-type: none"> • Long-term and evolving collaboration • Business ethics 	Direct and ongoing dialogue via the Sales and Marketing departments. Discussions about BioGaia's distributor Code of Conduct and replying to distributor questionnaires.
Researchers	<ul style="list-style-type: none"> • Independent research projects • Evolving collaboration 	Direct and ongoing dialogue via the Marketing, Operations and Discovery and Research departments.

Auditor's report on the statutory sustainability report

To the general meeting of the shareholders in BioGaia AB (publ), corporate identity number 556380-8723.

Engagement and responsibility

It is the board of directors who is responsible for the statutory sustainability report for the year 2020 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

Opinion

A statutory sustainability report has been prepared.

Stockholm March 17, 2021

Birgitta Lööf
Authorised Public Accountant

GENERAL DISCLOSURES

GRI Standard	Disclosure	Page number(s)	Comment
1. Organisational profile	102-1 Name of the organisation	GRI Index	BioGaia Group AB
	102-2 Activities, brands, products, and services	GRI Index	BioGaia develops, produces and sells probiotic products for children and adults. BioGaia's products are branded as BioGaia, co-branded with distributors' brand or sold under distributors own brand.
	102-3 Location of headquarters	GRI Index	Stockholm
	102-4 Location of operations	GRI Index	BioGaia AB, BioGaia Production, MetaboGen AB and BioGaia Pharma AB are located in Sweden. BioGaia Biologics Inc is based in the USA and BioGaia Japan Inc in Japan.
	102-5 Ownership and legal form	GRI Index	Aktiebolag (AB), listed on Nasdaq Stockholm.
	102-6 Markets served	GRI Index	BioGaia is a health company that develops, produces and sells probiotic products. BioGaia owns subsidiaries that package BioGaia's products (BioGaia Production), sell the products (BioGaia Japan and BioGaia Inc) as well as conduct research and develop new probiotics and products (MetaboGen and BioGaia Pharma).
	102-7 Scale of the organisation	GRI Index	Total number of employees at BioGaia AB is 97 and in the Group 160. BioGaia AB's net sales totaled SEK 747.1 million (768.3), total debt SEK 167 million (158), total equity SEK 1746 million (508). Total doses sold in 2020 were 1,400 million, of which 537 million in own products.
	102-8 Information on employees and other workers	p. 33	
	102-9 Supply chain	p. 6-7, 26	
	102-10 Significant changes to the organisation and its supply chain	GRI Index	During 2020, BioGaia carried out a directed issue of 2.86 million class B shares, raising proceeds of SEK 1.1 billion and where Cargill and EQT were two new major investors in BioGaia. EQT Public Value is part of EQT, a well-known and reputable Swedish publicly listed private equity company with a high focus on sustainability. Cargill is one of the largest private companies in the USA with a vast experience of ingredients, fermentation and manufacturing both in the animal and human health industries. For more information, see page 8 in the 2020 Annual Report.
	102-11 Precautionary Principle or approach	GRI Index	BioGaia applies the Precautionary Principle
	102-12 External initiatives	GRI Index	In 2020 BioGaia developed and presented an internal Code of Conduct for employees. This includes the company's ethical standards, sustainability ambitions and commitments. The code serves as a guideline for all employees and is also a statement of corporate values and commitments. The code reference e.g., international agreements on human rights and labour standards (e.g. ILO), the Helsinki Declaration's ethical principles as well as the principles of the 3Rs (Replacement, Refinement and Reduction) for research. Please see BioGaia's Code of Conduct on the BioGaia website.
	102-13 Membership of associations	GRI Index	BioGaia is a member of Svensk Egenvård, IPA Europe, SwedenBIO, Medicon Valley Alliance, Effektfullt.

GRI Standard	Disclosure	Page number(s)	Comment
2. Strategy	102-14 Statement from senior decision-maker	p. 5	
	102-15 Key impacts, risks, and opportunities	p.16-17, 24, 30, 40-41	Table with sustainability aspects in each section and the beginning of each topic in the report
3. Ethics and integrity	102-16 Values, principles, standards, and norms of behaviour	p.32	
4. Governance	102-18 Governance structure	GRI Index & Corporate Governance Report	The CEO is ultimately responsible for the company's sustainability performance. Decisions related to sustainability are decided in the management team. For more information about BioGaia's governance structure see the corporate governance report found in BioGaia's annual report 2020.
5. Stakeholder engagement	102-40 List of stakeholder groups	p.44	
	102-41 Collective bargaining agreement	GRI Index	All employees at BioGaia Production have collective bargaining agreement
	102-42 Identifying and selecting stakeholders	p.44	
	102-43 Approach to stakeholder engagement	p.44	
	102-44 Key topics and concerns raised	p.44	
6. Reporting practice	102-45 Entities included in the consolidated financial statements	GRI Index	The report covers the whole BioGaia Group but when data has not been available for all subsidiaries it is noted in the text or tables in the report.
	102-46 Defining report content and topic Boundaries	GRI Index	Boundaries for each sustainability topic are described in the beginning of each section of the sustainability topic
	102-47 List of material topics	GRI Index	
	102-48 Restatements of information	GRI Index	In the greenhouse gas reporting a new life-cycle assessment has resulted in revised and more accurate estimates of emissions from packaging as well as provided data on greenhouse gas emissions from ingredients
	102-49 Changes in reporting	GRI Index	First report in accordance with GRI guidelines
	102-50 Reporting period	GRI Index	2020
	102-51 Date of most recent report	GRI Index	2019 (not a GRI report)
	102-52 Reporting cycle	GRI Index	Annual
	102-53 Contact point for questions regarding the report	GRI Index	Jonathan Gromark, jg@biogaia.se
	102-54 Claims of reporting in accordance with the GRI Standards	GRI Index	The report has been prepared in accordance with the GRI Standards: Core option
	102-56 External assurance	GRI Index	The report has not been externally assured. It has been examined by the auditor in accordance with FAR's auditing standard RevR 12.

MATERIAL TOPICS

GRI Standard	Disclosure	Page number(s)	Comment
HEALTHY PRODUCTS			
Well-documented products & Transparent product information			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	p.10	
	103-2 The management approach and its components	p.10	
	103-3 Evaluation of the management approach	p.10	
BioGaia specific topic	BioGaia specific disclosure 1: (BSD 1) Published clinical studies per strain combination	p.11	
	BioGaia specific disclosure 2: (BSD 2) Criteria for probiotics and BioGaia's assessment of level of compliance	p.11	
Product quality and product safety			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	p.12	
	103-2 The management approach and its components	p.12	
	103-3 Evaluation of the management approach	p.13	
BioGaia specific topic	BioGaia specific disclosure 3: (BSD 3) Number of recalls	p.13	
Sustainable raw materials			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	p.14	
	103-2 The management approach and its components	p.14	
	103-3 Evaluation of the management approach	p.14	
BioGaia specific topic	BioGaia specific disclosure 4: (BSD 4) Emissions from ingredients	p.15	
Sustainable packaging			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	p.14	
	103-2 The management approach and its components	p.14	
	103-3 Evaluation of the management approach	p.14	
GRI 301: Materials	BioGaia specific disclosure 5: (BSD 5) Emissions from packaging materials	p.15	
	301-1 Materials used by weight or volume	p.15	
	301-2 Recycled input materials used	p.15	

GRI Standard	Disclosure	Page number(s)	Comment
HEALTHY BUSINESS			
Anti-corruption and anti-bribery			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	p.18	
	103-2 The management approach and its components	p.18	
	103-3 Evaluation of the management approach	p.18	
GRI 205: Anti-corruption	205-2 Communication and training about anti-corruption policies and procedures	p.19	
	205-3 Confirmed incidents of corruption and actions taken	p.18	No confirmed incidents of corruption
Environmental impact of the business			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	p.20	
	103-2 The management approach and its components	p.20	
	103-3 Evaluation of the management approach	p.20-21	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	p.22	
	305-2 Energy indirect (Scope 2) GHG emissions	p.22	
	305-3 Other indirect (Scope 3) GHG emissions	p.22	
	305-4 GHG emissions intensity	p.15	
	305-5 Reduction of GHG emissions	p.22	

GRI Standard	Disclosure	Page number(s)	Comment
HEALTHY NETWORKS			
Responsible purchasing			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	p.26	
	103-2 The management approach and its components	p.26	
	103-3 Evaluation of the management approach	p.26	
GRI 414: Supplier Social Assessment	414-1 New suppliers that were screened using social criteria	p.26	
	BioGaia specific disclosure 6 (BSD 6): % of managed suppliers that have signed the Supplier sCode of Conduct	p.26	
Responsible partners			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	p.27	
	103-2 The management approach and its components	p.27	
	103-3 Evaluation of the management approach	p.27	
BioGaia specific topic	BioGaia specific disclosure 7 (BSD 7): % of partners that have signed the partner Code of Conduct	p.27	
Responsible research			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	p.28	
	103-2 The management approach and its components	p.28	
	103-3 Evaluation of the management approach	p.28	
	No quantitative indicator		

GRI Standard	Disclosure	Page number(s)	Comment
HEALTHY WORKPLACE			
Health & wellbeing			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	p.32	
	103-2 The management approach and its components	p.32	
	103-3 Evaluation of the management approach	p.32	
GRI 401: Employment	401-1 New employee hires and employee turnover	p.32-33	
Training and development			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	p.34	
	103-2 The management approach and its components	p.34	
	103-3 Evaluation of the management approach	p.34	
GRI 404: Training and Education 2016	404-3 Percentage of employees receiving regular performance and career development reviews	p.34	
Diversity and equal opportunities			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	p.36	
	103-2 The management approach and its components	p.36	
	103-3 Evaluation of the management approach	p.36	
GRI 405 Diversity and equal opportunity	Disclosure 405-1 Diversity of governance bodies and employees	p.36-37	
	Disclosure 401-3 Parental leave	p.37	
Safety in production			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	p.38	BioGaia does not report on all the additional management approach disclosures for the GRI topic 403: Occupational Health and Safety in accordance with GRI guidelines. BioGaia will evaluate whether the reporting should be further developed.
	103-2 The management approach and its components	p.38	
	103-3 Evaluation of the management approach	p.38	
GRI 403: Occupational Health and Safety	403-9 Work-related injuries	p.38	

INCLUDED EMISSION SOURCES FOR CALCULATED CARBON FOOTPRINT

SCOPE	DEFINITION	INCLUDED EMISSION SOURCES / ACTIVITIES & DATA GATHERING PROCESS	
SCOPE 1	Direct GHG emissions from vehicles/premises	BioGaia's only source of scope 1 emissions come from owned or leased cars used in the subsidiary in Japan or refrigerants at BioGaia Production. BioGaia does not lease any cars in any other part of the group. Emissions is estimated based on an assessment made in 2016 by external consultants.	
SCOPE 2	Indirect emissions from purchased heating and electricity from premises	Data on electricity usage and energy used for heating and cooling have been collected from suppliers to BioGaia AB's offices, Pharma, MetaboGen and from BioGaia Production. Other subsidiaries are working in rented office spaces (2 in USA, 2 in Singapore and 26 in Japan) and energy usage is estimated based on number of employees times the average energy usage per employee at BioGaia AB. Emissions are calculated by multiplying the energy usage by the emission factor for the energy mix in the local region (from IEA). For the market-based method, if renewable energy is not used, the residual mix from AIB is used when available and otherwise local energy mix from IEA. For the location-based method, the local energy mix from IEA is used.	
SCOPE 3 - UPSTREAM	1. Purchased goods and services	All raw materials used to produce the products are included based on product content and total sales. Emissions from other goods such as IT equipment, furniture and paper are small and are extrapolated based on # employees from an assessment made in 2016 by external consultants.	
	2. Capital goods	Not included due to insufficient data about cradle-to-grave life-cycle data on owned capital goods. Capital goods include facilities in Sweden for laboratory and production at BioGaia Production in Eslöv with a book value of SEK 90 million and production machines with a book value of SEK 30 million. Office supplies and computers used are estimated and included in category 1.	
	3. Other fuel- and energy-related activities	Scope 3 emissions included are based on the amount of electricity used according to scope 2 and emissions factors for scope 3 emissions from IEA or AIB.	
	4. Upstream transportation and distribution	Transports from supplier of raw materials for the product to BioGaia's facilities are included based on estimates made by consultants of the life-cycle assessment based on distance between supplier and BioGaia's facilities.	
	5. Waste generated in operations	Not included due to incomplete data.	
	6. Business travel	Estimates are based either on detailed data on distance travelled, service level and transportation type with emission factors from DEFRA, or when a travel agency has been used estimates by consultancy firm based on more detailed calculations that also include type of airplane and passenger load factor. Emission factors from DEFRA for wheel to tank (WWT) including the high-altitude factor (RF) for aviation has been used for data coming from the supplier. The adjustment factor used to account for high-altitude effects of air travel is 2.7 or that used by DEFRA.	
	7. Employee commuting	Included and based on an employee survey in 2019 with BioGaia AB and the result has been extrapolated for all employees in the group. Travel in 2020 is adjusted for the time the offices have been closed due to the pandemic.	
	8. Upstream leased assets	Emissions from rented office space is reported in scope 2 and BioGaia only leases IT equipment with a book value of about SEK 1.7 million.	
	SCOPE 3 - DOWNSTREAM	9. Downstream transportation and distribution	Emissions from distributors' and consumers' travel to distribute and/or buy the product is not included due to insufficient data.
		10. Processing of sold products	Not applicable - BioGaia produces and sells the final product that consumers consume.
		11. Use of sold products	Not applicable as the product is consumed.
		12. End-of-life treatment of sold products	Included based on scenario from life-cycle assessment. However, accuracy will be improved, and the packaging recyclability further explored to develop better packaging solutions.
		13. Downstream leased assets	Not applicable - BioGaia does not lease assets to other entities.
		14. Franchises	Not applicable - BioGaia does not have any franchises.
		15. Investments	BioGaia Group does not have any investments in other companies.

BioGaia®

Probiotics grounded in evolution
Driven by science

BioGaia is an innovative Swedish healthcare company and has been a world-leader in food supplements with probiotics for 30 years. The products are based mainly on different strains of *L. reuteri* and are sold by distribution partners in more than 100 countries