

BioGaia®

Sustainability Report

2021



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BioGaia's 2021 Sustainability Report

This is BioGaia's second stand-alone sustainability report. It was 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 always strive to provide transparent information on our work.

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 236 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.

Vision

Become the world's most trusted global probiotics brand.

Mission

To provide the world with probiotics that have clinically proven positive effects on health and well-being.

Positioning

Food supplements with clinically-tested, high-quality probiotics that are sold through pharmacies and via online retail platforms.

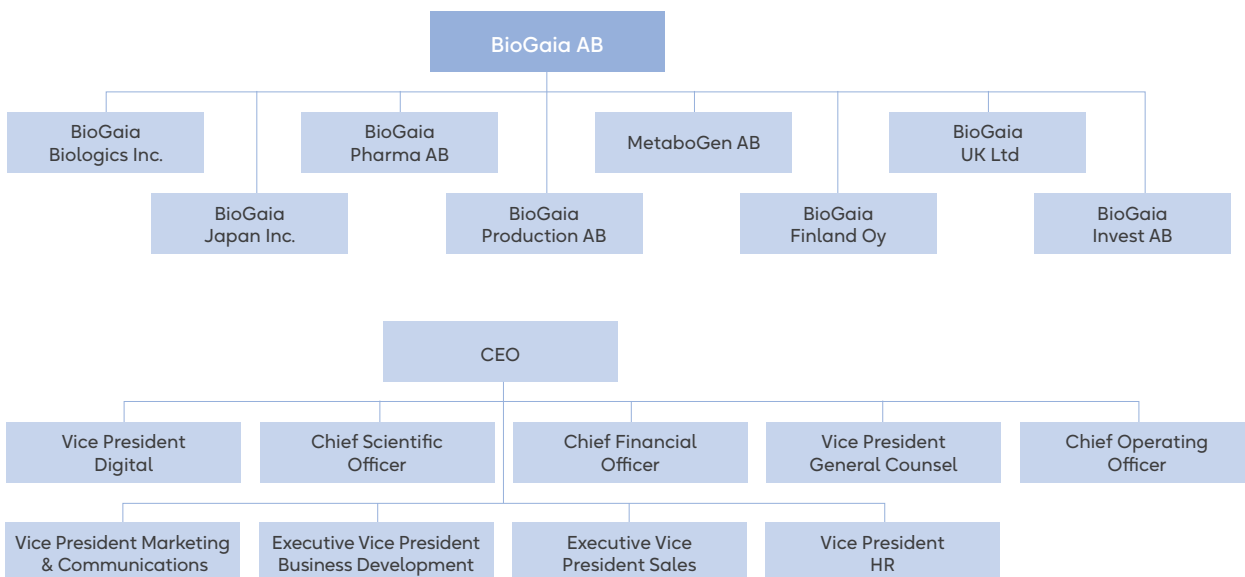
Core Values

Innovation / Collaboration / Passion

The class B share of the Parent Company BioGaia AB

BioGaia's share is listed on the Mid Cap segment of the Nasdaq OMX Nordic Stockholm Exchange.

BioGaia AB Group



KEY EVENTS

Key sustainability events 2021



- The life-cycle assessment and tool to calculate environmental impacts from products were updated



- BioGaia took part in a communication campaign on the subject of antibiotic resistance together with the national non-profit association SwedenBIO



- The calculation methods used for estimating the company carbon footprint were updated and refined



- SEK 3.6 million to community engagement



- The travel directive was updated to reduce both the cost and environmental impact of travel by employees



- 100% green electricity to BioGaia's own offices and production facilities



- A new strategy for sustainable products and packaging was developed



- Decision to introduce a Sustainability Committee in 2022



- Anti-corruption training was offered in a digital format to increase accessibility

MESSAGE FROM THE CEO

Sustainability work that is constantly in progress

BioGaia's business, the foundation of how we create value, is based on contributing to better health. Even if we focus on the health of individuals through our products, the concept of "health" has a broader meaning to us.

We want our operations to make a positive contribution to society as a whole. This is why we take responsibility to reduce our climate and environmental impact and to ensure responsible conduct throughout the value chain, at the same time as we continue our commitment to societal initiatives that promote improved health.

Just like 2020, the pandemic continued to impact the world this year and health represented a key issue. It is easy to think of health as the absence of sickness, but health is a broad concept that encompasses physical, mental and social well-being, parameters that interact with each other. Research is being conducted, for example, to study the link between human gut health, our intestinal flora, and mental illness, something that could play an important role in improving both mental and physical well-being, and make a difference to both individuals and society. This is a field that we look forward to following going forward.

During the year, BioGaia has taken part in international discussions about antimicrobial resistance and, as part of SwedenBIO, campaigned to spotlight the problem of resistant bacteria, viruses, yeasts and parasites. We have continued to pursue our strong community engagement by supporting a number of organisations that work with health-promoting activities, particularly the Foundation to Prevent Antibiotic Resistance (PAR), which focuses specifically on antibiotic resistance. Global system changes and collaboration are needed to improve health worldwide, and we want to use our influence, our products and the research we conduct to accelerate change to work preventively to avert ill health.

In parallel with the continued progress of the pandemic, the IPCC published a new and disturbing report in the summer of 2021 on the status of our planet's health. We can also see in a number of places that red warnings have been raised in relation to biodiversity. These are global challenges

that BioGaia takes very seriously and that also have a serious impact on human well-being. Our own day-to-day work to reduce the operation's environmental footprint has continued. For example, we have stepped up efforts to reduce emissions from our packaging and to phase out palm oil, to benefit both the climate and biodiversity.

During the year, we could more clearly see the social and psychological consequences of the restrictions imposed on society. This has given us, like many others, changed circumstances to work and create a grounded and healthy corporate culture. To increase the sense of belonging, we have used flexible models for distance working compared with time spent at the office, and also continued to implement initiatives to encourage everyday exercise. Moreover, we have placed extra emphasis on improved leadership through training and developed our on-boarding process for new employees. These initiatives have helped us nurture our corporate culture in an uncertain world when many people were forced to work from home.

In 2021, our rating on the MSCI ESG index increased to an A and BioGaia has continued to be included on Allbright's green list, a ranking that rewards gender equality in a company. These are awards we are very proud of, but that only show the tip of the iceberg of the work that has taken place. The real work is below the surface, continuous and holistic sustainability work that is always ongoing. It includes improved communication and greater transparency but also concrete changes such as the introduction of a whistleblower system, Group-wide anti-corruption training, the implementation of a Code of Conduct and greater diversity in both management and on the Board.

BioGaia is convinced that our efforts will become even more important in the future. A future when we shift focus from disease and temporary solutions to a more sustainable view of health through prevention. It is also with long-term sustainability in mind that we are planning to run our entire business. I look forward to sharing our progress with you.



Isabelle Ducellier,
CEO BioGaia



“We have stepped up efforts to reduce emissions from our packaging and to phase out palm oil, to benefit both the climate and biodiversity.”

VALUE CHAIN

BioGaia's value chain

Research

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.

Product development

BioGaia's product development works to analyse and identify new product formulas and create new delivery formats and packaging solutions.

Raw material use

Raw materials for products, material for packaging and bacteria cultures come from external suppliers.



Production and packaging

Production and product packing is handled both by external suppliers and BioGaia AB's subsidiary BioGaia Production. In the supply chain, BioGaia takes care of logistics as well as quality assurance and control of products and production.

Distribution

The finished products are collected from the production unit by BioGaia's partners which legalise, market and distribute them in the different markets.

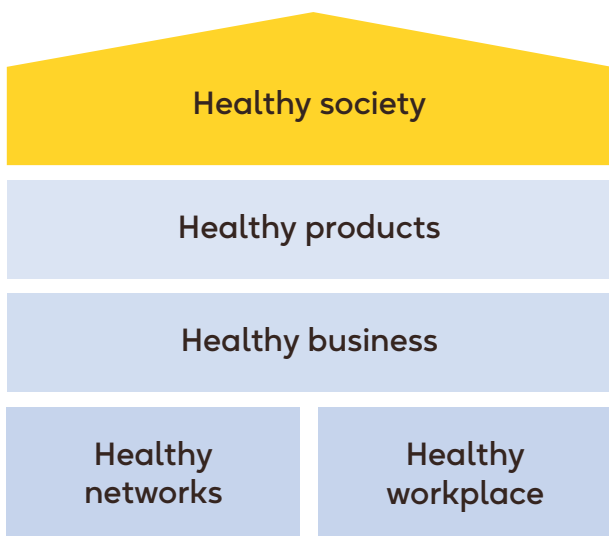
Sales

BioGaia supports its distribution partners and own subsidiaries with sales and marketing activities in line with BioGaia's global brand strategy and also in regulatory issues.

FOCUS AREAS

BioGaia contributes to a healthier society

Even if BioGaia focuses on the health of individuals through the company’s products, the concept of “health” has a broader meaning. We want our operations to make a positive contribution to society as a whole.



BioGaia is striving to reduce climate and environmental impact and to ensure responsible behaviour throughout the value chain at the same time as we continue our commitment to societal initiatives that promote improved health.

Four focus areas for sustainability

The cornerstone of BioGaia’s sustainability work is to offer healthy products based on research and clinical studies. These products are to be developed through sound operations where BioGaia’s networks and employees provide the foundation. To ensure that sustainability initiatives remain relevant and focused in those areas where BioGaia can make the greatest difference, a continuous dialogue is held with stakeholders concerning these issues.

The number of doses sold can be considered an indicator of how significant an impact BioGaia has on human health. In addition, research and initiatives to improve human well-being are supported through financial donations to a number of organisations whose purpose falls within the scope of BioGaia’s operations.

Investments in R&D¹⁾

	2021	2020	2019
SEKm	105	105	105
SEK % of sales	13	14	14

1) Costs by function including personnel expenses for BioGaia Group.

Sales

	2021	2020	2019
Number of markets	110	109	107
Number of doses sold ¹⁾ (millions)	1,241 ²⁾	1,400 ³⁾	1,300
Number of doses sold as finished products (millions)	594	537	547

- 1) A dose is the amount of the product consumers are expected to consume during the time interval recommended in the package leaflet. This may vary between products.
- 2) Part of the decrease from previous years is due to a reduction in royalties in the Paediatrics segment.
- 3) Part of the difference from 2019 is due to a difference in the amount of doses counted per weight of culture sold.

Community engagement

SEKm	2021	2020
Panzi Hospital	100,000	100,000
The Foundation to Prevent Antibiotic Resistance	2,800,000	2,800,000
Children’s Mission	500,000	500,000
Carbon Offset Project	190,000 ¹⁾	322,000
Total	3,590,000	3,722,000

1) This is a preliminary estimate of the cost of carbon offsets in 2021. Values may subsequently be adjusted.



Healthy products

BioGaia strives to make all aspects of the company's products healthy, in terms of impact on individuals, the environment and on society.

Work to develop and offer healthy products has three specific focus areas: well-documented products and transparent product information, product safety and quality, as well as material and raw material use.

Well-documented products & transparent product information (GRI 3-3)

Materiality and risks

Misleading or unsubstantiated claims in marketing are a threat to consumer confidence and the company’s credibility. One of BioGaia’s strengths is the large number of studies conducted using BioGaia’s probiotic strains and which are published in scientific journals. *L. reuteri DSM 17938*, is the world’s most scientifically studied probiotic bacterium that remains patented. Clear, transparent and easily accessible information about the research reduces any confidence and brand risks.

How work is conducted

BioGaia’s product development and marketing is based on 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. These govern, for example, how the probiotics should be labelled, see the table “Criteria for probiotics and BioGaia’s assessment of level of compliance” on page 13.

BioGaia is continuing to invest in pre-clinical and clinical studies on existing and new strains, combinations of strains and end products. The studies vary in scope as does the extent of the company’s involvement - ranging from BioGaia assisting in the planning of the study to the company solely supplying products and its placebo to those responsible for the study. All studies carried out on BioGaia’s products follow the Good Clinical Practices (GCP) standard, as defined by the International Conference of Harmonisation (ICH).

BioGaia only communicates product claims that are truthful, accurate, clearly distinguishable and balanced. The products may only be marketed using health claims that can be supported by results from clinical trials and otherwise comply with laws and regulations. This requirement is included in the Code of Conduct signed by BioGaia’s distributors. The distributors are trained in the science behind BioGaia’s products and are provided with marketing material that is firmly based in research. If BioGaia becomes aware of any risks related to the use of its products, the company is committed to being transparent towards the market and consumers.

Progress and priorities going forward

In 2021, 22 new articles were published relating to BioGaia’s products and strains.

BioGaia remains active in the International Probiotics Association (IPA), a non-profit organisation that aims to create a united voice for probiotics worldwide. Through IPA Europa, the European arm of IPA, BioGaia contributes to work to promote a favourable environment for probiotics in the short and long term. The aim of IPA is to:

- Establish probiotic standards and voluntary guidelines to define the conditions for probiotics use.
- Establish a harmonised legal status for probiotics in the EU.
- Play an active role in the European Food Safety Authority’s (EFSA) consultation process to ensure a suitable environment for the drafting of probiotics health claims.
- Engage in dialogue with all relevant stakeholders to raise awareness and knowledge about probiotics.

During the year, BioGaia was active in regulatory and scientific discussions and contributed to the production of “Probiotic talks from IPA EU,” a campaign on healthy ageing and probiotics.

2021 was an exciting year, as Poland, the Netherlands and Denmark chose to allow the use of the word probiotics as a mandatory category name for food supplements.

Read more about IPA on: www.internationalprobiotics.org

Published articles on clinical studies (BSD 1)

Product	Strain or strain combination	2021	2020	2019
Protectis	<i>L. reuteri</i> DSM 17938	165	153	144 ¹⁾
Prodentis	<i>L. reuteri</i> DSM 17938 & <i>L. reuteri</i> ATCC PTA 5289	61	53	45
Gastrus	<i>L. reuteri</i> DSM 17938 & <i>L. reuteri</i> ATCC PTA 6475	7	6	6
Osfortis	<i>L. reuteri</i> ATCC PTA 6475	1	1	1
Total number of articles²⁾		236	214	198

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

2) Total number of published studies at year end on BioGaia’s probiotic strains, including articles (2) based on studies of products yet to be commercialised.



Criteria for probiotics and BioGaia’s assessment of level of compliance (BSD 2)

ISAPP’s criteria	Strain or strain combination
Backed by science	All BioGaia’s products are well documented in a total of more than 200 published clinical studies in all age groups, of which over 30 are safety studies ¹⁾ .
Provides an effective dose	BioGaia always uses the same quantity of bacteria per dose in products as has been used in clinical studies.
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.
It’s safe for me	All BioGaia’s strains have Qualified Presumption of Safety (QPS) status. For more information, see EFSA ²⁾ Safety for BioGaia’s strains has been the subject of more than 30 studies.
Names of the microbes	BioGaia always states the genus, species and strain on the package, in scientific contexts and in market communication.
CFU	BioGaia guarantees the quantity of live organisms (CFU content ³⁾) per dose at the expiration date for all products.
Suggested dose or serving size	BioGaia always states the suggested dose on the package.
Proper storage conditions	BioGaia always specifies how the product should be stored.
Company contact information	Contact information is always on the package.

1) A safety study is a clinical study that evaluates the potential risks of consuming a product.

2) 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.

3) CFU = Colony Forming Units.

What is antibiotic resistance (ABR) and how is it linked to BioGaia's work?

Antibiotics are a medicinal substance used to prevent and treat bacterial infections. Antibiotic resistance arises when bacteria change in response to the use of these substances. Bacteria that develop resistance to antibiotic treatment risk undermining modern healthcare. If we can no longer treat bacterial infections, all types of surgical intervention, including common operations such as caesarean sections and appendectomies, become highly risky. Urinary tract infections may become untreatable and pneumonia life-threatening. Not only bacteria can become resistant but also viruses, fungi and parasites can develop resistance to medicinal substances and the collective name for this is antimicrobial resistance (AMR).

Already when BioGaia was established 32 years ago, both BioGaia's founders and researchers who worked for BioGaia were aware of the threat linked to the excessive use of antibiotics. In recent decades, awareness of antibiotic resistance has grown, but research into preventive measures has lagged behind. This is why the Foundation to Prevent Antibiotic Resistance, also known as the PAR Foundation, was established in 2017, on the initiative of BioGaia, to prevent antibiotic resistance through support to research, education and information activities. The Foundation offers support to promising projects that may struggle to receive government funding.

How does BioGaia work with antimicrobial resistance (AMR)?

During the year, BioGaia ran an AMR initiative, together with other life science members of SwedenBIO, to raise awareness and stop the development of antimicrobial resistance. In conjunction with the WHO's annual, global AMR campaign on 19–24 November, a film was produced that was shared in SwedenBIO's and the other participating companies' social channels. The purpose of the campaign was to raise awareness of AMR and the Swedish life science companies' solutions: to prevent infection, alternative treatments and improvement of existing antibiotics. BioGaia specifically highlighted a message that clinically proven probiotics are one way to help the body retain a good balance and also reduce the risk of infection and thereof excessive use and/or misuse of antibiotics. The campaign had 50,000 views. In addition, the campaign also created



interest from several of BioGaia's partners to cooperate ahead of the WHO's AMR campaign 2022.

Besides disseminating information on the ability of probiotics to reduce the risk of long-term infection, BioGaia has products that can be taken in connection with antibiotics treatment to reduce side effects when parts of the body's own defences (good bacteria) are eliminated by antibiotics.

What could solve AMR?

The problem must be addressed from several different angles in parallel. Above all, the overuse and misuse of antibiotics must be reduced, though we must also work to reduce the number of infections and to develop alternative treatments to antibiotics.

Kristine Koppelhus, Scientific Affairs Manager at BioGaia

Product quality and product safety (GRI 3-3)

Materiality and risks

To create consumer confidence and to give consumers a good experience of using BioGaia’s products, it is critical that the products are safe and meet both quality demands and other expectations. The risk that the products do not meet statutory requirements for food supplements, contain objectionable contaminants or do not comply with BioGaia’s own quality standards is actively minimised.

Quality is one key aspect throughout the value chain. From ensuring that research on product benefits is reliable and there is a consistent production process, to the product maintaining its high quality after delivery to the customer. Therefore, BioGaia applies significant direct control of product quality in the production phase, and more indirect control once the finished product has been sold to distributors and then later sold at resellers’ outlets. When BioGaia sells the products through its own e-commerce, BioGaia has direct control of the product quality all the way to the end consumer.

How work is conducted

BioGaia’s own 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 systems and daily activities, as well as building quality aspects into product development and production processes. The guidelines also apply to activities and purchasing that are outsourced to subcontractors. BioGaia’s Quality Standard (BQS) is a component within the Quality Management System and defines the requirements the products must comply with. These include, for example, requirements in 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.

Within the scope of the BioGaia Quality Standard, the company 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 are taken to reduce these risks to a safe level.

Production controls and related activities, at contract manufacturers as well as in our own production unit, BioGaia Production, take place according to standardised processes and routines and by personnel 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.

Non-conformances are managed and investigated using standardised methodology to ensure that only products deemed safe are released to the market. The investigation involves determining the cause of the problem and identifying measures to prevent the reoccurrence of similar problems.

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 implemented as necessary. The focus is on preventive measures as well as verifying that appropriate training is performed. Technology and knowledge transfer are conducted in a defined manner as required for a new or modified product, process or methodology.

BioGaia Production and BioGaia’s contracted manufacturers are authorised to manufacture food and are certified according to the appropriate standards for good manufacturing practice for the product in scope, such as ISO 22000, US FDA 21 CFR Part 111 and/or GMP for medicines.

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

Progress and priorities going forward

The improvements carried out in 2020, 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, were extended to additional product families in 2021. In 2021, optimisations in the supply chain were made, which resulted in a reduction in transportation while retaining quality. The quality standard and its tools were updated with regard to clearer requirements on products and suppliers, which streamlines quality assurance work in the product development process. Further digitalisation of the Quality Management System, with the introduction of electronic signatures for all quality documents, reduced paper use and enhanced the efficiency of work processes. Priority elements in the further development of the Quality Management System will be implemented in 2022.

Number of product withdrawals due to inadequate product safety (BSD 3)

	2021	2020	2019
Number of recalls ¹⁾	0	0	0

¹⁾ Definition: Withdrawals of products from customers due to product safety issues

Material and raw material management (GRI 3-3)**Materiality and risks**

In order for BioGaia to contribute to a healthier society, it is essential that the impacts of products on the surrounding community are considered. A significant part of BioGaia's environmental impact is derived from the production of the products, which includes processing and packaging of the products and raw materials. There is also a risk that packaging material leads to pollution and creates waste further down the value chain, which risks having a negative impact on the environment and on human health.

It is important that BioGaia takes responsibility for its purchasing, since there is a risk that this may indirectly contribute to environmental degradation and violations of human rights. Through its choice of raw materials and suppliers, the company can influence both the environment and society. BioGaia has an opportunity to avoid the negative impact and instead contribute to the positive development of the supply chain (read more in the section "Responsible suppliers" on page 26).

How work is conducted

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

The result from the life-cycle assessment conducted in 2020 according to guidelines in ISO 14040 and ISO 14044 confirmed that a significant part of the environmental impact from BioGaia's products stems from packaging and ingredients.

More sustainable packaging is a prioritised area and work to identify alternative packaging solutions continued during 2021. The challenge is to find a packaging solution that can be produced in a more sustainable way, with more sustainable materials and with low negative impact at end-of-life, without compromising the need for the packaging to safeguard quality and shelf-life of the contents. During the year, BioGaia conducted a comparative life-cycle assessment (LCA), together with external consultants, in order to study whether blister packs or bottles are the best type of packaging from an environmental and climate perspective. The results found that a blister pack (up to about 90 tablets in the current packaging) is slightly better than a bottle. The analysis also created a scenario to model changes to environmental impact by increasing the proportion of recycled and/or biobased material. The analysis found that the greatest change can be achieved by reducing packaging material.

The life-cycle assessments also resulted in more accurate data on the company's environmental impact and will be used as a basis for the packaging strategy and future measures to reduce the environmental footprint from packaging. The assessments provide BioGaia with a tool to assess the environmental impact of individual products and therefore better assess environmental impacts of decisions made early in product development.

During 2020, the recyclability of each packaging was assessed for improvements. Initiatives to improve recyclability by moving towards more mono-materials continued in 2021. BioGaia Production is actively working to minimize the use of unnecessary packaging material, for example the stretch film still being used consists of 51% recycled plastic with 19% lower environmental impact than similar alternatives. It is moreover completely recyclable. BioGaia already primarily purchases environmentally certified paper products. In 2022, the Group will study the potential to certify the packaging under FSC labeling.

With respect to ingredients, the life-cycle assessment identified palm oil as the ingredient with the greatest impact on people, the climate and biodiversity. BioGaia is, therefore, actively working to completely phase out palm oil. At the end of 2021, BioGaia could offer palm oil-free variants of the tablet product range worldwide. Oil drops in a palm oil-free variant can now be ordered in the European market. For regulatory reasons, an alternative recipe for palm oil-free drops will be offered to markets outside the EU. The products will be introduced in 2022/2023. The phase out of the drops outside the EU will follow the same model as other phase outs. However, replacing products takes time. In 2021, 26% of tablets and 5% of oils were sold as palm oil free. 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.

Progress and priorities going forward

This year's additional life-cycle assessment provided valuable insights into how BioGaia can work to reduce the company's environmental impact from packaging. The next step is to develop packaging solutions that also meet the requirements of retaining quality and sustainability for the products. BioGaia will continue to review, improve and test new packaging alternatives based on the new packaging strategy.

BioGaia's aim is that the company will have stopped selling any products with palm oil as an ingredient by 2025. The phase out of palm oil takes time as the products are sold

Healthy products

in more than 100 markets with varying laws, rules and interests in phasing out palm oil. There is also a risk that the company during the transition will be forced to discard a quantity of fully functional products due to complex regulations in certain markets. This would be an unwanted waste of resources that requires planning to avoid. As part of this work, BioGaia recruited one person in 2021 to work full time with the phase out of palm oil. The target for the year was exceeded, which suggests the additional resources are producing results. The plan is to maintain momentum in the phase and minimise the amount of products wasted. By the end of 2022, the objective in Europe is to achieve 71% of the phase-out process for tablets and 70% for drops.

Emissions (GRI 305-1, GRI 305-4, BSD4 & BSD5)¹⁾

Emissions from ingredients	2021	2020	2019
Tonnes CO ₂ equivalents	744	637	644
Grams CO ₂ equivalent per dose	1.3	1.2	1.2
Emissions from packaging materials	2021	2020	2019
Emissions from the production of packaging materials (tonnes CO ₂ equivalents) ²⁾	731	647	694
Emissions, including end-of-life and transport	907	812	874
Grams CO ₂ equivalent per dose ²⁾	1.2	1.3	1.3
Grams CO ₂ equivalent per dose, including end-of-life and transport	1.5	1.6	1.6

1) For further information about the emissions calculations, refer to the section "Environmental impact of operations" on page 21.

2) Data revised between the 2020 and 2019 reports due to new results from the 2020 life-cycle assessment.

Materials¹⁾ (GRI 301-1 & 301-2)

Materials used in tonnes	2021	2020	2019
Glass (tonnes)	251	230	264
Plastics - mainly PE (tonnes)	82	76	79
Paper (tonnes)	212	177	190
Aluminium (tonnes)	21	23	24
Recycled input materials used	2021	2020	2019
Recycled glass (tonnes)	138	-	-
Recycled glass (%)	55%	54%	54%
Recycled aluminium (tonnes)	2.3	-	-
Recycled aluminium (%)	11%	-	-

1) 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.

Status for phasing out palm oil in products ¹⁾ (BSD 8)

Status for the phase-out process in % for tablets	2022	2021
Status 1 Jan	58%	39%
Target by 31 Dec	71%	51%
Status 31 Dec	N/A	58%
Objective by 31 Dec 2025	100%	100%
Status for the phase out process in % for drops in Europe ²⁾	2022	2021
Status 1 Jan	38%	0%
Target by 31 Dec	70%	N/A ³⁾
Status 31 Dec	N/A	38%
Objective by 31 Dec 2025	100%	100%

Total sales of palm oil-free products during the year	2021
Volume tablets sold without palm oil of total number of sold tablets (%)	26%
Volume ml drops sold without palm oil of total number of sold tablets (%)	5%

1) Data does not take into account the volume of sales in the market but is solely based on how advanced the phase-out process is in each market in overall terms. Nor does data take into account products containing vitamin D with traces of palm oil.

2) Applies to drops 2.0 sold in Europe. A product in drop format for markets outside of Europe is being developed.

3) No target for the phasing out of drops was set in 2021.

Summary – Healthy products

Well-documented products & transparent product information

Objective 2021	Did we do it	Outcome 2021
Continue the work to establish a harmonised legal status for probiotics in the EU, framing the communication on probiotics towards consumers.	Ongoing	Continue the work for a harmonised legal definition of probiotics.

Product quality and product safety

Objective 2021	Did we do it	Outcome 2021
All products to be declared allergen free.	Partly	In 2021, the number of products declared allergen free has risen by five products but does not yet include all products.
Objective 2022	Priority elements in the further development of the Quality Management System will be implemented in 2022.	

Material use, raw materials

Objective 2021	Did we do it	Outcome 2021
Continue to work to develop palm oil-free variants of all products that currently contain palm oil.	Ongoing	Work with palm oil-free products has continued and 100% of the product range is now available as palm oil free.
Continue to introduce palm oil-free product versions in all markets.	Ongoing	Since 2020, palm oil-free variants have been launched in 26 new markets for tablets and three new markets for drops.
Continue to work on strengthening the product development process to more clearly take sustainability aspects into account.	Ongoing	This includes work with life-cycle assessment, packaging strategy and criteria for information to be made available by suppliers.
Further evaluate recycling features of packaging solutions used.	Ongoing	During the year, a life-cycle assessment of packaging was conducted, a packaging strategy prepared, guidelines for sustainable products and a procedure for the ongoing evaluation of new packaging and ingredients.
Continue development work within more sustainable packaging.	Ongoing	
Objective 2022	The objective is to phase out 71% of tablets containing palm oil by the end of 2022.	
Long-term objectives	The long-term objective is to have phased out all sales of products containing palm oil by 2025.	

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.

Values are the cornerstones of the business and in 2020, BioGaia launched a comprehensive initiative to develop the company's values and leadership. The results of this work began to be implemented during the year and this journey will continue in 2022 (see Healthy workplace, page 29).

BioGaia has identified two material topics related to a healthy business: anti-corruption and anti-bribery as well as the environmental impact of operations.

Anti-corruption and anti-bribery (GRI 3-3)

Materiality and risks

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

BioGaia works with different companies in more than 100 countries where there are varying degrees of corruption risk.¹⁾ The main risks of corruption and bribery arise in connection with the sale of products to distributors, major purchases and insufficient independence of researchers and doctors. It is therefore essential that employees are aware of and prepared to manage these risks.

How work is conducted

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 therefore the operational responsibility of a member of Executive Management. The Board of Directors bears the ultimate responsibility for business ethics and anti-corruption in the organisation.

Training for employees in anti-corruption is held annually. This includes information on the impact of corruption on societies, BioGaia's anti-corruption policy and existing laws and regulations. The training also draws attention to BioGaia's whistleblower function, which plays an important part in anti-corruption efforts as this guarantees anonymity. After training, all participants complete a test to ensure they have adequate knowledge in the area. BioGaia's target is that all employees in the Group should receive this annual training. During 2021, 97% (100) of the Parent Company and 92% (100) of employees in the Group received training. No corruption incidents were brought to the company's attention in 2021.

BioGaia's whistleblower system is provided by an external party where employees and others can report perceived anomalies anonymously. The system is available through BioGaia's external website in Swedish and English. The company's guidelines for the whistleblower function are communicated in the anti-corruption policy, during training and for new employees during on-boarding. The anti-corruption policy is available for all employees.

The team responsible for managing reported incidents in the system includes a representative from the Board of Directors and representatives from HR and Corporate Governance. BioGaia undertakes to comply with the EU directive to protect whistleblowers. No incidents were reported to the whistleblower system during 2021.

Anti-corruption work (GRI 205-2)

Total number and percentage of employees that have received training in the company's anti-corruption policies by employee category

	2021 ¹⁾	2020	2019
BioGaia AB	97% (93)	100% (96)	100% (94)
Management team	100% (9)	100% (10)	100% (10)
Employees	96% (81)	100% (86)	100% (84)
BioGaia Group	92% (119)	100% (160)	86% (135)
Management ²⁾	100% (13)	100% (18)	100% (12)
Employees	91% (106)	100% (142)	78% (123)

1) 2021 does not include employees who were on leave of absence or parental leave during the period as well as employees in Japan at Group level.

2) Management in BioGaia Group is Executive Management at BioGaia AB (9), Managing Directors at BioGaia Pharma (1), MetaboGen (1), BioGaia Production (1) and BioGaia Finland (1).

Progress and priorities going forward

BioGaia's annual training on anti-corruption and anti-bribery was updated during the year and launched in an online format. The training is interactive and information is mixed with questions and concludes with a mandatory questionnaire when users can test their knowledge. Over the next year, the training will be translated into Japanese to offer BioGaia Japan access to the information in their mother tongue. Therefore, employees in Japan (28) did not complete the training in 2021 but will do so in 2022 when the material has been translated.

- Every year, the Board reviews and approves all policies.
- The management of BioGaia Group has been trained in company anti-corruption policies and procedures.
- Of employees outside Sweden, five of six individuals in Singapore, the US and Finland have completed training.
- See data on suppliers, distributors and partners that have signed BioGaia's external Code of Conduct, including anti-corruption clauses, in the section on healthy networks on pages 26–27. In addition, BioGaia has anti-corruption clauses in the standard contract templates.

1) BioGaia does not have any revenue from government contracts.

Environmental impact of operations (GRI 3-3)

Materiality and risks

Climate change is one of the defining issues of our times and during summer 2021 a worrying report was published by the IPCC that further underlined the need to drastically reduce greenhouse gas emissions to enable a more secure future. BioGaia is aware that the operations carried out give rise to emissions and other consequences in the form of environmental degradation. From this basis, the company strives to reduce all forms of potential and actual negative environmental impacts throughout the value chain and contribute to the sustainable shift necessary for the long-term viability of society. In addition to any brand and regulatory risks that may arise if the company fails to move quickly enough, increased physical risks also arise due to higher emissions. These may affect BioGaia's own facilities, supply chains and consumers, and also have an indirect impact on BioGaia's ability to operate.

How work is conducted

BioGaia's Code of Conduct includes the principle of considering environmental impact in all decisions. This could include the choice of suppliers and raw materials. BioGaia also makes annual calculations of the company's greenhouse gas emissions (page 23), which improve the understanding of the origins of the most substantial climate impact from operations and helps BioGaia to prioritise improvement measures.

In 2021, an updated and deeper life-cycle assessment was conducted that has provided a more comprehensive understanding of the climate impact of blister packaging and plastic bottles. This is described in the Material and raw material management section (page 16). The results are used as a basis for any measures and strategic decisions on the choice of packaging.

The assessment also includes data on other environmental impacts such as acidification and eutrophication, which mean BioGaia can consider additional impacts in work moving forward. The life-cycle assessment is used as the basis for the strategy that was prepared during the year to reduce the future environmental impact from products and packaging.

It also provided further accuracy in the calculation of the environmental impact of products.

In 2021, the measurement methods for greenhouse gas emissions and their categorisation were refined and improved. 1,901 (1,702) tonnes of CO₂ equivalents include items that are comparable with the previous year, where the increase is due to updated calculation methods for packaging, the use of more precise data for company cars and increased sales of products with higher emissions. Company reporting of emissions from business travel has been improved with more timely access to data from travel providers, and has fallen since the previous year. This year, an estimate was also prepared for outbound transportation, which was shown to make a significant contribution to BioGaia's climate impact, a full 4,764 tonnes CO₂e. The calculations were based on a number of assumptions and will therefore be developed further during 2022. Given that the type of transportation is decided by customers, BioGaia has relatively little control over these emissions. However, in the future BioGaia will strive to influence customers to choose more low emission transportation. For more details about emission categories included and estimation methods, see page 23.

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 38.

Since 2020, BioGaia AB has also purchased renewable electricity for the company's own offices and production facilities. To ensure that all electricity used in operations is sustainable, BioGaia also purchased separate certificates for sustainable electricity in 2021, equivalent to electricity consumption of operations in Japan as it was difficult to purchase renewable energy directly from electricity suppliers there.

Progress and priorities going forward

BioGaia has chosen to focus efforts moving forward to areas where the company has the greatest potential to reduce its emissions and thereby make the biggest difference. These areas include:

- **Ingredients**, focusing on the phase-out of palm oil
- **Packaging** and work to create more sustainable packaging solutions
- **Business travel**, which has historically accounted for a large share of BioGaia's emissions
- **Supply chain's** environmental impact and methodology of calculation

Work to phase our palm oil has been given the highest priority as the use of palm oil accounts for a significant share of BioGaia's carbon footprint and has a negative impact on biodiversity. The phase-out of palm oil from the products is estimated to result in a total reduction of more than 150 tonnes of greenhouse gas emissions per year, based on sales figures

Chemicals management

BioGaia's manufacturing operations require a number of chemicals and it is essential that these are correctly managed in operations. Accordingly, careful risk analyses are conducted from a quality, environment and work environment perspective before new chemicals are added by BioGaia Production and work is continuously ongoing to identify alternatives to the chemicals considered most hazardous. All employees receive detailed information about how the chemicals are to be managed in the best possible manner and are provided with personal protective equipment whenever necessary.

A healthy business

in 2019. The reductions in emissions from the new palm oil-free products launched in 2021 have not yet been realised but are expected to be more visible as sales of these products increase. Read more about BioGaia's work to phase out palm oil on page 17.

Product packaging is also one of the main emission sources from BioGaia's business and as described on pages 16–17, material and raw material use, work to identify packaging solutions that are more environmentally friendly continued in 2021. Product development of new packaging is a long-term effort and rigorous testing must be conducted to ensure that the substitution does not risk having a negative impact on product quality. It is therefore too early to quantify the environmental impact of these initiatives.

Before the pandemic, business travel accounted for a significant share of BioGaia's emissions. During the year, business travel decreased compared with 2020, which is partly explained by the pandemic situation. Therefore, BioGaia's target of reducing emissions from travel by 30% cannot yet be followed up with a true and fair view. The target definition is that average emissions per sales volume should be 30% lower between 2021–2025 than in 2019.

A travel directive has been developed and adopted by the management team and stipulates guidelines for how staff are to travel on business. The directive aims to increase staff security and reduce costs and the environmental impact of business travel.

Last year's life-cycle assessment identified several climate-related improvement opportunities in BioGaia's supply chain – partly among direct suppliers and partly in the choice of input materials for the products. Work to assess the environmental impact of suppliers will continue but has yet to lead to any concrete changes.

The management of BioGaia AB decided in 2021 to appoint a Sustainability Committee, which is to begin working in 2022. The Committee will contribute to efforts to draw up sustainability targets for BioGaia's overall sustainability strategy and to improve conditions to pursue projects that reduce the company's environmental impact. In 2022, BioGaia is aiming to establish specific and more ambitious climate targets and begin a process to receive approval for these from the Science Based Targets initiative.



Greenhouse gas emissions (GRI 305-1, GRI 305-2 & GRI 305-3)

Tonnes CO ₂ e. emissions by company	Scope 1 (GRI 305-1)			Scope 2 (GRI 305-2)			Scope 3 (GRI 305-3)		
	2021	2020	2019	2021	2020	2019	2021	2020	2019
BioGaia AB	0.1	0	0	5	2	9	6,502 ²⁾	1,605	2,558
BioGaia's subsidiaries	75 ¹⁾	9	9	0.2	30	57	81	55	52
Total emissions for BioGaia Group	75	9	9	6	32	66	6,584	1,661	2,609
<i>Total after carbon offsetting</i>	0	0	0	0	0	0	4,764	0	0

1) Increase from previous years is a result of updated calculations for company cars and refrigerant leakage.
 2) Increase from previous years is mainly a result of updated calculations of distribution.

Tonnes CO ₂ e. emissions by category	2021	2020	2019
SCOPE 1 (GRI 305-1)			
Company cars	64	-	-
Refrigerant leakage	12	-	-
SCOPE 2 (GRI 305-2)			
Electricity, cold and heat – market based ¹⁾	6	36	69
Electricity, cold and heat – location based	59	58	56
SCOPE 3 (GRI 305-3)²⁾			
Electricity, cold and heat – market based ¹⁾ not included in Scope 2 (3)	43	-	-
Product ingredients (1, 10)	744	637	644
Product packaging ³⁾ (1)	731	647	696
Outbound transportation ⁴⁾	4,764	-	-
End-of-life treatment of packaging (12)	102	102	108
Transportation of raw materials (4)	74	63	69
Commuting (7)	59	33	143
Business travel (6)	53	170	939
Other (office supplies and office waste as well as emissions from rented properties) ⁵⁾ (1, 5, 8)	15	15	14
Total emissions in BioGaia Group excl. outbound transportation	1,901	1,702⁶⁾	2,684
Total climate impact after carbon offsets excl. outbound transportation	0	0	0
Total climate impact after carbon offsets incl. outbound transportation	4,764	-	-

1) Includes Scope 2 and 3 emissions from electricity, heating and cooling and from company cars.
 2) The type of Scope 3 category is shown in parentheses.
 3) Includes emissions from both direct and intermediate packaging used when producing products.
 4) New item for 2021, which was found to have a significant impact on BioGaia's emissions and will be followed up over the next few years.
 5) Prior to 2021, the item "Other" included office supplies and cars owned and is therefore not comparable with previous years.
 6) Total emissions in 2020 amounted to 1,702 tonnes of CO₂e. The sum of 1,703 presented in the table is due to a rounding error.

Calculation methods

- The calculation method was further refined in 2021, primarily through new life-cycle assessments and the inclusion of the distribution of products. This means the figures differ from what has been reported in previous years.
- Emissions have been calculated using the Greenhouse Gas Protocol's guidelines.
- Average emissions per employee were, before carbon offsets are accounted for, 17.5 tonnes CO₂e/person in 2019, 10.8 in 2020 and 11.6 tonnes CO₂e/person in 2021 with comparable figures. Including new items for 2021, emissions per employee amounted to 40.9 tonnes CO₂e.
- BioGaia uses 2019 as the base year for following up emissions.
- The emission factors used normally include the following greenhouse gases: carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. The emission factors used are presented on page 45.
- BioGaia applies operational control as the consolidation approach for emissions.

Summary – A healthy business

Anti-corruption and anti-bribery

Objective 2021	Did we do it	Outcome 2021
Further develop anti-corruption training and continuously assess related company risks.	Yes	Substantial development work with anti-corruption training was conducted in 2021, from both a content and tool perspective. This included making it available as online training.
Objective 2022		
Make training accessible to individuals who could not take part in training this year, in terms of language (translation to Japanese) and scope.		

Environmental impact of operations

Objective 2021	Did we do it	Outcome 2021
Develop guidelines for business travel.	Yes	A new directive was developed for business travel, adopted by the CEO and presented to employees.
Continue development work for more sustainable packaging.	Yes	A strategy and guidelines for sustainable products and packaging were developed.
Continue work to phase out all products that contain palm oil as an ingredient.	Yes	Work progressed in 2021 and is expected to continue until the end of 2025.
Increase BioGaia's knowledge about the company's greenhouse gas emissions.	Yes	Further developed methodology to calculate emissions, primarily from transportation, and continued work with life-cycle assessment to understand BioGaia's footprint.
Continue to study the opportunities for improvement by suppliers identified in the life-cycle assessment.	Yes	Work with suppliers continued and included on-site visits to CMO suppliers to identify potential improvements and to study existing solutions to improve environmental performance.
Objective 2022		
Establish concrete and more ambitious climate targets and begin a process to receive approval for these from the Science Based Targets initiative.		
Long-term objectives		
The objective for 2025 is to reduce emissions from business travel by 30% from 2019 years level and phase out all sales of products containing palm oil.		

Healthy networks

BioGaia's international networks of researchers, suppliers and distributors is an important part of the business model. A large part of BioGaia's impact on people and the environment is linked to its ability to influence and collaborate with partners in the value chain.

Responsible suppliers (GRI 3-3)

Materiality and risks

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. Suppliers do not operate directly under the control of BioGaia and accordingly there is a risk of indirectly supporting operations that do not comply with BioGaia's values, for example, in the form of violations of human rights or shortcomings in working and safety standards. However, BioGaia can impose demands on its suppliers and can therefore influence them in a positive direction, one example of which is to require the prioritisation of more sustainable materials. BioGaia has a relatively small share of suppliers for culture, contract manufacturing, packaging and testing. By engaging in long-term and close relationships with these suppliers, BioGaia has a better opportunity to help improve the suppliers' sustainability agenda. This work reduces sustainability risks in the supply chain.

In addition to the subsidiary BioGaia Production, BioGaia AB has external suppliers for production and product packaging as well as culture suppliers and analytical services in Sweden, Denmark, Belgium, Italy, Spain and the USA. Suppliers of ingredients for the products are mainly located 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.

How work is conducted

According to BioGaia's Code of Conduct, all parts of the value chain should be subject to continuous improvement to reduce negative impacts. 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 (such as ILO). If unethical behaviour and/or non-compliance is detected in the value chain, it should be reported and suitable action taken.

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. The Code is part of the business contract with suppliers.

Suppliers with an assessed higher risk, for example based on the region of operation, are requested to complete a self-assessment in respect of their degree of compliance with the requirements of the Supplier Code of Conduct. These are then monitored jointly by BioGaia and the supplier and followed-up as part of the yearly Supplier Risk Assessments. The assessments are conducted in a structured manner to identify risks and take mitigating measures where deemed necessary (see Product quality and product safety, page 15). Sustainability impacts are also managed continuously in the ongoing dialogue with the suppliers.

Progress and priorities going forward

By the end of 2021, 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 2021 no new suppliers of these services were contracted in regions with higher risk, which means no new assessments have been carried out.

In the life-cycle assessment process in 2020, significant impact areas and possible opportunities for collaborations to reduce greenhouse gas emissions were identified and were further explored during 2021. These have, however, yet to result in any concrete measures.

Key suppliers that have signed the Supplier Code of Conduct (BSD 6, GRI 414-1)

	2021	2020	2019
Contract manufacturers and culture producers	100%	100%	100%
Analytical services	100%	100%	100%
New suppliers that have signed the Supplier Code of Conduct during the year ¹⁾	0	0	-

¹⁾ No new contract manufacturers, culture producers or analytical services were added during the year.

Healthy networks

Responsible partners (GRI 3-3)

Materiality and risks

BioGaia's distributors have a direct impact on how the products are distributed and marketed to consumers. The distributors are, for example, responsible for ensuring that BioGaia's products comply with local laws and regulations in their respective markets. If a distribution partner's operations do not meet with BioGaia's expectations, there is a risk that BioGaia's brand and stakeholders trust in the company will be damaged.

How work is conducted

As part of BioGaia's distribution agreements, distributors ensure they meet all legal requirements in the local markets. Distributors assume full responsibility but are offered support by BioGaia's own experts. Additionally, BioGaia requires that distributors only make claims supported by research, regardless of whether any other claims are allowed in the local market.

In 2018, BioGaia implemented a Code of Conduct for the company's approximately 60 distribution partners, which further outlines BioGaia's expectations and requirements. The aim for 2021 is that all partners will sign the Code of Conduct or present their own equivalent version. At the end of 2021, 97% (90) had signed up to the Code of Conduct, or presented their own equivalent version.

Progress and priorities going forward

BioGaia is currently working on developing the sales process to be able to further assess distributors' sustainability performance. In 2021, risk assessments were conducted of all new distributors in high-risk countries using an external tool that monitors negative publicity in the media and warns if the company has a relationship with an individual or organisation that is subject to sanctions. No sanctions or elevated risk were detected among distributors examined. In 2022, BioGaia intends to develop this process further to find an appropriate method in relation to the type of distributor with which BioGaia normally cooperates.

% Distributors that have signed the partner Code of Conduct (BSD 7)

	2021	2020	2019
Distributors	97%	90%	85%

Responsible research (ethics and safety in clinical trials) (GRI 3-3)

Materiality and risks

BioGaia's brand and stakeholders trust in the company may be damaged if support is given to doubtful studies where ethical guidelines are not followed. 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. For some time, BioGaia has created a network of independent experts to conduct research. BioGaia's level of control over studies with the company's strains and products varies, however, from being highly involved to only providing the study product.

How work is conducted

All research, pre-clinical and clinical, in which BioGaia is involved 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 outlined in the company's internal Code of Conduct and the specific requirements are stipulated in the research contracts. All of BioGaia's research partners are encouraged to work in accordance with the International Council for Harmonisation on Good Clinical Practices (ICH-GCP).

For clinical trials 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 3Rs – 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.

Progress and priorities going forward

In 2021, BioGaia updated the company's guidelines for sponsorship of clinical studies in order to standardise the circumstances and scope of such sponsorship. The guidelines aim to clarify the relationship between BioGaia and the research partners that conduct the clinical studies.

BioGaia's patent team has a process and strategy where the potential adverse health impacts due to patent enforcements are considered in the patent registration process. The patent held by BioGaia for its probiotic products has been assessed as not entailing any critical adverse effects.

Summary – Healthy networks

Responsible suppliers

Objective 2021	Did we do it	Outcome 2021
Assess need for further development of how sustainability risks in the supply chain are managed.	Not started	Due to a lack of resources, BioGaia did not initiate an assessment in 2021 of the need for further development of how sustainability risks in the supply chain are managed.
Continue to study the opportunities for improvement by suppliers identified in the life-cycle assessment.	Ongoing	Discussions are ongoing but have yet to result in concrete measures. An updated life-cycle assessment of bottle and blister packaging was conducted using additional data from suppliers.
Objective 2022	To include the sustainability assessment of suppliers in the Supplier Risk Assessment process.	
Long-term objectives	Assess need for further development of how sustainability risks in the supply chain are managed.	

Responsible partners

Objective 2021	Did we do it	Outcome 2021
Evaluate and improve new process to assess distributors.	Ongoing	All new distributors in markets with an assessed higher risk were evaluated using an external tool. No higher risk was identified for these distributors.
100% of partners must have signed BioGaia's Code of Conduct.	Ongoing	97% of BioGaia's partners had signed the Code of Conduct in 2021 and active efforts are ongoing to cover the remaining partners in 2022.
Objective 2022	100% of all new distributors are to sign the Code of Conduct.	
Long-term objectives	Further develop the process for evaluating new distributors.	

Responsible research

Objective 2021	Did we do it	Outcome 2021
Further development of work to promote independent studies with BioGaia's strains.	Yes	22 independent studies published in 2021 and the process for managing inquiries about new research was updated.
Continue to evaluate the need for additional policies and processes.	Yes	In 2021, BioGaia updated the company's guidelines for sponsorship of clinical studies.
Objective 2022	Sequencing, genomics and safety studies will begin as part of the development of new strains.	



A healthy workplace

BioGaia strives to be an attractive workplace that offers a healthy corporate culture where employees feel safe, included and inspired.

We have identified four particular material topics that form the basis of a healthy workplace, namely employee well-being, training and development, diversity and equal opportunities, as well as safety in production.

Employee well-being (GRI 3-3)

Materiality and risks

BioGaia strives to promote a physically and mentally healthy environment in the workplace, to enable the employees to thrive. Inadequate skills, lack of motivation, high stress levels and a lack of loyalty are perceived as the greatest risks in the context of employee well-being. These aspects increase the risk of poorer health and higher sick leave.

Through systematic work and preventive efforts to improve well-being among employees, BioGaia is reducing the risk of losing valuable expertise, which in turn may impact the company's capacity to deliver high-quality products. BioGaia is actively working to engage and inspire its employees to be the best version of themselves, to benefit both employees and the business.

How work is conducted

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". In 2020, new core values were developed based on a large management team effort with a comprehensive values study among employees.

This work resulted in the following three core values:

• **Innovation**

We strive for breakthrough solutions that make a difference in people's lives.

• **Collaboration**

Trust, helpfulness and curiosity define our way of working.

• **Passion**

We are committed and put our hearts into everything we do.

The foundation of the efforts to secure workplace health is BioGaia's Code of Conduct and the working environment policy. BioGaia also has an employee handbook that offers guidance for working at the company, and explains where employees can turn with questions and problems. The handbook also describes the different types of employment benefits.

Regular activities are organised by BioGaia AB to boost employee well-being. These could be various types of

physical exercise or social events. For example, in the early summer of 2021 online yoga classes were held over a six week period for all employees and during the autumn some 60% of BioGaia AB's employees accepted a challenge to increase everyday exercise in competition with other companies.

Progress and priorities going forward

Work establishing the values continued during the year. The pandemic restricted opportunities for face-to-face meetings with dialogues and discussions, which again affected work with the corporate culture in 2021. However, efforts to embed the values in the organisation resumed during the autumn with face-to-face workshops and the intention is to continue to build a strong, value-driven leadership culture over the next few years.

During the autumn of 2021, the &Frankly employee tool was introduced to enable the follow up of softer values. It aims to use simple, anonymous employee surveys to measure engagement in areas such as leadership and well-being. BioGaia aim to use these pulse surveys, which will be carried out at least once per quarter, to follow up and continuously improve well-being and culture in the company.

Discussions are continuing about the best way for BioGaia to work following Covid-19 to create the best possible balance between work and leisure, and to ensure an inclusive and inspiring working environment. During the year, decisions were taken to test a hybrid model whereby employees are allowed to work three days from the office and two days remotely each week.

During 2021, there was a slight increase in employee turnover at BioGaia AB, 11.3% as compared to 7.3% in 2020. One contributing factor to the rise in employee turnover may be BioGaia's initiative to increase sales directly to consumers, which entailed a greater need for new capabilities in areas such as digitalisation, sales and marketing to consumers. A decision to move existing operations for BioGaia AB in Lund to Eslöv, next to BioGaia Production, which aimed to strengthen collaboration with the subsidiary, may also have been a contributing factor. Sickness absence was generally still low, but slightly higher than in the previous year, at 2.3% compared with 1.9%.

Benefits offered to employees¹⁾ include:

Free medical examinations every second year for employees under the age of 50 and every year for employees over 50

Extra healthcare insurance and full salary from the first day of sick leave²⁾

Preventive healthcare subsidy

Counselling as needed, regardless of whether it concerns private or work-related problems

The offer to top up parental salary for a period of six months as a supplement to compensation from the Swedish Social Insurance Agency

¹⁾ These benefits are mainly offered to employees in Sweden and local differences may exist for employees outside of Sweden

²⁾ The majority of employees live in Sweden with a widespread state-provided healthcare system and the benefits BioGaia provides are additional to this.

A healthy workplace

New employee hires and employee turnover (GRI 401-1)

New employees ¹⁾	2021		2020		Employee turnover ¹⁾	2021		2020		2019	
BioGaia AB	(17)	(8)			BioGaia AB	11.3% (11)	7.3% (7)			8.2%	
Men	76% (13)	50% (4)			Men	3.0% (3)	3.1% (3)			-	
Women	24% (4)	50% (4)			Women	8.3% (8)	4.2% (4)			-	
<30 years (%)	12% (2)	0% (0)			<30 years (%)	0% (0)	0% (0)			-	
30-50 years, %	65% (11)	75% (6)			30-50 years, %	3.0% (3)	5.2% (5)			-	
>50 years (%)	24% (4)	25% (2)			>50 years (%)	8.3% (8)	2.1% (2)			-	

1) Numbers of employees in parentheses.

1) Data on all subcategories has not been reported before 2020 and is therefore not available for 2019. Total numbers of employees in parentheses.

Employees (GRI 2-7)

Average number of employees during the year	2021			2020		
	Men	Women	Total	Men	Women	Total
Total BioGaia Group	66	95	161	64	93	157
BioGaia AB	31	64	95	30	65	95
Subsidiaries						
Sweden	22	14	36	22	15	37
Japan	11	16	27	10	13	23
USA	2	0	2	2	0	2
Finland	0	1	1	-	-	-

BioGaia AB - employees at end of year per employment type ¹⁾ (headcount)	2021			2020		
	Men	Women	Total	Men	Women	Total
Total employees at end of year	32	67	99	32	65	97
Employees with permanent contracts	32	66	98	32	64	96
Employees with temporary contracts	0	1	1	0	1	1
Full-time employees	31	66	97	30	64	94
Part-time employees	1	1	2	2	1	3

1) The change in the number of employees since previous year in parentheses.

BioGaia also has two people employed in the US subsidiary BioGaia Inc, one person is located in South Africa and three people work in Singapore. An insignificant portion of the organisation's activities are performed by people who are not employees. The total numbers of employees does not vary significantly during the year. Data is derived from a combination of the human resource and salary system. Data on BioGaia Group per employment type was not previously available.

Number of employees at end of year by country ¹⁾ (headcount)	2021
Sweden	131
Japan	28
USA	2
UK	2
South Africa	1
Singapore	3
Finland	1

1) The breakdown of total number of employees by country is new for 2021 and earlier data is therefore not available.

Short and long-term sick leave ¹⁾	2021	2020	2019
BioGaia AB	2.3%	1.9%	1.3%
Men	3.2%	2.5%	-
Women	0.4%	0.7%	-

1) Data on all subcategories has not been reported before 2020 and is therefore not available for 2019.

Training and development (GRI 3-3)

Materiality and risks

Employees who feel that they are developing in their career also tend to be motivated and engaged. Opportunities for training and development in the workplace also increase the likelihood of attracting competent and highly-educated personnel. Good development opportunities reduce the risk of inadequate skills among employees, that valuable expertise is lost or that employee turnover is high. BioGaia therefore offers all employees structured performance reviews that provide every employee with an opportunity to use their knowledge and expertise to contribute to the business.

How work is conducted

BioGaia has a tool for structured performance reviews which is used by managers and employees to ensure the quality of follow-up. Carrying out these reviews is a key component in ensuring that employees perceive that their efforts are recognised, appreciated and valued. The performance review process was updated in 2020 to become more focused and relevant for each role. All managers are invited to a start-up discussion prior to the period for performance reviews. Information is sent to employees and managers to prepare for these reviews. In addition, the bonus plan was updated in 2021 to become more relevant and specific. In 2021, 92%¹⁾ (84) of employees had such a review with their immediate manager and the objective is that all BioGaia employees will be offered a performance review every year.

A fundamental pillar of an organisation characterised by progress is inspirational leadership. BioGaia has therefore chosen to pay particular attention to leadership as part of its work with values. A Leadership Development programme was initiated during 2020 that will encompass all members of the management team and anyone with management responsibilities. The leadership training programme that was completed in 2021 is divided into three blocks that focus on value-driven leadership.

Progress and priorities going forward

In 2022, BioGaia intends to clearly integrate the values into the annual performance reviews and target definitions at individual and departmental levels. During the year, the tool for performance reviews was updated and further refined to include the new values.

Similar to most of the work with values (see Employee well-being, page 30), leadership development was again limited by the pandemic in 2021, since BioGaia considers face-to-face meetings a necessity for achieving successful cultural change. To move this work forward despite the challenges, in 2021 BioGaia created and carried out digital work environment training for new managers, which was completed by all managers, and developed the leadership programme, which will be rolled out in full in 2022.

In conjunction with the launch of digital training in anti-corruption during the year, BioGaia introduced an education portal for employees that can also be used for other types of training in the future.

Percentage of employees receiving regular performance and career development reviews²⁾ (GRI 404-3)

	2021			2020			2019
	Total	Women	Men	Total	Women	Men	Total
BioGaia AB (total) ³⁾	92% (82)	93% (55)	90% (27)	84% (75)	88% (52)	77% (23)	81%
Employees with permanent contracts	92% (82)	93% (55)	90% (27)	-	-	-	-
Employees with temporary contracts	- (0)	- (0)	- (0)	-	-	-	-
Full-time employees	90% (80)	93% (54)	90% (26)	-	-	-	-
Part-time employees	100% (2)	100% (1)	100% (1)	-	-	-	-

1) All employees who were employed by BioGaia AB during the period of the performance reviews should have been offered a review. There are individual reasons why all employees did not conduct a performance review during the period.

2) 2021 was the first year we reported performance and career development reviews per employment type.

3) The percentage is based on the number of employees offered an opportunity for a performance review during the period and the number of employees who actually completed their performance review during the period.

Diversity and equal opportunities (GRI 3-3)

Materiality and risks

An organisation characterised by diversity and inclusion is important for commercial success and provides conditions that attract a talented team. A lack of diversity and gender equality initiatives risks leading to poorer decision-making and results. This could, for example, be due to groupthink, low employee loyalty and motivation, and a discriminatory workplace culture with dissatisfied employees. Diversity and gender equality are therefore high on BioGaia’s agenda.

BioGaia has a zero-tolerance policy towards discrimination. Regardless of age, gender, ethnicity and religious beliefs, everyone must be treated with the same respect and dignity.

How work is conducted

BioGaia’s action plan for diversity and non-discrimination are the basis for the company’s diversity work. In 2020, a new plan for the 2020–2023 period was adopted. In the new plan, BioGaia 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.

A clear action plan for discrimination and harassment, and the whistleblower function whereby employees can report discrimination incidents anonymously, provides security for BioGaia’s employees (read more under “A healthy business”

on page 19). To allow more accurate and timely identification of unjustified pay gaps in the organisation, a new tool to carry out payroll mapping was procured.

During the year, a new on-boarding programme was launched to welcome new employees and make them comfortable with BioGaia’s workplace culture. During 2021, part of this programme took place physically for two days in August. In parallel with the on-boarding programme, a “buddy programme” was introduced whereby every new employee is allocated a “buddy” whom they meet regularly during the first few months. The response to this programme was highly positive and BioGaia will continue to offer it in the future. In addition to the on-boarding process for new employees, the benefits offered by BioGaia in connection with parental leave were clarified.

Progress and priorities going forward

In the payroll mapping done in 2020, only small salary differences were identified and a plan is ongoing to adjust these.

In 2021, BioGaia was again included on Allbright’s¹⁾ green list, as one of 67 green-listed companies from a total of 339 assessed companies. Allbright is an organisation that ranks Swedish listed companies from best to worst in terms of promoting women to management teams.

Questions concerning discrimination were asked in a &Frankly survey during the year and the replies showed no clear indication of discrimination. No discrimination incidents²⁾ were reported to BioGaia during 2021.

All of the targets set in the action plan for discrimination and harassment until 2023 have been achieved, with the exception of the inclusion of a module for equality and diversity in the leadership training programme (see page 32). The aim is to complete the module in 2022 and to then revise the targets in 2023. BioGaia also aims to increase efforts to communicate the diversity ambitions to external recruitment partners and managers.

1) Allbright Foundation 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.

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

Diversity of governance bodies and employees (GRI 405-1)

Age distribution	2021		2020	
	Board of Directors	Executive Management	Board of Directors	Executive Management
BioGaia AB - total	9	10	8	10
<30 years	0	0	0	0
30-50 years	4	5	4	3

Gender distribution	2021		2020		2019	
	Men	Women	Men	Women	Men	Women
BioGaia AB - Board	67%	33%	62%	38%	57%	43%
BioGaia AB - Executive Management	60%	40%	60%	40%	50%	50%
BioGaia AB - all employees	32%	68%	32%	68%	33%	67%
BioGaia Group	40%	60%	40%	60%	41%	59%

Parental leave¹⁾ (GRI 401-3)

Parental leave at BioGaia AB ¹⁾	2021	
	Men	Women
Total number of employees in the reporting period that took parental leave, by gender	2	6
Total number of employees that returned to work in the reporting period after parental leave ended, by gender	1	4
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	2	6
Return to work and retention rates of employees that took parental leave, by gender	2	6

1) All employees with children younger than eight years old are entitled to parental leave.

Safety in production (GRI 3-3)

Materiality and risks

BioGaia’s subsidiary, BioGaia Production, is responsible for a large share of BioGaia’s production which, together with BioGaia AB’s laboratories, represents a substantial share of BioGaia’s product development and manufacturing. However, here the risk of physical injury is elevated in comparison to the rest of the organisation. The risk of accidents may increase if employees are not properly trained for handling chemicals and/or machines. Furthermore, repetitive physical work may result in strain injuries.

Contract manufacturers are responsible for a portion of the production that does not take place at BioGaia Production and among these, BioGaia does not have the same level of control over the risk of poor working conditions. Risks at these external facilities are managed as part of BioGaia’s work with suppliers, see healthy networks, page 26.

How work is conducted

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 Production continuously works with improvements, for example by investing in equipment that minimises the risk of injuries and by endeavouring to rotate physical tasks among staff. Safety checks are carried out every day at BioGaia Production and deviations are addressed on a continuous basis. Health and safety representatives and the safety committee at BioGaia Production meet twice per year to discuss any incidents and accidents. Mandatory health and safety training was held early in 2021 for all managers at BioGaia Production, BioGaia Pharma AB, MetaboGen AB and BioGaia AB.

BioGaia’s suppliers, including BioGaia Production, 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 regular audits.

Progress and priorities going forward

In 2021, BioGaia recruited a new COO who is ultimately responsible for BioGaia AB’s operations and BioGaia Production. One aim of this recruitment was to create a clearer bridge between BioGaia AB and BioGaia Production to identify synergies and to increase collaboration between the operations. For example, BioGaia AB continued to review current procedures related to the working environment at Group level during the year and will continue with this work going forward, work that will hopefully be more efficient when coordinated under a single COO. BioGaia AB has begun work to set up a safety committee with employees and employer representatives. As is already the case at BioGaia Production, the committee intends to meet regularly to identify opportunities for improvements related to both physical and psychological working environments. BioGaia also launched an internal website in 2021 containing information about working environment issues for both employees and managers. This is available to everyone on the intranet.

During the year, BioGaia Production introduced a new packaging line that replaced manual packaging, thereby reducing the workload for employees. BioGaia Production expects to maintain a high standard in its improvement efforts going forward, and will make enhancements where possible. In 2022, we are planning to construct new production premises in Eslöv. Safety standards on these premises will be high and prioritised, as is the case at existing facilities.

During the year, BioGaia Group had 0 (0) injuries resulting in absence (LTI).

Work-related injuries¹⁾ (GRI 403-9)

Work-related injuries resulting in absence	2021	2020	2019
Number of lost time incidents (LTI ²⁾)	0	0	1
Number of incidents per 1,000,000 working hours (LTIF ³⁾)	0	0	3.1
Degree of seriousness (days of absence per LTI)	0	0	5

1) Number of incidents. BioGaia Group has never had a fatal accident.
 2) Lost Time Incident (LTI) is an incident that results in loss of working hours.
 3) Lost Time Incident Frequency (LTIF): (LTI × 1,000,000) / (average number of employees × 2,080 hours).



How does BioGaia Production work?

We are a wholly owned subsidiary of BioGaia AB with a factory in Eslöv that conducts formulation, packaging and filling of BioGaia's products. In addition to day-to-day work, we carry out development work on new products as a team. We are a very innovative workplace, to say the least.

How do you ensure safety and quality in the production process?

We have a Good Manufacturing Practices certificate, which means we have a well-defined and effective Quality Management System that is certified by an independent party. Our manufacturing process is rigorously monitored to ensure the quality of our products. An external audit is conducted every second or third year in accordance with SMETA (Sedex Members Ethical Trade Audit) methodology, which is one of the most common audits used to examine the ethical and social aspects of a business and ensure compliance with working environment rules.

We are constantly looking for ways to improve and optimise our work process in terms of both quality and sustainability. We continuously endeavour to streamline and improve our machines and the equipment we use, for the safety of both our employees and the products. Likewise, all employees are given training each year covering the equipment and the company's processes.

What are you particularly proud of at BioGaia Production in 2021?

What I thought was exceptional was that we retained a good and safe working environment without any disruption or delays in production. This was despite the limitations resulting from the pandemic, in the form of absenteeism in cases when staff were waiting for the result of Covid tests. We have been proactive in the use of face masks, sanitisers and social distancing, and have, for example, staggered breaks to minimise the number of people sharing the same room. Moreover, we built additional changing rooms and coffee rooms to ensure social distancing for our employees. We also offered rapid tests to employees showing even the mildest symptoms and held most of our large meetings and joint activities with staff outdoors. Smaller meetings were held via Teams. Everyone has made an effort and helped out, and as a result no employees were infected by the virus at work. Despite all of the restrictions, we successfully retained an innovative and positive culture at BioGaia Production. In addition to how we have worked together to limit infection rates, we also built up sufficient inventory to ensure that we did not suffer from a shortage of raw materials and packaging material, and could therefore successfully deliver products to all customers on time. I would like to stress that this is something we have achieved together throughout the pandemic.

Peter Persson, Managing Director of BioGaia Production

Summary – Healthy workplace

Employee well-being

Objective 2021	Did we do it	Outcome 2021
Continue to offer health-promoting activities.	Yes	Two formalised activities took place, see page 30.
Continue with performance reviews focusing on employee well-being.	Yes	Nothing unforeseen arose in performance reviews that required immediate action. Performance reviews have become a useful forum to identify individual needs and encourage the use of external help when this is deemed useful.
Continue to offer employees an annual health examination.	Yes	A health examination was performed in 2021.
Objective 2022		
Continue to pursue value and leadership efforts through training and workshops. Continue to work with culture at BioGaia with the aim of ensuring that the eNPS (Employee Net Promoter Score) is in line with the benchmark.		

Training and development

Objective 2021	Did we do it	Outcome 2021
Continue work to conduct and develop leadership training.	Ongoing	A module for leadership training was carried out in November. Partnerships and content were identified for a continuation of the leadership training.
Continue to develop an organisation-wide succession plan.	Ongoing	The process to develop a succession plan is ongoing.
Objective 2022		
Leadership training is expected to be completed and conducted in full. Complete the process to develop a succession plan. Integrate the values in all performance reviews and target definitions.		

Diversity and equal opportunities

Objective 2021	Did we do it	Outcome 2021
Include equality and diversity components in upcoming leadership training.	Partly	The design of leadership training is ongoing and does not focus specifically on equality and diversity but indirectly through its focus on value-driven leadership.
Further develop processes to ensure equality and diversity are included in the recruitment process.	Partly	No specific processes were introduced during the year that focus on equality and diversity. This is a dialogue taking place in connection with recruitment and with external recruitment partners.
Objective 2022		
Complete and roll out the module for equality and diversity in leadership training in accordance with the action plan for discrimination and harassment (see page 33).		

Safety in production

Objective 2021	Did we do it	Outcome 2021
Continue reviewing current handling and routines.	Ongoing	BioGaia AB continued to review ongoing procedures during the year and improvements are implemented on a continuous basis.
Launch a website with info / instructions / supporting documents for managers and employees about the working environment.	Yes	The website was launched during the year.
Set up a safety committee with employees and employer representatives.	Ongoing	On account of the pandemic, BioGaia AB has not completed work to introduce a safety committee but intends to complete this in the years ahead. It is hoped this work will be inspired by existing practices at BioGaia Production and in laboratories.

Community engagement

As a value-driven organisation, BioGaia believes strong community engagement goes hand in hand with deliberate sustainability work. BioGaia is involved in and supports a number of organisations focused on areas with links to BioGaia’s business.



PAR Foundation (The Foundation to Prevent Antibiotic Resistance)

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. The context for this was that the more antibiotics we use, the more likely bacteria will develop resistance to antibiotics treatment. An increase in antibiotic resistance could undermine the entire modern healthcare system, when seemingly easily treatable diseases or wounds and standardised medical procedures lead to life-threatening infections that are untreatable. Antibiotic resistance is considered one of the world’s main threats to man.

The link between the PAR Foundation and BioGaia’s business is clear since probiotics can contribute to strengthening the immune system and thus reduce the need for antibiotics. To date, the PAR Foundation has granted a total of SEK 9.49 million in funding to 12 projects.

During 2021, BioGaia allocated SEK 2.8 million to the Foundation. Calls for applications in 2022 support projects to prevent infections in the elderly and projects run by individuals who are starting out on their career¹⁾.

1) "Credit and attention in the adoption of profitable energy efficient technologies in Kenya" av Susanna B. Berkouwer & Joshua T. Deany (October 4, 2019)



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 and offers children opportunities for education and healthcare. Children’s homes and a support programme for poor women and their families are also supported by the Children’s Mission.

1) "Credit and attention in the adoption of profitable energy efficient technologies in Kenya" by Susanna B. Berkouwer & Joshua T. Deany (4 October 2019)



Foto: Alexis Huguet for Panzi Foundation

Panzi Hospital

Through the organisation Friends of Panzi, BioGaia supports Dr Denis Mukwege, who was awarded the Nobel prize in 2018 for his important work at the Panzi Hospital in the Democratic Republic of Congo. During 2021, 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 health-care. For example, the lives of premature babies and undernourished children are saved on a daily basis.

2021
BioGaia bought
climate offsets for
4,342
tonnes of CO₂e

Carbon Offset Project

Since 2013, BioGaia has bought carbon offsets for a large part of the Group's climate emissions in the value chain. At the beginning of 2021, BioGaia bought climate offsets for 4,342 tonnes of carbon dioxide equivalents for all climate emissions that are calculated to have arisen in the value chain in 2019 and 2020 via Burn Manufacturing. In 2022, BioGaia will buy climate offsets for estimated climate emissions in the value chain during 2021 of 1,901 tonnes of carbon dioxide equivalents. On the date of publication of this report, BioGaia has not yet obtained these credits due to delays at the supplier in making the credits available for purchase. BioGaia undertakes to buy climate offsets as soon as the credits are available at Burn Manufacturing, or alternatively choose another supplier that offers equivalent credits from projects that are also certified by Gold Standard. The certification ensures that the carbon credits are real and verifiable and make measurable contributions to sustainable development.

For an updated status of the climate projects BioGaia is supporting, see www.sv.biogaia.com/hallbarhet/projekt-for-klimatkompensation/

Materiality assessment

The basis for BioGaia’s sustainability work and this sustainability report is the materiality assessment 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.

Since then, BioGaia has continuously developed its sustainability work and improved the description of various

challenges within each material topic. 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. Over the next few years, we will continue to challenge operations and pursue BioGaia’s sustainability agenda moving forwards as set out in this report.

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.
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"> - 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 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 2021 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, 25 March 2022

Deloitte AB

Birgitta Lööf

Authorised Public Accountant

GRI Index

Declaration of use: BioGaia has reported in accordance with the GRI standards for the period 1 Jan 2021 to 31 Dec 2021

GRI 1 use: GRI 1: Foundation 2021

Applicable GRI Sector Standard: No applicable sector standard was available on the date for publication of the 2021 report

GRI Standard	Disclosure	Page number(s)	Comment
GRI 2: General Disclosures 2021			
The organization and its reporting practices			
2-1	Organizational details	p. 4	The Parent Company BioGaia AB has its head office in Stockholm. BioGaia AB, BioGaia Production AB, MetaboGen AB, BioGaia Invest and BioGaia Pharma AB are located in Sweden. BioGaia Biologics Inc is based in the USA, BioGaia UK in the UK, BioGaia Finland in Finland and BioGaia Japan Inc in Japan.
2-2	Entities included in the organization's sustainability reporting	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.
2-3	Reporting period, frequency and contact point	GRI Index	Annual reporting, the contact point is the Sustainability Manager Jonathan Gromark, jg@biogaia.se
2-4	Restatements of information	GRI Index	No information from the previous year's report has been restated
2-5	External assurance	GRI Index	The report was examined by the auditor in accordance with FAR's auditing standard RevR 12 but not reviewed by a third party.
Activities and workers			
2-6	Activities, value chain and other business relationships	p. 4, 8-9	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, BioGaia Finland, BioGaia UK and BioGaia Inc) as well as conduct research and develop new probiotics and products (MetaboGen, BioGaia Invest and BioGaia Pharma). New in 2021 is that BioGaia has begun direct sales of products in parallel with the existing model via distributors. Read more about this in the 2021 Annual Report.
2-7	Employees	p. 31	
2-8	Workers who are not employees	GRI Index	BioGaia was unable to total the quantity of consulting services used in 2021 as FTEs but the hours are considered non-significant relative to employees.
Governance			
2-9	Governance structure and composition	GRI Index	The Board of Directors is ultimately responsible for the company's sustainability performance. The governance of BioGaia is conducted through the General Meeting of Shareholders via the Board and the CEO. For more information about BioGaia's governance structure, see the corporate governance report found in BioGaia's 2021 Annual Report. Information about the Board members' other positions and commitments is available at BioGaia.com – Investors – corporate governance – Board of directors.
2-10	Nomination and selection of the highest governance body	GRI Index	The Board of Directors is BioGaia's highest governance body. For more information about BioGaia's governance structure, see the corporate governance report found in BioGaia's 2021 Annual Report.
2-11	Chair of the highest governance body	GRI Index	The Board Chairman is not a senior executive at BioGaia. For more information about BioGaia's governance structure, see the corporate governance report found in BioGaia's 2021 Annual Report.
2-12	Role of the highest governance body in overseeing the management of impacts	GRI Index	The Board monitors and follows up the financial performance, forms the vision, establishes strategies and sets targets. The Board's report on internal control over financial reporting for the financial year 2021 is provided in the corporate governance report, which can be found in BioGaia's 2021 Annual Report.
2-13	Delegation of responsibility for managing impacts	GRI Index	The Board has established instructions for the CEO that, among other things, regulate management and development of the company and the provision of reports and decision data to the Board.

GRI Standard	Disclosure	Page number(s)	Comment
2-14	Role of the highest governance body in sustainability reporting	GRI Index	The Board of Directors is ultimately responsible for the company's sustainability performance. The CEO reports on sustainability issues at every Board meeting. One Board meeting each year has a particular focus on sustainability issues. BioGaia has established a Sustainability Committee comprising representatives from across the company, including a Board member and the CEO. This work is headed by BioGaia's Sustainability Manager.
2-15	Conflicts of interest	p. 20	According to BioGaia's Code of Conduct, conflicts of interest are to be avoided, and if they cannot be avoided they are to be reported.
2-16	Communication of critical concerns	GRI Index	The Board's report on internal control over financial reporting for the financial year 2021 is provided in the corporate governance report, which can be found in BioGaia's 2021 Annual Report.
2-17	Collective knowledge of the highest governance body on sustainability issues	GRI Index	The Board has good knowledge of sustainability issues. The Board routinely includes sustainability aspects in matters it addresses.
2-18	Evaluation of the performance of the highest governance body	GRI Index	In 2021, an extensive evaluation of the work of the Board was carried out, with the assistance of an external consultant. For more information about the evaluation of the Board, see the corporate governance report found in BioGaia's 2021 Annual Report.
2-19	Remuneration policies	GRI Index	Guidelines for remuneration to the CEO and other members of the management team were resolved by the 2020 Annual General Meeting and apply until new guidelines are adopted by the General Meeting of Shareholders. The Board shall prepare proposals for new guidelines at least every fourth year for decision by the General Meeting of Shareholders.
2-20	Process to determine remuneration	GRI Index	The CEO's total remuneration is resolved by the Board after preparation by the Remuneration Committee.
2-21	Annual total compensation ratio	GRI Index	Information about remuneration is presented in the remuneration report for 2021.
Strategy, policies and practices			
2-22	Statement on sustainable development strategy	p. 6	
2-23	Policy commitments	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 references 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 website for further information.
2-24	Embedding policy commitments	GRI Index	Each year, the Board adopts the company's policies that are implemented by management through training. The CEO and managers can then establish directives or guidelines for their areas of responsibility.
2-25	Processes to remediate negative impacts	p. 15	Limited to the remediation of any negative impact from the products.
2-26	Mechanisms for seeking advice and raising concerns	p. 20	Employees are encouraged to actively highlight problems for their superiors or Legal. BioGaia has also implemented a whistleblower service, where employees can anonymously report problems.
2-27	Compliance with laws and regulations	GRI Index	During 2021, no cases were brought to light when BioGaia failed to comply with laws and regulations. No fines were incurred during the year.
2-28	Membership associations	GRI Index	BioGaia is a member of Svensk Egenvärd, IPA Europe and Global, SwedenBIO, Medicon Valley Alliance, Effektfullt.
Stakeholder engagement			
2-29	Approach to stakeholder engagement	p. 39	
2-30	Collective bargaining agreements	GRI Index	All employees at BioGaia Production are covered by collective bargaining agreements

GRI index, cont.

GRI Standard	Disclosure	Page number(s)	Comment
GRI 3: Material Topics 2021			
3-1	Process to determine material topics	p. 40	
3-2	List of material topics	p. 40	
3-3	Management of material topics		Related indicators:
	- Well-documented products & transparent product information	p. 12	BSD1, BSD 2 BSD 3
	- Product quality and product safety	p. 15	
	- Material use, raw materials	p. 16	BSD 4, BSD 5, BSD 8, 301-1, 301-2
	- Anti-corruption and anti-bribery	p. 20	205-2, 205-3
	- Environmental impact of operations	p. 21	305-1, 305-2, 305-3, 305-4
	- Responsible suppliers	p. 26	414-1, BSD 6
	- Responsible partners	p. 27	BSD 7
	- Responsible research	p. 27	No quantitative indicator
	- Employee well-being	p. 30	401-1, 2-7
	- Diversity and equal opportunities	p. 32	401-3, 405-1
	- Training and development	p. 33	404-3
	- Safety in production	p. 35	403-9
GRI 200: Economic disclosures			
205-2	Communication and training on anti-corruption policies and procedures	p. 20	Not broken down by region, with the exception that employees in Japan have not taken part in anti-corruption training in 2021. Not broken down by employment category.
205-3	Confirmed incidents of corruption and actions taken	p. 20	
GRI 300: Environmental disclosures			
301-1	Materials used by weight or volume	p. 17	
301-2	Recycled input materials used	p. 17	
305-1	Direct (Scope 1) GHG emissions	p. 23	Excluding biogenic emissions
305-2	Energy indirect (Scope 2) GHG emissions	p. 23	Excluding biogenic emissions
305-3	Other indirect (Scope 3) GHG emissions	p. 23	Excluding biogenic emissions
305-4	GHG emissions intensity	p. 17 & 23	
GRI 400: Social disclosures			
401-1	New employee hires and employee turnover	p. 31	Not broken down by region
401-3	Parental leave	p. 34	
403-9	Work-related injuries	p. 35	Total number of hours worked is not reported
404-3	Percentage of employees receiving regular performance and career development reviews	p. 32	
405-1	Diversity of governance bodies and employees	p. 34	
414-1	New suppliers that were screened using social criteria	p. 26	
BioGaia specific disclosures (BSD)			
BSD 1	Published clinical studies per strain combination	p. 12	
BSD 2	Criteria for probiotics and BioGaia's assessment of level of compliance	p. 13	
BSD 3	Number of recalls	p. 15	
BSD 4	Emissions from ingredients	p. 17	
BSD 5	Emissions from packaging materials	p. 17	
BSD 6	Percentage of suppliers that have signed the Supplier Code of Conduct	p. 26	Includes contract manufacturers, culture producers and analytical services
BSD 7	Percentage of partners that have signed the partner Code of Conduct	p. 27	
BSD 8	Phase-out of palm oil in BioGaia's products	p. 17	

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 is from owned or leased cars used by the subsidiary in Japan, stationary combustion for BioGaia Japan, and refrigerants at BioGaia Production. BioGaia does not lease any cars in any other part of the Group.
Scope 2	Indirect emissions from purchased heating and electricity from premises	Data on emissions, electricity usage and energy used for heating and cooling have been collected from suppliers to BioGaia AB's offices, BioGaia Japan, Singapore, BioGaia Production and from MetaboGen. Other subsidiaries are working in rented office spaces (two in USA, two for Pharma, two in Finland and one in South Africa) and energy usage is estimated based on number of employees times the average energy usage per employee at the Stockholm office. 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 or the Swedish Energy Markets Inspectorate 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	1. Purchased goods and services	All raw materials used to produce the products are included based on product content and total sales. Emission factors were obtained from the life-cycle assessment and SimaPro. The analysis used the IPCC's Global Warming Potentials 2013 with a 100-year time horizon. 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.
	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, AIB or the Swedish Energy Markets Inspectorate.
	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	Waste from operations is included from 2021.
	6. Business travel	This includes the use of hotels, flights, taxis, rail travel and car rental. Estimates are based on as much detail as possible for transportation. In some cases, the estimates were obtained from the travel agency. Emission factors from DEFRA for well-to-tank (WWT) including the high-altitude factor (RF) for aviation have been used for data coming from the supplier. The adjustment factor used to account for high-altitude effects of air travel is 1.9, 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 2021 was adjusted for the time the offices have been closed due to the pandemic. Emission factors were obtained from the Swedish Transport Administration and the Swedish Energy Agency.
	8. Upstream leased assets	Emissions from rented office space are reported in Scope 2.
	9. Downstream transportation and distribution	Emissions from distribution was a preliminary calculation for 2021 while travel by consumers to purchase the product was not included due to insufficient data. Emission factors were obtained from the Swedish Energy Agency, NTM and ICAO with an RFI factor of 1.9.
	10. Processing of sold products	Not applicable – BioGaia produces and sells the final product that consumers consume.
	11. Use of sold products	Not applicable – 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. Emission factors were obtained from the life-cycle assessment and SimaPro. The analysis used the IPCC's Global Warming Potentials 2013 with a 100-year time horizon.
	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	Not applicable – BioGaia Group does not have any investments in other companies.

BioGaia is an innovative Swedish healthcare company and has been a world-leader in food supplements with probiotics for 32 years. The products are based mainly on different strains of *L. reuteri* and are sold by distribution partners in more than 100 countries

BioGaia®