

The Mizo logo is positioned in the top left corner. It features the word "Mizo" in a bold, blue, italicized sans-serif font with a white outline. The background of the entire image is a vibrant landscape of rolling green and yellow fields under a bright blue sky with wispy white clouds. A white wind turbine is visible in the middle ground, and a winding road or canal cuts through the fields in the foreground. Large, semi-transparent blue shapes are overlaid on the sky and fields, creating a layered, modern aesthetic.

**Mizo**

**OUR MILK. OUR FUTURE.**

Sustainability Report Summary · 2020  
Sole-Mizo Inc.



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# Dear Reader!

It is my pleasure and pride to present to you our first Sustainability Report summary publication. Our company, Sole-Mizo Inc., has a long history of addressing its environmental impact and social responsibility. These days, these issues are referred to by the broader term "sustainability". Our report is the result of years of hard work and summarises our approach and achievements in the field of sustainability. As well as reporting on what we have achieved and where we are now, we also look ahead and present our sustainability strategy and the targets we have set for 2025.

I believe that we need a change in our "operating/management model" to balance socio-economic needs with the environmental dimension. It is not enough to achieve our economic goals, it is also crucial to do so in harmony with society and nature. This is what sustainability means to us here at Sole-Mizo Inc. We want to contribute constructively to the process of change towards a more sustainable world, while at the same time standing firmly for fairness and a level playing field in all aspects of sustainability. We aim to be a national and regional leader in sustainability and proactively engage in sustainability

initiatives in order to lead our company and our stakeholders towards more sustainable operations.

In this summary publication, we have highlighted the most important parts of our Sustainability Report to show you our strong commitment to sustainability, our actions to date and our future goals. I firmly believe in the need for an economic-social-environmental balance. We want to contribute to this through our programmes and I ask you to be my partner, because we can meet this challenge only together.



**GERBRANT REDMER DE BOER**  
CEO,  
Sole-Mizo Inc.

A handwritten signature in blue ink, appearing to read 'G. Redmer de Boer', positioned below the printed name and title.

# 1. Introduction

Sole-Mizo Inc. considers it an important and fundamental responsibility to conduct its activities in sustainable interaction with the environment. We aim to operate in such a way that everything we borrow from nature we give back and preserve for our children.

As Hungary's leading dairy company, sustainable operation is important to us and we want to play a leading role in this. We are continuously improving our business model and operations to achieve our economic goals in a sustainable way that is in harmony with society and the environment. To achieve this in a structured framework, in 2020 we decided to develop a sustainability strategy that is an integral part of our corporate operations. We also prepared our first Sustainability Report, which summarises our sustainability achievements to date - with a particular focus on 2020 - for our four sites in Hungary and sets out our sustainability commitments and targets up to 2025, which form the basis of our strategy. The Report has been prepared in accordance with the Global Reporting Initiative Standards to demonstrate our high level of compliance with sustainability criteria.

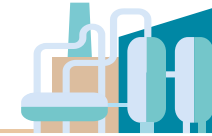
You are now reading a summary of our Sustainability Report, highlighting our key messages. If you would like to know more about Sole-Mizo Inc.'s sustainability efforts, please visit to our website (<https://mizo.hu>) and read our full Sustainability Report.

**Our mission is to provide our consumers with delicious, quality, and nutritious dairy products. We do this in harmony with our environment, strengthening our local farms and in the company of proud and satisfied colleagues.**

## 2. SOLE-MIZO Inc.

**Sole-Mizo Inc.**, the producer of the much-loved Mizo dairy products, is a member of the **Bonafarm Group**, a group of 100% Hungarian-owned agri-food companies, which plays a key role in the region's food economy. Over the past 15 years, our company has grown to become the largest dairy company in Hungary. As a result of significant developments and large-scale capacity expansions, **by 2020 we processed 384 million kg of raw milk annually and produced 258 million kg of quality dairy products** for our domestic and foreign consumers.

**4 SITES IN HUNGARY**



**1 foreign subsidiary: SERBIA**



**2 logistics centres: ROMANIA**



**1955**

From 1955 in the dairy industry



### LOCATIONS IN HUNGARY

(Data refer to for the year 2020):

**1244** workers



**1235** suppliers



**30** export countries



**245** million (EUR) turnover

(including the Serbian turnover as well)



**100%** Hungarian raw milk



**384** million kg of processed raw milk



**164** Hungarian raw milk farmers



**459** products



**4** brands in Hungary

**Mizo FARMER**

**GAZDA Hazai**



## OUR SITES AND PRODUCTS

We manufacture 459 products in 12 product categories at our 4 sites. Decades of experience, the expertise and training of more than 1 200 colleagues, and the modern technologies used in our plants ensure that we produce a wide range of high-quality products that meet the taste preferences of our consumers.



In 2020, **about a quarter of all domestic raw milk was processed by Sole-Mizo Inc.**, and 18% of the milk we bought came from dairy farms belonging to the Bonafarm Group.



**Szeged**



**Bácsbokod**



**Csorna**



**Marcali**



# 3. OUR MILK. OUR FUTURE.

The values of Sole-Mizo Inc. have always been based on environmental protection and social responsibility. In 2020, however, we reached the important milestone of **providing a strategic framework for our sustainability efforts and goals.**

Our strategy is built on our core corporate values of **ethical business** conduct and **sustainable procurement practices** (which we intend to further develop with our new sustainability audit system). We have defined our commitments and objectives by mapping and analysing **our own impacts and those of our value chain** in order to protect our environment, our employees and society.

## WE CAN SUCCEED ONLY TOGETHER

Social and global environmental problems can only be tackled successfully by working together. It is important that we address the potential negative impacts of **our own sites** through best technology and efficiency measures, but we cannot sit back and relax. We also have a duty to minimise the potential negative impacts of **our value chain** as much as we can, so it is important to maintain and strengthen existing **partnerships and collaborations,**

**and** to build new ones with our suppliers, customers and other stakeholders, to mutually **reinforce each other on** the path to sustainability through concerted action and alignment.

## CREDIBILITY

In the process of developing the strategy, it was important to set **credible, realistic, accountable and monitorable commitments.** We have therefore defined **medium-term targets for** each of the key themes **up to 2025.** In order to reach these targets we have developed an **action plan** and put in place the **organisational framework** to ensure that the objectives set out in the strategy can be successfully achieved.

## DYNAMICS

We know that today the field of sustainability is constantly and dynamically evolving, bringing with it many **changes.** For this reason, our strategy cannot be static and will be constantly **reviewed and improved in the future.** It is a long and exciting journey for us, with many challenges and opportunities ahead.

## THE MAIN PILLARS AND THEMES OF OUR SUSTAINABILITY STRATEGY:



**ETHICAL OPERATION, RESPONSIBLE SOURCING**



# 4. RESPONSIBILITY IN THE VALUE CHAIN



## OUR PROCUREMENT PRACTICES

The dairy products we produce are essential to our value chain, including quality feed, the cows that produce raw milk, the logistical resources, the retailers who sell them and our consumers. As the impacts of Sole-Mizo Inc. are more significant in some areas of the value chain compared to its own impacts (e.g. greenhouse gas emissions are prominent in the production of raw milk, while waste impacts are more significant for our customers

and consumers), **we intend to work more closely** with our partners to develop and implement sustainability goals in the future.

## SUSTAINABILITY CERTIFICATIONS

Just like our customers, we believe it is important that we now use high quality auxiliaries and packaging materials for our products that have been produced with sustainability in mind.

OUR GOALS:  
**100%**



**FROM 2023, 100% OF OUR RAW MILK SUPPLIERS WILL BE AUDITED FOR SUSTAINABILITY.**

(Currently no such audit is carried out).



**FROM 2023, WE WILL ADD A SUPPLIER CODE OF CONDUCT TO OUR CONTRACTS.**



**WE CONTINUE TO SOURCE RESPONSIBLY OUR CRITICAL MATERIALS**



cocoa and coating materials, palm fat and papers



2020: 100%

## Our auxiliary and packaging materials with sustainability certification

				
<b>CERTIFICATE</b>	<b>RFA</b>	<b>RSPO</b>	<b>FSC</b>	<b>Bonsucro</b>
<b>Ratio (2020)</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>36%*</b>
<b>Substances concerned</b>	All cocoa and coating aids	All palm fat excipients	Total paper packaging	All Tetra Pak packaging

\*Rate reached by the end of 2020



# 5. OUR ENVIRONMENT

## 5.1. Climate action

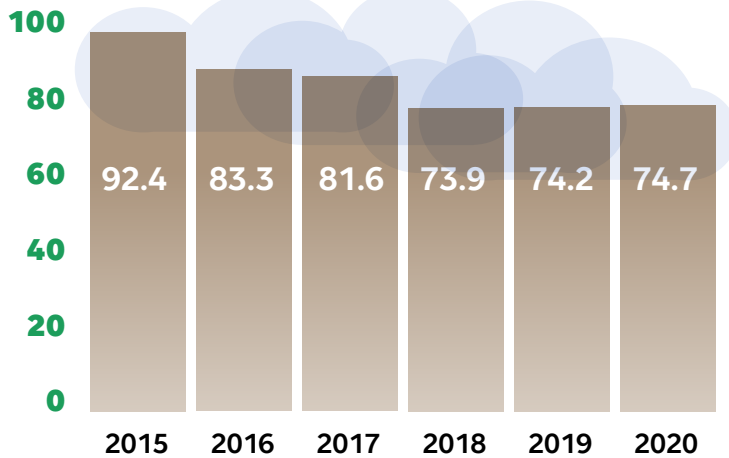


### THE ROLE OF THE VALUE CHAIN IN CLIMATE PROTECTION

For activities that are not directly under our control but are related to our operations, we also implemented a number of policies that contribute to lower GHG emissions in our value chain:

- ✓ We use 100% domestic raw milk.
- ✓ We constantly optimise our milk delivery routes.
- ✓ We have our goods delivered in double levels.

Climate protection is the most pressing environmental challenge of our time, and the right response must be found and delivered as soon as possible, both at global and corporate level, and at consumer level. We have made significant investments in energy in recent years and we intend to continue to do so, reducing our Scope 1&2 greenhouse gas (GHG) emissions per 1 kg of raw milk processed, which are intrinsically linked to our operations.



### Specific greenhouse gas emissions

(Scope 1&2)<sup>2</sup> [t CO<sub>2</sub>e / kt of raw milk processed]<sup>3</sup>

1 Relates to GHG emissions from energy use, air conditioning fluids and our own or operated vehicles and forklifts at our 4 Hungarian sites and our warehouse in Szeged (Hungary).

2 The greenhouse gases considered are CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>.

3 CO<sub>2</sub>e: Carbon dioxide equivalent, i.e. one tonne of carbon dioxide or its equivalent, the amount of greenhouse gas corresponding to the global warming potential (GWP) over a 100-year time horizon. For the latest GWP data, see the IPCC Fifth Assessment Report: [https://www.ipcc.ch/pdf/assessmentreport/ar5/wg1/WG1AR5\\_Chapter08\\_FINAL.pdf](https://www.ipcc.ch/pdf/assessmentreport/ar5/wg1/WG1AR5_Chapter08_FINAL.pdf) (pp. 73-79)  
Kt=kilotonna

### OUR GOALS:

WE AIM TO WORK MORE CLOSELY WITH OUR FARMERS ON SUSTAINABILITY, AND WE WILL SET UP AND IMPLEMENT A SUSTAINABILITY AUDIT SYSTEM THAT TAKES CLIMATE PROTECTION INTO ACCOUNT FROM 2023<sup>4</sup>.



<sup>4</sup> In the spirit of mutual dialogue, we plan to conduct a preliminary survey of our raw milk suppliers to develop our audit system.

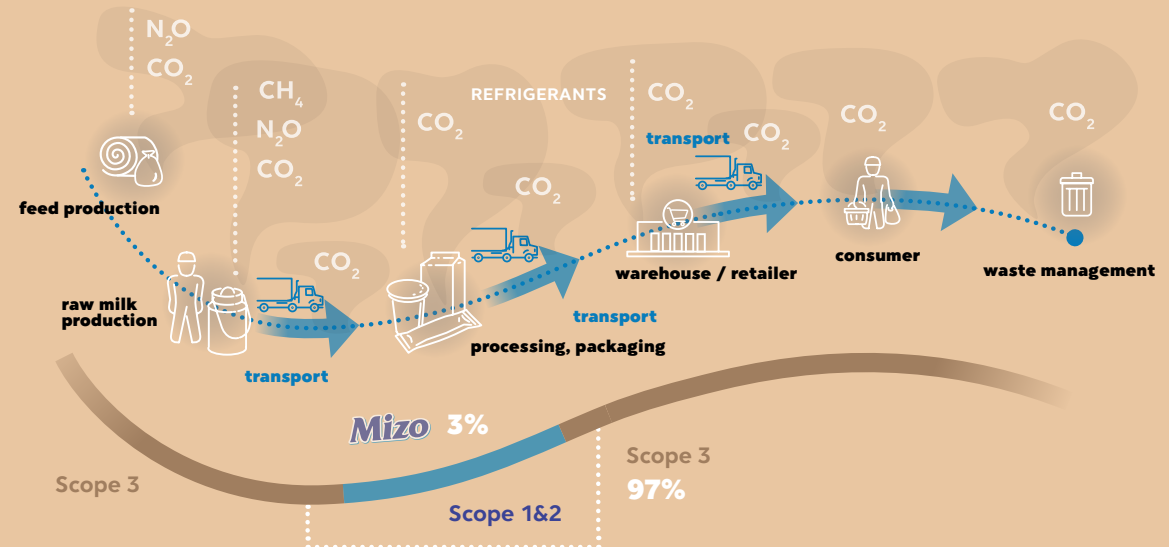


# -25%

WE REDUCE OUR SPECIFIC CO<sub>2</sub>E EMISSION\* BY 25% BY 2025

[t CO<sub>2</sub>e/kt of raw milk processed]  
Base year: 2015 • 2020: -19%

\*Scope 1&2 emissions



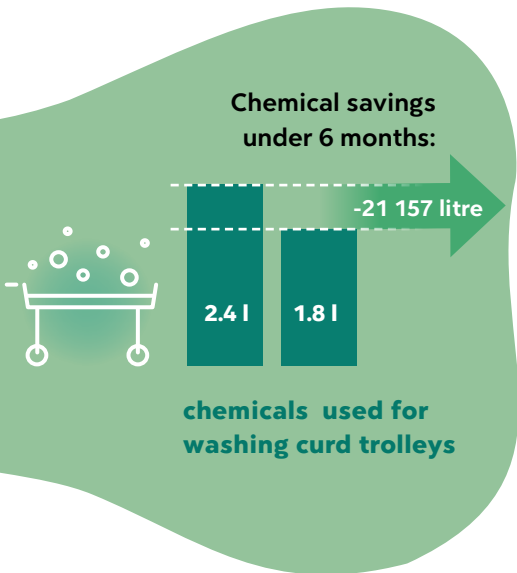


# 5.2. Strengthening the circular economy



## LESS CHEMICAL USE

Due to hygiene requirements, our washing processes use a significant amount of chemicals. In 2020 and 2021, we have greatly reduced the amount of chemicals used. From June 2020, we installed cottage cheese trolley washers, and from 2021 we switched from liquid chemicals to foam, which helped us to reduce the amount of chemical used for washing cottage cheese trolleys to 0.3 litres per trolley by June 2021.



### OUR GOAL:

**-5%**



WE REDUCE OUR SPECIFIC CONSUMPTION OF CHEMICALS BY 5% BY 2025

[kg chemicals/t of raw milk processed]  
 Base year: 2020  
 2020: 8.39 kg

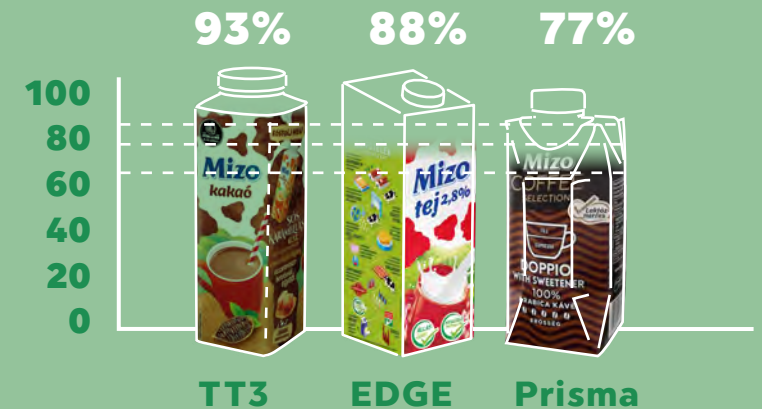
## FUTURE-FRIENDLY PACKAGING - NATURALLY

Our company also places great emphasis on using the most environmentally friendly packaging materials available for our products at all times, without compromising quality, food safety and shelf-life criteria. The following sustainability aspects are taken into consideration for choosing the appropriate packaging: **Use less packaging material; Use recyclable packaging materials; Use recycled and renewable raw materials.**

By the end of 2020, **36%** of our Tetra Pak packaging was Bonsucro certified, meaning that the sugar cane used in the plant-based parts will come from a sustainable source.



Some of our packaging contains more than **75%** plant-based ingredients.



Plant-based raw material content of our packaging

For some products, we have been able to eliminate the plastic cover, saving around

**125 kg** of plastic per month.



**OUR GOALS:**

**WE DESIGN OUR PRODUCTS AND PACKAGING TO MINIMISE THEIR ENVIRONMENTAL IMPACT, AND FROM 2021 WE WILL INTEGRATE SUSTAINABILITY CRITERIA INTO OUR PRODUCT DESIGN PROCESSES.**



**100%**



**WE WILL USE 100% RECYCLABLE PACKAGING MATERIALS BY 2025.**

[Number of products packed in recyclable packaging materials/total number of products]  
Base year: 2020 • 2020: 93.5%.

**25%**



**25% OF OUR PACKAGING WILL BE REPLACED BY RPET BY 2025 \***

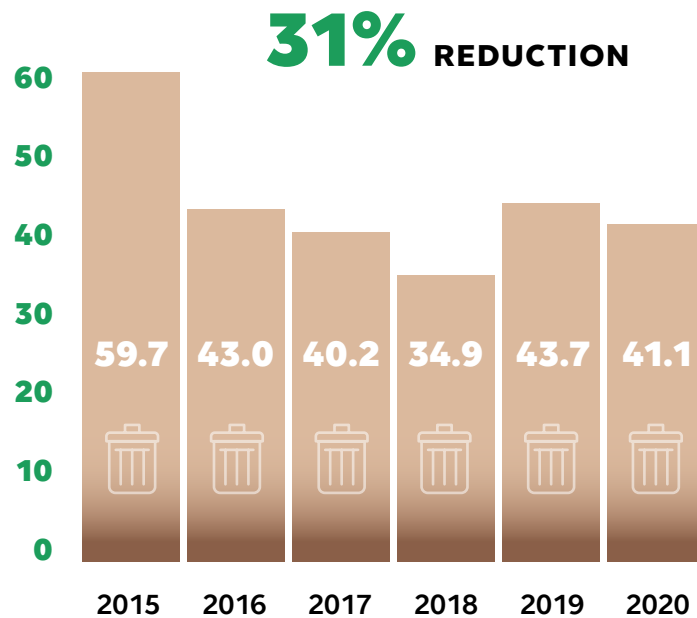
[kg rPET/kg total PET]  
Base year: 2020 • 2020: 0%  
\*also legally required

**WASTE**

Our primary concern in our production is to prevent waste and, where waste is generated, to reuse and recycle it. Our activities along these 3Rs (**Reduce, Reuse and Recycle**) have resulted in a **31% reduction in our specific waste amount per 1 tonne of raw milk processed** between 2015 and 2020.

Our aim is to reduce the amount of waste from our production and from our consumers that is associated with our products, and to achieve that the generated waste is reused or recycled as much as possible.

**Specific waste generated**



**Specific volume of our waste generated**  
(kg/t of raw milk processed)

**OUR GOALS:**



**WE REDUCE THE AMOUNT OF WASTE FROM FINISHED PRODUCTS BY OPTIMIZING OUR PRODUCTION PROCESSES.**



**100%**

**BY 2025, ALL OUR BY-PRODUCTS WILL BE RECYCLED.**

[kg recycled by-products/kg total by-products]  
Base year: 2020 • 2020: 82%



**0%**

**BY 2025, NO PRODUCTION WASTE FROM OUR PLANTS WILL BE LANDFILLED.**

[t waste landfilled]  
Base year 2020 • 2020: approx. 1200 t



**WE WILL SHARE WASTE MANAGEMENT INFORMATION WITH CONSUMERS ON OUR PRODUCT SIDEBARS AND BUILD PARTNERSHIPS TO REDUCE FOOD WASTE.**



## 5.3. Protecting our waters



Due to strict hygiene conditions, we use a significant amount of water in our production. Knowing the value of our natural waters, we consider it important to minimise the water demand of our operations and the amount of wastewater generated by our production, and to discharge it into receiving water bodies at the highest possible quality. To this end, we carry out continuous self-monitoring and in 2020 we handed over our wastewater treatment plant in Bácsbokod, which allows us to discharge our cheese factory's wastewater directly into living water after treatment.

The highest water demand and the most significant environmental impact of dairy production across the whole value chain is related to feed production and raw milk production. Thus we set our targets for our own wastewater discharge and for our cooperation with raw milk farmers as well.

### OUR GOALS:

**-20%**



**OUR SPECIFIC WASTEWATER DISCHARGE\* WILL BE REDUCED BY 20% BY 2025**

[m<sup>3</sup> wastewater/t of raw milk processed]  
Base year: 2019 • 2020: -16%

\*Wastewater sent to a wastewater treatment plant on our own site (Bácsbokod) or to a third-party wastewater treatment plant.

**WE WILL WORK MORE CLOSELY WITH OUR SUPPLIER FARMERS ON WATER PROTECTION AND FROM 2023 WE WILL AUDIT OUR RAW MILK SUPPLIERS ON WATER PROTECTION THROUGH THE INTRODUCTION OF OUR ANNUAL SUSTAINABILITY AUDIT SYSTEM.**



## 5.4. Animal welfare



As a dairy company, our most important raw material is of animal origin. The approximately **1.1 million kilograms of raw milk that arrives to our plants every day, comes from around 35,000 cows of our 164 raw milk supply partners.** 18% of this milk comes from the Bonafarm Group, more than half of which is delivered to Sole-Mizo Inc. from the Group's Csípótelek dairy, one of the most modern dairy sites in Central Europe.

In 2020, Sole-Mizo Zrt.'s contracted raw milk supply partners performed as contracted. There were no animal welfare violations, so we did not have to take any action or terminate the contract. We trust that this will not change in the future.

### OUR GOALS:

**FROM 2023 WE WILL ALSO AUDIT OUR RAW MILK SUPPLIERS ON ANIMAL WELFARE AS PART OF OUR ANNUAL SUSTAINABILITY AUDIT.**

**WE ENCOURAGE OUR RAW MILK FARMERS TO IMPLEMENT MORE ANIMAL WELFARE MEASURES AND GOOD PRACTICES ON THEIR FARMS.**



# 6. OUR STAFF

## VALUED WORKFORCE

**People are our most important asset.**

We believe it is important that our employees feel valued and receive the moral and financial recognition they deserve for their work. The processes we have put in place in recent years are designed to reinforce this and will continue to guide our actions.



- ✓ **Competitive salaries, extra benefits, cafeteria, bonuses, awards**



- ✓ **OTP Caring Employer Program**



- ✓ **Bonafarm discount program**



- ✓ **Inspiring, supportive working environment (People management training)**

## 6.1. Supportive and rewarding working environment



### ORIENTATION AND INFORMATION

In 2020, due to the challenges of the pandemic, we introduced the **Microsoft Kaizala app** to provide up-to-date information to **our physical employees** who do not have a work email address.

Feedback from our employees is very important to us. From 2019 we organize an annual series of **roadshows** and **motivation forums** to measure employee satisfaction. This allows us to take many small measures to improve working conditions and enhance the work experience. In addition to one-to-one meetings, we plan to introduce an annual satisfaction survey as part of the Bonafarm Group from 2021.

### PROVIDING OPPORTUNITIES FOR DEVELOPMENT AND SUCCESSION

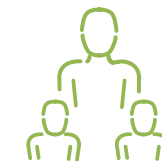
We believe that the development of our employees' knowledge and skills, in addition to their own development, contributes to the success of Sole-Mizo Inc. To this end, the training of our employees is a central issue in our company.



- ✓ **Mandatory training**



- ✓ **Voluntary training**



- ✓ **Individual trainings**

- ✓ **Performance evaluation**



- ✓ **Bonus scheme**

- ✓ **Mentor programme**



- ✓ **Internship programmes (eg.: Dr. Huszka Tibor Food Industry Professional Club)**



### OUR GOAL:

# 100%



**WE WILL ACHIEVE 100% IMPLEMENTATION OF RELEVANT EMPLOYEE REQUESTS**

Based on the action plan of the roadshows and motivation forums.



## STAFF TURNOVER

Partly as a result of the measures outlined above, in recent years we have seen a significant reduction in staff turnover, which is the number of people leaving our company relative to the number of people employed in a given year.

Staff turnover in our organization in 2020:

- Total number of employees who left the company: 20%
- Number of employees who voluntarily left the company (intellectual and physical workers): 14%
- Number of employees who voluntarily left the company (physical workers): 16%

OUR GOALS: **-20%**

**WE REDUCE THE VOLUNTARY RESIGNATION OF PHYSICAL WORKERS BY 20% BY 2021**

[statistical number of physical workers who voluntary left the company/total statistical number of physical workers]  
Base year: 2019 • 2020: -37.2%



**-30%**

**WE REDUCE THE NUMBER OF ACCIDENTS AT WORK BY 30% BY 2025**

[number of reportable workplace accident]  
Base year: 2020  
2020: 65 accidents

## 6.2. The health and safety of our workers



Our most important resource is our people, and their most valued asset is their health. It is both our duty and our responsibility to look after this treasure. This is why, as a manufacturing company, we have decided to prioritise the health and working environment of our colleagues as part of our sustainability strategy, to ensure the safest possible working conditions for them, both physically and mentally.

### SAFE WORKING CONDITIONS

**We believe that all accidents are preventable.** Preventing accidents at work is a priority for our company, and we have taken a number of measures to ensure this in 2020.

- ✓ **Review of occupational health screening (regulatory requirement)**



- ✓ **Continuous monitoring of our equipment**



- ✓ **Assessment of protective equipment needs**



**Our motto: "I am responsible for my employees, I am responsible for my colleagues."**



- ✓ **Development of a policy and educational material on the use of protective equipment**



- ✓ **Expansion of the mentor programme**



**In 2020, the total number of reportable accidents in our factories at our 4 Hungarian sites was 65<sup>1</sup>, with no fatalities or serious injuries<sup>2</sup>.**

An audit is always carried out to investigate the cause of accidents. On the basis of the results, we prescribe the necessary corrective measures and monitor their implementation, taking into account the principle of prevention.

<sup>1</sup> The data reported here covers all Sole-Mizo Inc. employees, as well as students and temporary employees. Other accidents involving employees of external companies working at our sites are recorded by the companies themselves and are not registered separately by Sole-Mizo Inc.

<sup>2</sup> Serious injury: the seriousness of injuries was taken into account in accordance with the provisions of the current Hungarian Occupational Safety and Health Act (Act XCIII of 1993. on occupational safety and health).

## THE HEALTH OF OUR WORKERS

In addition to health and safety measures, we also pay particular attention to the health of our employees, from the design of the workplace, through the organisation of work processes, to our other general health programmes.

### OUR PROGRAMMES TO SUPPORT HEALTHY LIFESTYLES:

- ✓ Health screening tests as part of Hungary's comprehensive health screening programme
- ✓ Provision of influenza vaccinations at our sites
- ✓ Bonafarm Football league
- ✓ Focus on health during Family Days
- ✓ Blood donation day

>25%



IN 2020, MORE THAN 25% OF OUR WORKERS PARTICIPATED IN THE HEALTH SCREENING PROGRAMME



We would like to continue our health screening programmes and healthy lifestyle measures and activities in the future, because our employees are our most important priority.

**2021 is the Year of Health at the Bonafarm Group**, during which we will support our colleagues in maintaining their health through a number of activities (e.g. Bonafarm Health Insurance Programme, Health Newsletter, awareness-raising lectures).



## MANAGING THE COVID SITUATION AT BONAFARM GROUP



We checked body temperature before entering our premises and during work.



We made it compulsory to wear a mask.



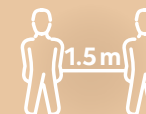
We have maximised the number of staff in the offices.



We have increased the number of hand disinfection points and regularly disinfected common areas and workstations.



We have increased the frequency of bus services to work in order to assure the possibility of greater distance between the passengers, and we have provided higher subsidies for commuting to work in their own car.



In the social rooms, we have provided the space needed to keep a distance of 1.5 metres.



In the canteens, plexiglass panels were used to separate the seating.



Where the nature of the work allowed, our colleagues changed to a home office and we held our meetings online.



# 7. OUR SOCIETY

At Sole-Mizo Inc., we believe that we should call ourselves successful if we can create value for society beyond our own economic results. Following this spirit, we shape the operation of our company in such a way that it benefits, directly or indirectly, as many of our fellow human beings as possible.

## 7.1. Good relations with the local population



**We have good relationship with the local population**

Investigating and handling complaints from the public



**+3 000** people

We reached around 3000 people with our material and food donations



**+1** local bus service (Szeged)

Development of a bus service to work, which has been integrated into the local timetable over time



## 7.2. Strengthening domestic economies



As one of Hungary's leading company in food industry, we have a significant direct and indirect economic impact on the regions in which we operate, as well as on the Hungarian economy in general.

**OUR SIGNIFICANT INDIRECT ECONOMIC IMPACTS ARE SUMMARISED BELOW:**



Major local employer

**1 244** employees



**861 944 715**

Taxes and contributions paid to the Hungarian State



Significant purchasing power

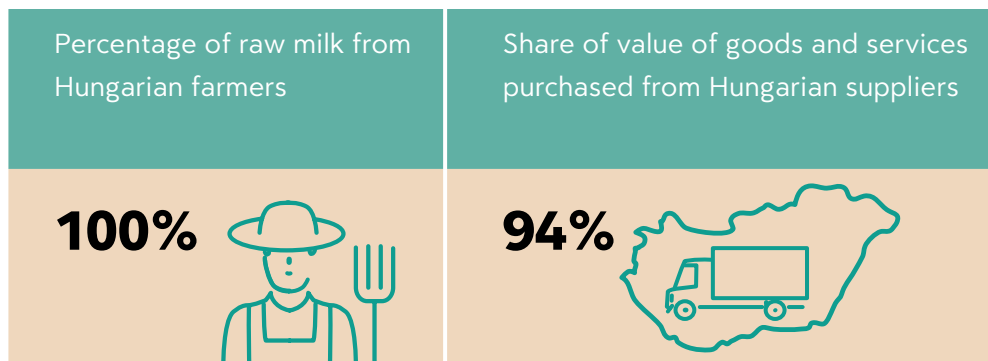
**384** of raw milk processed from



**164** domestic raw milk producing partners

(about a quarter of Hungary's raw milk supply)





### USE OF PRIMARILY DOMESTIC RAW MATERIALS

Our basic principle is to produce a wide range of quality, tasty and nutritious dairy products **from Hungarian raw milk, with the help of Hungarian labour, mainly for domestic consumers.**

In addition to 100% domestic raw milk consumption, 61% of our additives, auxiliaries and packaging materials are also sourced from Hungary.

### RELIABLE RELATION, LONG-TERM STABILITY

We strive to build a mutually beneficial, good partnership with our suppliers. Our actions provide them with reliable, long-term stability. In addition, we want to work more closely with our raw milk suppliers on sustainability to meet the legal and social requirements that are already in place and are likely to increase in the future.

## 7.3. Nutritious, quality food



As a leading food producer and distributor, it is our responsibility and our goal to be a pioneer not only in terms of professionalism, but also in terms of sustainability. Our **innovation, product design and production processes are all** centred around this mission to ensure that **high quality, nutritious and tasty food is** always **on our consumers' tables.**

### QUALITY ABOVE ALL

**A quality-driven approach is** a fundamental pillar of our corporate culture. To ensure high quality, we carry out and continuously improve the following activities in our factories:

- ✓ We maintain a strict quality assurance system in our factories: all our factories are ISO 9001 and ISF (International Food Standard) certified.
- ✓ We train our employees in accordance with the requirements.
- ✓ We help our colleagues to deliver quality work by using visual communication tools.
- ✓ At our sites, we carry out and perform external and internal laboratory tests from raw milk to semi-finished and finished products in accordance with EU and Hungarian regulations and our even stricter company standards.
- ✓ We demonstrate our compliance with high quality standards through external and internal audits.

### OUR GOALS:

**10/8**



WE WILL ACHIEVE A SCORE OF 8/10 ON INTERNAL AUDITS BY 2025 2020: 10/7



**WE WILL SHARE ADDITIONAL QUALITY AND SUSTAINABILITY INFORMATION BEYOND WHAT IS SET OUT IN THE STANDARDS THROUGH OUR PACKAGING AND COMMUNICATION CHANNELS BY 2025.**

- ✓ We expect all our suppliers to deliver the same high quality raw materials to us every time, and we check this through audits.
- ✓ We use modern technologies and processes.
- ✓ We provide factual and comprehensive consumer information to ensure that food quality remains good for as long as possible.

### OUR GOALS:

**100%**



**WE MAINTAIN A LONG-TERM, STABLE, PARTNERSHIP RELATIONSHIP WITH OUR RAW MILK FARMERS.**



**WE CONTINUE TO USE 100% RAW MILK FROM DOMESTIC FARMS.**



## NUTRITIOUS DAIRY PRODUCTS FOR ALL

In addition to providing quality products, we want everyone to find the right product for their needs in our portfolio. To achieve this, we are developing and expanding our product range by listening to and understanding consumer needs and responding to changing lifestyles and dietary habits. In 2020, Sole-Mizo already had 459 products in 12 product categories.

Our product design and innovation strategy are focused on meeting ever-changing consumer expectations and needs in a flexible and complete way.

### THE MAIN DIRECTIONS OF OUR PRODUCT DEVELOPMENT:

✓ Less salt and sugar.



✓ More natural additives and flavours.



✓ Developing products that are lactose-free, E number free, with no added sugar and reduced fat.



### OUR GOAL:



FROM 2021, WE WILL ADD HEALTH AND SUSTAINABILITY CRITERIA TO OUR PRODUCT DEVELOPMENT PROCESSES.



## THE BASIS FOR RESPONSIBLE DECISION-MAKING IS BROAD INFORMATION

Once we've made quality, tasty and nutrient-rich products, it's essential that our customers find the right ones for them. We make it a priority to make sure that all the information you need to make an informed choice is easy to find on our packaging, and to help you navigate the often conflicting nutritional information. To this end, in recent years **we have supported and organised** several successful **events to promote healthy lifestyles and the benefits of milk (e.g. factory visits, school milk roadshows, health screening)**. In addition to continuing these, we plan to organise and support further similar events in the future.



# 8. OUR MISSION

## OUR MILK. OUR FUTURE.

This is the motto of our report and our strategy.

**OUR MILK**, because our dairy products are made from Hungarian milk, by local employees. Our tireless, enthusiastic and expert team works every day to ensure that quality dairy products from Mizo plants are on the tables of diners across the country.

**OUR FUTURE**, because our future is in our hands. Companies and people have a shared responsibility to shape and conduct their daily activities in a way that does not harm our world. Our decisions and actions have a significant impact on the future of all of us. It is our responsibility, indeed our duty, to keep this in mind.

**Our mission is to provide our consumers with delicious, quality, and nutritious dairy products. We do this in harmony with our environment, strengthening domestic economies and in the company of proud and satisfied colleagues.**

These are the goals that guide us, and that is why we have developed our sustainability strategy, which has **six working groups** as its pillars to help us implement our planned actions and achieve our goals.

**Stay tuned! Let's shape a better and more liveable future together!**

## SUSTAINABILITY AND OUR CORPORATE CULTURE

Sustainability has always been important to our company, which is why we decided in 2020 to put our sustainable operations into a structured, strategic framework. Throughout the nearly year-long strategy development process, a commitment to responsible, sustainable business operations has been further embedded in our corporate culture. We intend to strengthen this further in the future and will build on it. To this end, we have developed detailed plans up to 2025, but we are already thinking about our options beyond. Our strategy and objectives will be reviewed and renewed from time to time to ensure that we remain flexible and responsive to the challenges **and opportunities of our rapidly changing world.**

## WE CAN SUCCEED ONLY TOGETHER!

At our own sites, we do our best to make our activities directly related to our production as sustainable as possible. But managing the environmental impacts of feed production, cattle farms or even consumer food and packaging waste requires a broader partnership. As a responsible company, we consider the whole value chain. That is why we plan to further strengthen and expand our partnerships with our partners and consumers in the future, so that together we can achieve further decisive results.

## OUR MILK. OUR FUTURE.



**Our environment - In harmony with the environment:** we reduce our environmental footprint and encourage our suppliers and consumers to do the same, especially in the areas of climate protection, material circularity, water protection and animal welfare.



**Our people - A workplace where it's good to work:** we work in a supportive, stable, inspiring and safe working environment with healthy and satisfied employees for quality products.



**Our society - Creating value:** providing consumers with a wide range of high quality and nutritious products made from Hungarian milk and produced by Hungarian workers.





# THANK YOU FOR READING THE SUMMARY OF OUR SUSTAINABILITY REPORT!

**PUBLISHED BY** Sole-Mizo Inc.  
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**SOURCE OF PHOTOS** Sole-Mizo Inc.



Best 1<sup>st</sup> time Sustainability Report **Hungary**  
2021 GREEN FROG AWARD **WINNER**  
**Deloitte.**

