

Fazer Group

Global Compact – Communication on Progress (COP) 2013



This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

Statement of continued support

Fazer is an international family-owned company offering bakery, confectionery and biscuit products as well as food and café services. Fazer operates in eight countries and exports to more than 40 countries. The company's success, ever since its establishment in 1891, has been based on the best product and service quality, beloved brands, the passion of its skilful people and the company's responsible ways of working.

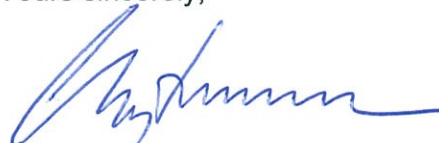
Fazer's operations comply with ethical principles that are based on the Group's values and the UN Global Compact. Fazer Group is committed to supporting and applying the ten principles of the Global Compact in the fields of human rights, working conditions, environmental protection and anti-corruption measures.

With this letter I am pleased to confirm our continued support for the UN Global Compact and renew our commitment to the ten principles. Through Fazer's ethical principles, the Global Compact principles form the essential basic guidelines for responsible operations and they create the framework and backbone for our common ways of working. Ethical principles guide Fazer's work in all its business areas and countries of operation.

Actions taken to implement the Global Compact principles and measures of outcomes in the year 2013 are described in this stand-alone COP report.

More information on Fazer's corporate responsibility is presented in our Annual Review 2013 <http://www.fazergroup.com/about-us/annual-review/corporate-responsibility/> and on our website www.fazergroup.com/responsibility.

Yours sincerely,



Christoph Vitzthum
President and CEO
Fazer Group

Human Rights Principles



Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

Assessment, policy and goals

Description of the relevance of human rights for the company (i.e. human rights risk-assessment)

Description of policies, public commitments and company goals on Human Rights

Fazer offers bakery, confectionery and biscuit products as well as food and café services. Fazer is headquartered in Finland and operates altogether in eight countries: Finland, Sweden, Norway, Denmark, Estonia, Latvia, Lithuania and Russia.

Fazer's locations:

- In Finland, Fazer has 6 bakeries, 650 restaurants, 4 Fazer Bakery Shops, 47 Shop-in-shops, 7 Fazer cafés. All Fazer's confectionery factories (3) are located in Finland.
- In Sweden, Fazer has 5 bakeries, 186 restaurants, 25 Gateau bakery shops and 15 cafés.
- In Denmark, Fazer has 160 restaurants.
- In Norway, Fazer has 126 restaurants.
- In Russia, Fazer has 5 bakeries.

- In Estonia, Latvia and Lithuania Fazer has a bakery in each country.

According to Maplecroft's Human Rights Risk Atlas 2013 Finland, Sweden, Norway, Denmark and Estonia are in the group of low risk countries (>7.5-10). Latvia and Lithuania rank in the group of medium risk countries (>5-7.5). Russia's ranking in the Human Rights Risk Atlas is in the extreme risk category (0-2.5). It is also important to be aware of the fact that Fazer purchases raw materials around the world and high risk countries should be carefully considered. Maplecroft's Human Rights Risk Atlas 2013 ranks 197 countries based on 24 different types of human rights violations.

Fazer's work in all business areas and countries of operation is guided by ethical principles based on the UN Global Compact and Fazer's values. Fazer's operations comply with the current legislation and rules. Fazer respects the UN's Universal Declaration of Human Rights. The company communicates its ethical principles on the home page and on the company intranet.

Fazer's ethical principles guide Fazer's employees in treating customers, co-operation partners and work colleagues in an equal and fair way. According to the principles, Fazer treats all employees in a fair and equal manner in accordance with internationally proclaimed human rights. Fazer respects the personal dignity, privacy and personal rights of every individual and does not accept any discrimination, intimidation, harassment or offence at work.

Fazer does not accept child labour nor any form of forced or compulsory labour or other human rights abuses. Fazer respects freedom of association and employees' right to collective bargaining. Fazer encourages its business partners to comply with its ethical principles. The goal is to further implement Fazer's ethical principles in all business areas and countries.

Implementation

Description of concrete actions to implement Human Rights policies, address Human Rights risks and respond to Human Rights violations.

Respecting human rights

Fazer is committed to respecting human rights in its business. All Fazer employees are responsible for following the company's ethical principles in their daily work. In case of any misunderstandings or unclear situations employees can always contact their superiors, Fazer Group risk management or the legal department. In case of any non-compliance, any employee or related party can contact anonymously the Group's CEO, Group Legal or Risk Management without risk of retaliation or other negative consequences.

To ensure that Fazer's ethical principles are followed in every country, Fazer Way Helpline has been established. The objective of the helpline is also to create clear principles and instructions for preventing misconduct and to provide a process for the due examination of reported misconducts. Helpline is a part of the implementation of Fazer's ethical principles.

Fazer Way Helpline is a confidential telephone and web-based service for reporting misconduct. All Fazer employees can call the number or complete a report online, if operations are being carried out in the work community contrary to Fazer's ethical principles or other generally accepted

practices. Fazer Way Helpline is provided by an independent third party. The service number can be contacted anonymously.

Fazer employees are responsible for following the legislation and common guidelines in their everyday work and reporting misconduct. Supervisors and foremen are responsible for implementing ethical principles in their teams, informing employees about Fazer Way Helpline, supporting their teams in any issues concerning ethical principles and the investigation of possible misconduct. In Fazer Group Management, the Audit committee of the Group's Board of Directors is responsible for maintaining an efficient internal controlling environment. The Legal Department is responsible for deciding on investigation procedures. Internal Audit is responsible for developing internal control and monitoring compliance.

The basic rules for examining the reports are confidentiality in examining the reports, protecting the anonymity of the reporting employee, a thorough and effective investigation, fairness of the process and taking necessary actions after the investigation.

Respecting human rights in the value chain

Fazer encourages its business partners to comply with its ethical principles. According to Fazer's Procurement Policy, procurement works in accordance with Fazer Group's Corporate Responsibility vision and strategy. Fazer's procurement professionals are all committed to Fazer's ethical principles and we expect the same from our suppliers.

Goals for Fazer's responsible sourcing includes constantly improving the level of responsibility in the supply chain and controlling and mitigating raw material related responsibility risks. Fazer also aims at setting targets for each raw material category relevant from the responsibility point of view and at controlling those risks and taking the necessary corrective actions.

For several years, Fazer has set targets and worked to raise its responsibility in sourcing essential raw materials like palm oil, cocoa, fish and grain. In 2012, in order to improve the traceability and transparency of the supply chain, Fazer implemented a new analysis tool based on the corporate responsibility impacts of different raw materials. It complements the standard process of choosing and auditing suppliers, which itself includes corporate responsibility questions. The tool has helped in identifying the most important environmental and social responsibility related risks in each raw material category. The risk analysis tool also helps to identify the social responsibility risks including business integrity and labour discrimination. In 2013, the Group examined the results of this analysis and allocated measures to the categories that required immediate attention. The work continues in 2014, for example, by developing the social risks evaluation.

Traceability has become an issue of high priority both from ethical supply chain and food safety points of view. In addition to being aware of the possible human rights risks in the countries of operation, it is important to be aware of the risks in the raw materials' countries of origin. Therefore, traceability is an essential topic in Fazer's sourcing. For example, in cocoa sourcing Fazer's goal is that by 2017 all the cocoa purchased by Fazer will be traceable and meet the criteria for responsible cocoa sourcing. Fazer also aims at improving traceability, for example, in the palm oil supply chain.

Raw material sourcing at Fazer is a strict process. Potential suppliers go through a system that evaluates supplier risk. Various aspects are considered depending on the country of origin. These

include working conditions, the risk of the use of child labour, the effect of activities on water resources, or the country's political situation. After this evaluation, suppliers are interviewed about the origin of their raw materials, and their manufacturing processes and standards. If the risk is estimated as high, Fazer visits the supplier.

Supporting human rights through partnerships

Fazer is committed both to respecting human rights in its business and to supporting human rights through working in partnerships. As a family company, Fazer has always recognised its responsibility for the well-being of the local community. Fazer is a partner of SOS Children's villages in Finland, Sweden and Russia. Through the partnerships, Fazer wants to support the organisation's work in creating a safe family environment for children and youth. Fazer has been supporting the SOS Children's Village work for over 40 years in Finland.

Fazer also supports the Friends association in Sweden. The Friends works to prevent bullying in schools. In Finland, Fazer supports a Finnish voluntary organisation Women's bank that aims at promoting women's economic livelihood, skills and rights in over ten developing countries.

As cocoa is the essential ingredient of chocolate and Fazer is aware of the challenges related to the cocoa supply chain, Fazer wants to do its best in improving the conditions at the cocoa farms and farming communities. To accomplish this, Fazer is a member of the World Cocoa Foundation and co-operates with international actors in the cocoa and chocolate industry. An important part of the work is to empower the local communities and families by ensuring them access to education. Fazer is sponsoring the Ivorian village Biéby through WCF ECHOES (Empowering Cocoa Households with Opportunities and Education Solutions) programme established by the World Cocoa Foundation.

Measurement of outcomes

Description of how the company monitors and evaluates performance

If any cases should arise regarding the contravention of the Human Rights Principles, a thorough investigation is to be conducted and necessary actions are taken after the investigation. In case a Fazer employee reports a possible misconduct through Fazer Way Helpline, SVP, Legal Affairs decides on investigation procedures, after which Internal Audit or outside independent expert investigates the issue. If further actions are needed, the legal department and other members of management make the decisions. The investigation process is followed by regular management reporting on the issues in question.

One of the important steps to support the implementation of Fazer's ethical principles was taken in 2012 when Fazer Group signed the UN Global Compact initiative. In 2013, Fazer reported on the implementation of the ten principles for the first time in Communication on Progress (COP). Although Fazer Confectionery had been a member of the UN Global Compact since 2005, signing the initiative on the Group level helps to raise the level of GC understanding, commitment, reporting and implementation. Therefore, it gives an essential support to Fazer's work in respecting and supporting human rights and other UNGC principles.

Fazer Group has already earlier been working towards many of the goals mentioned in the Global Compact through its Corporate Responsibility policy and program and through Fazer's ethical principles that are based on the ten principles of the UN Global Compact. However, participation in the Global Compact is a widely visible commitment to the implementation, disclosure and promotion of its ten universal principles and the responsible business practices in general.

Integration of social issues in the management of supply chain remains to be challenging. However, in order to adhere to the ethical principles in all operations, ethical considerations are needed in the procurement and ethical principles need to be integrated into the sourcing processes. Fazer Group is aiming to develop more sustainable practices in the supply chain.

Labour Principles



Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation

Assessment, policy and goals

Description of the relevance of labour rights for the company (i.e. labour rights-related risks and opportunities) Description of written policies, public commitments and company goals on labour rights

According to Fazer's ethical principles, Fazer treats all employees in a fair and equal manner in accordance with internationally proclaimed human rights. Fazer respects the personal dignity, privacy and personal rights of every individual and does not accept any discrimination, intimidation, harassment or offence at work. Fazer invests in work safety.

Fazer does not accept child labour nor any form of forced or compulsory labour or other human rights abuses. Fazer respects freedom of association and employees' right to collective bargaining. Fazer encourages its business partners to comply with its ethical principles.

Through the ethical principles, Fazer as an employer is committed to providing all its employees in every country with safe working conditions, and to looking after the employees' health, occupational well-being and work satisfaction, as well as treating every employee in an equal manner.

Our terms of employment comply with the provisions in collective agreements, national laws and the relevant ILO conventions. We allow the employees to be represented by trade unions and to enter into collective agreements.

In addition to Fazer's ethical principles, Fazer's work as an employer is guided by several Fazer People Policies & Guidelines. These include:

- Compensation & Benefits policy
- Fazer Job Grading Guideline
- Resourcing Policy
- Occupational Safety Policy

Fazer has a Group Compensation and Benefits Policy which covers all financial or financial-comparable compensation and benefit elements. Compensation in Fazer is linked to local legislation, collective agreements, position classification, job grading, market surveys and individual and the company's performance. All the compensation and benefits topics are processed according to legislation and other imperative regulations.

The Fazer Job Grading Guideline provides a systematic way to establish internal relative positioning of the jobs and helps to ensure fair and logical internal comparison and equality.

The Group Resourcing Policy sets the guidelines for Fazer's resourcing in all Fazer companies and countries. The principles for all Fazer's resourcing include commitment to acting in a responsible and ethical way and following the labour law and local practicalities. The resourcing is also always conducted according to Fazer's ethical principles and values. Fazer wants to promote flexible working arrangements and job rotation to motivate, develop and retain our talent.

We are active in the international collaborative efforts to improve the working conditions of those active in producing our raw materials, such as cocoa.

The principles of Responsible HR at Fazer include always respecting employees and offering them an equal working community and safe working environment. Fazer also wants to make a diversified working community a strength and a success factor. For the year 2013 and onwards Fazer strives to implement occupational safety standard in all production units and continues to work promoting equality and building a performance indicator for equality.

Fazer's statement for responsible HR is that we respect our employees and strive to offer them motivating and meaningful work. This means:

- a trusting and equal work community
- a safe and functioning work environment
- clear roles, responsibilities and expectations
- sharing of accurate, reliable and timely information
- an opportunity to give and receive appropriate feedback
- fair rewards
- opportunities for personal and professional growth.

We encourage our people to seek and sustain work-life balance. We are empowered by diversity and encourage our people to work across borders. We constantly and systematically develop our managers' leadership skills to ensure that we all live Fazer values every day.

Fazer's goal is to prevent accidents and to create safe and healthy working environments for its employees at all sites and facilities that it owns and operates. Fazer's principle is "safety first".

Implementation

Description of concrete actions taken by the company to implement labour policies, address labour risks and respond to labour violations

According to Fazer's ethical principles, any employee or related party can contact anonymously the Group's CEO, Group Legal or Risk Management on any non-compliance without risk of retaliation or other negative consequences. Non-compliances will be duly examined and proper actions taken. In connection with adopting the ethical principles, a Fazer Way Helpline service was taken into use. The service offers all Fazer employees an opportunity to take contact anonymously in questions related to ethical principles.

Each and every Fazer employee is responsible for following the ethical principles in their daily work. Managers are responsible for informing, guidance and compliance in their respective areas. In case of any misunderstandings or unclear situations employees can always contact their superiors, Fazer Group risk management or the legal department.

Fazer wants to offer its employees an equal opportunities workplace. People working in an equal opportunities environment feel they are being fairly treated and this affects their well-being. Fazer will continue work to promote equality and build functioning measurement for equality.

Well-being, health and safety

Fazer takes occupational well-being into consideration by, for example, developing working methods and conditions, minimizing high-load work stages and investing in new systems and equipment. Occupational health and safety is part of the management system and everything we do. Fazer is taking needed steps to prevent accidents by minimizing and eliminating hazards from the working environment and by ensuring that all employees have been trained to work in a safe way on their own work. We believe that all accidents are preventable. Management is responsible for providing sufficient resources to gain occupational health and safety. Management regularly reviews and evaluates the level of health and safety management, and executes industrial safety inspections. Everybody has the responsibility to ensure that accidents and incidents get reported.

In 2013, the occupational safety standard was updated in Fazer's bakery and confectionery operations. So far the development of accident frequency hasn't met the goal specified and therefore occupational safety will be a Group level focus area for the year 2014. Fazer aims at increasing the number of safety observations at all production sites as accidents can only be prevented by anticipating and eliminating safety risks, not by reacting only when an accident has already happened. The occupational safety standard defines the safety requirements which Fazer's production sites must follow in the future.

A system exists at all sites, including projects and service operations for recording, reporting, and investigating fatal and serious incidents, lost time injuries, medical treatment injuries, first aid, near misses and occupational diseases. Investigations include a root cause analysis.

In 2013, Fazer began executing its well-being strategy in all of the countries where it operates. Developed in 2011 and 2012, it is based on eight drivers: leadership, work fluency, safety, health, competence, meaningfulness, fellowship and employeehip, and work lifecycle management. The processes and tools for implementing the strategy have been incorporated into management systems and other functions beyond people development.

Measurement of outcomes

Description of how the company monitors and evaluates performance

Fazer conducts regular personnel surveys and development discussions to collect information on employee well-being and possible concerns. Fazer's annual personnel survey, the People Power Survey, measures employees' job satisfaction. The annual survey, which assesses employees' workplace satisfaction, received a record high response rate of 80.4 per cent. The People Power Index, which measures total engagement, increased slightly. The Well-being Index, which comprises 16 items from the survey concerning well-being, also rose. Furthermore, the item regarding the company's focus on well-being improved the most. In the People Power Survey, Fazer's results are clearly above the European norm on the questions concerning trust towards supervisors, personnel's ability to express their opinions in cases of disagreement, and supervisors' courage to tackle problems.

Occupational safety is a central indicator of well-being at work across Fazer's production units. Frequency of occupational accidents is used to monitor and evaluate performance. Management teams have regular H&S reviews, and ensure that they receive routine reports on health and safety performance as defined, and drive a culture of continuous improvement. A program of H&S compliance audits is at group, business area and local business unit level to check how the policy and requirements are being achieved.

In 2013 Fazer Occupational Safety Standard was renewed. Implementation starts in 2014 after detailed gap analyses conducted at all production sites. The Fazer Brands Safety Program was launched in December 2013. In 2013, systems for safety observations were built in all countries where Fazer operates, safety dialogues were started and common business area wide basic safety rules were introduced. A gap analysis against the renewed Safety Standard was conducted in most production facilities. In 2014, Fazer will also have a Group-wide KPI target related to work safety.

In 2013, as one of the HR initiatives, a set of concrete instructions to prevent workplace bullying was launched. In 2014 Fazer will continue the equality work by developing the equality indicators.

Environmental Principles



Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Assessment, policy and goals

Description of the relevance of environmental protection for the company (i.e. environmental risks and opportunities) Description of policies, public commitments and company goals on environmental protection

Fazer offers bakery, confectionery and biscuit products and also food and café services. Operating in the food industry, the most significant environmental impacts of Fazer's activities come from energy and water consumption, by-products and waste. We also work to reduce the indirect impacts of our operations that occur throughout the supply chain among customers and consumers. Environmental responsibility is one of the main focus areas in Fazer corporate responsibility programme.

Fazer is committed to continuously improving its products, operations and production facilities to reduce negative impacts on the environment and to optimize the use of resources. Fazer's environmental work is guided by Fazer's Corporate Responsibility Policy and Environmental Policy, Corporate Responsibility Programme and Fazer's Energy Strategy. Fazer considers environmental issues in its operations, and operates in accordance with the expectations and regulations set by customers, consumers and authorities.

Fazer is committed to using raw materials and manufacturing methods of high quality and a minimal environmental load. Fazer recognises the most significant environmental effects of its production, and develops the processes and products to reduce negative impacts on the environment. Fazer communicates openly about the environmental impacts of its operations and provides clear and reliable information to the stakeholders.

According to Fazer's Procurement Policy, procurement works in accordance with Fazer Group's Corporate Responsibility vision and strategy. Fazer procurement professionals are all committed to the Fazer Ethical Principles and we expect the same from our suppliers.

In 2013, Fazer announced its commitment to the Baltic Sea Action Group, a non-profit foundation that gathers organisations to take action to save the Baltic Sea. Fazer's commitment to BSAG concerns four areas: Fazer's energy strategy goals; a vision for responsible grain procurement in Fazer's bakery business, a responsibility programme for Fazer Mill & Mixes, and developing the food service offering to account for environmental factors.

In waste management Fazer applies the principles of the waste hierarchy: Reduce, Reuse, Recycle, Recover and Final treatment. Our primary goal is to prevent the generation of waste fractions and reduce the amount of waste, aiming for zero waste to landfill. Zero waste implies that waste generated in the production, restaurants and offices is recycled and reused as efficiently as possible.

Environmental goals:

- Cut energy consumption by 20 per cent per product (tonne) by 2020.
- Increase the proportion of renewable energy to 70 per cent of the electricity consumption by 2017.
- Improve environmental competence, monitoring and measuring environmental impact in restaurants.

Implementation

Description of concrete actions to implement environmental policies, reduce environmental risks and respond to environmental incidents

Fazer's energy strategy was published in 2012. The objective is to cut energy consumption by 20 per cent per product in the bakery and confectionery business by 2020. By 2017, Fazer aims to increase the proportion of renewable energy to 70 per cent of the electricity consumption in all the countries where it operates. This concerns Fazer's bakeries and confectionery factories and Fazer Mill & Mixes.

In addition to energy, waste generated at the different phases of production is a considerable environmental issue. The primary goal of waste management at Fazer is to prevent the generation of waste fractions and reduce the amount of waste. Material is to be reused as efficiently as possible and waste recycled or transformed to energy. Fazer aims to produce zero waste to landfill. The bulk of the production waste from Fazer's bakery and confectionery business is recycled as raw material for bioethanol or used as animal feed. R&D processes in the bakery and confectionery businesses continually examine ways to prevent wastage and assess whether waste

product can be reused. Fazer Food Services manages its waste through its sourcing, assortment development and material processes.

Introduced in 2010, the Fazer Way in Production (FWP) is Fazer's common way of working to continuously improve its bakery and confectionery operations. First Time Right and Eliminate Waste are some of FWP's core principles. One type of waste that is monitored is scrap, or the proportion of non-first class production including rework in production lines generated out of all produced products or semi-finished products.

In Fazer Food Services the offering is developed taking environmental factors into account. The domestic origin and traceability of raw materials are important to us, as are the use of seasonal raw materials and reduction of food waste. The objective is to further increase the share of vegetables and the amount of organic products in the portfolio.

Environmental systems

Fazer's restaurant operations in Finland and Sweden are ISO 14001-certified. Fazer Foods Services' office in Kannelmäki, Helsinki has the WWF Green Office environmental label. The Green Office programme seeks to lower greenhouse gas emissions and reduce the ecological footprint of offices. In addition, all of Fazer's confectionery factories, the Lidköping bakery in Sweden and all bakeries in Russia have certified environmental systems. The objective is to obtain the ISO 14001 certification for Fazer's all bakery operations in Finland.

Fazer introduced its environmental standard in its bakery and confectionery operations in 2013. The objective is to harmonize and improve environmental performance in the production sites. The standard supports ISO14001 implementation and continuous improvement.

In the coming year Fazer's environmental targets include:

- Continue improving energy efficiency.
- Implement Fazer's environmental standard.
- Promote the reduction of waste: improve monitoring and measurement .

Measurement of outcomes

Description of how the company monitors and evaluates environmental performance

Fazer evaluates environmental performance on energy consumption, usage of water, used raw materials and waste (recycled, energy, landfill).

Main environmental achievements in 2013

- Energy efficiency measures were carried out as planned in production units.
- Fazer's environmental standard was defined to serve as a practical guideline for units.
- Fazer's Baltic Sea Programme was launched and the first actions were initiated.
- ISO 14001 environmental certifications were renewed for Confectionery.

In 2013, about 53 per cent of the electricity consumed by the bakery, confectionery and mill businesses came from renewable sources. The renewable energy target has already been exceeded in Finland, where all electricity used at Fazer bakery and confectionery factories and the

mill has been produced using renewable energy sources since 2012. The energy efficiency has also improved as the energy usage per tonne has fallen 7 per cent between 2011 and 2013.

In 2013, the amount of scrap produced in Fazer's Swedish operations was reduced by more than 25 per cent compared to 2011 levels. In Finland it fell by almost 23 per cent. Fazer also started a project to reduce waste and effluent discharges in its production sites in Russia in late 2012.

In Sweden, nine more restaurants received the KRAV certification. In addition, Fazer Food Services became the first chain of restaurants in Sweden to gain KRAV certification. All in all the amount of organic raw materials used in Fazer Food Services' offering in Sweden, Norway, Denmark and Finland has increased.

Fazer Food Services in Sweden and Finland ran a 'Don't feed the Garbage Goblin' campaign in schools and corporate restaurants aimed at cutting down on the food waste left on our guests' plates. The Garbage Goblin urged diners to put food in their bellies instead of in the garbage in order to cut down food waste. In order to diminish unnecessary food waste, Fazer also makes donations to food aid. We currently donate food to food aid in Finland, Russia, Latvia, Estonia and Lithuania.

Environmental impact is also considered in sourcing. As an example, Fazer supports sustainable palm oil production through GreenPalm certificates. In 2013, 100 per cent of palm oil used by Fazer was covered by GreenPalm certificates for the second year in a row. Fazer is a member of the RSPO and in 2013 Fazer Group performed well among companies worldwide, receiving 11 points out of 12 on the Palm Oil Buyers Scorecard of the World Wide Fund for Nature (WWF).

Fazer's environmental indicators covering Fazer's bakeries and confectionery factories and Fazer Mill & Mixes

ENVIRONMENTAL INDICATORS	2013	2012
Amount of production (tonnes)	608,180	598,093
Energy consumption (MWh)	566,385	588,680
Energy consumption / produced quantity (MWh/tonne)	0.93	0.98
Usage of water (m ³)	1,006,632	999,116
Usage of water / produced amount (m ³ /tonne)	1.66	1.67
Used raw materials (tonne)	570,905	562,951
Used raw materials / produced quantity (tonne)	0.94	0.94
Total amount of waste / produced quantity (tonnes/tonne)	0.06	0.07
Total amount of waste (tonnes), of which	37,073	42,439
Recycled (%)	68	85
Recycled as energy (%)*	19	5
Landfill waste (%)	13	10

* Biofuel is calculated as "recycled as energy". In 2012 it was calculated as "recycled".

The environmental indicators cover the operations of Fazer's bakeries and confectionery factories and Fazer Mill & Mixes.

Anti-Corruption Principles



Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Assessment, Policy and Goals

Description of the relevance of anti-corruption for the company (i.e. anti-corruption risk-assessment) Description of policies, public commitments and company goals on anti-corruption

Fazer is headquartered in Finland and operates in Sweden, Norway, Denmark, Russia and in the Baltic countries. According to the Corruption Perceptions Index 2013, of Fazer's countries of operation, Finland, Denmark, Sweden and Norway are among the top 10 least corrupted countries. Estonia, Lithuania and Latvia rank among 50 least corrupted countries. Russia's ranking in the CPI 2013 was 127 (score 28). The Index scores altogether 177 countries and territories on a scale from 0 (highly corrupt) to 100 (very clean).

According to the Fazer Group Legal Policy, Fazer is committed to acting always in accordance with local legislation and the UN Global Compact Principles in relationships to its stakeholders, such as employees, customers, consumers, suppliers, owners and society. Stakeholders in commercial relationship with Fazer shall be treated equally and in accordance with fair business practices.

According to Fazer's ethical principles Fazer promotes fair business practices and does not engage itself in any illegal or restrictive trade practices. Fazer or its employees do not give or receive any direct or indirect bribes or other benefits that could be regarded as bribes or corruption. Fazer's books and documents shall be accurate and describe the true and fair view of the event. No Fazer employee may offer or receive any money or gift greater than a minor one that could be regarded as bribe or influence. Fazer treats its customers, suppliers and partners in a fair and equal manner. Fazer also expects that its business partners and other stakeholders honour the law and encourages its business partners to comply with its ethical principles.

Implementation

Description of concrete actions to implement anti-corruption policies, reduce anti-corruption risks and respond to incidents

All Fazer's employees are responsible for following all the ethical principles in their daily work. Managers are responsible for informing, guidance and compliance in their respective areas. In case of any misunderstandings or unclear situations employees can always contact their superiors, Fazer Group risk management or the legal department.

Fazer also has a Fazer Way Helpline, a confidential telephone and web-based service for reporting misconduct. All Fazer employees can call the number or complete a report on the Internet, if operations are being carried out in the work community contrary to Fazer's ethical principles or other generally accepted practices. Fazer Way Helpline is provided by an independent third party. The service number can be contacted anonymously.

Measurement of outcomes

Description of how the company monitors and evaluates anti-corruption performance

According to Fazer's ethical principles, all non-compliances with the ethical principles will be duly examined and proper actions taken.

Consistency with anti-corruption commitment is ensured as a part of a basic process of regular internal auditing. Internal Audit evaluates the efficiency and suitability of different operations and monitors the functioning of internal control to make sure that financial and operative reporting is reliable and that the approved operating principles and given instructions are complied with. Internal Audit reports operationally to the Audit Committee.

External Auditors are appointed by Shareholder's Meeting for the term of one year and they are responsible for the external audit regulated by the legislation and generally accepted audit practices and guided by their own risk analysis and additional requirement from the Group (e.g. compliance with Group accounting principles).

During the period of reporting Fazer has not been involved in any investigations, legal cases or other relevant events related to the contravention of the Global Compact Principles.

More information:

www.fazergroup.com/responsibility

<http://www.fazergroup.com/about-us/annual-review/corporate-responsibility/>